



雲南水務投資股份有限公司

YUNNAN WATER INVESTMENT CO., LIMITED*

(於中華人民共和國註冊成立的股份有限公司)

(a joint stock limited liability company incorporated
in the People's Republic of China)

股份代號 Stock Code : 06839

2019

年度報告

ANNUAL REPORT



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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Yu Long (Vice-chairman, General Manager)
Mr. Yang Fang (Deputy General Manager)

Non-executive Directors

Mr. Yang Tao (Chairman)
Mr. He Yuanping
Ms. Li Bo
Mr. Chen Yong

Independent Non-executive Directors

Mr. Liu Shuen Kong
Mr. Hu Song
Mr. Ma Shihao

AUDIT COMMITTEE

Mr. Liu Shuen Kong (Chairman)
Mr. Hu Song
Mr. Ma Shihao

REMUNERATION COMMITTEE

Mr. Hu Song (Chairman)
Mr. Yang Fang
Mr. Ma Shihao

NOMINATION COMMITTEE

Mr. Yang Tao (Chairman)
Mr. Hu Song
Mr. Ma Shihao

COMPLIANCE COMMITTEE

Mr. Yu Long (Chairman)
Mr. Yang Fang
Mr. Liu Shuen Kong
Mr. Hu Song
Mr. Ma Shihao
Mr. Huang Yi (Supervisor)

COMPANY SECRETARY

Mr. Li Bo

董事會

執行董事

于龍先生(副董事長·總經理)
楊方先生(副總經理)

非執行董事

楊濤先生(董事長)
何願平先生
李波女士
陳勇先生

獨立非執行董事

廖船江先生
胡松先生
馬世豪先生

審核委員會

廖船江先生(主席)
胡松先生
馬世豪先生

薪酬委員會

胡松先生(主席)
楊方先生
馬世豪先生

提名委員會

楊濤先生(主席)
胡松先生
馬世豪先生

合規委員會

于龍先生(主席)
楊方先生
廖船江先生
胡松先生
馬世豪先生
黃軼先生(監事)

公司秘書

李博先生

AUTHORISED REPRESENTATIVES

Mr. Yu Long
Mr. Yang Fang

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

Yunnan Water
2089 Haiyuan Bei Road
Gaoxin District
Kunming, Yunnan
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3110-11
31/F, Tower 1, The Gateway, Harbour City
25 Canton Road, Tsim Sha Tsui
Kowloon
Hong Kong

BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISERS

As to Hong Kong law:

Jingtian & Gongcheng LLP
Suites 3203-3207, 32/F., Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law:

Jia Yuan Law Offices
4th Floor Ocean Plaza
158 Fuxing Men Nei Street
Xicheng District, Beijing
PRC

授權代表

于龍先生
楊方先生

總部及中華人民共和國 主要營業地址

中國
雲南昆明
高新技術開發區
海源北路2089號
雲南水務

香港主要營業地點

香港
九龍
尖沙咀廣東道25號
海港城港威大廈第1座31樓
3110-11室

香港股份過戶登記分處

卓佳證券登記有限公司
香港
灣仔
皇后大道東183號
合和中心54樓

法律顧問

有關香港法律：

競天公誠律師事務所有限法律責任合夥
香港
皇后大道中15號
置地廣場公爵大廈32樓
3203-3207室

有關中國法律：

嘉源律師事務所
中國
北京西城區
復興門內大街158號
遠洋大廈4層

Corporate Information

公司資料

PRINCIPAL BANKERS

Industrial Bank co., Ltd.
China Development Bank
China Construction Bank Corporation
Bank of Communications Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd.
China CITIC Bank Corporation Limited
Ping An Bank Co., Limited
Agricultural Bank of China Limited
Bank of China Limited
Industrial and Commercial Bank of China Limited

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central
Hong Kong

STOCK CODE

6839

COMPANY'S WEBSITE

<http://www.yunnanwater.cn>

主要往來銀行

興業銀行股份有限公司
國家開發銀行
中國建設銀行股份有限公司
交通銀行股份有限公司
上海浦東發展銀行股份有限公司
中信銀行股份有限公司
平安銀行股份有限公司
中國農業銀行股份有限公司
中國銀行股份有限公司
中國工商銀行股份有限公司

核數師

羅兵咸永道會計師事務所
執業會計師
香港
中環
太子大廈22樓

股份代號

6839

公司網址

<http://www.yunnanwater.cn>

Definitions 釋義

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings:

於本年報內，除文義另有所指外，下列詞彙具有以下涵義：

“Acting in Concert Parties”	Mr. Liu Xujun, member of the senior management of the Company, Mr. Huang Yunjian and Mr. Wang Yong, member of the senior management of the Company
「一致行動人士」	本公司高級管理層成員劉旭軍先生、黃雲建先生及本公司高級管理層成員王勇先生
“AGM”	the annual general meeting of the Company to be convened and held on 16 June 2020, or any adjournment thereof
「股東週年大會」	本公司將於二零二零年六月十六日舉行股東週年大會或其任何續會
“Articles of Association”	the articles of association of the Company
「公司章程」	本公司的組織章程細則
“associate(s)”	has the meaning ascribed to it under the Listing Rules
「聯繫人」	具有上市規則賦予該詞的涵義
“Beijing OriginWater”	Beijing OriginWater Technology Co., Ltd.* (北京碧水源科技股份有限公司), a joint stock limited liability company established in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300070)
「北京碧水源」	北京碧水源科技股份有限公司，於中國成立的股份有限公司，其股份在深圳證券交易所上市（股份代號：300070）
“Board” or “Board of Directors”	the Board of Directors of the Company
「董事會」	本公司的董事會
“Chairman”	the Chairman of the Board
「董事長」	董事長
“Company”, “our Company” or “Yunnan Water”	Yunnan Water Investment Co., Limited* (雲南水務投資股份有限公司), a joint stock limited liability company established in the PRC, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6839)
「本公司」或「雲南水務」	雲南水務投資股份有限公司，於中國註冊成立的股份有限公司，其H股在聯交所主板上市（股份代號：6839）
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
「關連人士」	具有上市規則賦予該詞的涵義

Definitions

釋義

“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
「控股股東」	具有上市規則賦予該詞的涵義
“Corporate Governance Code”	the Corporate Governance Code and Corporate Governance Report, as set out in Appendix 14 to the Listing Rules
「企業管治守則」	上市規則附錄十四所載的企業管治守則及企業管治報告
“Director(s)”	the director(s) of our Company
「董事」	本公司董事
“Domestic Share(s)”	the issued ordinary shares at the nominal value of RMB1.00 per share in the share capital of the Company which are subscribed for or credited as paid up in RMB
「內資股」	以人民幣認購或列作繳足的本公司股本中每股面值人民幣1.00元的已發行普通股
“ESG”	environmental, social, and governance
「ESG」	環境、社會及管治
“ESG Guide”	environmental, social and governance guide
「ESG指引」	環境、社會及管治指引
“Group” or “our Group”	the Company and its subsidiaries from time to time
「本集團」	本公司及其不時的附屬公司
“H Share(s)”	the issued ordinary shares at the nominal value of RMB1.00 per share in the share capital of the Company which are listed on the Main Board of the Stock Exchange
「H股」	在聯交所主板上市的本公司股本中每股面值人民幣1.00元的已發行普通股
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
「港元」	香港法定貨幣港元
“HKFRS”	Hong Kong Financial Reporting Standards, including Hong Kong Accounting Standards and Interpretations promulgated by the Hong Kong Accounting Standard Board
「香港財務報告準則」	香港財務報告準則，包括香港會計準則及香港會計準則委員會頒佈的詮釋

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
「香港」	中國香港特別行政區
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
「上市規則」	聯交所證券上市規則
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
「標準守則」	上市規則附錄十所載的上市發行人董事進行證券交易的標準守則
“PPP Project”	the public-private-partnership project
「PPP項目」	政府和社會資本合作項目
“PRC” or “China”	the People’s Republic of China, and for the purpose of this annual report only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
「中國」	中華人民共和國，僅本報告而言，不包括香港、中國澳門特別行政區及台灣
“Reporting Period”	the 12-month period from 1 January 2019 to 31 December 2019
「報告期」	由二零一九年一月一日起至二零一九年十二月三十一日止十二個月期間
“RMB”	Renminbi, the lawful currency of the PRC
「人民幣」	中國的法定貨幣人民幣
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
「證券及期貨條例」	香港法例第571章《證券及期貨條例》
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, including the H Share(s) and Domestic Share(s)
「股份」	本公司股本中每股面值人民幣1.00元的普通股，包括H股及內資股
“Shareholder(s)”	the holder(s) of the Share(s)
「股東」	股份持有人
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
「聯交所」	香港聯合交易所有限公司

Definitions

釋義

“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
「附屬公司」	具有上市規則賦予該詞的涵義
“Supervisor(s)”	supervisor(s) of the Company
「監事」	本公司的監事
“Supervisory Committee”	the supervisory committee of the Company
「監事委員會」	本公司的監事委員會
“THB”	Thailand Baht(s), the lawful currency of Thailand
「泰銖」	泰國法定貨幣泰銖
“Undertaking Shareholders”	namely YMCI, Yunnan Province Water and Beijing OriginWater
「有承諾的股東」	即雲南城投集團、雲南省水務及北京碧水源
“US\$” or “USD”	United States dollars, the lawful currency of the United States of America
「美元」	美國法定貨幣美元
“YMCI”	Yunnan Metropolitan Construction Investment Co., Ltd.* (雲南省城市建設投資集團有限公司), a limited liability company established in the PRC and is the sole shareholder of Yunnan Province Water, the Company’s controlling shareholder and one of the Undertaking Shareholders
「雲南城投集團」	雲南省城市建設投資集團有限公司，於中國成立的有限責任公司及雲南省水務的唯一股東，為本公司控股股東及其中一名有承諾的股東
“Yunnan Province Water”	Yunnan Province Water Industry Investment Co., Ltd.* (雲南省水務產業投資有限公司), a limited liability company incorporated in the PRC
「雲南省水務」	雲南省水務產業投資有限公司，於中國註冊成立的有限責任公司
“%”	per cent
「%」	百分比
* For identification purposes only	
* 僅供識別	

Financial Highlights 業績摘要

The Board is pleased to announce the following financial highlights:

董事會欣然宣佈下列財務摘要：

		Year ended 31 December 截至十二月三十一日止年度		
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	Percentage Change 變動
Revenue	收益	6,538,024	6,255,628	4.5%
Gross profit	毛利	1,832,313	1,498,009	22.3%
Profit before income tax	所得稅前溢利	677,549	644,226	5.2%
EBITDA (Note 1)	除利息、稅項、折舊及 攤銷前盈利(附註1)	2,012,308	1,693,610	18.8%
Profit for the year	年內溢利	553,808	496,715	11.5%
Return on shareholders' equity (%)	股東資金回報率(%)	6.48%	7.16%	N/A 不適用
Basic earnings per share (RMB)	每股基本盈利(人民幣元)	0.334	0.333	0.3%

Note 1: EBITDA is the profit for the year before deduction of finance cost – net, income taxation, depreciation and amortisation.

附註1：除融資成本淨額、所得稅、折舊及攤銷前盈利為扣除利息、稅項、折舊及攤銷前之本年度盈利。

During the Reporting Period, the Group's audited profit attributable to ordinary shareholders of the Company amounted to approximately RMB398.2 million (for the year ended 31 December 2018: approximately RMB397.8 million).

於本報告期內，本集團經審核本公司普通股股東應佔溢利約為人民幣398.2百萬元(截至二零一八年十二月三十一日止年度：約人民幣397.8百萬元)。

Basic earnings per share for the Reporting Period was approximately RMB0.334 per share (for the year ended 31 December 2018: basic earnings approximately RMB0.333 per share), the calculation of such basic earnings per share amount is based on the profit attributable to ordinary shareholders of the Company, and the weighted average number of Shares of approximately of 1,193,213,000 (2018: 1,193,213,000) in issue during the Reporting Period.

報告期內每股基本盈利約為人民幣0.334元(截至二零一八年十二月三十一日止年度：每股盈利約為人民幣0.333元)，該每股基本盈利金額乃按本公司普通股股東應佔溢利及報告期內已發行的加權平均股份約1,193,213,000股(二零一八年：1,193,213,000股)股份為基準計算。

The Board recommended the payment of the final dividend of RMB0.15 per ordinary share for the year ended 31 December 2019 (for the year ended 31 December 2018: RMB0.15 per ordinary share). The Company did not declare or pay any interim dividend or special dividend for the year ended 31 December 2019.

董事會建議派發截至二零一九年十二月三十一日止年度的末期股息每股普通股人民幣0.15元(截至二零一八年十二月三十一日止年度：每股普通股人民幣0.15元)。截至二零一九年十二月三十一日止年度，本公司未宣派或支付任何中期股息或特別股息。

The AGM will be held at 10:00 a.m. on Tuesday, 16 June 2020 at conference room, 5th Floor, Yunnan Water, 2089 Haiyuan Bei Road, Gaoxin District, Kunming, Yunnan Province, the PRC. The proposed final dividend is subject to consideration and approval by the Shareholders at the AGM.

股東週年大會將於二零二零年六月十六日(星期二)上午十時正假座中國雲南省昆明市高新技術開發區海源北路2089號雲南水務5樓會議室舉行。建議末期股息須獲股東於股東週年大會審議通過後始可作實。

Chairman's statement 董事長致詞



Chairman
Yang Tao

董事長
楊濤

Dear Shareholders:

On behalf of the Board, I am pleased to present the annual report of the Group for the financial year ended 31 December 2019.

In 2019, the world economy saw a notable slowdown and international trade and investment activities experienced sluggish. Against the backdrop, major economies have implemented monetary easing policies to maintain economic stability. Despite severe domestic situation as Sino-US trade negotiations advanced tortuously, China's economy was steadily improving its quality from structural adjustment. Amidst the complicated economic situation at home and abroad, the environmental protection industry has shown new characteristics that has shifted from the era of policy initiation to that of comprehensive policy deepening. Various regulations have been improved and environmental supervision has been normalized, releasing the accumulated demands for environmental protection. The new policies brought new opportunities to the environmental protection industry, in terms of hazardous waste treatment, smart environmental protection, waste incineration, and rural sewage treatment. In the new circumstances, the Group will accelerate the progress of projects under construction and increase the operational efficiency of existing assets with careful analysis on market dynamics. It will tap the demand on enhancement and expansion of existing assets, as well as expand incremental assets with prudence. With the above, it would enable the Group to lay a sound foundation for future development.

列位股東：

本人謹代表董事會，欣然提呈本集團截至二零一九年十二月三十一日止財政年度之年報。

二零一九年世界經濟明顯下行，國際貿易投資活動低迷，各主要經濟體紛紛實行貨幣寬鬆政策以維持經濟穩定。國內經濟形勢並不輕鬆，中美貿易談判在曲折中推進，經濟在結構調整中穩步提質。在國內外複雜的經濟形勢下，環保行業呈現出新的特點——已從政策播種時代進入到全面的政策深耕時代，各項法規逐步完善，環保督查常態化，環保需求集中釋放。面對新的政策環境，環保行業在危廢處理、智慧環保、垃圾焚燒、農村污水治理方面產生新的機遇，本集團認真分析市場動向，加快在建項目建設進度，優化存量資產運營效率，拓展存量資產提標擴建需求，審慎拓展增量資產，為集團今後的發展奠定良好的基礎。

Chairman's statement 董事長致詞

The Board thoroughly analysed the domestic and international economic situation and, following the principle of adaptability and forward-looking, overcame challenges continuously in light of actual needs of the Company's business development. Centering on the positioning of "first-rate urban environmental protection integrated services provider", the Board led the Group to comprehensively improve the management level of existing operating assets, prudently developed the key regional markets at home and abroad, and proactively promoted technology research, development and innovation and quality and efficiency enhancement for projects. In the midst of external environment of opportunities and challenges, the Group's performance remained stable with healthy growth and the management standard was further improved.

During the Reporting Period, under the leadership of the Board, the Group, in the face of difficulties, proactively adjusted its asset structure and continuously improved its project operation management, resulting in the steady and healthy growth of operating results. During the Reporting Period, the Group recognized a total annual revenue of approximately RMB6,538.0 million, representing an increase of approximately 4.5% as compared to approximately RMB6,255.6 million of last year. Profit for the year was approximately RMB553.8 million, representing an increase of approximately 11.5% as compared to approximately RMB496.7 million of last year. Through investments in new construction and equity acquisition, the Group has owned 220 water treatment projects with a total treatment volume of approximately 6,220,200 tonnes per day. The Group's business segment of solid waste treatment, an important focus of strategic development of the Group, continued rapid development during the year. As of 31 December 2019, the Group owned 21 solid waste treatment projects with treatment capacity of approximately 3,571,000 tonnes per day.

On the basis of the Group's good operating results and financial position, and considering the long-term sustainable development of the Group, the Board proposes to distribute a final dividend of RMB0.15 to Shareholders to repay their long-term support and contribution to the Group. The distribution of final dividend shall be subject to approval by Shareholders at the forthcoming AGM. The final dividend is expected to be paid on or before 22 July 2020 (Wednesday).

In 2020, the Group will continue to pay great efforts in two principal businesses of water and solid waste treatment. It will accelerate the progress of projects under construction, improve the operation and management level of existing projects, prudently conduct market development and project investment. In addition to that, the Group will explore new technologies and sectors in the environmental protection industry, and optimize the debt structure, aiming for the release of corporate dividends and value enhancement.

董事會深入分析國內外經濟形勢，以適應性和前瞻性為原則，依據公司目前經營發展的實際需求，不斷克服各項挑戰，帶領本集團圍繞「一流城鎮環境綜合服務商」的定位，全面提升存量資產運營管理水準，審慎拓展國內外重點區域市場，積極推動技術研發創新及項目提質增效。在充滿機遇與挑戰的外部環境中，本集團業績穩定健康增長，管理水準進一步完善。

於報告期內，本集團在董事會的領導下迎難而上，積極調整資產結構，持續提升項目運營管理水準，經營業績呈現穩定健康增長。本集團於報告期內實現全年總收益約人民幣6,538.0百萬元，較上一年度業績約人民幣6,255.6百萬元增長約4.5%；年內溢利約553.8百萬元，較上一年度業績約人民幣496.7百萬元增長約11.5%。本集團通過投資新建和股權收購等方式，已擁有水處理項目220個，合計處理量約達6,220,200噸／日。本集團作為戰略發展重點培育的固體廢棄物處理業務板塊，在本年度亦繼續快速發展，截止二零一九年十二月三十一日止，已擁有固廢處理項目21個，處理規模約為3,571,000噸／日。

基於本集團良好的經營業績以及財務狀況，考慮到本集團的長期可持續發展，董事會擬向股東派發末期股息每股人民幣0.15元，以回報彼等長期對本集團的支持和貢獻。末期股息的派發將於即將召開的股東週年大會上經股東批准，末期股息預期將於二零二零年七月二十二日（星期三）或之前獲派付。

二零二零年，本集團將繼續抓好水務和固廢兩大主業，全力推進在建項目建設進度，不斷完善存量項目運營管理水準，審慎做好市場開拓、項目投資，積極探索環保行業新技術、新領域，切實優化負債結構，推動企業紅利釋放及價值提升。

Chairman's statement 董事長致詞

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to the management and employees of the Group for their loyalty and diligence, and also to our Shareholders, our Board members, investors and partners for their long-term support. The Group will continue to create great value for its Shareholders with excellent performance and contribute to the development of environmental industry and the construction of ecological civilization.

本人謹代表董事會，藉此機會對本集團管理層及員工的忠實勤勉、恪盡職守，以及對各位股東、董事會成員、投資者及合作夥伴的一貫支持，致以由衷謝意。本集團將繼續以優良的業績為股東創造更大的價值，為環保行業的發展與生態文明的建設貢獻力量。

Yang Tao

Chairman



Kunming, the PRC
27 March 2020

楊濤

董事長



中國·昆明
二零二零年三月二十七日

General Manager's Report 總經理報告



Vice Chairman
General Manager
Yu Long

副董事長，
總經理
于龍

In 2019, China's environmental protection industry took on a new situation. All-round policies and regulations on water, soil, gas and solid waste treatment have been put in place, forming a general supervision pattern of water, soil, solid waste and gas. Policy measures have been extended from administrative means to legal and economic means, market-oriented means such as imposing environmental taxation and pollutant discharge permits having been introduced one after another, and policy benefits have gradually been seen. During that year, the pilot program of "wasteless city" was formally put forward; "garbage classification" was put into practice from a topic of conversation; major amendments were made to the Law on the Prevention and Control of Environmental Pollution by Solid Waste (《固廢污染環境防治法》). The release of quality and efficiency enhancement plan for sewage treatment enhanced the demand for high-quality environment control. Higher requirements were proposed for environment control in rural areas which have greater demand. The environmental protection industry that is further regulated, refined and technology-based has also put forward new requirements and new challenges for environmental enterprises.

二零一九年，中國環保行業呈現全新局面，水、土、氣、固廢處理全方位的政策法規落實到位，水土固廢氣的大監管格局已形成，政策措施由行政手段向法律、經濟手段延伸，環保稅、排污許可證等市場化手段陸續推出，政策紅利逐步顯現。今年以來，「無廢城市」試點方案正式提出；「垃圾分類」從話題走向實踐；《固廢污染環境防治法》迎來重大修訂；污水處理提質增效方案發佈，高品質環境治理需求增強；農村環境治理的要求更高，需求更甚。環保行業的進一步規範化、精細化、科技化，也對環保企業提出了新的要求、新的挑戰。

General Manager's Report

總經理報告

PROJECT CONSTRUCTION AND OPERATION

In 2019, the Group's task priority was to improve the operation and management standards of projects in operation, expand the demand of enhancement and reconstruction of existing projects, and actively accelerate the progress of projects under construction. By improving the operation management, the Group's operating income in 2019 increased significantly, and the benefits from previous expansion were gradually released. On one hand, relying on its existing operating assets, the Group comprehensively improved its operation management capabilities. The revenue was increased by way of the reconstruction of household watermeter and the expansion of users. On the other hand, closely following the policy guidance, the Group explored the demand for quality and efficiency enhancement of projects in operation. With such enhancement and expansion, the treatment pricing has been increased, some projects have received local government subsidies and recognition, which further strengthened the awareness and influence of the Group, which in turn realized considerable comprehensive benefits.

TECHNOLOGY RESEARCH AND DEVELOPMENT

The Group always adheres to a core technology-supported and proprietary innovation-driven development model and values the importance of the role of core technologies for the long-term development of enterprises. In 2019, the Group achieved initial success in the research and development of sludge carbonization treatment technology, which was included in demonstration projects. It also made tens of patent applications in respect of industrial wastewater, rural sewage, MBR membrane technology and solid waste treatment. At the same time, the Group accelerated the progress of smart water projects and the construction of management and control platform for the operation center, and strengthened the building of its own team and talent pool, thus forming operation and management advantages with Group features.

PROJECT DEVELOPMENT

In 2019, the Group continued to adopt the strategy of prudent and quality-focused investment by relying on resource advantages in key areas to choose such projects with good operating efficiency and stable positive cash flow for investment. The Group strengthened control over investment in the municipal environment comprehensive treatment projects by placing the focus on high-quality projects and paid close attention to the proportion of operating assets in the municipal environment comprehensive treatment projects and the financial capacity of the local governments.

In 2019, the proportion of newly won or acquired projects continued to decrease as the Group focused on quality projects in key regional markets such as Guangdong and Xinjiang, which laid a good foundation for the sustainable development of the Group.

項目建設與運營

二零一九年，本集團的重點工作是提高已運營項目的運營管理水準、拓展現有項目提標改造需求、積極推進在建項目建設進度。通過優化運營管理，本集團二零一九年運營收入明顯提升，前期擴張的紅利逐步釋放。一方面，本集團依託存量運營資產，全面提升運營管理能力，通過戶表改造、拓展使用者等方式，實現收益的增加；另一方面，本集團緊跟政策導向，深入挖掘已運營項目的提質增效需求，通過提標擴建，不僅實現處理價格的提升，部分項目還獲得地方政府補貼與肯定，進一步加強了本集團的知名度與影響力，獲取可觀的綜合效益。

技術研發

本集團始終堅持以核心技術為支撐，自主創新驅動發展的模式，重視核心技術對企業長遠發展的重要作用。二零一九年，本集團污泥炭化處理技術的研發已獲得初步成功並列入示範工程，在工業廢水、農村污水、MBR膜科技、固廢處理等方面亦完成十餘項專利申報，同時，本集團加快推進公司智慧水務項目的開展，加快完成運營中心管控平台的搭建，加強自身團隊和人才梯隊建設，構建具有集團特色的運營管理優勢。

項目拓展

二零一九年，本集團繼續採取審慎、注重品質的投資策略，依託重點片區資源優勢，選擇經營效益較好、具有穩定正現金流支撐的項目進行投資，加強對市政環境綜合治理項目的投資控制，擇優而入，高度關注經營性資產在市政環境綜合治理項目中的比例和項目所在地政府的財政支付能力。

二零一九年，本集團新中標或新收購的項目比重繼續降低，主要在廣東、新疆等重點區域市場獲取優質項目，為集團可持續發展奠定良好的基礎。

FINANCING

In 2019, affected by a series of uncertainties such as Sino-US trade frictions, the PRC economic growth was under a considerable pressure of slowdown. Structural adjustment accelerated in the environmental protection industry which was generally confronted with the problem of liquidity crunch, with finance costs remaining high. In view of the severe situation of tightened financing, the Group continued to strengthen its cooperation with financial institutions and employed multiple financial management methods. It reduced inefficient deployment of resources to speed up capital turnover, and further improved the operational efficiency and cash generating capacity of existing projects. By increasing the proportion of direct financing in the bond market, the Group optimized the corporate debt structure, and by reducing unreasonable short-term borrowings, lowering financial leverage for finance and increasing financial leverage for operation, buffered the pressure on its operations. In addition, the Group beefed up the collaborated arrangement of financing management where the centralized management of internal funds was continued, the capital usage efficiency was improved while tapping and enhancing financing capabilities of projects in each region.

SUSTAINABLE DEVELOPMENT AND FUTURE PROSPECT

Going forward in 2020, upholding the positioning of “first-rate urban environmental protection integrated services provider”, the Group will continue to pay great effort on two principal businesses of water and solid waste treatment and perform well in all stages of project investment, construction and operation. It will commit itself to further enhancing the standards of the Company's projects and operation management, so as to improve its profitability.

One of the Group's task priorities in 2020 is to fully accelerate the construction of projects under construction. Existing projects obtained by the Group from previous expansion are put into operation the earlier, the better as they can bring stable cash inflow and sustainable momentum for the development of the Group. To this end, the Group has put in place a relatively complete assessment and supervision mechanism to ensure the progress of projects under construction. Meanwhile, the Group proactively promoted the quality and efficiency enhancement of projects in operation. Improving the efficiency of existing projects enables operation level as well as business scale of the Group as a whole to be increased, thereby enhancing its overall competitiveness.

In terms of new technologies, the Group will continue to promote the research and marketing of key projects such as sludge carbonization. Through its core technology and the joint efforts of external partners, the Group will manage to promote its projects in large scale as soon as possible. Further in 2020, the Group will continue to seek breakthroughs on technology research and development with respect to integrated treatment of decentralized sewage in rural regions and improvement in industrial wastewater treatment equipment.

融資

二零一九年，受中美貿易摩擦等一系列不確定因素的影響，國內經濟增長面臨較大下行壓力。環保產業加速結構調整，普遍面臨資金緊張的難題，融資成本居高不下。面對融資收緊的嚴峻形勢，本集團繼續深化與金融機構的合作，運用多種財務管理手段，減少資源的無效佔用，加快資金周轉，進一步提升已有項目的經營效益和經營獲現能力，充分利用債券市場提高直接融的比重，優化公司債務結構，通過減少不合理的短期借款，降低金融性財務槓桿、提升經營性財務槓桿以緩解經營壓力。同時，本集團注重加強融資管理工作的統籌部署，繼續強化公司內部資金集中管理，提升資金使用效率，加快挖掘、提升各片區項目自身融資能力。

可持續發展及未來展望

展望二零二零年，本集團將繼續立足於「一流城鎮環境綜合服務商」的定位，抓好水務和固廢兩大主業，做好項目投資、建設、運營各個階段工作，進一步提升公司項目和運營管理水準，改善盈利質量。

全力推進在建項目建設進度是本集團二零二零年的重點工作，只有盡快將本集團前期擴張取得的存量項目投入運營，才能更好地為集團的發展帶來穩定的現金流收入及持續發展的動力。為此，本集團已形成較為完善的考核及監督機制，確保在建項目建設進度；同時，已運營項目的提質增效工作也在積極推進，通過對存量項目效益的提升，不僅能夠提高運營水準，還能增加集團的整體業務規模，提升綜合競爭力。

新技術方面，本集團將繼續推進污泥碳化等重點項目的研發推廣進度，通過自身核心技術與外部合作夥伴的共同努力，爭取盡快實現規模化推廣。二零二零年，本集團還將在農村分散式污水一體化處理、工業廢水處理裝置優化等繼續尋求技術研發突破。

General Manager's Report

總經理報告

In terms of financing, the Group will improve the existing capital structure and increase its financing capacity in an appropriate way, striving for gearing ratio lowering.

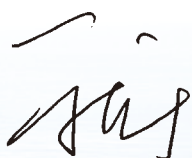
In 2020, the Group will continue to optimize operation and prudently proceed with development as an urban environmental protection integrated services provider. It will make scientific investments in PRC and overseas water, solid waste treatment and other segments, with a view to further enhance the Group's market competitiveness and strive for the sustainable development of the Group.

ACKNOWLEDGEMENTS

Finally, on behalf of the management of Yunnan Water, I would like to express my sincere gratitude to all Shareholders, investors, partners and all our diligent and dedicated employees for their long-term help and support to the Group.

Yu Long

Vice-Chairman, General Manager



Kunming, the PRC
27 March 2020

融資方面，本集團將以適當方式改善現有的資本結構，提升融資空間，力爭降低資產負債率。

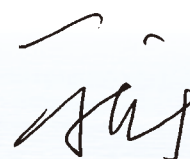
二零二零年，本集團將繼續以城鎮環境綜合服務商的角色，優化運營，審慎開拓，對國內外水務、固廢及其他細分領域進行科學投資，以此進一步提升集團的市場競爭力，為集團可持續發展不懈奮鬥。

致謝

最後，本人謹代表雲南水務管理層，向一直以來給予本集團幫助與支持的所有股東、投資者、合作夥伴，以及全體勤奮敬業的員工，致以最誠摯的感謝。

于龍

副董事長，總經理



中國·昆明
二零二零年三月二十七日

Management Discussion and Analysis 管理層討論及分析

INDUSTRY OVERVIEW

In 2019, key progress was made in the pollution prevention and control campaign in China, improving the overall quality of the ecological environment. With the formation of a general regulatory pattern in respect of water, land, solid wastes and exhaust gas, the policies for environmental protection industry have shifted from entirety to refining.

In late 2019 and early 2020, the amendments to the Law on Environmental Impact Assessment* (《環境影響評價法》)(the “Environmental Assessment Law”) were passed and adopted. The new Environmental Assessment Law removed legal qualification for environmental assessment agencies and reduced the administrative approval process. The law, however, further clarified the subjects responsible for environmental impact assessment, with stricter regulations on the supervision and management of environmental protection enterprises and accountability. In January 2019, the Action Plan on Establishing a Market-oriented and Diversified Ecological Protection Compensation Mechanism* (《建立市場化、多元化生態保護補償機制行動計劃》) was issued to promote ecological protection compensation with market-oriented and diversified means and utilize market forces effectively. That would help establish a long-term compensation mechanism to improve the quality and level of ecological protection compensation. In March 2019, the Green Industry Guidance Catalogue (2019 Edition)* (《綠色產業指導目錄(二零一九年版)》) was released. The catalogue provided “green” judgment standards for various departments to formulate relevant policies and measures, which can cope with the difficulties encountered by financial markets during specific practices. In May 2019, the Notice on Effectively Monitoring the Agricultural Ecological Environment* (《關於做好農業生態環境監測工作的通知》) was issued to arrange the overall monitoring on agricultural ecological environment. In July 2019, the State Council issued the Guiding Opinions on Promoting the Revitalization of Rural Industries* (《關於促進鄉村產業振興的指導意見》), which proposed the concept of strictly abiding by the redlines of cultivated land and ecological protection, saving resources, protecting the environment, and promoting the coordinated development of rural production and living ecology.

行業概覽

二零一九年，我國污染防治攻堅戰取得關鍵進展，生態環境品質總體改善。隨著水土固廢氣大監管格局的形成，環保行業從政策播種時代進入全面的政策深耕時代。

歲末年初，《環境影響評價法》修正案獲得通過，新《環評法》從法律層面取消了環評機構的資質許可事項，弱化了行政審批流程，但進一步明確了環境影響評價的責任主體，對環保企業的監督管理、責任追究作出了更加嚴格的規定。二零一九年一月，《建立市場化、多元化生態保護補償機制行動計劃》印發，用市場化、多元化手段推進生態保護補償，有效發揮市場力量，有利於建立長效補償機制，提升生態保護補償的品質和水準。二零一九年三月，《綠色產業指導目錄(二零一九年版)》發佈，該目錄的出台為各部門制定相關政策措施提供了「綠色」判斷標準，能切實解決金融市場在具體實踐操作過程中所遇到的困難。二零一九年五月，《關於做好農業生態環境監測工作的通知》印發，農業生態環境監測工作全面部署。二零一九年七月，國務院印發《關於促進鄉村產業振興的指導意見》，提出嚴守耕地和生態保護紅線，節約資源，保護環境，促進農村生產生活生態協調發展的理念。

Management Discussion and Analysis

管理層討論及分析

In the era of policy refining when public awareness of environmental protection is raising, the water business industry has become an important basic industry for urbanization. During the year, the Three-Year Action Plan on Quality and Efficiency Improvement for Urban Wastewater Treatment (2019–2021)* (《城鎮污水處理提質增效三年行動方案(2019–2021年)》) and the Guiding Opinions on Promoting the Treatment of Rural Domestic Wastewater* (《關於推進農村生活污水治理的指導意見》) have been promulgated. The backdrop underlying such promulgation is strong demand for improving and upgrading urban wastewater treatment, as well as the urgent need for popularizing treatment system of rural domestic wastewater. Consequently, there are ample opportunities for investment in environmental protection. Currently, the water business industry is facing issues such as lower operating efficiency and utilization ratio during the long-term development. Strengthening the construction of water information technology has become inevitable for the water business industry, which means the development of intelligent water business is an irresistible trend. What's more, the water business industry is still fragmented and relatively regional. Industrial integration is expected to intensify in the future, and players without core competitiveness will be merged and absorbed by large water groups which will lead the market then.

Solid waste treatment has been a popular field in the environmental protection industry in recent years. The conception of waste classification and waste-free city has placed higher requirements on discharge reduction and resources recycling during the municipal solid waste treatment. It will also effectively promote the integration of the whole industrial chain of solid waste treatment. On the segment, the higher qualification barrier and regional barrier and profit margin of the hazardous waste treatment industry will inevitably lead to the industry concentration as the national legislation and supervision further tighten. On medical waste, the demand for treatment under the epidemic of novel coronavirus surged, which is driven by the government's stringent supervision over medical waste discharge due to the scarcity of medical waste treatment companies to be further exposed. On incineration and power generation of domestic wastes, the classification of urban domestic wastes and decline in power generation subsidies have put pressure on this area. In the long run, the improvement and upgrade of waste incineration and power generation technology is the key to sustaining stable development.

Sludge treatment has also attracted much attention in recent years. Environmental protection departments at all levels have launched relevant policies that clarify the importance of strict management on sludge discharge. With the continuous decrease of organic matters in the soil of cultivated land in China, how to return the treated sludge to the land as organic soil is a subject that needs to be explored continually.

在政策深耕時代，各類主體的環境保護意識不斷增強，水務行業已成為城鎮化發展的重要基礎性行業。今年以來，《城鎮污水處理提質增效三年行動方案(2019–2021年)》、《關於推進農村生活污水治理的指導意見》相繼頒佈，城鎮的污水處理提標改造需求旺盛，農村生活污水處理體系亟待普及，蘊含著豐厚的環保投資機遇。同時，水務行業在長期發展的過程中面臨經營效率較低、利用效率不高等問題，加強水務資訊化建設已成為水務行業的必然需求，智慧水務的發展成為大勢所趨。另一方面，當前水務行業集中度依然不高，區域性較強，未來水務行業將加劇整合，缺乏核心競爭力的企業將被逐步吞併，大型水務集團將成為市場發展的引領者。

固廢處理是近年來環保行業的熱門領域，垃圾分類、無廢城市的概念相繼提出，對城市固廢處理減量化、資源化提出更高的要求，亦將有效推動固廢處置全產業鏈一體化的進度。從細分領域來看，危廢處理行業的資質壁壘和區域壁壘較強，行業利潤率較高，隨著國家立法與監管的進一步趨嚴，危廢行業集中度提升是必然趨勢。醫廢方面，新冠肺炎疫情影響下處理需求激增，醫廢處置企業的稀缺性進一步暴露，政府對醫療廢棄物排放的監管力度將進一步加大，需求也將被拉動。生活垃圾焚燒發電方面，城市生活垃圾分類、發電補貼下滑等均對該領域帶來壓力，長遠來看，垃圾焚燒發電技術的精進與升級是保持長期的穩定發展的關鍵。

污泥處置近年來亦備受關注，各級環保部門先後出台了相關政策，明確嚴格管理污泥排放的重要性。隨著我國耕地土壤有機質的不斷下降，如何將處理後的污泥作為有機土回歸土地，是需要繼續探索的課題。

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2020 is a crucial year for the construction of ecological civilization. During the year, significant progress has been made in the construction of a resource-saving and environment-friendly society. The environmental protection industry also shoulders important social responsibility while embracing huge market opportunities. The Group will incorporate the social responsibility into its own business goals, contributing to the development of environmental protection industry and the construction of ecological civilization.

DEVELOPMENT STRATEGIES AND PROSPECT

With the formation of the general regulatory pattern in the environmental protection industry, players are facing greater challenges accompanied with opportunities. In the new market circumstances, quality and efficiency enhancement and technological innovation have become the key to the Group's strengthening and expansion of market competitiveness. In 2019, the Group watched closely the policy developments while optimizing the asset structure. The Company's asset management efficiency and operating performance have been promoted with continued progress with the construction of projects under construction, improvement in the project operation and management and unremitting efforts.

In 2020, the Group will continue with the construction progress and operational management of existing projects. On top of that, the Group will focus on market opportunities in areas such as comprehensive treatment of solid wastes, sludge treatment, and comprehensive improvement in rural environment, to further improve the quality of earnings. Apart from maintaining and expanding the scale of existing water business, the Group will speed up establishing the presence in the field of solid waste treatment, such as industrial hazardous waste, medical hazardous waste, and garbage power generation. With prudent and reasonable capital expenditures, the Group will advance the implementation of annual key investment projects as scheduled in order to achieve its organic growth.

Optimize the asset structure. The Group will accelerate the progress of projects under construction and proposed to ensure scheduled recognition of project profits. By increasing the proportion of assets with valuable contributions while reducing unnecessary asset occupation and consumption, the utilization efficiency of operating assets will be improved comprehensively. In furtherance, the Group will continue to implement the regional management model. It will hasten key solid waste business through prudent and reasonable capital expenditures, thus to achieve the adjustment to income structure and the steady expansion of business. Meanwhile, the Group will carry out capital replenishment if possible, in order to improve the existing capital structure, enhance financing potential, and realise upturn of performance and revaluation.

二零二零年是生態文明建設的關鍵之年，資源節約型和環境友好型社會建設取得重大進展，環保產業在面臨巨大市場機遇的同時也肩負著重要的社會責任，本集團將把自身的經營目標與社會責任相統一，為環保行業的發展與生態文明的建設貢獻力量。

發展策略及前景

隨著環保行業大監管格局的形成，環保企業面臨更大的機遇與挑戰。新的市場格局下，提質增效、技術創新成為集團鞏固和壯大市場競爭力的關鍵。二零一九年本集團密切關注政策動態，不斷優化資產結構，通過持續推進在建項目建設進度、提升項目運營管理水準，通過堅持不懈地努力，推動了公司資產管理效率和經營效益的提升。

二零二零年，本集團在繼續鞏固現有項目建設進度及運營管理水準的基礎上，將重點關注固廢綜合處置、污泥處置和農村環境綜合整治等方面的市場機遇，進一步提升盈利質量。在鞏固擴大既有水務業務規模的基礎上，加快培育工業危廢、醫療危廢、垃圾發電等固廢處理領域的業務，並通過審慎合理的資本開支，如期推進年度重點投資項目計劃落地，以實現企業的內生性增長。

優化資產結構。本集團將加快在建、擬建項目的實施進度，確保工程利潤如期釋放，通過加大有價值貢獻的資產佔比，減少不必要的資產佔用和消耗，全面提升經營性資產的使用效率。同時，本集團將持續推行大區化管理模式，通過審慎合理的資本開支，加快培育固廢重點業務，以實現收入結構的調整和業務的平穩擴張。另一方面，本集團將盡可能完成資本金補充，以改善現有的資本結構，提升融資空間，實現業績和估值的修復。

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Further expand the solid waste segment. The Group will keep an eye on the relevant policies of “waste-free city” for the purpose of “advancing resource recycling of solid wastes and minimizing discharge”. Technological exploration and promotion, and cooperation with government-authorized industry-leading players of the industry will enable the Group to provide one-stop solutions in urban areas, so as to further enhance its core competitiveness.

Improve the comprehensive ability of operation management. The Group will accelerate the improvement of quality and efficiency of the operating projects, and further increase the yield of wastewater treatment projects. Meantime, enhanced efforts will be put in promoting and popularizing the Company’s intelligent water business. That would increase the core competitiveness of the Group on sewage treatment in villages and towns, and build its operational management advantages.

Looking forward, the Group will continue to adhere to the development goal of “basing in Yunnan, covering the country and going global, striving to be a leading integrated service provider of municipal environment” (立足雲南、面向全國、走向國際，致力成為領先的城鎮環境綜合服務商)，and monitor closely the industry developments and get the pulse of the industry trends. The Group will further enhance its technological capabilities, core competitiveness and social influence, thereby continuously creating greater value for shareholders.

BUSINESS REVIEW

The Group is one of the leading integrated service providers in the urban environmental protection industry in China. The Group mainly adopts the BOT (“**Build-Operate-Transfer**”), BOO (“**Build-Own-Operate**”), TOT (“**Transfer-Operate-Transfer**”), TOO (“**Transfer-Own-Operate**”), BT (“**Build and Transfer**”), EPC (“**Engineering-Procurement-Construction**”), ROT (“**Rehabilitate-Operate-Transfer**”), O&M (“**Operation and Maintenance**”) and licensed operation models to provide customized and integrated turnkey solutions for water supply, wastewater treatment and solid waste treatment as well as system integration services of core technologies to customers. The Group’s businesses are carried out in China and the Southeast Asian countries, the Group’s principal businesses comprise five major segments, namely, wastewater treatment, water supply, solid waste treatment, construction and sales of equipment and others.

As at 31 December 2019, the Group’s water related projects (including the following wastewater treatment projects, water supply projects and all water related projects under other business segments) had the total daily treatment capacity of approximately 6,220,200 tonnes. As at 31 December 2019, the Group’s solid waste treatment related projects (including the following solid waste treatment projects and all solid waste treatment related projects under other business segments) had the total annual treatment capacity of approximately 3,571,000 tonnes.

深入拓展固廢細分領域。本集團將密切關注「無廢城市」相關政策，以「推進固廢資源化利用，最大限度減少排量」為宗旨，緊抓技術探索及技術推廣，與政府授權的業內優勢企業展開合作，向城鎮提供一站式解決方案，進一步提升本集團的核心競爭力。

全面提升運營管理能力。本集團將加快推動已運營項目的提質增效工作，進一步優化污水項目的收益率。同時，加快推進公司智慧水務的推廣與普及，提升本集團村鎮污水處理的核心競爭力，構建本集團的運營管理優勢。

未來，本集團將繼續本著「立足雲南、面向全國、走向國際，致力成為領先的城鎮環境綜合服務商」的發展目標，密切關注行業動態，把握行業發展趨勢，進一步提升本集團的技術實力、核心競爭力及社會影響力，不斷為股東創造更大的價值。

業務回顧

本集團為中國領先的城鎮環境綜合服務商之一。本集團的業務主要採用BOT(「**建設 — 營運 — 移交**」)、BOO(「**建設 — 擁有 — 營運**」)、TOT(「**移交 — 營運 — 移交**」)、TOO(「**移交 — 擁有 — 營運**」)、BT(「**建設及移交**」)、EPC(「**設計 — 採購 — 施工**」)、ROT(「**改造 — 營運 — 移交**」)、O&M(「**營運及維護**」)及持牌運營等項目模式，向客戶提供訂製及綜合的供水、污水處理及固廢處理的整體解決方案及核心技術系統集成服務。本集團的業務在中國境內及東南亞國家開展，主營業務包括五個主要分部，即污水處理、供水、固廢處理、建造及設備銷售以及其他服務。

截至二零一九年十二月三十一日，本集團水務相關項目(包含以下污水處理項目、供水項目及其他業務分部中的所有水務處理相關項目)的日處理總量約為6,220,200噸。截至二零一九年十二月三十一日，本集團固廢處理相關項目(包含以下固廢處理項目及其他業務分部中的所有固廢處理相關項目)的年處理總量約為3,571,000噸。

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Meanwhile, the Group has been closely following the policies introduced by the Chinese government, and actively capturing the market opportunities to expand its footage in the municipal environment comprehensive treatment projects. During the Reporting Period, the Group had obtained five main relevant projects including the phase II drainage reconstruction and expansion project in Hetian City, Xinjiang Uygur Autonomous Region, the rural wastewater collection and treatment project in Longhai City, Fujian Province, the project in relation to new wastewater treatment facilities in Yunzhong, Xinzhou City, Shanxi Province and etc.. The business involved wastewater treatment, the integration of water supply and solid waste treatment and etc., all the projects are carried out by way of service concession arrangement (e.g., BOT model). As at 31 December 2019, the Group had 32 projects in relation to the municipal environment comprehensive treatment.

Wastewater Treatment Projects

As at 31 December 2019, the Group had a total of 124 concession wastewater treatment projects, including 7 BOO projects, 69 BOT projects, 2 TOO projects, 21 TOT projects, 2 ROT projects and 23 municipal environment comprehensive treatment projects, with total daily treatment capacity of approximately 3,380,400 tonnes, representing an addition of 1 BOT project, 1 TOT project, 1 ROT project and 6 municipal environment comprehensive treatment projects year-on-year, and an increase in the daily wastewater treatment capacity of approximately 353,200 tonnes or a growth rate of approximately 11.7% as compared with the year ended 31 December 2018.

As at 31 December 2019, 91 concession projects with total daily treatment capacity of approximately 2,478,000 tonnes had commenced commercial operation (including 1 municipal environment comprehensive treatment project with a total daily wastewater treatment capacity of approximately 16,000 tonnes), representing an addition of 1 TOT project, an addition of 5 BOT projects, 1 ROT project and 1 municipal environment comprehensive treatment project which commenced operation year-on-year, and an increase in total daily treatment capacity of approximately 126,000 tonnes compared with the year ended 31 December 2018. During the Reporting Period, the Group's effective wastewater treatment utilization rate was approximately 77.35%, and the average unit charge of wastewater treatment was approximately RMB1.40 per tonne.

As at 31 December 2019, 33 concession projects with total daily treatment capacity of approximately 902,400 tonnes had not commenced commercial operation (including 22 municipal environment comprehensive treatment projects with total daily treatment capacity of approximately 544,500 tonnes), representing an addition of 1 ROT project, 1 BOT project, 6 municipal environment comprehensive treatment projects as compared with 31 December 2018. 5 BOT projects, 1 ROT project and 1 municipal environment comprehensive treatment project under construction converted to operation. The daily treatment capacity increased by approximately 227,200 tonnes.

同時，本集團緊跟國家政策，抓住市場機遇，繼續積極推進市政環境綜合治理項目。於報告期內，本集團先後獲得新疆烏魯木齊和田市排水改擴建二期工程、福建省龍海市農村污水收集處理工程、山西省忻州市雲中污水處理廠新建工程等五個主要的相關項目，業務覆蓋污水處理，供排水一體化及固廢處理等多個方面，均以服務特許經營權安排（例如BOT模式）進行。於二零一九年十二月三十一日，本集團擁有32個市政環境綜合治理項目。

污水處理項目

截至二零一九年十二月三十一日，本集團特許經營污水項目共124個，包括7個BOO項目、69個BOT項目、2個TOO項目、21個TOT項目、2個ROT項目及23個市政環境綜合治理項目，日處理總量約為3,380,400噸，與截至二零一八年十二月三十一日止年度同比新增1個BOT項目、1個TOT項目、1個ROT項目及6個市政環境綜合治理項目，日污水處理量增加約353,200噸，增長率約為11.7%。

截至二零一九年十二月三十一日，日處理總量約為2,478,000噸的91個特許經營項目已投入商業運營（包括1個日污水處理總量約16,000噸的市政環境綜合治理項目），與截至二零一八年十二月三十一日止年度同比新增1個TOT項目，新投運5個BOT項目、1個ROT項目及1個市政環境綜合治理項目，日處理總量增加約126,000噸。於報告期內，本集團的實際污水處理利用率約77.35%，平均污水處理收費單價約為每噸人民幣1.40元。

截至二零一九年十二月三十一日，日處理總量約為902,400噸的33個特許經營項目尚未投入商業運營（包括22個日污水處理總量約544,500噸的市政環境綜合治理項目），與截至二零一八年十二月三十一日同比新增1個ROT項目、1個BOT項目、6個市政環境綜合治理項目。5個BOT項目、1個ROT項目及1個市政環境綜合治理項目從在建轉變為運營。日污水處理量增加約227,200噸。

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Water Supply Projects

As at 31 December 2019, the Group had a total of 66 concession water supply projects with total daily treatment capacity of approximately 2,445,100 tonnes, including 15 BOO projects, 35 BOT projects, 11 TOT projects and 5 municipal environment comprehensive treatment projects, representing an addition of 4 BOT projects, and an increase in total daily capacity of approximately 224,100 tonnes compared with 31 December 2018, representing a growth rate of approximately 10.1%.

As at 31 December 2019, 38 concession projects with total daily capacity of approximately 1,405,000 tonnes had commenced commercial operation (including 1 municipal environment comprehensive treatment project with a total daily treatment capacity of approximately 30,000 tonnes), representing an addition of 6 BOT projects, 1 municipal environment comprehensive treatment project, and a reduction of 1 BOO project, and an increase in the total daily capacity of approximately 120,000 tonnes as compared with 31 December 2018. During the Reporting Period, the Group's effective water supply utilization rate was approximately 74.27%, and the average unit charge of water supply was approximately RMB2.46 per tonne.

As at 31 December 2019, 28 concession projects with total daily capacity of approximately 1,040,100 tonnes had not commenced commercial operation (including 4 municipal environment comprehensive treatment projects with total daily treatment capacity of approximately 409,700 tonnes), representing an addition of 1 BOO project, 4 BOT projects year-on-year. 6 BOT projects and 1 municipal environment comprehensive treatment project under construction converted to operation, The total daily capacity increased by approximately 104,100 tonnes.

Solid Waste Treatment Projects

As at 31 December 2019, the Group had 21 solid waste treatment projects with total annual treatment capacity of 3,571,000 tonnes, 8 of which with an annual treatment capacity of 1,169,400 tonnes had commenced commercial operation and 13 of them with an annual treatment capacity of 2,401,600 tonnes were under construction (including 4 municipal environment comprehensive treatment projects with an annual treatment capacity of approximately 1,137,800 tonnes). As compared to 31 December 2018, 2 additional solid waste treatment projects were under construction and the total annual treatment capacity increased by 43,500 tonnes. During the Reporting Period, the Group's effective solid waste treatment utilization rate was approximately 85.38%.

供水項目

截至二零一九年十二月三十一日，本集團擁有66個日處理總量約2,445,100噸的供水特許經營項目，其中包括15個BOO項目、35個BOT項目、11個TOT項目及5個市政環境綜合治理項目，與截至二零一八年十二月三十一日同比新增4個BOT項目，日處理總量增加約224,100噸，增長率約為10.1%。

截至二零一九年十二月三十一日，日處理總量約1,405,000噸的38個特許經營項目已投入商業運營（包括1個日處理總量約30,000噸的市政環境綜合治理項目），較截至二零一八年十二月三十一日新投運6個BOT項目，1個市政環境綜合治理項目，減少1個BOO項目，日處理總量增加約120,000噸。於報告期內，本集團的實際供水利用率約為74.27%，平均供水收費單價約為每噸人民幣2.46元。

截至二零一九年十二月三十一日，日處理總量約1,040,100噸的28個特許經營項目尚未投入商業運營（包括4個日處理總量約409,700噸的市政環境綜合治理項目），同比新增1個BOO項目，4個BOT項目。6個BOT項目及1個市政環境綜合治理項目從在建轉變為運營。日處理總量增加約104,100噸。

固廢處理項目

截至二零一九年十二月三十一日，本集團擁有21個固廢處理項目，年處理總量為3,571,000噸，其中年處理量為1,169,400噸的8個項目已經投入商業運營，年處理量為2,401,600噸的13個項目正在建設（包括4個年處理量約1,137,800噸的市政環境綜合治理項目）。與二零一八年十二月三十一日相比，新增2個在建的固廢處理項目，年處理總量增加43,500噸。於報告期內，本集團的實際固廢處理利用率約為85.38%。

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Construction and Sales of Equipment

The Group's construction and sales of equipment segment comprises BT projects, EPC projects and sales of equipment. As at 31 December 2019, the Group had a total of 11 BT projects, which were either under construction and/or completed, among which income of 10 BT projects was recognised during the Reporting Period.

During the Reporting Period, the Group had a total of 11 EPC projects, representing an addition of 1 EPC project as compared with 31 December 2018.

The Group engages in the production, sales and installation of equipment for wastewater treatment, water supply, solid waste treatment and other infrastructure facilities. The major category of water related equipment in the Group's production is membrane. Most of the membrane products are produced by the own plant of the Group.

Others

During the Reporting Period, the Group also undertook O&M projects for wastewater treatment, water supply and solid waste treatment facilities owned by third parties as well as provision of technical and consultancy services in relation to environmental protection. As at 31 December 2019, the Group had 30 O&M projects, representing a reduction of 1 wastewater treatment project, and 1 solid waste treatment project as compared with 31 December 2018. These projects included 29 wastewater treatment projects with total daily treatment capacity of approximately 389,700 tonnes (including the capacity of wastewater treatment projects adopting O&M model within municipal environment comprehensive treatment projects), and 1 water supply project with daily treatment capacity of approximately 5,000 tonnes.

FINANCIAL REVIEW

Results of Operation

During the Reporting Period, the Group recorded revenue of approximately RMB6,538.0 million, representing an increase of approximately 4.5% compared with the year ended 31 December 2018. During the Reporting Period, the Group realized a profit of approximately RMB553.8 million, representing an increase of approximately 11.5% compared with the year ended 31 December 2018. Profit attributable to the ordinary shareholders of the Company was approximately RMB398.2 million, representing an increase of approximately 0.1% as compared with 31 December 2018. Earnings per share for the year ended 31 December 2019 was approximately RMB0.334.

建造及設備銷售

本集團的建造及設備銷售分部包括BT項目、EPC項目及設備銷售。截至二零一九年十二月三十一日，本集團在建設及／或已完工的BT項目共11個，其中於報告期內確認收益的BT項目共10個。

於報告期內，本集團EPC項目共11個，較二零一八年十二月三十一日增加1個EPC項目。

本集團生產、銷售及安裝污水處理、供水、固廢處理及其他基礎設施的設備，本集團所生產的水務相關設備的主要類別為膜產品。大部分膜產品由本集團自有工廠生產。

其他

本集團在報告期內也就第三方擁有的污水處理、供水及固廢處理設施開展O&M項目，並提供了與環境保護相關的技術及諮詢服務。截至二零一九年十二月三十一日，本集團擁有30個O&M項目，較二零一八年十二月三十一日減少1個污水處理項目及1個固廢處理項目。其中，29個日處理總量約為389,700噸的污水處理項目（包括市政環境綜合治理項目中以O&M模式運營的污水處理項目的規模），1個日處理量約為5,000噸的供水項目。

財務回顧

經營業績

本集團於報告期內錄得收益約人民幣6,538.0百萬元，相較截至二零一八年十二月三十一日止年度增長約4.5%。本集團實現溢利約人民幣553.8百萬元，相較截至二零一八年十二月三十一日止年度增長約11.5%。本公司普通股股東應佔溢利約為人民幣398.2百萬元，相較截至二零一八年十二月三十一日增長約0.1%，截至二零一九年十二月三十一日止年度的每股盈利約為人民幣0.334元。

Management Discussion and Analysis

管理層討論及分析

Revenue

Revenue of the Group increased from approximately RMB6,255.6 million for the year ended 31 December 2018 to approximately RMB6,538.0 million for the Reporting Period, representing an increase of approximately 4.5%.

In respect of the business segments of the Group, revenue from wastewater treatment decreased by 9.6% from approximately RMB3,295.0 million for the year ended 31 December 2018 to approximately RMB2,978.4 million for the Reporting Period. Revenue from water supply increased by approximately 5.0% from approximately RMB1,171.8 million for the year ended 31 December 2018 to approximately RMB1,230.7 million for the Reporting Period. Revenue from solid waste treatment increased by approximately 102.2% from RMB749.0 million for the year ended 31 December 2018 to approximately RMB1,514.6 million for the Reporting Period. Revenue from construction and sales of equipment decreased by approximately 26.2% from approximately RMB967.9 million for the year ended 31 December 2018 to approximately RMB714.6 million for the Reporting Period. Revenue from other business increased by 38.8% from approximately RMB71.9 million for the year ended 31 December 2018 to approximately RMB99.8 million for the Reporting Period.

The decrease in revenue from the wastewater treatment segment was mainly attributable to (i) a decrease in construction revenue in the existing and new wastewater projects due to construction progress slowdown during the Reporting Period; and (ii) the increase in wastewater unit price and wastewater treatment capacity of certain water plants resulting in an increase in operating revenue, which was less than the decrease in construction revenue during the Reporting Period.

The increase in revenue from the water supply segment was mainly attributable to that (i) certain water supply projects which were newly acquired by the Group in the second half of 2018 generated operating revenue during the Reporting Period, and (ii) the increase in water supply unit price and water supply capacity of certain water plants results in an increase in operating revenue during the Reporting Period.

The increase in revenue from the solid waste treatment segment was mainly attributable to an increase in construction revenue generated by certain solid waste treatment projects under construction during the Reporting Period.

The decrease in revenue from the construction and sales of equipment segment was mainly attributable to (i) a continuous decrease of EPC construction and sales of equipment business during the Reporting Period; and (ii) the completion of the exiting BT projects.

收益

本集團的收益由截至二零一八年十二月三十一日止年度約人民幣6,255.6百萬元增長至報告期內約人民幣6,538.0百萬元，增幅約4.5%。

就本集團的業務分部而言，污水處理的收益由截至二零一八年十二月三十一日止年度的約人民幣3,295.0百萬元減少9.6%至報告期約人民幣2,978.4百萬元。供水業務的收益由截至二零一八年十二月三十一日止年度約人民幣1,171.8百萬元增長約5.0%至報告期的約人民幣1,230.7百萬元。固廢處理業務的收益由截至二零一八年十二月三十一日止年度的人民幣749.0百萬元增加約102.2%至報告期約人民幣1,514.6百萬元。建造及設備銷售的收益由截至二零一八年十二月三十一日止年度的約人民幣967.9百萬元減少約26.2%至報告期約人民幣714.6百萬元。其他業務的收益由截至二零一八年十二月三十一日止年度的約人民幣71.9百萬元增長38.8%至報告期約人民幣99.8百萬元。

污水處理分部收益減少主要由於(i)報告期內主要的污水項目建設進度較去年同期放緩及新增的BOT污水項目工程進度普遍較慢導致建造收入減少；及(ii)報告期部分水廠污水處理單價或處理量上升帶來經營收益增加，經營收益的增加少於建造收入的減少所致。

供水分部收益增加主要由於(i)二零一八下半年收購未完整錄得整年收入的供水項目於報告期實現全年收益所致；及(ii)報告期部分水廠自來水供水單價或水量上升帶來經營收益增加。

固廢處理分部收益增加主要由於若干固廢項目於報告期內持續建設所產生的建造收入增加。

建造及設備銷售分部收益減少主要由於(i)報告期內EPC建造及設備銷售業務的持續減少所致；及(ii)原有BT項目逐漸完工。

Management Discussion and Analysis

管理層討論及分析

Cost of Sales

Cost of sales of the Group for the Reporting Period was approximately RMB4,705.7 million, representing a decrease of approximately 1.1% as compared with approximately RMB4,757.6 million for the year ended 31 December 2018. The decrease was primarily due to (i) the continuous decrease of EPC construction and sales of equipment business during the Reporting Period; and (ii) the increase in wastewater treatment and water supply capacity of certain water plants resulting in an increase in operating cost, and the decrease in construction cost is greater than the increase in operating cost during the Reported Period.

Gross Profit Margin

During the Reporting Period, gross profit margin of the Group was approximately 28.0%, representing an increase of approximately 4.0% as compared with approximately 24.0% for the year ended 31 December 2018.

Other Income

During the Reporting Period, the Group recorded other income of approximately RMB124.0 million as compared with approximately RMB144.7 million for the year ended 31 December 2018, representing a decrease of approximately 14.3%. The decrease in other income was mainly due to a decrease in tax refund during the Reporting Period.

Other Gains — net

During the Reporting Period, the Group recorded other net loss of approximately RMB1.4 million, representing a decrease of approximately 113.3% as compared with a net gain of approximately RMB10.5 million for the year ended 31 December 2018. The decrease in other gains was mainly due to fair value loss on derivative financial asset.

Selling Expenses

During the Reporting Period, selling expenses of the Group was approximately RMB43.4 million, which decreased slightly from approximately RMB43.9 million for the year ended 31 December 2018.

Administrative Expenses

Administrative expenses of the Group increased by RMB29.1 million from approximately RMB395.1 million for the year ended 31 December 2018 to approximately RMB424.2 million for the Reporting Period, representing an increase of approximately 7.4%. The increase in administrative expenses was primarily due to an increase in legal and professional fee.

銷售成本

本集團於報告期內的銷售成本約人民幣4,705.7百萬元，較截至二零一八年十二月三十一日止年度的約人民幣4,757.6百萬元減少約1.1%。該減少主要由於(i)報告期內EPC建造及設備銷售業務的持續減少導致相關成本下降；及(ii)報告期部分水廠污水處理量或自來水供水量上升帶來的經營成本上升，建造成本下降的幅度大於經營成本上升幅度所致。

毛利率

於報告期內，本集團的毛利率約28.0%，較截至二零一八年十二月三十一日止年度約24.0%增長約4.0%。

其他收入

於報告期內，本集團錄得其他收入約人民幣124.0百萬元，而截至二零一八年十二月三十一日止年度錄得約人民幣144.7百萬元，降幅約為14.3%。其他收入減少主要是由於報告期內增值稅退稅的減少所致。

其他收益淨額

於報告期內，本集團錄得其他收益淨損失約人民幣1.4百萬元，較截至二零一八年十二月三十一日止年度淨收益約人民幣10.5百萬元下降約為113.3%。其他收益減少主要是由於衍生金融資產的公允價值變動損失所致。

銷售開支

於報告期內，本集團的銷售開支約人民幣43.4百萬元，較截至二零一八年十二月三十一日止年度約人民幣43.9百萬元略微下降。

行政開支

本集團行政開支由截至二零一八年十二月三十一日止年度的約人民幣395.1百萬元增加人民幣29.1百萬元至報告期內約人民幣424.2百萬元，增幅約為7.4%。行政開支增加主要由於報告期內法律及專業服務費用增加所致。

Management Discussion and Analysis

管理層討論及分析

Finance Costs — net

Net finance costs increased by RMB235.7 million from approximately RMB578.5 million for the year ended 31 December 2018 to approximately RMB814.2 million for the Reporting Period, representing an increase of approximately 40.7%. The increase in net finance costs was primarily due to an increase of bank borrowings and the issuance of bond, and an increase in average borrowing interest rate.

The average interest rate on borrowings of the Group for the Reporting Period was approximately 5.32% per annum, representing an increase compared with approximately 4.86% per annum for the year ended 31 December 2018 due to the increase in market interest rate and diversified financing channels.

Profit Before Income Tax

As a result of the above factors, the Group recorded profit before income tax of approximately RMB677.5 million for the Reporting Period, representing an increase of approximately 5.2% as compared with approximately RMB644.2 million recorded for the year ended 31 December 2018.

Income Tax Expenses

Income tax expenses decreased by RMB23.8 million from approximately RMB147.5 million for the year ended 31 December 2018 to approximately RMB123.7 million for the Reporting Period, representing a decrease of approximately 16.1%. The decrease is caused by a change in the profitability of the Group's subsidiaries in respective countries and regions applying different corporate income tax rates.

Profit and Net Profit Margin for the Reporting Period

As a result of the foregoing, profit for the Reporting Period increased by RMB57.1 million from approximately RMB496.7 million for the year ended 31 December 2018 to approximately RMB553.8 million for the Reporting Period, representing an increase of approximately 11.5%. Net profit margin increased from approximately 7.9% for the year ended 31 December 2018 to approximately 8.5% for the Reporting Period.

Receivables under Service Concession Arrangements

The Group's receivables under service concession arrangements increased by RMB855.2 million from approximately RMB4,223.1 million as at 31 December 2018 to approximately RMB5,078.3 million as at 31 December 2019, representing an increase of approximately 20.3%. Such increase was primarily due to several construction projects were completed and generated operating revenue during the Reporting Period.

融資成本淨額

融資成本淨額由截至二零一八年十二月三十一日止年度約人民幣578.5百萬元增加人民幣235.7百萬元至報告期內約人民幣814.2百萬元，增幅為約40.7%。融資成本淨額增加主要是由於銀行借款增加及債券的發行，及平均借款利率上升所致。

本集團報告期內平均借款利率約為每年5.32%，與截至二零一八年十二月三十一日止年度的每年約4.86%相比增長乃由於市場利率水平上升融資渠道多樣化所致。

所得稅前溢利

由於上述因素，本集團於報告期內錄得所得稅前溢利約人民幣677.5百萬元，相對於截至二零一八年十二月三十一日止年度錄得約人民幣644.2百萬元，增幅約為5.2%。

所得稅開支

所得稅開支由截至二零一八年十二月三十一日止年度的約人民幣147.5百萬元減少人民幣23.8百萬元至報告期內的約人民幣123.7百萬元，降幅約16.1%。該減少乃由於本集團於採用不同企業所得稅率的各自國家或地區的子公司的盈利情況發生變化所致。

報告期內溢利及純利率

由於上述各項，報告期內溢利由截至二零一八年十二月三十一日止年度的約人民幣496.7百萬元增加人民幣57.1百萬元至報告期內約人民幣553.8百萬元，增幅約11.5%。純利率由截至二零一八年十二月三十一日止年度約7.9%增加至報告期內約8.5%。

服務特許經營安排下的應收款項

本集團服務特許經營權安排下的應收款項由二零一八年十二月三十一日約人民幣4,223.1百萬元增加人民幣855.2百萬元至二零一九年十二月三十一日的約人民幣5,078.3百萬元，增幅約20.3%。該增加主要由於報告期內部分在建項目完工投入運營，產生運營收入所致。

Management Discussion and Analysis

管理層討論及分析

Trade and Other Receivables and Prepayments

The Group's trade and other receivables and prepayments increased by RMB1,354.1 million from approximately RMB7,416.0 million as at 31 December 2018 to approximately RMB8,770.1 million as at 31 December 2019, representing an increase of approximately 18.3%. Such increase was primarily due to (i) the continuous operation of EPC construction and sales of equipment business, and (ii) the increase in large VAT deductible input tax incurred during the construction process of the Group's several municipal environment comprehensive treatment projects.

Cash and Cash Equivalents

The Group's total cash balance increased by RMB254.0 million from approximately RMB2,214.4 million as at 31 December 2018 to approximately RMB2,468.4 million as at 31 December 2019, representing an increase of approximately 11.5%. Such increase was primarily due to new equity instruments and debt financing instruments.

Trade and Other Payables

The Group's trade and other payables increased by RMB692.9 million from approximately RMB6,275.1 million as at 31 December 2018 to approximately RMB6,968.0 million as at 31 December 2019, representing an increase of approximately 11.0%. Such increase was primarily due to (i) an increase in construction services payable due to the continuous investments in municipal environment comprehensive treatment projects under construction, and (ii) the increase of deposit payables for municipal environment comprehensive treatment projects under construction.

Borrowings

As at 31 December 2019, the Group had borrowings of approximately RMB21,618.9 million (31 December 2018: approximately RMB16,934.5 million).

As at 31 December 2019, the Group had unsecured borrowings of approximately RMB5,121.6 million for current portion and RMB7,763.5 million for non-current portion (31 December 2018: total approximately RMB11,702.3 million), and secured borrowings of approximately RMB1,297.8 million for current portion and RMB7,436.0 million for non-current portion (31 December 2018: total approximately RMB5,232.2 million).

貿易及其他應收款項以及預付款項

本集團的貿易及其他應收款項以及預付款項由二零一八年十二月三十一日的約人民幣7,416.0百萬元增加人民幣1,354.1百萬元至二零一九年十二月三十一日的約人民幣8,770.1百萬元，增長約18.3%。該增長主要是由於(i) EPC建造及設備銷售業務的持續經營；及(ii)在建的市政環境綜合治理項目產生的大額待抵扣增值稅進項稅的增加。

現金及現金等價物

本集團的現金結餘總額由二零一八年十二月三十一日的約人民幣2,214.4百萬元增加人民幣254.0百萬元至二零一九年十二月三十一日的約人民幣2,468.4百萬元，增加約11.5%。該增加主要是由於新增權益工具及債務融資工具所致。

貿易及其他應付款項

本集團的貿易及其他應付款項由二零一八年十二月三十一日的約人民幣6,275.1百萬元增長人民幣692.9百萬元至二零一九年十二月三十一日的約人民幣6,968.0百萬元，增長約11.0%。該增長主要是由於(i)對在建的市政環境綜合治理項目的持續投資，增加購買應付建築服務；及(ii)在建市政環境綜合治理項目的應付按金增加。

借款

截至二零一九年十二月三十一日，本集團借款約為人民幣21,618.9百萬元(二零一八年十二月三十一日：約人民幣16,934.5百萬元)。

截至二零一九年十二月三十一日，本集團的無抵押借款流動部分約為人民幣5,121.6百萬元和非流動部分約為人民幣7,763.5百萬元(二零一八年十二月三十一日：合計約人民幣11,702.3百萬元)及有抵押借款流動部分約為人民幣1,297.8百萬元和非流動部分約為人民幣7,436.0百萬元(二零一八年十二月三十一日：合計約人民幣5,232.2百萬元)。

Management Discussion and Analysis

管理層討論及分析

Pledge of Assets

As at 31 December 2019, assets pledged as security for borrowings included the Group's receivables under service concession arrangements, contract assets, right-of-use assets, land use rights, property, plant and equipment, intangible assets and the Company's investments in subsidiaries and a joint venture, with carrying value of RMB8,737.7 million (31 December 2018: approximately RMB5,278.6 million).

Capital Commitments

The Group's capital commitments increased by RMB2,479.5 million from approximately RMB10,175.5 million as at 31 December 2018 to approximately RMB12,655.0 million as at 31 December 2019, representing an increase of approximately 24.4%. Such increase was primarily due to the Group's increased investments in several municipal environment comprehensive treatment projects during the Reporting Period.

Gearing Ratio

The Group's gearing ratio (calculated as net debt divided by total capital) increased from approximately 67.98% as at 31 December 2018 to approximately 69.14% as at 31 December 2019. The increase in gearing ratio was mainly due to the increased scale of debt financing during the Reporting Period.

Employees and Remuneration Policy

As at 31 December 2019, the Group employed 6,666 employees (31 December 2018: 6,207). During the Reporting Period, staff cost was approximately RMB605.3 million (for the year ended 31 December 2018: RMB549.4 million). The Group will strive to ensure that the remuneration level of employees is in line with industry practices and prevailing market conditions, and remunerations of employees will be determined based on their performance. The remuneration package provided to employees also includes basic and floating salaries, discretionary bonus and staff benefits. The Group also provides external and internal training programs for its employees.

The Group did not experience any significant labour disputes which caused any material impact on its normal business operations during the Reporting Period.

資產抵押

於二零一九年十二月三十一日，借款由賬面價值人民幣8,737.7百萬元之本集團服務特許經營安排下的應收賬款、合約資產、使用權資產、土地使用權、物業、廠房及設備、無形資產及本公司於附屬公司及一家合營公司的投資質押作抵押(二零一八年十二月三十一日：約人民幣5,278.6百萬元)。

資本承擔

本集團的資本承擔由二零一八年十二月三十一日約人民幣10,175.5百萬元增加人民幣2,479.5百萬元至二零一九年十二月三十一日約人民幣12,655.0百萬元，增幅約24.4%。該項增加主要由於本集團報告期內對市政環境綜合治理項目投資的增加所致。

資產與負債的比率

本集團資產與負債的比率(按淨債務除以總資本計算)由二零一八年十二月三十一日的約67.98%增至二零一九年十二月三十一日的約69.14%。資產與負債的比率的增長主要是由於報告期內債務融資規模持續增加所致。

僱員及薪酬政策

於二零一九年十二月三十一日，本集團聘用6,666名僱員(二零一八年十二月三十一日：6,207名)。報告期內，員工成本約為人民幣605.3百萬元(截至二零一八年十二月三十一日止年度：人民幣549.4百萬元)。本集團將致力確保僱員薪酬水準符合行業慣例及現行市場情況，而僱員薪酬乃基於彼等的表現釐定。為僱員提供的薪酬待遇亦包括基本及浮動薪資、酌情花紅及員工福利。本集團亦為僱員提供外部及內部培訓計劃。

本集團於報告期內並無任何重大勞務糾紛對本集團正常業務營運產生重大影響。

Management Discussion and Analysis

管理層討論及分析

Foreign Exchange Risk

The Group principally operates in the PRC with most of the transactions being settled in RMB, which is the functional currency of most of the group entities. The Group also has certain subsidiaries in foreign operations. Foreign exchange risk arises from the recognised assets and liabilities and net investments in foreign operations. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through financing activities denominated in the relevant foreign currencies.

The group entities are exposed to foreign exchange risk of foreign currencies other than their functional currencies, primarily with respect to the US dollars ("US\$"), and Hong Kong dollars ("HKD") (together "Non-functional Currencies"). The Group seeks to limit its exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position. Management considers the fluctuations in exchange rates between the functional currencies of respective group entities and Non-functional Currencies in which the group entities conduct business will not have significant effect on the Group's financial position and results of operations.

Contingent Liabilities

As at 31 December 2019, the Group did not have any significant contingent liabilities.

Final Dividend

The Board has resolved to declare a final dividend of RMB0.15 per share (tax included) for the year ended 31 December 2019. The proposed distribution of final dividend by the Company is subject to approval at the forthcoming annual general meeting. Upon approval, the final dividend will be paid on or before 22 July 2020.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

- On 19 November 2019, the Company together with CATIC Construction Engineering Company Limited* (中航建築工程有限公司) were formally awarded the PPP project in relation to the engineering construction of water supply and drainage and supporting municipal infrastructures in Yila Lake Circular Economy Industrial Park, Toksun County, which is granted by the People's Government of Toksun County, Turpan City, Xinjiang Uygur Autonomous Region (新疆維吾爾自治區吐魯番市托克遜縣人民政府), the PRC by way of public tender. The total estimated investment of the project amounted to approximately RMB381,400,000.

外匯風險

本集團主要在中國經營業務，大部分交易以人民幣結算，人民幣為大部分集團公司的功能貨幣。本集團亦有若干附屬公司經營境外業務。外匯風險來自境外業務的已確認資產及負債和投資淨額。本集團境外業務淨資產所產生的貨幣風險，主要透過以相關外幣計值的融資活動進行管理。

集團實體承受其功能貨幣以外外幣的外匯風險，主要涉及美元(「美元」)及港元(「港元」)(統稱「非功能貨幣」)。本集團力圖通過密切監察及盡量減少其外幣持倉淨額來限制外幣風險敞口。管理層認為各集團實體的功能貨幣與各集團實體經營業務的非功能貨幣之間的匯率波動不會對本集團的財務狀況及經營業績產生重大影響。

或然負債

截至二零一九年十二月三十一日，本集團並無任何重大或然負債。

末期股息

董事會議決宣派截至二零一九年十二月三十一日止年度的末期股息，每股人民幣0.15元(含稅)。建議派發末期股息須待本公司應屆股東週年大會批准後方可作實。經批准後，末期股息將於二零二零年七月二十二日或之前派發。

重大投資及收購

- 於二零一九年十一月十九日，本公司聯同中航建築工程有限公司正式中標由中國新疆維吾爾自治區吐魯番市托克遜縣人民政府通過公開招標方式授予的托克遜縣伊拉湖循環經濟產業園供排水及配套市政基礎設施工程建設PPP的項目。該項目估算總投資額約為人民幣381,400,000元。

Management Discussion and Analysis

管理層討論及分析

- On 7 November 2019, the PPP project for facilitating the Construction of Domestic Wastewater Treatment Facilities in the Entire Qingxin District of Qingyuan was formally awarded to the Company, Guangzhou Water & Electricity Equipment Installation Co., Ltd.* (廣州市水電設備安裝有限公司) and Guangzhou Public Utilities Planning & Design Institute Co., Ltd.* (廣州市公用事業規劃設計院有限責任公司) by the People's Government of Qingxin District, Qingyuan City, Guangdong Province (廣東省清遠市清新區人民政府), the PRC by way of public tender. The total estimated investment amount of the project was approximately RMB191,111,500.
- On 23 October 2019, Guizhou Tongren City Development and Investment Group Co., Ltd.* (貴州省銅仁市城市開發投資集團有限公司), Guizhou Province Shiqian County Water Investment Co., Ltd.* (貴州省石阡縣水務投資有限責任公司), Guizhou Province Yinjiang Autonomous County Yinfeng Municipal Urban and Rural Construction Investment Group Co., Ltd.* (貴州省印江自治縣銀豐城鄉建設投資集團有限公司) entered into the joint venture agreement with the Company and China Urban Construction Design & Research Institute in relation to the establishment of the JV Company, namely Tongren City Yunshui Environment Co., Ltd.* (銅仁市雲水環境有限公司) in Tongren City, Guizhou Province, the PRC with a total investment amount of RMB337,100,000.
- On 30 September 2019, the Company entered into the Equity Transfer Agreement with Beijing OriginWater Technology Co., Ltd.* (北京碧水源科技股份有限公司) and Mr. Lin Kehong, pursuant to which the Company has conditionally agreed to acquire, and Beijing OriginWater Technology Co., Ltd. and Mr. Lin Kehong have conditionally agreed to sell, the Sale Shares (i.e. the total issued share capital of Liaocheng Chuanglian Environmental Technology Co., Ltd.* (聊城市創聯環保科技有限公司) at a consideration of RMB40,300,000.
- On 16 September 2019, Longhai City Construction Investment and Development Co., Ltd.* (龍海市城市建設投資開發有限公司), the Company, YCIH No.1 Water Resources and Hydropower Construction Co., Ltd.* (雲南建設第一水利水電建設有限公司) and Zhongdu Engineering Design Co., Ltd.* (中都工程設計有限公司) entered into the joint venture agreement in relation to the establishment of the JV Company, namely Longhai Yunshui Environmental Protection Engineering Co., Ltd.* (龍海市雲水環保工程有限公司) in Longhai City, Fujian Province, the PRC with a total investment amount of RMB300,000,000.
- 於二零一九年十一月七日，本公司聯同廣州市水電設備安裝有限公司，廣州市公用事業規劃設計院有限責任公司正式中標由中國廣東省清遠市清新區人民政府通過公開招標方式授予的清遠市清新區PPP模式整區推進生活污水處理設施建設PPP項目。該項目估算總投資額約為人民幣191,111,500元。
- 於二零一九年十月二十三日，貴州省銅仁市城市開發投資集團有限公司、貴州省石阡縣水務投資有限責任公司、貴州省印江自治縣銀豐城鄉建設投資集團有限公司與本公司及中國城建研究院就於中國貴州省銅仁市成立合資公司：銅仁市雲水環境有限公司訂立合資協議，總投資額為人民幣337,100,000元。
- 於二零一九年九月三十日，本公司與北京碧水源科技股份有限公司及林克紅先生訂立股權轉讓協議，據此，本公司有條件地同意收購，而北京碧水源科技股份有限公司及林克紅先生有條件地同意出售待售股份（即聊城市創聯環保科技有限公司全部已發行股本），代價為人民幣40,300,000元。
- 於二零一九年九月十六日，龍海市城市建設投資開發有限公司、本公司、雲南建設第一水利水電建設有限公司及中都工程設計有限公司就於中國福建省龍海市成立合資公司：龍海市雲水環保工程有限公司訂立合資協議，總投資額為人民幣300,000,000元。

Management Discussion and Analysis

管理層討論及分析

- On 5 September 2019, the Company together with Harbin North Environmental Protection Engineering Co., Ltd.* (哈爾濱北方環保工程有限公司) and Tianjin Municipal Engineering Design & Research Institute* (天津市市政工程設計研究院) were formally awarded the PPP project in relation to the new wastewater treatment facilities in Yunzhong, Xinzhou City, which is granted by Housing and Urban — Rural development Bureau* (住房和城鄉建設局) of Xinzhou City, Shanxi Province, the PRC by way of public tender. The total estimated investment of the project amounted to approximately RMB202,139,000.
- At the beginning of 2019, the People's Government of Shuangcheng District proposed to optimise and rectify the PPP project, and the project optimisation and rectification plan required revision to the Original Joint Venture Agreement entered into between the Company and Shuangcheng Tongda Water Supply and Drainage Co., Ltd.* (雙城市通達供排水有限公司) on 15 June 2018. On 16 August 2019, the Company and Shuangcheng Tongda Water Supply and Drainage Co., Ltd. entered into the Joint Venture Agreement, which is the revised document of the Original Joint Venture Agreement. For any inconsistency between the Joint Venture Agreement and the Original Joint Venture Agreement, the Joint Venture Agreement shall prevail. Pursuant to the terms of the Joint Venture Agreement, the registered capital of the JV Company shall be adjusted from RMB240,000,000 to RMB202,102,650.
- On 29 July 2019, the Company received a notice from Fujian Dongfei Environment Group Co., Ltd.* (福建東飛環境集團有限公司), an entity as to which 40% equity is held by the Company, that Fujian Dongfei has been formally awarded the 2019 Yanping central district environment sanitation and cleaning market-oriented operation services procurement project in Nanping City, which was granted by Yanping District Urban Management Bureau, Nanping City, Fujian Province (福建省南平市延平區城市管理局), the PRC by way of public tender. The term of the project is from 2019 to 2025, and its total estimated investment amounted to approximately RMB301,951,347.6.
- On 14 May 2019, the Company together with YCIH No.1 Water Resources and Hydropower Construction Co., Ltd.* (雲南建投第一水利水電建設有限公司) and Zhongdu Engineering Design Co., Ltd.* (中都工程設計有限公司) received a letter of acceptance for being formally awarded the PPP project in relation to the rural wastewater collection and treatment system project in Longhai City, which is granted by Bureau of Housing and Urban Rural Construction of Longhai City, Fujian Province* (福建省龍海市住房和城鄉建設局), the PRC by way of public tender. The total estimated investment of the project amounted to approximately RMB1,184,001,000.
- 於二零一九年九月五日，本公司聯同哈爾濱北方環保工程有限公司及天津市市政工程設計研究院正式中標由中國山西省忻州市住房和城鄉建設局通過公開招標方式授予的忻州市雲中污水處理廠新建工程PPP項目。該項目估算總投資額約為人民幣202,139,000元。
- 二零一九年初，雙城區人民政府提出對PPP項目進行優化整改，項目優化整改方案要求對於二零一八年六月十五日，本公司與雙城市通達供排水有限公司訂立的原合資協議進行修訂。於二零一九年八月十六日，本公司與雙城市通達供排水有限公司訂立合資協議，合資協議為原合資協議修訂後的文件，合資協議與原合資協議不一致之處，均以合資協議為準。根據合資協議之條款，合資公司註冊資金由人民幣240,000,000元調整為人民幣202,102,650元。
- 於二零一九年七月二十九日，本公司接獲其持股40%之實體福建東飛環境集團有限公司的通知，福建東飛已正式中標由中國福建省南平市延平區城市管理局通過公開招標方式授予的南平市延平區延平中心城區2019年環衛保潔市場化運作服務類採購項目。該項目服務期限為2019年至2025年，項目估算總投資額約為人民幣301,951,347.6元。
- 於二零一九年五月十四日，本公司聯同雲南建投第一水利水電建設有限公司及中都工程設計有限公司接獲中標通知書，正式中標由中國福建省龍海市住房和城鄉建設局通過公開招標方式授予的龍海市農村污水收集處理系統工程PPP項目。該項目估算總投資額約為人民幣1,184,001,000元。

Management Discussion and Analysis

管理層討論及分析

- On 8 March 2019, Qinyang Yunhuai Water has received the Notice on Alteration of Qinyang Urban Water System Comprehensive Treatment Works PPP Project* (《關於沁陽市城區水系綜合治理工程 PPP 項目變更的通知》) issued by Qinyang Housing and Urban-Rural Development Bureau* (沁陽市住房和城鄉建設局) that the cooperation content of the PPP project in relation to Qinyang urban water comprehensive treatment works in Qinyang City was reduced from eight sub-projects to three sub-projects due to the adjustment to the implementation plan of the project. The total budget investment amount of the project was then reduced from RMB1,767,973,000 to RMB737,847,500 and the registered capital of Qinyang Yunhuai Water was adjusted from RMB442,003,000 to RMB184,467,500 accordingly. The Company, Qinbei Construction and YCIH No.5 Construction entered into the Supplemental Agreement afresh according to the Notices, pursuant to which, the parties agreed to amend their respective amount of capital contribution in accordance with their respective shareholdings as stipulated in the Joint Venture Agreement based on the adjusted total investment amount and registered capital.
- On 29 January 2019, the Company, Guangzhou Engineering Contractor Group Co., Ltd.* (廣州工程總承包集團有限公司) and Zhongdu Engineering Design Co., Ltd.* (中都工程設計有限公司) entered into the joint venture agreement in relation to establishment of Luoding City Yunshui Environmental Protection Co., Ltd.* (羅定市雲水環保有限公司) as a joint venture company in Luoding (a county-level city), Yunfu City, Guangdong Province, the PRC with a total investment amount of RMB219,864,800.
- On 25 January 2019, the Company entered into an investment agreement with Waytop Investment Group Limited* (匯鼎投資集團有限公司) and Xinde Investment Limited* (鑫德投資有限公司), both being the existing shareholders, Mr. Wang Xinyan and Mr. Chenjian, both being the beneficial owners and, Fujian Dongfei Environment Group Co., Ltd.* (福建東飛環境集團有限公司), as the target company, pursuant to which (i) the Company has conditionally agreed to acquire the 20% equity interests in Fujian Dongfei Environment Group Co., Ltd.* at a consideration of RMB120,000,000; and (ii) the Company has conditionally agreed to subscribe for 20% equity interests in Fujian Dongfei Environment Group Co., Ltd.* at a consideration of RMB200,000,000. On 8 February 2019, the parties to the investment agreement entered into a supplemental agreement to the effect that instead of the Chairman, the General Manager will be the legal representative who, subject to the approval of the Chairman, will be responsible for attending to the external affairs of the target company and representing the target company in execution of commercial and other corporate documents.
- 於二零一九年三月八日，沁陽云懷水務收悉沁陽市住房和城鄉建設局發出的《關於沁陽市城區水系綜合治理工程 PPP 項目變更的通知》，由於項目實施規劃的調整，沁陽市城區水系綜合治理工程 PPP 項目的合作內容由原來的八個子項目削減至三個子項目，項目的預算總投資總額由人民幣 1,767,973,000 元削減至人民幣 737,847,500 元，因此，沁陽云懷水務的註冊資本由人民幣 442,003,000 元調整為人民幣 184,467,500 元。本公司、沁北建設及雲南建投根據該等通知，重新訂立補充協議，據此訂約各方同意根據調整後的投資總額及註冊資本，按照合資協議約定各自持股比例修訂各方之出資額。
- 於二零一九年一月二十九日，本公司、廣州工程總承包集團有限公司及中都工程設計有限公司就於中國廣東省雲浮市羅定市(縣級市)成立合資公司：羅定市雲水環保有限公司訂立合資協議，總投資額為人民幣 219,864,800 元。
- 於二零一九年一月二十五日，本公司與現有股東匯頂投資集團有限公司及鑫德投資有限公司、實益擁有人王新顏先生、陳建先生、及目標公司福建東飛環境集團有限公司訂立投資協議，(i)以代價人民幣 120,000,000 元有條件收購福建東飛環境集團有限公司 20% 股權；及(ii)以代價人民幣 200,000,000 元有條件認購福建東飛環境集團有限公司 20% 權益。於二零一九年二月八日，投資協議的各訂約方訂立補充協議以使總經理(而非主席)將成為法人代表且(經主席批准)將負責參與目標公司的對外事務及代表目標公司簽立商業及其他公司文件。

Management Discussion and Analysis

管理層討論及分析

- On 2 January 2019, the Company together with YCIH No.1 Water Resources and Hydropower Construction Co., Ltd.* (雲南建投第一水利水電建設有限公司) were formally awarded the PPP project in relation to the phase II drainage reconstruction and expansion project in Hetian City, which is granted by Bureau of Housing and Urban Rural Construction of Hetian City, Xinjiang Uygur Autonomous Region* (新疆維吾爾自治區和田市住房和城鄉建設局), the PRC by way of public tender. The total estimated investment of the Project amounted to approximately RMB326,581,500.

For details of the above-mentioned significant investments and acquisitions, please refer to the announcements published by the Company on 19 November 2019, 8 November 2019, 23 October 2019, 30 September 2019, 4 October 2019, 12 November 2019, 16 September 2019, 5 September 2019, 16 August 2019, 29 July 2019, 14 May 2019, 8 March 2019, 29 January 2019, 27 January 2019, 8 February 2019 and 2 January 2019, respectively.

Subsequent Events:

- On 7 April 2020, the Company entered into the Property Share Transfer Agreement with Eastmoney Securities Co., Ltd.* (東方財富證券股份有限公司) (“Eastmoney Securities”), pursuant to which the Company has agreed to acquire, and Eastmoney Securities has agreed to transfer the equity interests (representing 79.29% of the property share in Jinan Yuanchuang Yunteng Equity Investment Partnership (Limited Partnership)* (濟南源創雲騰股權投資合夥企業(有限合夥))) at the Transfer Consideration of RMB290,000,000.
- On 13 March 2020, the Company together with China Municipal Engineering Central South Design and Research Institute Co., Ltd. (中國市政工程中南設計研究總院有限公司) and Jiangxi Construction Engineering Third Construction Co., Ltd. (江西建工第三建築有限責任公司), were awarded the PPP project in relation to the engineering construction of a new round of urban and rural sewage treatment infrastructures in Yingde City by the People's Government of Yingde City, Guangdong Province (廣東省英德市人民政府), China by way of public tender. The total estimated investment of the project amounted to approximately RMB626,850,500.

- 於二零一九年一月二日，本公司聯同雲南建投第一水利水電建設有限公司接正式中標由中國新疆維吾爾自治區和田市住房和城鄉建設局通過公開招標方式授予的和田市排水改擴建二期工程PPP項目。該項目估算總投資額約為人民幣326,581,500元。

有關上述重大投資及收購事項的詳情，請參閱本公司分別於二零一九年十一月十九日、二零一九年十一月八日、二零一九年十月二十三日、二零一九年九月三十日、二零一九年十月四日、二零一九年十一月十二日、二零一九年九月十六日、二零一九年九月五日、二零一九年八月十六日、二零一九年七月二十九日、二零一九年五月十四日、二零一九年三月八日、二零一九年一月二十九日、二零一九年一月二十七日、二零一九年二月八日、二零一九年一月二日刊發的公告。

報告期後事項：

- 於二零二零年四月七日，本公司與東方財富證券股份有限公司(「東方財富證券」)訂立財產份額轉讓協議，據此，本公司同意收購，而東方財富證券同意轉讓權益(佔濟南源創雲騰股權投資合夥企業(有限合夥)79.29%的財產份額)，轉讓代價為人民幣290,000,000元。
- 於二零二零年三月十三日，本公司聯同中國市政工程中南設計研究總院有限公司、江西建工第三建築有限責任公司已中標由中國廣東省英德市人民政府通過公開招標方式授予的英德市新一輪城鄉污水處理基礎設施建設PPP項目。該項目估算總投資額約為人民幣626,850,500元。

Management Discussion and Analysis

管理層討論及分析

- On 10 March 2020, Langfang Hyflux entered into (I) the Sale and Purchase Contract and (II) the Leaseback Contract with Great Wall Guoxing, pursuant to which, Greatwall Guoxing has agreed to, among other things, (i) acquire the Leased Assets from Langfang Hyflux at a consideration of RMB380,000,000, which will be paid to Langfang Hyflux in one lump sum and (ii) lease back the Leased Assets to Langfang Hyflux with the Lease Term for 60 months, and a total lease payment of approximately RMB458,236,994.99 shall be paid by Langfang Hyflux to Greatwall Guoxing in 10 installments at floating lease rate.
- On 6 March 2020, the Board held a meeting to pass the resolutions on (i) proposed granting the Debt Financing Instrument General Mandate to the Board and the Authorized Committee for the registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments; and (ii) proposed provision of guarantees by the Group. The said resolutions will be proposed to the forthcoming extraordinary general meeting for Shareholders' consideration and approval.
- On 20 February 2020, Sanming Jinliya entered into the Finance Lease Agreement with ABC Financial Leasing, pursuant to which, ABC Financial Leasing has agreed to, among other things, (i) acquire the Leased Assets from Sanming Jinliya at a consideration of RMB300,000,000, which will be paid to Sanming Jinliya by installments and (ii) lease back the Leased Assets to Sanming Jinliya with the Lease Term for 8 years and a total lease payment of approximately RMB371,474,504.84, the principal and interest of which will be paid by Sanming Jinliya to ABC Financial Leasing in 32 equal installments.
- 於二零二零年三月十日，廊坊凱發與長城國興租賃訂立(I)回租買賣合同及(II)回租租賃合同。據此，長城國興租賃已同意(其中包括)(i)以代價人民幣380,000,000元向廊坊凱發購買租賃資產，並將一次性支付予廊坊凱發及(ii)將租賃資產租回予廊坊凱發，租賃期限為60個月，租賃付款總額約為人民幣458,236,994.99元，其將由廊坊凱發分10期按照浮動租賃費率支付予長城國興租賃。
- 於二零二零年三月六日，董事會召開會議通過(i)建議向董事會及獲授權小組授出註冊及發行境內外公司債務融資工具的債券融資工具一般性授權；及(ii)建議本集團提供擔保的決議案，並向即將召開的臨時股東大會提呈上述決議案，以供股東考慮及批准。
- 於二零二零年二月二十日，三明市金利亞與農銀租賃訂立融資租賃合同。據此，農銀租賃已同意(其中包括)(i)以代價人民幣300,000,000元向三明市金利亞購買租賃資產，並將分批支付予三明市金利亞及(ii)將租賃資產租回予三明市金利亞，租賃期限為8年，租賃付款總額約為人民幣371,474,504.84元，其將由三明市金利亞分32期等額本息支付予農銀租賃。

For details of the above-mentioned subsequent events, please refer to the announcements published by the Company on 7 April 2020, 13 March 2020, 10 March 2020, 6 March 2020 and 20 February 2020, respectively.

有關上述期後事項的詳情，請參閱本公司分別於二零二零年四月七日，二零二零年三月十三日，二零二零年三月十日，二零二零年三月六日及二零二零年二月二十日刊發的公告。

The Impact of Outbreak of Novel Coronavirus

After the outbreak of Coronavirus Disease 2019 (“COVID-19 outbreak”) in early 2020, a series of precautionary and control measures have been and continued to be implemented across the world. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the consolidated financial position and operating results of the Group. As at the date of this annual report, the Group was not aware of any material adverse effects on the consolidated financial statements as a result of the COVID-19 outbreak.

新型冠狀病毒之影響

在二零二零年初爆發2019冠狀病毒疫情(「COVID-19疫情」)後，一系列防控措施在全球範圍內實施並持續實施。本集團密切關注COVID-19疫情的發展情況，並評估其對集團合併財務狀況及經營業績的影響。截至本年報日期，就本集團所知，概無因COVID-19疫情而對本合併財務報表造成任何重大不利影響。

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EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS

Mr. Yang Tao, aged 44, joined the Group in August 2017 as non-executive Director of the Company and the Chairman of the Board. Mr. Yang Tao obtained a master's degree in business administration from Guanghua School of Management, Peking University in July 2007. He was qualified as a senior engineer in August 2006. Mr. Yang Tao has extensive senior management experience in architectural engineering, urban development and cultural tourism. Mr. Yang Tao served as vice general manager of Yunnan Construction Engineering Group Co., Ltd.* (雲南建工集團有限公司) from April 2009 to April 2011. Mr. Yang Tao has been appointed as a member of the Standing Committee, deputy secretary of the Standing Committee and head of the united front work department of the Standing Committee of the Communist Party of China of Xishuangbanna Autonomous Prefecture between April 2011 and August 2014. Mr. Yang Tao was appointed as party secretary and vice chairman of the board YMCI between August 2014 and December 2016. Since December 2016, Mr. Yang Tao was appointed as vice party secretary, vice chairman of the board and president of YMCI.

Mr. Yu Long ("Mr. Yu"), aged 48. Mr. Yu joined the Group in June 2011, and currently serves as an executive Director, vice chairman and the General Manager of the Company. Mr. Yu obtained a MBA degree from Guanghua School of Management, Peking University in July 2013, and is now studying as a doctor at the School of Economics and Management at University of Chinese Academy of Sciences. Mr. Yu has more than 18 years of experience in environmental and water works industry, market development, project management, investment capital management, and risk control management, and he is mainly responsible for the overall operation and management, strategic planning and business development of the Company. Mr. Yu was appointed as general manager of water works division and deputy general manager of Beijing Tsinghua Novel Environmental Protection Company Limited between July 2003 and August 2007. Mr. Yu was appointed as project management director of Kardan Water Group Limited* (凱丹水務國際有限集團) between August 2007 and July 2008. Between July 2008 and April 2009, Mr. Yu was appointed as the deputy general manager of Ruoshi (Beijing) Investment Co., Ltd.* (若石(北京)投資有限公司). Between May 2009 and October 2012, Mr. Yu was appointed as the sales director and the deputy general manager of Beijing OriginWater. Between June 2011 and August 2017, Mr. Yu served as General Manager and executive Director of the Company, and as General Manager of the Company between August 2017 and December 2018. Mr. Yu has served as an executive Director, vice chairman and General Manager of the Company from December 2018 till now. In addition, Mr. Yu has been appointed as chairman or director of various subsidiaries of our Group since January 2011.

執行董事及非執行董事

楊濤先生，44歲，於二零一七年八月加入本集團擔任本公司非執行董事及董事長。楊濤先生於二零零七年七月獲北京大學光華管理學院授予工商管理碩士學位，於二零零六年八月獲得高級工程師。楊濤先生於建築工程、城市開發、文化旅遊等業務方面擁有豐富的高級管理層經驗。於二零零九年四月至二零一一年四月期間，楊濤先生在雲南建工集團有限公司擔任副總經理。於二零一一年四月至二零一四年八月期間，楊濤先生歷任中共西雙版納州委常委、州委秘書長、州委統戰部部長。於二零一四年八月至二零一六年十二月期間，楊濤先生任雲南城投集團黨委書記、副董事長。自二零一六年十二月至今，楊濤先生任雲南城投集團黨委副書記、副董事長、總裁。

于龍先生(「于先生」)，48歲，于先生於二零一一年六月加入本集團，現擔任本公司執行董事，副董事長及總經理。于先生於二零一三年七月取得北京大學光華管理學院工商管理碩士學位，現於中國科學院大學經濟與管理學院博士在讀。于先生於環保及水務行業、市場開發、項目管理、投資資本管理及風險控制管理擁有逾18年經驗，主要負責本公司的整體運營及管理、策略規劃及業務發展。於二零零三年七月至二零零七年八月期間，于先生擔任北京清華永新環保有限公司的副總經理及水務部門的總經理。於二零零七年八月至二零零八年七月期間，于先生擔任凱丹水務國際有限集團的項目管理總監。於二零零八年七月至二零零九年四月期間，于先生擔任若石(北京)投資有限公司的副總經理。於二零零九年五月至二零一二年十月期間，于先生擔任北京碧水源的銷售總監及副總經理。於二零一一年六月至二零一七年八月期間，于先生擔任本公司總經理及執行董事，自二零一七年八月起至二零一八年十二月期間，于先生擔任本公司總經理，自二零一八年十二月至今，于先生擔任本公司執行董事，副董事長及總經理。此外，自二零一一年一月起于先生於本集團之多家附屬公司擔任董事長或董事。

Directors, Supervisors and Senior Management 董事、監事及高級管理人員

Mr. He Yuanping (“Mr. He”), aged 53, joined our Group in June 2011 as a non-executive Director of the Company. Mr. He obtained a bachelor’s degree in engineering from Nanjing University of Science and Technology in July 1987. He also completed a master’s degree in mechanical engineering in Beijing University of Science and Technology in February 1992 and obtained a master’s degree in financial mathematics from the Victoria University of Wellington in New Zealand in July 2000. Mr. He was appointed as director, deputy general manager and chief financial officer of Beijing OriginWater Science and Technology Development Co., Ltd.* (北京碧水源科技發展有限公司) (predecessor of Beijing OriginWater) from September 2005 to June 2007. From June 2007 to March 2018, he has been the director, deputy general manager, chief financial officer and board secretary of Beijing OriginWater. Mr. He was re-designated from a non-executive Director to an executive Director of the Company on 30 August 2018 and re-designated from an executive Director to a non-executive Director of the Company on 16 October 2018. Mr. He has also assumed positions such as member of fixed income professional committee of the Securities Association of China, expert in the PPP expert database of the National Development and Reform Commission, business mentor of Beijing Fourth Board* (北京四板), committee member of the Beijing Haidian District Chinese People’s Political Consultative Conference* (北京市海淀區政協委員), vice-chairman of Hydraulics Committee of the Chinese Hydraulic Science Society* (中國水利科學會), guest teacher of the School of Accountancy of Central University of Finance and Economics, guest teacher of University of Science and Technology Beijing, vice president of Western Returned Scholars Association ANZ branch. He has been appointed as chairman and director of a number of subsidiaries of Beijing OriginWater since May 2011, and has managerial experience of over 12 years in large-scale enterprises and the water works industry. In addition, Mr. He has been appointed as director of Wuhan Sanzhen Industry Holding Co., Ltd.* (武漢三鎮實業控股股份有限公司) (the shares of which are listed on the Shanghai Stock Exchange, stock code: 600168) since November 2013. Mr. He has served as the general manager of Beijing DQY Agricultural Technology Co. Ltd.* (北京德青源農業科技股份有限公司) from March 2018 to June 2019, and has acted as the chairman of ZTE Instruments (Shenzhen) Co., Ltd. (中興儀器(深圳)有限公司) since April 2019 till now.

Ms. Li Bo (“Ms. Li”), aged 43, joined the Group in August 2014, and currently serves as non-executive Director of the Company. Ms. Li obtained a master’s degree in business administration from Dalian University of Technology in Dalian in June 2008. Ms. Li has more than 13 years of senior management experience in water works industry. From August 2014 to August 2017, Ms. Li acted as shareholder representative Supervisor of the Company, and from August 2017 till now, she has been the non-executive Director of the Company. Ms. Li was appointed as the deputy manager of the investment and financing department of YMCI between April 2005 and May 2010, and was promoted as manager of the investment and financing department between May 2010 and May 2012. Ms. Li acted as the board office director of YMCI from May 2012 to December 2017,

何願平先生(「何先生」)，53歲，於二零一一年六月加入本集團，現擔任本公司非執行董事。何先生於一九八七年七月取得南京理工大學工程學學士學位。於一九九二年二月完成北京科技大學的機械工程碩士學位，並於二零零零年七月取得紐西蘭威靈頓維多利亞大學的金融數學碩士學位。於二零零五年九月至二零零七年六月期間，何先生擔任北京碧水源科技發展有限公司(北京碧水源的前身)的董事、副總經理兼財務總監。於二零零七年六月起至二零一八年三月期間，擔任北京碧水源的董事、副總經理、財務總監兼董事會秘書。何先生於二零一八年八月三十日由本公司非執行董事調任為執行董事，並於二零一八年十月十六日由本公司執行董事調任為非執行董事。何先生現兼任中國證券業協會固定收益專業委員會委員、國家發展改革委PPP專家庫專家、北京四板創業導師、北京市海淀區政協委員、中國水利科學會水力学專業委員會副主任委員、中央財經大學會計學院客座導師、北京科技大學客座導師、歐美同學會澳新分會副會長等職務，並自二零一一年五月起擔任北京碧水源多間附屬公司的董事長及董事，擁有逾十二年的大型企業及水務行業管理經驗。此外，何先生於二零一三年十一月起擔任武漢三鎮實業控股股份有限公司(其股份於上海證券交易所上市，股份代號：600168)的董事。二零一八年三月至二零一九年六月，擔任北京德青源農業科技股份有限公司總經理，於二零一九年四月至今任中興儀器(深圳)有限公司董事長。

李波女士(「李女士」)，43歲，於二零一四年八月加入本集團，現擔任本公司非執行董事。李女士於二零零八年六月於大連理工大學取得工商管理碩士學位。李女士擁有逾13年在水務行業擔任高級管理層的經驗。於二零一四年八月至二零一七年八月期間，李女士任本公司股東代表監事，自二零一七年八月起至今擔任本公司非執行董事。於二零零五年四月至二零一零年五月期間，李女士擔任雲南城投集團的投資及融資部副經理，於二零一零年五月至二零一二年五月期間晉升為投資及

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and she has been the Secretary to the Board and Assistant to President of YMCI since December 2017. In addition, Ms. Li has also been appointed as the director of a number of subsidiaries of YMCI since January 2014.

Mr. Chen Yong (“Mr. Chen”), aged 47, joined our Group in June 2019 as non-executive Director of the Company. He is a postgraduate and senior accountant. Mr. Chen obtained a bachelor’s degree in computer science from Xinjiang University (新疆大學) in July 1999 and a master’s degree in business administration from Xinjiang University of Finance and Economics in June 2009. Mr. Chen has over 26 years of extensive experience in accounting and management. From February 1992 to July 2008, Mr. Chen worked for CNPC Xinjiang Sales Company* (中國石油新疆銷售公司) and served as a Deputy Director of the Finance Department and a Director of the Corporate Management Department. Since September 2010, Mr. Chen has been the General Manager of the Equity Investment Department of Kunlun Trust Co., Ltd.* (昆侖信託有限責任公司), the General Manager of the Equity Investment Department of CNPC Asset Management Co., Ltd.* (中油資產管理有限公司), the Managing Director of Ningbo Kunlun Xinyuan Equity Management Partnership (Limited Partnership)* (寧波昆侖信託元股權管理合夥企業(有限合夥)) and an Authorized Representative of the Executive Partner of Yantai Xinzhen Tianying Equity Investment Center (Limited Partnership)* (煙臺信貞添盈股權投資中心(有限合夥)). In addition, Mr. Chen has been supervisor of Shandong International Trust Co., Ltd.* (山東省國際信託股份有限公司) (a company listed on the Hong Kong Stock Exchange, stock code: 1697) since September 2014. He has been a director of Jiemian (Shanghai) Network Technology Co., Ltd.* (界面(上海)網路科技有限公司) since July 2016, and a director of Beijing Wuerzhilu Technology Co., Ltd.* (北京無二之旅科技有限公司) since April 2017, and a director of Beijing Weiche Technology Co., Ltd.* (北京喂車科技有限公司) since May 2017. Mr. Chen has been a director of Shandong Provincial Financial Asset Management Co., Ltd.* (山東省金融資產管理股份有限公司) since July 2018, the vice chairman of Beijing Kunlun Zhihui Technology Co., Ltd.* (北京昆侖致匯科技有限公司) since February 2018, and a director of Tianjin Climate Exchange Co., Ltd.* (天津排放權交易所有限公司) since December 2015.

Mr. Yang Fang, aged 46, joined the Group in June 2012, and currently serves as the executive Director, party secretary and deputy general manager of the Company. Mr. Yang Fang obtained a bachelor’s degree in accounting and statistics from Yunnan University of Finance and Economics in July 1998, and further obtained an executive master’s degree in business administration from Dalian University of Technology in June 2008. Mr. Yang Fang was qualified as a first-class enterprise human resources managing personnel in March 2009 certified by the Ministry of Labor and Social Security. Mr. Yang Fang served as party secretary of the Company in March 2013, and he was subsequently appointed as deputy general manager of the Company in November 2014, and was appointed as the executive Director of the Company in August 2017. Mr. Yang Fang has

融資部經理。於二零一二年五月至二零一七年十二月期間，李女士擔任雲南城投集團董事會辦公室主任。自二零一七年十二月起擔任雲南城投集團董事會秘書、總裁助理。此外，自二零一四年一月起亦擔任雲南城投集團多間附屬公司的董事。

陳勇先生(「陳先生」)，47歲，於二零一九年六月加入本集團，現擔任本公司非執行董事。研究生學歷，高級會計師。陳先生於一九九九年七月取得新疆大學電腦專業應用學士學位，於二零零九年六月取得新疆財經大學工商管理碩士學位。陳先生在會計及管理方面擁有逾二十六年豐富經驗。自一九九二年二月至二零零八年七月，陳先生就職於中國石油新疆銷售公司，先後擔任財務處副處長、企管處處長等職務。自二零一零年九月起，陳先生任昆侖信託有限責任公司股權投資部總經理、中油資產管理有限公司股權投資部總經理、寧波昆侖信託元股權管理合夥企業(有限合夥)董事總經理、煙臺信貞添盈股權投資中心(有限合夥)執行事務合夥人委派代表。此外，陳先生自二零一四年九月起，任山東省國際信託股份有限公司(於香港聯交所上市的公司，股份代號：1697)監事。自二零一六年七月起，任界面(上海)網路科技有限公司董事。自二零一七年四月起，任北京無二之旅科技有限公司董事。自二零一七年五月起，任北京喂車科技有限公司董事。自二零一八年七月起，任山東省金融資產管理股份有限公司董事。自二零一八年二月起，任北京昆侖致匯科技有限公司副董事長。自二零一五年十二月起，任天津排放權交易所有限公司董事。

楊方先生，46歲，於二零一二年六月加入本集團，現擔任本公司執行董事、黨委書記兼副總經理。楊方先生於一九九八年七月取得雲南財經大學會計與統計學學士學位，並於二零零八年六月取得大連理工大學高級工商管理碩士學位。楊方先生於二零零九年三月獲勞動和社會保障部認證為一級企業人力資源管理師。楊方先生於二零一三年三月擔任本公司黨委書記，其後於二零一四年十一月獲委任為本公司副總經理，並於二零一七年八月獲委任為本公司執行董事。楊方先生於水

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more than 12 years of senior management experience in water works related companies, and is mainly responsible for party building work, administrative and HR work of the Company, and he is responsible for operation and management of some regions. Mr. Yang Fang served in various positions in YMCI, including manager of personnel and organization department, manager of the human resources department.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hu Song ("Mr. Hu"), aged 58, joined the Group in August 2014 as an independent non-executive Director of the Company. Mr. Hu obtained a master's degree in western economics from Huazhong University of Science and Technology in December 2002. Mr. Hu is mainly participating in making significant business decisions and providing independent advice on corporate governance, connected transactions, various matters of directors and scale management. Mr. Hu has 16 years of experience as senior management in enterprises, and has successively served as director of companies such as Shenzhen Rihai Communications Equipment Company Limited* (深圳市日海通訊設備有限公司) and Shenzhen Yungong Investment Co., Ltd.* (深圳市允公投資有限公司) as well as the consultant of Mission Hills Properties.

Mr. Ma Shihao ("Mr. Ma"), aged 81, joined the Group in August 2014 as independent non-executive Director of the Company. Mr. Ma obtained a bachelor's degree in water supply and drainage study of civil engineering from Tsinghua University in January 1963. Mr. Ma was qualified as an engineer specializing in radioactive wastewater treatment in December 1979 by the National Cadre Bureau of Science and Technology, and qualified as a senior engineer specializing in wastewater treatment in August 1987 and as a senior engineer (professor level) specializing in environmental engineering in November 1995 by the Beijing Senior Professional and Technical Personnel Certifying Committee. Mr. Ma is mainly participating in making significant decisions and providing independent advice on corporate governance, connected transactions and matters of corporate operations. Mr. Ma has more than 53 years of working experience in the water industry. He worked in Beijing Municipal Research Institute of Environmental Protection* (北京市環境保護科學研究院) between January 1963 and January 1999, and was subsequently appointed as a member of the Shandong Xiaoqinghe Wastewater Treatment Construction Technology Advisory Committee* (山東小清河污水治理工程技術顧問委員會). Mr. Ma was appointed as independent director of Beijing OriginWater between September 2007 and April 2014. Mr. Ma is the author of the Beijing discharge standard of water pollutants for municipal wastewater treatment plants (DB11/890-2012) promulgated by Beijing People's Government in May 2012 and the second amendment of the Beijing integrated discharge standard of water pollutants (DB11/307-2013) promulgated by Beijing People's Government in December 2013. Mr. Ma was awarded by the Ministry of Environmental Protection and the Beijing Municipal Management Committee for preparing various feasibility reports on wastewater treatment. Mr. Ma was awarded for his book, "The Book of Practical Water Treatment Technology" (《實用水處理技術叢書》) in September 2002 published by China Petroleum & Chemical Industry Federation.

務相關公司擁有逾12年的高級管理層經驗，主要負責公司黨建工作、分管行政人事工作，負責部分片區的經營管理工作。楊方先生曾於雲南城投集團擔任多個職務，包括組織人事部经理，人力資源部经理等職務。

獨立非執行董事

胡松先生(「胡先生」)，58歲，於二零一四年八月加入本集團擔任本公司獨立非執行董事。胡先生於二零零二年十二月取得華中科技大學西方經濟學碩士學位。胡先生主要參與本集團重大業務決策，並就企業管治、關連交易以及董事及規模經營的多項事宜提出獨立意見。胡先生擁有16年的企業高級管理層的經驗，先後擔任深圳市日海通訊設備有限公司、深圳市允公投資有限公司等公司的董事和觀瀾湖地產公司發展顧問。

馬世豪先生(「馬先生」)，81歲，於二零一四年八月加入本集團擔任本公司獨立非執行董事。馬先生於一九六三年一月取得清華大學土木工程給水排水研究學士學位，於一九七九年十二月考獲國家科學技術幹部局所授放射性污水處理工程師資格，並於一九八七年八月及一九九五年十一月先後取得北京市高級專業技術職務評審委員會頒發的污水處理高級工程師資格及環境工程高級工程師(教授級)資格。馬先生主要參與本集團重大決策，並就企業管治、關連交易及公司運營事宜提出獨立意見。馬先生擁有逾53年的水務行業工作經驗，曾於一九六三年一月至一九九九年一月期間就職於北京市環境保護科學研究院，其後獲委任為山東小清河污水治理工程技術顧問委員會委員。馬先生於二零零七年九月至二零一四年四月擔任北京碧水源的獨立董事。馬先生為北京市人民政府於二零一二年五月頒佈的北京市城鎮污水處理廠水污染物排放標準(DB11/890-2012)及北京市人民政府於二零一三年十二月頒佈的北京市水污染物綜合排放標準(DB11/307-2013)二次修訂的作者。馬先生因曾編製多份有關污水治理的可行性報告而獲得環保部獎勵及北京市市政市容管理委員會的獎勵。馬先生曾因其於二零零二年九月由中國石油和化學工業聯合會刊發的《實用水處理技術叢書》一書而獲得獎勵。

Directors, Supervisors and Senior Management 董事、監事及高級管理人員

Mr. Liu Shuen Kong (“Mr. Liu”), aged 48, joined the Group in June 2018 as independent non-executive Director of the Company. Mr. Liu obtained a bachelor’s degree in accounting and a master’s degree in accounting from RMIT University of Australia in 1996 and 2002, respectively. He subsequently obtained a master’s degree in business administration from Deakin University of Australia in 2004. Mr. Liu has more than 21 years of experience in accounting, auditing and management and is a qualified accountant of CPA Australia and Hong Kong Institute of Certified Public Accountants. Mr. Liu has worked at KPMG since 1996 as a manager, senior manager and supervisor. From 1996 to 1999, he worked in the audit department of the Hong Kong office of KPMG. From 1999 to 2010, he worked in the financial advisory service department of the Guangzhou office and Shenzhen office of KPMG. From October 2010 to December 2013, Mr. Liu was chief financial officer and company secretary of Leoch International Technology Limited (a company listed on the Stock Exchange, stock code: 842). From December 2013 to May 2017, Mr. Liu was executive director, chief financial officer and company secretary of Yestock Car Rental Company Limited. Since May 2017, Mr. Liu has been the managing director of member companies of Heungkong Financial Group.

SUPERVISORS

Mr. Long Limin (“Mr. Long”), aged 52, joined the Group in August 2017 as a shareholder representative Supervisor of the Company and Chairman of the Supervisory Committee. Mr. Long obtained a bachelor’s degree in engineering from Chongqing University in 1991 and a master’s degree in business administration from Tsinghua University in 2004. Between 1991 and 2000, Mr. Long acted as deputy factory director of Beijing Plumbing Equipment Factory 1 (北京市水暖器材一廠). Between 2000 and 2010, Mr. Long served as vice general manager of TsingHua TongFang Artificial Environment Co., Ltd* (清華同方人工環境有限公司). Between 2010 and 2011, Mr. Long was the director of operation and the manager of procurement department of Beijing OriginWater. Between 2011 and 2013, Mr. Long served as the general manager of Shandong Yashi Co., Ltd.* (山東雅士股份有限公司). Between 2013 and 2016, Mr. Long was the director of enquiry and procurement department of Beijing OriginWater. From 2016 to March 2018, Mr. Long was the director of operation planning centre of Beijing OriginWater, and he has been the director and deputy general manager of Beijing OriginWater since March 2018.

廖船江先生(「廖先生」)，48歲，於二零一八年六月加入本集團擔任本公司獨立非執行董事。廖先生分別於一九九六年和二零零二年取得澳大利亞皇家墨爾本理工大學會計學士學位及會計碩士學位，其後於二零零四年獲得澳大利亞迪肯大學授予工商管理碩士學位。廖先生在會計、審計及管理方面擁有逾二十一年豐富經驗，是澳洲會計師公會及香港會計師公會的合資格會計師。廖先生自一九九六年起歷任畢馬威會計事務所經理、高級經理及主任等職務，其中：一九九六年至一九九九年，於畢馬威會計事務所香港辦事處的審計部工作；一九九九年至二零一零年，於畢馬威會計事務所廣州辦事處及深圳辦事處的財務顧問服務部工作。於二零一零年十月至二零一三年十二月期間，廖先生任理士國際技術有限公司(於聯交所上市之公司，股份代號：842)財務總監兼公司秘書。於二零一三年十二月至二零一七年五月期間，廖先生任贏時通汽車租賃有限公司執行董事、財務總監、公司秘書。自二零一七年五月起至今廖先生擔任香江金融集團成員公司董事總經理。

監事

龍利民先生(「龍先生」)，52歲，於二零一七年八月加入本集團擔任本公司股東代表監事及監事會主席。龍先生於一九九一年獲重慶大學授予工學學士學位，於二零零四年獲清華大學授予工商管理碩士學位。於一九九一年至二零零零年期間，龍先生任北京市水暖器材一廠副廠長；於二零零零年至二零一零年期間，龍先生擔任清華同方人工環境有限公司副總經理職務。於二零一零年至二零一一年期間，龍先生擔任北京碧水源運營總監兼採購部經理。於二零一一年至二零一三年期間，龍先生擔任山東雅士股份有限公司總經理。於二零一三年至二零一六年期間，龍先生擔任北京碧水源詢價採購部總監。於二零一六年至二零一八年三月期間，龍先生擔任北京碧水源經營計劃中心總監，自二零一八年三月起龍先生擔任北京碧水源董事、副總經理。

Directors, Supervisors and Senior Management 董事、監事及高級管理人員

Mr. Zhu Zhen (“Mr. Zhu”), aged 35, joined the Group in August 2017 as a shareholder representative Supervisor. Mr. Zhu obtained his master’s degree in law from Tsinghua University in September 2009. Mr. Zhu has almost 10 years of experience in law and investment related industries. Mr. Zhu was the deputy general manager of the auditing and legal department of YMCI from October 2013 to September 2016, and he was promoted as the general manager of the legal department of YMCI in September 2016. Mr. Zhu has also acted as the general manager of the leisure industry department under the investment and management center of YMCI since 2018. In addition, Mr. Zhu has served as director and supervisor in various subsidiaries of YMCI since September 2014.

Mr. Huang Yi, aged 43, joined the Group in June 2011, and he is currently an employee representative supervisor, the deputy general manager of the technology and risk control center and the general manager of the southwest region of the Company. Mr. Huang Yi obtained a bachelor’s degree in Computer and Application from Yunnan University in July 1998 and a master’s degree in Business Administration from Nanjing Normal University in July 2001. From July 2001 to November 2003, Mr. Huang Yi served as a principal staff member of the economic and trade division in the Kunming Resident Office of the National Audit Office. From November 2003 to May 2009, Mr. Huang Yi served successively as senior analyst in the planning and development department, assistant to the director of the audit department and deputy director of the discipline inspection office of Yunnan Malong Industry Group Company Limited* (雲南馬龍產業集團股份有限公司). Since June 2011, Mr. Huang Yi has served successively as deputy manager of the investment development department, manager of the investment development department, deputy general manager of the market and investment center, the general manager of the technology and risk control center and the general manager of the southwest region of the Company. In addition, since August 2007, Mr. Huang Yi has served as chairman or general manager of certain subsidiaries of the Group.

Ms. Tang Shuang (“Ms. Tang”), aged 35, joined the Group in January 2015 as an employee representative Supervisor of the Company. Ms. Tang obtained a bachelor’s degree in management from Yunnan University in Yunnan in July 2007, and she obtained the qualification as an accountant in May 2006 awarded by the Ministry of Finance. Ms. Tang is mainly responsible for supervising the Directors, managers and other management personnel to ensure compliance with laws and regulations, the Articles of Association and the resolutions of Shareholders’ meetings. Ms. Tang has more than 11 years of working experience in large-scale enterprises. Ms. Tang was an employee of the Yunnan branch office of Ping An Life Insurance Limited between July 2007 and June 2008, later she served as the accountant for the Beijing branch office of Ping An Property & Casualty Insurance Company of China Limited from July 2008 to March 2010. From March 2010 to February 2015, Ms. Tang served in the business department of Yunnan OriginWater Technology Company Limited. Ms. Tang served as the deputy manager in the bidding and procurement department of our Company from March 2015 to November 2015. Since December 2015, she has been the deputy manager in the business department of our Company.

朱振先生(「朱先生」)，35歲，於二零一七年八月加入本集團擔任股東代表監事。朱先生於二零零九年九月於清華大學取得法律碩士學位。朱先生擁有近10年的法律及投資從業經驗。於二零一三年十月至二零一六年九月期間擔任雲南城投集團審計與法律事務部副總經理，於二零一六年九月晉升為雲南城投集團法務部總經理。二零一八年起兼任雲南城投集團投資管理中心休閒產業部總經理。此外，自二零一四年九月起朱先生擔任雲南城投集團多家附屬公司的董事、監事。

黃軼先生，43歲，於二零一一年六月加入本集團，現擔任本公司職工代表監事及技術與風控中心副總經理兼西南大區總經理。黃軼先生於一九九八年七月取得雲南大學計算機及應用學士學位，並於二零零一年七月取得南京師範大學企業管理碩士學位。黃軼先生於二零零一年七月至二零零三年十一月期間擔任國家審計署駐昆明特派員辦事處經貿處主任科員。於二零零三年十一月至二零零九年五月期間，黃軼先生歷任雲南馬龍產業集團股份有限公司計劃發展部高級分析師，審計部主任助理及紀檢審辦辦公室副主任。自二零一一年六月起至今，黃軼先生歷任本公司投資發展部副經理，投資發展部經理，市場與投資中心副總經理，技術與風控中心總經理兼西南大區總經理。此外，自二零零七年八月起，黃軼先生於本集團之多家附屬公司擔任董事長或總經理。

唐爽女士(「唐女士」)，35歲，於二零一五年一月加入本集團擔任本公司職工代表監事。唐女士於二零零七年七月在雲南取得雲南大學管理學學士學位，於二零零六年五月獲財政部授予會計師資格。唐女士主要負責監督董事、經理及其他管理層人員，以確保遵守法律及法規、公司章程及股東會議的決議。唐女士擁有逾十一年在大型企業工作的經驗。於二零零七年七月至二零零八年六月期間，唐女士在中國平安人壽保險股份有限公司雲南分行任職，其後於二零零八年七月至二零一零年三月期間在中國平安財產保險股份有限公司北京分行擔任會計師。於二零一零年三月至二零一五年二月期間，唐女士在雲南城投碧水源水務科技有限責任公司商務部任職。二零一五年三月至二零一五年十一月期間，唐女士任本公司招標採購部副經理，自二零一五年十二月起任本公司商務部副經理。

Directors, Supervisors and Senior Management 董事、監事及高級管理人員

Mr. Tan Hairui (“Mr. Tan”), aged 49, joined the Group in January 2015 as an independent Supervisor of the Company. Mr. Tan obtained a bachelor's degree in economics from Yunnan Finance and Trade College (now known as Yunnan University of Finance and Economics) in July 1993. Mr. Tan obtained the certificate as a registered accountant issued by Accountant Examination Committee of Ministry of Finance of the PRC in April 1999 and a Lawyer's License in August 2004. Mr. Tan has more than 19 years of working experience in large-scale enterprises, and he is mainly responsible for supervising the Directors, managers and other management personnel to ensure compliance with laws and regulations, the Articles of Association and the resolutions of Shareholders' meetings. Mr. Tan was the deputy manager of the financial department of Yunda Science & Technology Industry Company from 2000 to December 2001. Mr. Tan joined Yunnan Hengxin Law Firm as trainee solicitor and lawyer from January 2002 to August 2007. Mr. Tan joined the Yunnan Quzhi Law Firm as lawyer between September 2007 and March 2009. Mr. Tan worked in Yunnan Geyuan Law Firm as a lawyer from March 2009 to January 2018. Since January 2018, Mr. Tan has been working in Beijing Yingke (Kunming) Law Firm (北京盈科(昆明)律師事務所) as a lawyer.

Ms. Zhang Ling (“Ms. Zhang”), aged 44, joined the Group in January 2018 as an Independent Supervisor of the Company. Mr. Zhang Ling is the deputy professor and Master's tutor of law school of Yunnan University of Finance and Economics and director of the collaborated regional resources law research center of law school of Yunnan University of Finance and Economics. Ms. Zhang obtained her law degree in July 1997 at Wuhan University and master degree in international business law and European Union law at University of Sheffield in November 2004. Since September 2005, Ms. Zhang has been working at the law school of Yunnan University of Finance and Economics, responsible for teaching, research and application of law. Ms. Zhang had published dozens of professional academic papers on law, held discussions on national social topics and research on provincial laws. She was invited by the Legal Affairs Office of the State Council* (國務院法制辦), the Ministry of Civil Affairs* (民政部) and the Ministry of Foreign Affairs* (外交部) to participate in the amendments of two laws and regulations and legislative consultation. She has received the research award of Yunnan Philosophical Social Science Society* (雲南省哲學社會科學研究獎勵) twice. In addition, Ms. Zhang had approximately 21 years of solid experience in the legal field. Since she was qualified as a practicing lawyer in November 1999, Ms. Zhang had worked in five different law firms in Yunnan Province and is currently working on or part-time basis at Yunnan Baqian Law Firm* (雲南八謙律師事務所).

譚海銳先生(「譚先生」)，49歲，於二零一五年一月加入本集團擔任本公司獨立監事。譚先生於一九九三年七月取得雲南財貿學院(現稱雲南財經大學)經濟學學士學位，於一九九九年四月取得中國財政部會計師考試委員會頒發的註冊會計師證書，於二零零四年八月取得律師執業資格證。譚先生擁有逾19年在大型企業工作的經驗，主要負責監督董事、經理及其他管理層人員，以確保遵守法律及法規、公司章程及股東會議的決議。於二零零零年至二零零一年十二月期間，譚先生在雲大科技產業股份有限公司擔任財務部副經理。於二零零二年一月至二零零七年八月期間，譚先生加入雲南恒鑫律師事務所擔任實習律師和律師。於二零零七年九月至二零零九年三月期間，譚先生在雲南曲直律師事務所擔任律師。自二零零九年三月至二零一八年一月，譚先生在雲南格元律師事務所擔任律師，自二零一八年一月至今，譚先生在北京盈科(昆明)律師事務所擔任律師。

張玲女士(「張女士」)，44歲，於二零一八年一月加入本集團擔任本公司獨立監事。張玲女士現擔任雲南財經大學法學院副教授、碩士生導師，雲南財經大學法學院區域能源合作法律研究中心主任。張女士於一九九七年七月獲武漢大學授予法學學士學位，其後於二零零四年十一月獲英國謝菲爾德大學授予的國際商事法及歐盟法專業法學碩士學位。張女士自二零零五年九月起任職於雲南財經大學法學院，從事法律的教學、科研及實踐工作。張女士曾先後發表數十篇高級別法學專業學術論文，主持國家社科課題及數項省部級法學研究課題，受國務院法制辦、民政部及外交部邀請參加兩部法規及條例的修訂及立法諮詢工作，曾兩次榮獲雲南省哲學社會科學研究獎勵。此外，張女士擁有近二十一年涉外法律服務的豐富經驗，其自一九九九年十一月獲得中國執業律師資格證以來，先後於雲南省內五家不同律師事務所執業，現兼職於雲南八謙律師事務所。

Directors, Supervisors and Senior Management 董事、監事及高級管理人員

SENIOR MANAGEMENT

Mr. Liu Xujun ("Mr. Liu"), aged 47, joined our Group in June 2011 and currently serves Deputy General Manager of the Company. Mr. Liu obtained a bachelor's degree in water supply and drainage engineering from Tongji University in Shanghai in July 1995. Later, he further obtained a master's degree in environmental engineering from Kunming University of Science & Technology in Kunming in June 2009, and he obtained a doctorate degree in environment engineering at Tongji University in Shanghai in September 2017. Mr. Liu was qualified as a senior engineer specialized in water supply and drainage in September 2006 by the Kunming Architecture Senior Engineer Certifying Committee (昆明市建築工程高級工程師評審委). He was also qualified as a professional manager in June 2007 by the Human Resources and Social Security Bureau of Yunnan Province of the PRC. Mr. Liu has become a member of the International Water Association (IWA) (國際水協) since January 2013. He was subsequently qualified as a professorate senior engineer specialized in water supply and drainage in November 2014 by the Yunnan Professorate Senior Engineer Certifying Committee (雲南省正高級工程師評審委員會). Mr. Liu has more than 23 years of technical experience in the water works industry, including 9 years of senior management experience in water works enterprises, mainly responsible for the technical management, research and development, and services of the Company. Mr. Liu served as engineering staff in Kunming Municipal Sewerage Co., Ltd., a deputy director and later a director of World Bank project office between July 1995 and October 2005. Mr. Liu worked as a procurement specialist for the World Bank Resident Mission from December 2007 to October 2009. He served as chief engineer and deputy general manager of Yunnan Province Water from January 2010 to June 2011. Mr. Liu served as executive director and deputy general manager of the Company from June 2011 to August 2017. He has been the deputy general manager of the Company since August 2017.

Mr. Huang Yunjian ("Mr. Huang"), aged 54, joined our Group in December 2011, and currently serves as secretary of the disciplinary commission of the Company. Mr. Huang obtained a degree in environment engineering from Kunming University of Science and Technology in Kunming in July 1988. He obtained a certificate for senior research studies on modern economics management in 2005 and a certificate for the "Western China Environmental Infrastructure Technologies and Projects" course in December 2005. Mr. Huang subsequently obtained the qualification of a Chinese professional manager in June 2006 awarded by Chinese Professional Manager Coalition. Mr. Huang has more than 20 years of experience in operation management and senior management in companies related to water works, and he is mainly responsible for management, strategic planning and business development of our Group. Mr. Huang was appointed as engineer and plant manager of the 4th sewage plant of Kunming Municipal Sewerage Co., Ltd. from April 1998 to June 2005. Mr. Huang was appointed as the legal representative, executive director and general manager of Kunming Wastewater Treatment Co. Ltd. between June 2005 and July 2008. Mr.

高級管理人員

劉旭軍先生(「劉先生」)，47歲，於二零一一年六月加入本集團，現擔任本公司副總經理，劉先生於一九九五年七月取得上海同濟大學給水排水工程專業學士學位。於二零零九年六月取得昆明市昆明理工大學環境工程碩士學位，其後於二零一七年九月取得上海同濟大學環境工程學博士學位。二零零六年九月劉先生取得昆明市建築工程高級工程師評審委頒發的給排水高級工程師資格。二零零七年六月取得中國雲南省人力資源和社會保障廳頒發的職業經理人資格。劉先生自二零一三年一月起成為IWA國際水協的會員。其後於二零一四年十一月取得雲南省正高級工程師評審委員會頒發的給排水正高級工程師資格。劉先生在水務行業擁有逾23年的技術經驗，其中包括9年在水務企業擔任高級管理層的經驗，主要負責本公司技術管理、技術研發和技術服務。於一九九五年七月至二零零五年十月期間，劉先生在昆明市城市排水公司擔任工程人員、世界銀行項目辦事處副主任，其後升任為主任。於二零零七年十二月至二零零九年十月期間，劉先生擔任世界銀行中國代表處的採購專家。於二零一零年一月至二零一一年六月期間，劉先生擔任雲南省水務的總工程師及副總經理。於二零一一年六月至二零一七年八月，劉先生擔任本公司執行董事及副總經理，自二零一七年八月起至今劉先生擔任本公司副總經理。

黃雲建先生(「黃先生」)，54歲，於二零一一年十二月加入本集團，現擔任本公司紀委書記，黃先生於一九八八年七月取得昆明市昆明理工大學環境工程學位。於二零零五年取得現代經濟管理高級研修班證書，於二零零五年十二月取得「華西環保基建技術及項目(Western China Environmental Infrastructure Technologies and Projects)」課程證書。其後於二零零六年六月黃先生取得中國職業經理聯合會頒發的中國職業經理資格。黃先生在營運管理及擔任水務相關公司高級管理層方面擁有逾二十年的經驗，主要負責本公司的管理、策略規劃及業務發展。於一九九八年四月至二零零五年六月期間，黃先生擔任昆明市城市排水公司第四污水廠的工程師及工廠經理。於二零零五年六月至二零零八年七月期

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Huang served as assistant to the general manager and deputy general manager of Yunnan Province Water, our controlling shareholder, between January 2010 and June 2011. Mr. Huang served as executive director and deputy general manager of the Company from December 2011 to August 2017. He has been the deputy general manager of the Company from August 2017 to March 2020. Mr. Huang has served as full-time secretary of the disciplinary commission of the Company since March 2020. In addition, Mr. Huang has also been a part-time professor of Kunming University of Science and Technology since January 2013.

Mr. Wang Yong (“Mr. Wang”), aged 48, joined the Group in January 2013 and is currently the financial controller of the Company. Mr. Wang obtained a bachelor’s degree in economics in July 1993 from Yunnan Finance and Trade College (now known as Yunnan University of Finance and Economics) and a master’s degree in business administration in January 2009 from the Yunnan University. He was qualified as an accountant in the PRC in May 1996, and also qualified as a registered tax agent in the PRC in October 2000, later he was promoted to a senior accountant in October 2004. From April 2002 to January 2013, Mr. Wang was appointed as the manager of finance department of Kunming Sino-Platinum Metals Catalyst Co., Ltd* (昆明貴研催化劑有限公司). Mr. Wang joined the Group in January 2013 as manager of finance department of the Company, subsequently he was appointed as financial controller of the Company in November 2013. Mr. Wang has more than 16 years of senior management experience in large-scale enterprises and extensive experience in accounting, and he is mainly responsible for the finance, financing, internal control, securities and project investment risk control of the Company.

Mr. Zhang Song (“Mr. Zhang”), aged 46, joined the Group as the investment director in October 2015 and was appointed as a deputy general manager of the Company by the second session of the Board. Mr. Zhang obtained a master’s degree in business administration from Tongji University in 2005. Mr. Zhang has over 25 years of rich experience in environmental protection and relevant industries. Mr. Zhang served as a member and representative of the preparatory group of Hedong Sewage Treatment Plant at the construction committee of Urumqi from 1995 to 2002 and as the president of China region of Salcon Berhad, Malaysia from 2004 to 2015.

間，黃先生擔任昆明城市污水處理運營有限責任公司的法定代表、執行董事兼總經理。於二零一零年一月至二零一一年六月期間，黃先生擔任本公司控股股東雲南省水務的總經理助理及副總經理。於二零一一年十二月至二零一七年八月期間，黃先生擔任本公司執行董事及副總經理，自二零一七年八月起至二零二零年三月黃先生擔任本公司副總經理。自二零二零年三月起黃先生擔任本公司專職紀委書記。另外，黃先生自二零一三年一月起，擔任昆明理工大學的兼職教授。

王勇先生(「王先生」)，48歲，於二零一三年一月加入本集團現擔任本公司財務總監。王先生於一九九三年七月取得雲南財貿學院(現稱雲南財經大學)經濟學學士學位，於二零零九年一月取得雲南大學工商管理碩士學位。一九九六年五月成為合資格中國會計師，於二零零零年十月成為合資格中國註冊稅務師，其後於二零零四年十月晉升為高級會計師。二零零二年四月至二零一三年一月期間王先生擔任昆明貴研催化劑有限公司的財務部經理，二零一三年一月王先生加入本集團擔任本公司財務部經理，其後於二零一三年十一月獲委任為本公司財務總監。王先生擁有逾16年的大型企業高級管理層經驗並於會計方面擁有豐富經驗，主要負責本公司財務、融資、內控、證券及項目投資風險控制工作。

張松先生(「張先生」)，46歲，於二零一五年十月加入本集團擔任投資總監，並由第二屆董事會聘任為本公司副總經理。張先生於二零零五年獲得同濟大學工商管理碩士學歷和學位。張先生於環保及相關行業擁有逾25年的豐富經驗。張先生於一九九五年至二零零二年期間在烏魯木齊市建委任河東污水處理廠籌建組成員及代表，其後於二零零四年至二零一五年期間，於馬來西亞實康集團擔任中國區總裁。

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Mr. Zhao Peng (“Mr. Zhao”), aged 40, joined the Group as the general manager assistant and general manager of the marketing and investment centre of the Group in June 2011 and was appointed as a deputy general manager of the Company by the second session of the Board. Mr. Zhao obtained a bachelor’s degree in law from Hebei University of Economics and Business in July 2003. Mr. Zhao has approximately 17 years of rich experience in the environmental protection industry. Mr. Zhao served as the business manager of Beijing Novel Environmental Protection Co., Ltd.* (北京永新環保有限公司) from September 2003 to April 2004 and subsequently as the marketing director for North China area of Veolia Water Solutions & Technologies (Beijing) Co., Ltd.* (威立雅水務工程(北京)有限公司) from May 2005 to June 2011.

Mr. Ma Xiangyi, aged 45, joined the Group in February 2016, successively served as the deputy general manager and general manager of the project management center and was appointed as a deputy general manager of the Company by the second session of the Board. Mr. Ma Xiangyi obtained a bachelor’s degree in industrial and civil construction from Yunnan Polytechnic University in July 1997 and the qualification of intermediate engineer (in water supply and drainage) in August 2002. Mr. Ma Xiangyi has over 23 years of rich experience in water and relevant industries. Mr. Ma Xiangyi served as an engineer at the infrastructure construction division of Kunming Municipal Water Discharge Company* (昆明市城市排水公司) from August 1997 to August 2005, a deputy general manager of Kunming Dianchi Project Management Company* (昆明滇池項目管理公司) from September 2005 to October 2012 and a standing deputy general manager of Kunming Dianchi Construction Management Company* (昆明滇池建設管理公司) from November 2012 to February 2016. In addition, Mr. Ma Xiangyi served as the chairman or a senior management member of a number of subsidiaries of the Group since September 2016.

COMPANY SECRETARY

Mr. Li Bo (“Mr. Li”), aged 41, joined the Group in May 2013 as company secretary of the Company and was appointed as Secretary to the Board since August 2013. Mr. Li graduated from Capital University of Economics and Business in Beijing with a bachelor’s degree in economics in July 2001 and obtained a master’s degree in accounting from Macquarie University in Australia in April 2006. Mr. Li is currently a member of the Hong Kong Institute of Certified Public Accountants and a member of the Certified Public Accountants of Australia. He is mainly responsible for assisting with the operation of our Company and the operation of the Board. Mr. Li has more than 10 years of experience in finance-related senior positions. Mr. Li was engaged by Audit Office of New South Wales as an auditor since August 2007 and was later promoted to senior auditor. From March 2011 to June 2013, Mr. Li served as the financial controller and the company secretary of Beijing Jingkelong Company Limited, a company listed on the Stock Exchange (stock code: 814).

趙鵬先生(「趙先生」)，40歲，於二零一一年六月加入本集團擔任本公司總經理助理兼市場與投資中心總經理，並由第二屆董事會聘任為本公司副總經理。趙先生於二零零三年七月獲得河北經貿大學授予法學專業學士學位。趙先生於環保行業擁有約17年的豐富經驗。趙先生於二零零三年九月至二零零四年四月期間在北京永新環保有限公司擔任商務經理。其後於二零零五年五月至二零一一年六月期間，於威立雅水務工程(北京)有限公司擔任華北片區市場總監。

馬祥迺先生，45歲，二零一六年二月加入本集團歷任項目管理中心副總經理、總經理，由公司第二屆董事會聘任為本公司副總經理。馬祥迺先生於一九九七年七月取得雲南工業大學工民建專業學士學位，並於二零零二年八月取得中級工程師(給排水)資格。馬祥迺先生於水務及相關行業擁有逾23年的豐富經驗。馬祥迺先生於一九九七年八月至二零零五年八月期間任昆明市城市排水公司基建處工程師。二零零五年九月至二零一二年十月期間，馬祥迺先生擔任昆明滇池項目管理公司副總經理。二零一二年十一月至二零一六年二月期間，馬祥迺先生擔任昆明滇池建設管理公司常務副總經理。此外，自二零一六年九月起馬祥迺先生於本集團之多家附屬公司擔任主席或高級管理人員。

公司秘書

李博先生(「李先生」)，41歲，於二零一三年五月加入本集團擔任本公司公司秘書，並於二零一三年八月起擔任本公司董事會秘書。李先生於二零零一年七月取得北京市首都經貿大學並取得經濟學學士學位，於二零零六年四月取得澳大利亞麥考瑞大學(Macquarie University)會計學碩士學位。李先生現時為香港會計師公會會員及澳大利亞會計師公會會員，主要負責協助本公司營運及董事會運作。李先生於財務相關高級職位擁有逾10年經驗。李先生於二零零七年八月起獲聘為Audit Office of New South Wales的核數師，其後晉升為高級核數師。於二零一一年三月至二零一三年六月期間，李先生擔任北京市京客隆商業集團(於聯交所上市的公司，股份代號：814)的財務總監兼公司秘書。

Directors' Report 董事會報告

The Board is pleased to present the annual report and the audited financial statements of the Group (the “**Financial Statements**”) for the year ended 31 December 2019 to the Shareholders.

SHARE CAPITAL

As at 31 December 2019, the total share capital of the Company was RMB1,193,213,457, divided into 1,193,213,457 Shares of RMB1.00 each. Details of changes in share capital of the Company during the year are set out in note 26 to the Consolidated Financial Statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the Reporting Period.

PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association and the laws of the PRC, the Company is not subject to any pre-emptive rights requiring it to propose new issues to its existing Shareholders in proportion to their shareholdings.

PRINCIPAL BUSINESS

The Group is an operator primarily engaged in municipal environmental integrated services and the only urban environmental integrated service provider in Yunnan Province. The Group is also one of the few integrated operators in municipal environmental services in China that has expanded overseas successfully, and our overseas business is mainly located in Southeast Asian regions. In addition, the Group operates upstream and downstream development industries to improve the Group's profitability structure and broaden the sources of income. The Group has good track records in projects such as urban wastewater treatment, tap water and raw water supply, watercourse management, solid waste treatment and others.

The major business segments of the Group include investment, construction and management services for urban water supply, waste water treatment, solid waste treatment, and comprehensive environmental treatment projects, construction and sales of equipment and other environmental protection related services. The corporate strategy of the Group is to set our foundation of business in Yunnan, identify overseas investment opportunities continuously, and gradually expand our business to other favourable regions in China and overseas emerging markets, in order to secure stable income sources.

董事會謹此向股東提呈本集團截至二零一九年十二月三十一日止年度的年報及經審計財務報表（「**財務報表**」）。

股本

截至二零一九年十二月三十一日，本公司股本總額為人民幣1,193,213,457元，分為1,193,213,457股每股面值人民幣1.00元的股份。年內本公司股本變動的詳情載於合併財務報表附註26。

購買、出售或贖回本公司上市證券

於報告期內，本公司或其任何附屬公司概無購買、出售或贖回任何本公司上市證券。

優先購買權

根據公司章程及中國法律，本公司並無任何有關優先購買權的規定，使本公司須建議按其現有股東的股權比例向現有股東發行新股。

主要業務

本集團為一家主要從事城鎮環境綜合服務的運營商，為雲南省唯一一家提供城鎮環境綜合服務的公司。本集團亦為中國少數成功擴展至海外的城鎮環境服務綜合運營商，本集團的海外業務主要在東南亞地區。此外，本集團從事上下游開發產業以改善本集團的盈利結構，擴闊收入來源。本集團擁有城市污水處理、自來水及原水供應、河道治理、固廢處理等項目的良好往績。

本集團的主要業務板塊包括城市供水、污水處理、固廢處理、環境綜合治理項目之投資、建設及管理服務、設備建造及銷售以及其他環保相關服務。本集團之企業策略以雲南為業務據點，持續物色海外投資機會並將業務逐步擴展至中國其他具前景地區以至新興市場，以保障穩定收入來源。

Directors' Report

董事會報告

RESULTS

The audited results of operations of the Group for the year ended 31 December 2019 are set out in the consolidated statement of comprehensive income on page 90 to 91. The financial position of the Group as at 31 December 2019 is set out in the consolidated balance sheet on page 92 to 94. The consolidated cash flow of the Group for the year ended 31 December 2019 is set out in the consolidated statement of cash flows on page 97 to 98.

Discussion and analysis about the operating performance and significant elements affecting the results of operations and financial condition of the Company during the Reporting Period are set out in the chapter headed "Management Discussion and Analysis" in this annual report from page 17 to 34.

DISTRIBUTIONS AND DIVIDENDS

The Board has resolved to declare the final dividend of RMB0.15 per Share (tax included) for the year ended 31 December 2019. The proposed final dividend is subject to the consideration and approval by the Shareholders at the AGM. The final dividend is payable to the Shareholders whose names are listed in the register of members of the Company on 29 June 2020, in an aggregate amount of approximately RMB179.0 million.

Pursuant to the requirements of the Articles of Association, the final dividend will be denominated and declared in RMB. The final dividend on Domestic Share will be paid in RMB and on H Share will be paid in Hong Kong dollars. The relevant exchange rate for conversion shall be calculated by the average median exchange rate for converting RMB into Hong Kong dollar as quoted by the China Foreign Exchange Trading Centre for the week immediately before the date on which the dividend was declared (i.e. Tuesday, 16 June 2020). Upon approved, the final dividend is expected to be distributed on or before Wednesday, 22 July 2020.

The Company has established a sound decision-making process and profit distribution mechanism. Emphasis is placed on Shareholder returns and cash dividends are distributed to Shareholders regularly. In formulating the profit distribution plan, the Board has fully considered the opinions and demands of Shareholders to, after taking into account the statutory interests of minority Shareholders, and has submitted the profit distribution plan at the general meeting for approval. Also, the independent non-executive Directors have properly carried out their duties in regards to the decision making process of the profit distribution plan.

Under the relevant tax rules and regulations of the PRC (collectively the "PRC Tax Law"), the Company is required to withhold corporate income tax at the rate of 10% when distributing the final dividend to non-resident enterprises (such term shall have the meaning as defined under the PRC Tax Law) whose names appear on the H Shares register of members of the Company.

業績

本集團截至二零一九年十二月三十一日止年度的經審計經營業績載於第90至91頁的合併綜合收益表。本集團於二零一九年十二月三十一日的財務狀況載於第92至94頁的合併資產負債表。本集團截至二零一九年十二月三十一日止年度的合併現金流量載於第97至98頁的合併現金流量表。

對於經營表現及影響報告期內本公司經營業績及財務狀況的重大因素的論述及分析，載於本年報第17至34頁的「管理層討論及分析」章節內。

分派及股息

董事會議決宣派截至二零一九年十二月三十一日止年度末期股息每股人民幣0.15元(含稅)。建議末期股息須待股東於股東週年大會上審議及批准後始可作實。末期股息應支付予二零二零年六月二十九日名列本公司股東名冊的股東，合計金額約人民幣179.0百萬元。

根據公司章程規定，末期股息將以人民幣計值及宣派。內資股的末期股息將以人民幣支付，而H股的末期股息則將以港元支付。相關折算匯率將以宣佈派息當日(即二零二零年六月十六日(星期二)前一個星期中國外匯交易中心公佈的港幣兌人民幣的匯率中間價的平均值計算。經批准後，末期股息預計於二零二零年七月二十二日(星期三)或之前派發。

本公司設有穩健的決策程序及利益分配機制，重視股東回報，並定期向股東分派現金股息。於制訂利益分配計劃時，董事會經計及少數股東的法定權益後已全面考慮股東的意見和訴求，並已於股東大會上提呈利益分配計劃以待批准。此外，獨立非執行董事已妥善履行彼等有關利益分配計劃的決策程序的職責。

根據中國相關稅務規則及法規(統稱「中國稅法」)，本公司向名列本公司H股股東名冊的非居民企業(按中國稅法界定的涵義)派發末期股息，須代扣代繳10%的企業所得稅。

In accordance with the PRC Tax Law, the Company is also required to withhold individual income tax when distributing the final dividend to individual shareholders whose names appeared on the H Shares register of members of the Company. The Company will determine the country of domicile of the individual holders of H Shares based on the registered addresses as recorded in the H Shares register of members of the Company on the record date with details as follows:

- For individual holders of H Shares who are Hong Kong and Macau residents and those whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of them.
- For individual holders of H Shares whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of them. The Company would make applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No.124)(《國家稅務總局關於印發〈非居民享受稅收協議待遇管理辦法(試行)〉的通知》(國稅發[2009]124號)).
- For individual holders of H Shares whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of higher than 10% but lower than 20%, the Company would withhold and pay the individual income tax at the agreed-upon effective tax rate on behalf of them.
- For individual holders of H Shares who are residents of those countries without any tax treaties with the PRC or having tax treaties with the PRC stipulating a dividend tax rate of 20% or more, and other situations, the Company would withhold and pay the individual income tax at a tax rate of 20% on behalf of them.

If individual shareholders of H Shares have any queries on the above arrangement, they may consult their tax advisers for advice on the taxation effects involving the ownership and disposal of H Shares in PRC, Hong Kong and other countries (regions).

遵照中國稅法，本公司向名列本公司H股股東名冊的個人股東派發末期股息，須代扣代繳個人所得稅。本公司將根據記錄日本公司H股股東名冊所記錄登記地址，確定個人H股股東的居住國，詳情如下：

- 對於身為香港、澳門地區居民及居住國已和中國訂立稅務協議規定股息稅率為10%的個人H股股東，本公司將按10%稅率代扣代繳個人所得稅。
- 對於居住國已和中國訂立稅務協議規定股息稅率低於10%的個人H股股東，本公司將按10%稅率代扣代繳個人所得稅。本公司將按照《國家稅務總局關於印發〈非居民享受稅收協議待遇管理辦法(試行)〉的通知》(國稅發[2009]124號)，代為辦理享受有關協議待遇之申請。
- 對於居住國已和中國訂立稅務協議規定股息稅率高於10%但低於20%的個人H股股東，本公司將按已協定的實際稅率代扣代繳個人所得稅。
- 對於居住國並無與中國訂立任何稅務協議、或與中國訂立稅務協議規定股息稅率為20%或以上及其他情況，本公司將按20%稅率代扣代繳個人所得稅。

如H股個人股東對上述安排有任何疑問，可向彼等的稅務顧問諮詢有關擁有及處置H股所涉及的中國、香港及其他國家(地區)稅務影響的意見。

Directors' Report

董事會報告

CLOSURE OF REGISTER OF MEMBERS

In order to determine the list of Shareholders who are entitled to attend and vote at the AGM, the register of holders of H Shares of the Company will be closed from 16 May 2020 to 16 June 2020 (both dates inclusive), during which period no transfer of Shares will be registered. Holders of H Shares whose names appear on the register of holders of H Shares of the Company at the close of business on 15 May 2020 are entitled to attend and vote at the AGM.

In order to attend and vote at the AGM, any holder of H Shares whose transfer has not been registered shall lodge the transfer documents together with the relevant share certificates with the Company's H Share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on 15 May 2020.

For the purpose of determining entitlement for the final dividend for the year ended 31 December 2019, the register of members of the Company will be closed from Tuesday, 23 June 2020 to Monday, 29 June 2020 (both dates inclusive) during which registration of transfer of Shares will be suspended.

To be eligible to receive the final dividend, all transfer documents must be lodged with the Company's H Share registrar in Hong Kong, Tricor Investor Services Limited, at 54th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares), or the secretariat of the Board, located at 5th Floor, Yunnan Water, 2089 Haiyuan Bei Road, Gaoxin District, Kunming, Yunnan Province, the PRC (for holders of Domestic Shares), by no later than 4:30 p.m. on Monday, 22 June 2020.

PROPERTY, PLANT AND EQUIPMENT

Details of movement in property, plant and equipment of the Group during the Reporting Period are set out in note 17 to the Financial Statements.

RESERVES

Details of movements in the reserves of the Company during the Reporting Period are set out in consolidated statement of changes in equity, of which details of reserves available for distribution to Shareholders are set out in consolidated statement of changes in equity.

暫停辦理過戶登記

為確定符合資格出席股東週年大會及於會上投票的股東名單，本公司的H股持有人登記冊將由二零二零年五月十六日起至二零二零年六月十六日止(包括首尾兩天)暫停辦理股份過戶登記手續。於二零二零年五月十五日營業時間結束時名列本公司H股持有人登記冊的H股持有人，將符合資格出席股東週年大會並於會上投票。

為符合資格出席股東週年大會及於會上投票，任何H股持有人若仍未辦理股份轉讓登記，最遲須於二零二零年五月十五日下午四時三十分前將股份轉讓文件連同相關股票提交本公司的H股股份登記分處卓佳證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心54樓，以辦理登記。

就釐定享有截至二零一九年十二月三十一日止年度之末期股息權利，本公司之股份過戶登記處將於二零二零年六月二十三日(星期二)至二零二零年六月二十九日(星期一)(包括首尾兩日)暫停辦理股份過戶登記手續。

為符合資格收取末期股息，所有過戶文件必須於二零二零年六月二十二日(星期一)下午四時三十分前交回本公司之香港H股股份過戶登記處(如屬H股持有人)，地址為香港皇后大道東183號合和中心54樓，或董事會秘書處(如屬內資股持有人)，地址為中國雲南省昆明市高新技術開發區海源北路2089號雲南水務5樓。

物業、廠房及設備

報告期內本集團物業、廠房及設備變動的詳情載於財務報表附註17。

儲備

報告期內本公司儲備變動的詳情載於合併權益變動表，其中可供分派予股東儲備的詳情亦載於合併權益變動表。

DONATIONS

During the Reporting Period, the Group made external donations of approximately RMB1.7 million (contractual value) (excluding personal donations by employees).

BANK AND OTHER BORROWINGS

Details of bank and other borrowings of the Group as of 31 December 2019 are set out in note 29 to the Financial Statements in this annual report.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Certain information concerning the Directors and the Supervisors and senior management of the Company during the Reporting Period and as at the date of this annual report is set out below.

Directors

Name 姓名	Title in the Company 於本公司的職銜
Executive Directors 執行董事	
Mr. Yu Long	Executive Director, vice-chairman, general manager
于龍先生	執行董事、副董事長、總經理
Mr. Yang Fang	Executive Director, deputy general manager
楊方先生	執行董事、副總經理

捐款

於報告期內，本集團的對外捐款為約人民幣1.7百萬元(合同價值)(不包括僱員的個人捐款)。

銀行借款及其他借款

本集團於二零一九年十二月三十一日的銀行借款及其他借款的詳情載於本年報財務報表附註29。

董事、監事及高級管理層

下表載列本公司於報告期內及截至本年報日期董事、監事和高級管理層的部份數據。

董事

Date of Appointment for the Current Term 現行任期的委任日期
Appointed as the general manager on 28 August 2017 and appointed as an executive Director and Vice-chairman on 12 December 2018 二零一七年八月二十八日獲委任為 總經理，二零一八年十二月十二日 獲委任為執行董事及副董事長
28 August 2017 二零一七年八月二十八日

Directors' Report 董事會報告

Name 姓名	Title in the Company 於本公司的職銜	Date of Appointment for the Current Term 現任任期的委任日期
Non-executive Directors 非執行董事		
Mr. Yang Tao 楊濤先生	Non-executive Director, Chairman 非執行董事、董事長	28 August 2017 二零一七年八月二十八日
Ms. Li Bo 李波女士	Non-executive Director 非執行董事	28 August 2017 二零一七年八月二十八日
Mr. He Yuanping 何願平先生	Non-executive Director 非執行董事	28 August 2017 二零一七年八月二十八日
Mr. Chen Yong 陳勇先生	Non-executive Director 非執行董事	13 June 2019 二零一九年六月十三日
Mr. Feng Zhuangzhi (Resigned from non-executive Director on 13 June 2019) 馮壯志先生(於二零一九年六月十三日 離任非執行董事)	Non-executive Director 非執行董事	28 August 2017 二零一七年八月二十八日
Independent Non-executive Directors 獨立非執行董事		
Mr. Liu Shuen Kong 廖船江先生	Independent Non-executive Director 獨立非執行董事	13 June 2018 二零一八年六月十三日
Mr. Hu Song 胡松先生	Independent Non-executive Director 獨立非執行董事	28 August 2017 二零一七年八月二十八日
Mr. Ma Shihao 馬世豪先生	Independent Non-executive Director 獨立非執行董事	28 August 2017 二零一七年八月二十八日

SUPERVISORS AND SENIOR MANAGEMENT

監事及高級管理層

Name 姓名	Title in the Company 於本公司的職銜	Date of Appointment for the Current Term 現任任期的委任日期
Supervisors 監事		
Mr. Long Limin 龍利民先生	Chairman of the Supervisory Committee, shareholder representative Supervisor 監事會主席、股東代表監事	28 August 2017 二零一七年八月二十八日
Mr. Zhu Zhen 朱振先生	Shareholder representative Supervisor 股東代表監事	28 August 2017 二零一七年八月二十八日
Mr. Tan Hairui 譚海銳先生	Independent Supervisor 獨立監事	28 August 2017 二零一七年八月二十八日
Ms. Zhang Ling 張玲女士	Independent Supervisor 獨立監事	5 January 2018 二零一八年一月五日
Ms. Tang Shuang 唐爽女士	Employee representative Supervisor 職工代表監事	28 August 2017 二零一七年八月二十八日
Mr. Huang Yi 黃軼先生	Employee representative Supervisor 職工代表監事	21 May 2018 二零一八年五月二十一日

Name 姓名	Title in the Company 於本公司的職銜	Date of Appointment for the Current Term 現任任期的委任日期
Senior management 高級管理層		
Mr. Liu Xujun 劉旭軍先生	Deputy general manager 副總經理	28 August 2017 二零一七年八月二十八日
Mr. Huang Yunjian (Resigned on 11 March 2020) 黃雲建先生 (於二零二零年三月十一日離任)	Deputy general manager 副總經理	28 August 2017 二零一七年八月二十八日
Mr. Wang Yong 王勇先生	Chief financial controller 財務總監	28 August 2017 二零一七年八月二十八日
Mr. Zhang Song 張松先生	Deputy general manager 副總經理	31 October 2017 二零一七年十月三十一日
Mr. Zhao Peng 趙鵬先生	Deputy general manager 副總經理	31 October 2017 二零一七年十月三十一日
Mr. Ma Xiangyi 馬祥迺先生	Deputy general manager 副總經理	31 October 2017 二零一七年十月三十一日
Mr. Li Bo 李博先生	Company Secretary, Secretary to the Board 公司秘書、董事會秘書	31 October 2017 二零一七年十月三十一日

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and considers all the independent non-executive Directors to be independent from the Company.

BIOGRAPHIES OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of Directors, Supervisors and senior management of the Company are set out on page 35 to 44 of this annual report. There are no relationships among the Directors, Supervisors and senior management of the Company, including financial, business, family or other material relationships as defined in Appendix 14 to the Listing Rules.

於報告期內，董事會一直符合上市規則有關委任至少三名獨立非執行董事（佔董事會人數的三分之一）而當中有一名獨立非執行董事須具有合適專業資格或會計或相關財務管理專業知識之規定。

本公司已接獲各獨立非執行董事根據上市規則第3.13條作出的年度獨立性確認書，並認為全體獨立非執行董事均為獨立於本公司的人士。

董事、監事及高級管理層簡歷

本公司董事、監事及高級管理層簡歷的詳情載於本年報第35至44頁。根據上市規則附錄十四本公司董事、監事及高級管理層彼此間概無財務、業務、家族等關連或其他重大關連。

Directors' Report

董事會報告

SERVICE CONTRACTS OF THE DIRECTORS AND SUPERVISORS

The Company has entered into a service contract with each of the Directors and Supervisors containing terms relating to, among other things, compliance with relevant laws and regulations, observation of the Articles of Association and provision on arbitration. The service contracts may be renewed in accordance with the Articles of Association and applicable rules.

None of the Directors or Supervisors has entered into any service contract with the Company during the Reporting Period which is not terminable within one year nor may be terminated by the Company without payment of compensation (other than statutory compensation).

DETERMINATION OF AND BASIS FOR DETERMINATION OF THE REMUNERATION OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The remuneration of the Directors, Supervisors and senior management is subject to the recommendations of the Remuneration Committee and determined by the Board.

The Remuneration Committee is responsible for recommending remuneration for Directors, Supervisors and senior management to the Board with reference to, among other factors, salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company.

EMOLUMENTS OF DIRECTORS AND SUPERVISORS

Details of the emoluments of the Directors and Supervisors of the Company are set out in note 38 to the Financial Statements.

DIRECTORS' AND SUPERVISORS' INTERESTS TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Reporting Period, there were no transaction, arrangement or contract of significance subsisting in relation to the Group's business in which the Company or any of its subsidiaries was directly or indirectly a party and any Director or Supervisor had a material interest.

CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, at no time during the Reporting Period had the Company or any of its subsidiaries entered into any contract of significance with any controlling shareholder or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by any controlling shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

董事及監事服務合約

本公司已與各董事及監事訂立服務合約，其中載有有關(其中包括)遵守相關法律及法規、遵守公司章程及仲裁條文的條款。該等服務合約可根據公司章程及適用法例予以重續。

於報告期內概無董事或監事與本公司已訂立不可於一年內屆滿或由本公司在毋須支付補償(惟法定補償除外)的情況下終止的任何服務合約。

董事、監事及高級管理人員的薪酬釐定及釐定基準

董事、監事及高級管理人員的薪酬須由薪酬委員會作出建議及董事會釐定。

薪酬委員會負責就董事、監事及高級管理人員的薪酬向董事會作出建議，並參考(其中包括)可資比較公司所支付的薪金、投入時間及責任，以及本公司其他職位的僱用條件。

董事及監事薪酬

本公司董事及監事薪酬的詳情載於財務報表附註38。

董事及監事於交易、安排或合約中的權益

於報告期內，概無仍然存續而對本集團業務而言屬重大、本公司或其任何附屬公司直接或間接為訂約方及任何董事或監事於其中擁有重大權益的重要交易、安排或合約。

重大合約

除本年報所披露者外，於報告期內，本公司或其任何附屬公司並無與任何控股股東或其任何附屬公司訂立任何重大合約，亦無就由任何控股股東或其任何附屬公司向本公司或其任何附屬公司提供服務而訂立之任何重大合約。

DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, to the best knowledge of the Board, none of the Directors and Supervisors and their respective associates has any business or interest that competes or may compete with the business of the Group or have or may have any conflict of interest with the Group.

EQUITY-LINKED AGREEMENTS

The Company has not entered into any equity-linked agreement during the Reporting Period.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2019, the Directors, Supervisors and chief executives of the Company had the following interest in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to Section 352 of the SFO or otherwise, to be entered in the register maintained thereunder, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, or held interest in the Company as follows:

Name of Director, Supervisor and chief executive 董事、監事及最高 行政人員姓名	Capacity 身份	Type of Shares 股份類別	Number of Shares held 持有股份數目	Percentage of the respective type of Shares in issue (%) 佔已發行 類別股份 的比例(%)	Percentage of the total number of Shares in issue (%) 佔已發行 總股份 的比例(%)
Mr. Yu Long 于龍先生	Beneficial owner 實益擁有人	Domestic Shares 內資股	10,820,000(L) 10,820,000(L)	1.30 1.30	0.91 0.91
Mr. Yu Long 于龍先生	Beneficial owner 實益擁有人	H Shares H股	770,000(L) 770,000(L)	0.21 0.21	0.06 0.06
Mr. Yang Fang 楊方先生	Beneficial owner 實益擁有人	Domestic Shares 內資股	1,755,000(L) 1,755,000(L)	0.21 0.21	0.15 0.15
Mr. Huang Yi 黃軼先生	Beneficial owner 實益擁有人	Domestic Shares 內資股	1,560,000(L) 1,560,000(L)	0.19 0.19	0.13 0.13

Notes:

(L) refers to long position

董事及監事於競爭業務的權益

於報告期內，董事會概不知悉董事及監事及彼等各自聯繫人的任何業務或權益對本集團業務構成競爭或可能構成競爭或對本集團造成或可能造成任何其他利益衝突。

股票掛鈎協議

本公司於報告期內並未訂立任何股票掛鈎協議。

董事、監事及最高行政人員在股份、相關股份及債券之權益及淡倉

於二零一九年十二月三十一日，本公司董事、監事及最高行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份及債券中，擁有根據證券及期貨條例第352條或以其他方式須載入本公司根據該條文所存置的登記名冊的權益，或根據標準守則須知會本公司及聯交所的權益，或已持有的本公司權益如下：

Name of Director, Supervisor and chief executive 董事、監事及最高 行政人員姓名	Capacity 身份	Type of Shares 股份類別	Number of Shares held 持有股份數目	Percentage of the respective type of Shares in issue (%) 佔已發行 類別股份 的比例(%)	Percentage of the total number of Shares in issue (%) 佔已發行 總股份 的比例(%)
Mr. Yu Long 于龍先生	Beneficial owner 實益擁有人	Domestic Shares 內資股	10,820,000(L) 10,820,000(L)	1.30 1.30	0.91 0.91
Mr. Yu Long 于龍先生	Beneficial owner 實益擁有人	H Shares H股	770,000(L) 770,000(L)	0.21 0.21	0.06 0.06
Mr. Yang Fang 楊方先生	Beneficial owner 實益擁有人	Domestic Shares 內資股	1,755,000(L) 1,755,000(L)	0.21 0.21	0.15 0.15
Mr. Huang Yi 黃軼先生	Beneficial owner 實益擁有人	Domestic Shares 內資股	1,560,000(L) 1,560,000(L)	0.19 0.19	0.13 0.13

附註：

(L) 代表好倉

Directors' Report 董事會報告

Save as disclosed above, to the best knowledge of the Company, as at 31 December 2019, none of the Directors, Supervisors and the chief executives of the Company had any interests and short positions in the Shares, underlying Shares or debentures of the Company or its associated corporation which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

To the Company's best knowledge, as at 31 December 2019, the following persons (other than Directors or Supervisors whose interests are disclosed in the section headed "Interests and Short Positions of Directors, Supervisors and Chief Executives in Shares, Underlying Shares and Debentures" above) had interests or short positions in the Shares, underlying Shares or debentures of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the respective type of share capital in issue of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

除上文披露者外，據本公司所深知，於二零一九年十二月三十一日，概無董事、監事及本公司最高行政人員於本公司或其相聯法團的任何股份、相關股份及債券中，擁有根據證券及期貨條例第352條須載入本公司登記名冊的權益及淡倉或根據標準守則須另行知會本公司及聯交所的權益。

主要股東於股份中的權益及淡倉

據本公司所深知，於二零一九年十二月三十一日，下列人士(本公司的董事及監事除外，彼等之權益於上文「董事、監事及最高行政人員在股份、相關股份及債券之權益及淡倉」一節披露)於本公司股份、相關股份及債券中擁有根據《證券及期貨條例》第XV部第2及第3分部須向本公司披露權益或淡倉或根據證券及期貨條例第336條須存置在本公司登記冊中記錄的權益或淡倉，擁有佔本公司類別已發行股本5%或以上的權益或淡倉：

Name of Shareholder 股東名稱	Capacity 持股身份	Type of Shares 股份類別	Number of Shares 股份數目	Percentage of the respective type of Shares in issue (%) 佔已發行 類別股份的 比例(%)	Percentage of the total number of Shares in issue (%) 佔已發行 總股份 的比例(%)
Yunnan Province Water ¹	Beneficial owner, interests held jointly with another person	Domestic Shares	361,487,162 (L)	43.58	30.30
雲南省水務 ¹	實益擁有人，與另一名人 士共同持有權益	內資股	361,487,162 (L)	43.58	30.30
Mr. Huang Yunjian ¹	Beneficial owner, interests held jointly with another person	Domestic Shares	361,487,162 (L)	43.58	30.30
黃雲建先生 ¹	實益擁有人，與另一名人 士共同持有權益	內資股	361,487,162 (L)	43.58	30.30
Mr. Liu Xujun ¹	Beneficial owner, interests held jointly with another person	Domestic Shares	361,487,162 (L)	43.58	30.30
劉旭軍先生 ¹	實益擁有人，與另一名人 士共同持有權益	內資股	361,487,162 (L)	43.58	30.30

Directors' Report 董事會報告

Name of Shareholder 股東名稱	Capacity 持股身份	Type of Shares 股份類別	Number of Shares 股份數目	Percentage of the respective type of Shares in issue (%) 佔已發行 類別股份 的比例(%)	Percentage of the total number of Shares in issue (%) 佔已發行 總股份 的比例(%)
Wang Yong ¹	Beneficial owner, interests held jointly with another person	Domestic Shares	361,487,162 (L)	43.58	30.30
王勇 ¹	實益擁有人，與另一名人 士共同持有權益	內資股	361,487,162 (L)	43.58	30.30
YMCI ¹	Interests in controlled corporation, interests held jointly with another person	Domestic Shares	361,487,162 (L)	43.58	30.30
雲南城投集團 ¹	於受控法團的權益，與另 一名人士共同持有權益	內資股	361,487,162 (L)	43.58	30.30
Beijing OriginWater 北京碧水源	Beneficial owner 實益擁有人	Domestic Shares 內資股	286,650,000 (L)	34.56	24.02
China National Petroleum Corporation ²	Interests in controlled corporation	Domestic Shares	124,754,169 (L)	15.04	10.46
中國石油天然氣集團有限公司 ²	於受控法團的權益	內資股	124,754,169 (L)	15.04	10.46
CNPC Capital Company Limited ²	Interests in controlled corporation	Domestic Shares	124,754,169 (L)	15.04	10.46
中國石油集團資本股份 有限公司 ²	於受控法團的權益	內資股	124,754,169 (L)	15.04	10.46
CNPC Capital Limited ²	Interests in controlled corporation	Domestic Shares	124,754,169 (L)	15.04	10.46
中國石油集團資本有限 責任公司 ²	於受控法團的權益	內資股	124,754,169 (L)	15.04	10.46
CNPC Assets Management Co., Ltd ²	Interests in controlled corporation	Domestic Shares	124,754,169 (L)	15.04	10.46
中油資產管理有限公司 ²	於受控法團的權益	內資股	124,754,169 (L)	15.04	10.46
Kunlun Trust Co. Ltd. ²	Interests in controlled corporation	Domestic Shares	124,754,169 (L)	15.04	10.46
昆侖信託有限責任公司 ²	於受控法團的權益	內資股	124,754,169 (L)	15.04	10.46

Directors' Report

董事會報告

Name of Shareholder 股東名稱	Capacity 持股身份	Type of Shares 股份類別	Number of Shares 股份數目	Percentage of the respective type of Shares in issue (%) 佔已發行 類別股份 的比例(%)	Percentage of the total number of Shares in issue (%) 佔已發行 總股份 的比例(%)
Ningbo Kunlun Xinyuan Equity Investment Management Partnership (Limited Partnership) ²	Interests in controlled	Domestic Shares	124,754,169 (L)	15.04	10.46
寧波昆侖信元股權投資管理 合夥企業（有限合夥） ²	於受控法團的權益	內資股	124,754,169 (L)	15.04	10.46
Yantai Xinzhen Tianying Equity Investment Center (Limited Partnership) ²	Beneficial owner	Domestic Shares	124,754,169	15.04	10.46
煙台信貞添盈股權投資中心 （有限合夥） ²	實益擁有人	內資股	124,754,169	15.04	10.46
The National Council for Social Security Fund of the PRC [*]	Beneficial owner	H Shares	30,454,900 (L)	8.37	2.55
全國社會保障基金理事會	實益擁有人	H股	30,454,900 (L)	8.37	2.55
Caiyun International Investment Limited ¹	Beneficial owner	H Shares	8,449,000 (L)	2.32	0.71
彩雲國際投資有限公司 ¹	實益擁有人	H股	8,449,000 (L)	2.32	0.71
YMCI ¹	Interests in controlled corporation, interests held jointly with another person	H Shares	8,449,000 (L)	2.32	0.71
雲南城投集團 ¹	於受控法團的權益，與另 一名人士共同持有權益	H股	8,449,000 (L)	2.32	0.71

Notes:

(L) refers to long position

(1) Yunnan Province Water is wholly owned by YMCI and is the beneficial owner of 358,757,162 Domestic Shares. Caiyun International Investment Limited is wholly owned by YMCI and is the beneficial owner of 8,449,000 H Shares. YMCI is deemed to be interested in all the Domestic Shares held by Yunnan Province Water and H Shares held by Caiyun International Investment Limited pursuant to the SFO which representing approximately 31.01% of total issued Shares. By virtue of the acting in concert agreement (the "Acting in Concert Agreement") dated 24 July 2014 entered into between Yunnan Province Water, Liu Xujun, Huang Yunjian and Wang Yong, each of Liu Xujun, Huang Yunjian and Wang Yong agreed to act in concert with Yunnan Province Water in exercising their voting rights in the Shareholders' meeting of the Company. Each of Yunnan Province Water and YMCI is deemed to be interested in all the Domestic Shares held by Huang Yunjian, Liu Xujun, Wang Yong and Yunnan Province Water itself in aggregate pursuant to the SFO.

Huang Yunjian is the beneficial owner of 1,950,000 Domestic Shares. By virtue of the Acting in Concert Agreement, Mr. Huang is deemed to be interested in all the Domestic Shares held by Yunnan Province Water, Liu Xujun, Wang Yong and Mr. Huang himself in aggregate pursuant to the SFO.

Liu Xujun is the beneficial owner of 195,000 Domestic Shares. By virtue of the Acting in Concert Agreement, he is deemed to be interested in all the Domestic Shares held by Yunnan Province Water, Huang Yunjian, Wang Yong and himself in aggregate pursuant to the SFO.

Wang Yong is the beneficial owner of 585,000 Domestic Shares. By virtue of the Acting in Concert Agreement, he is deemed to be interested in all the Domestic Shares held by himself, Yunnan Province Water, Huang Yunjian and Liu Xujun in aggregate pursuant to the SFO.

(2) Ningbo Kunlun Xinyuan Equity Investment Management Partnership (Limited Partnership) ("Ningbo Kunlun Xinyuan") is a general partner of Yantai Xinzhen Tianying Equity Investment Center (Limited Partnership), holds 3.85% equity interests in Xinzhen Tianying and is the beneficial owner of 124,754,169 Domestic Shares; Ningbo Kunlun Xinyuan is owned as to 99% by Kunlun Trust Co., Ltd.; Kunlun Trust Co., Ltd. is owned as to 82.18% by CNPC Assets Management Co., Ltd., which in turn is wholly owned by CNPC Capital Limited; CNPC Capital Limited is wholly owned by CNPC Capital Company Limited, which in turn is owned as to 77.35% by China National Petroleum Corporation.

Save as disclosed above, to the best knowledge of the Company, as at 31 December 2019, no person (other than the Directors, Supervisors and chief executives) had informed the Company that he had interests or short positions in the Shares or underlying Shares of equity derivatives of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or held any interests or short positions in 5% or more of the respective types of capital in issue of the Company.

附註：

(L) 代表好倉

(1) 雲南省水務由雲南城投集團全資擁有並為 358,757,162 股內資股的實益擁有人。彩雲國際投資有限公司由雲南城投集團全資擁有並為 8,449,000 股 H 股的實益擁有人。根據證券及期貨條例，雲南城投集團被視為於雲南省水務及彩雲國際投資有限公司持有的所有股份中擁有權益佔所有已發行股份約 31.01%。憑藉雲南省水務、劉旭軍、黃雲建與王勇簽訂的日期為二零一四年七月二十四日的一致行動協議（「一致行動協議」），劉旭軍、黃雲建與王勇分別同意就在本公司股東大會上行使投票權與雲南省水務一致行動。根據證券及期貨條例，雲南省水務及雲南城投集團均被視為於黃雲建、劉旭軍、王勇及雲南省水務本身合共持有的所有內資股中擁有權益。

黃雲建為 1,950,000 股內資股的實益擁有人。憑藉一致行動協議，根據證券及期貨條例，黃先生被視為於雲南省水務、劉旭軍、王勇及其合共持有的所有內資股中持有權益。

劉旭軍為 195,000 股內資股的實益擁有人。憑藉一致行動協議，根據證券及期貨條例，彼被視為於雲南省水務、黃雲建、王勇及其合共持有的所有內資股中持有權益。

王勇為 585,000 股內資股的實益擁有人。憑藉一致行動協議，根據證券及期貨條例，彼被視為於雲南省水務、黃雲建、劉旭軍及其合共持有的所有內資股中擁有權益。

(2) 寧波昆侖信元股權投資管理合夥企業（有限合夥）（「寧波昆侖信元」）為煙台信貞添盈股權投資中心（有限合夥）（「信貞添盈」）的普通合夥人，其擁有信貞添盈 3.85% 權益並為 124,754,169 股內資股的實益擁有人；寧波昆侖信元由昆侖信託有限責任公司控制 99%；昆侖信託有限責任公司由中油資產管理有限公司控制 82.18%；中油資產管理有限公司由中國石油集團資本有限責任公司全資擁有；中國石油集團資本有限責任公司由中國石油集團資本股份有限公司全資擁有；中國石油集團資本股份有限公司由中國石油天然氣集團有限公司控制 77.35%。

除上文披露者外，據本公司所深知，於二零一九年十二月三十一日，本公司並無獲任何人士（董事、監事或最高行政人員除外）告知，彼於本公司股份或股票衍生工具的相關股份中，擁有根據證券及期貨條例第 XV 部第 2 及 3 分部有關條文須向本公司披露的權益或淡倉或根據證券及期貨條例第 336 條須存置在本公司登記冊中記錄的權益或淡倉，擁有佔本公司類別已發行股本 5% 或以上的權益或淡倉。

Directors' Report

董事會報告

MANAGEMENT CONTRACT

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the year.

CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the Group conducted a number of non-exempt continuing connected transactions. The table below shows the annual caps and actual transaction value of such continuing connected transactions for the Reporting Period:

管理合約

除僱員聘任合約外，集團年內並沒有就全部或任何重大部分的本公司業務管理及行政訂立或存在任何合約。

持續關連交易

於報告期內，本集團曾進行多項不獲豁免持續關連交易。下表載列該等持續關連交易於報告期內的年度上限及實際交易價值：

Name, date and term of the agreement 協議名稱、日期及期限	Connected Persons 關連人士	Nature and description of the transaction 交易性質及概況	Basis for determining the consideration 定價基礎	Annual cap for 2019 二零一九年度 上限 RMB'000 人民幣千元	Actual transaction amount in 2019 二零一九年 實際交易價值 RMB'000 人民幣千元
Membrane Ancillary Material Procurement Master Agreement	Beijing OriginWater and its subsidiaries	Yunnan Water purchases membrane ancillary materials from Beijing OriginWater	On an arm's length basis and on normal commercial terms	30,000	3,973
膜輔料採購總協議	北京碧水源及其附屬公司	雲南水務向北京碧水源採購膜輔料	公平原則及一般商業條款	30,000	3,973
It was entered into on 22 December 2017 to set the annual cap of transaction for 3 years from 2018 to 2020. 於二零一七年十二月二十二日訂立，以設定二零一八年至二零二零年三年年度交易上限。					
Master Sale and Purchase Agreement for Engineering Services	YMCI and its subsidiaries	Yunnan Water provides Engineering Services to YMCI	On an arm's length basis and on normal commercial terms	54,000	771
工程服務總協議	雲南城投集團及其附屬公司	雲南水務為雲南城投集團提供工程服務	公平原則及一般商業條款	54,000	771
It was entered into on 29 December 2017 to set the annual cap of transaction for 3 years from 2018 to 2020. 於二零一七年十二月二十九日訂立，以設定二零一八年至二零二零年三年年度交易上限。					

Several related-party transactions as disclosed in Note 36 to the Financial Statements prepared in accordance with HKFRS fall under the definition of "continuing connected transaction" in Chapter 14A of the Listing Rules. The Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules.

Review by and confirmation of independent non-executive Directors of the Company

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that such transactions were:

- (1) entered into in the ordinary and usual course of business of the Group;
- (2) carried out in normal commercial terms or better;
- (3) carried out according to the relevant transaction agreements, the terms of which are fair and reasonable, and in the interests of the Shareholders as a whole.

Auditor's Letter

The auditor of the Company was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the conclusions in respect of the abovementioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The Directors confirmed that the Company has complied with the requirements under Chapter 14A of the Listing Rules with regard to the above continuing connected transactions.

財務報告準則編製的財務報表附註36所披露的若干關連方交易符合上市規則第十四A章對「持續關連交易」的定義。本公司已遵守根據上市規則第十四A章的規定。

本公司獨立非執行董事審閱及確認

根據上市規則第14A.55條，獨立非執行董事已審閱上述持續關連交易，並確認該等交易：

- (1) 乃於本集團日常業務中訂立；
- (2) 按照一般或更佳商務條款進行；
- (3) 乃根據相關交易的協議進行，條款公平合理，並符合股東的整體利益。

核數師函件

根據香港會計師公會頒佈的香港鑒證業務準則第3000號(修訂)「非審核或審閱過往財務資料的鑒證工作」規定，並參照實務說明第740號「關於香港上市規則所述持續關連交易的核數師函件」，本公司核數師獲委聘就本集團的持續關連交易作出報告。根據上市規則第14A.56條，本公司核數師已就上述持續關連交易的審查結果及結論發出無保留意見函件。核數師函件的副本經已由本公司提交聯交所。

董事確認本公司已就上述持續關連交易遵守上市規則第十四A章項下相關規定。

Directors' Report

董事會報告

COMPLIANCE WITH THE NON-COMPETITION UNDERTAKING

Each of the Acting in Concert Parties signed a non-competition undertaking on 6 May 2015, in favor of the Company (the “**Non-competition Undertaking**”). Pursuant to the Non-competition Undertaking, each of the Acting in Concert Parties has irrevocably undertaken that it will not, and will procure that its associates (except the Company) will not, directly or indirectly, whether as principal or agent, either on its own account or in conjunction with or on behalf of any person, firm or company, whether inside or outside the PRC, among other things, carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition with the business of the Company from time to time (the “**Restricted Business**”). Each of the Acting in Concert Parties has also undertaken to the Company that, if there is any new business opportunity in the Restricted Business, it shall within a reasonable period of time refer such new business opportunities to our Company on a pre-emptive basis.

The Acting in Concert Parties have confirmed in writing to the Company of their compliance with the Non-competition Undertaking for disclosure in this report during the Reporting Period.

The independent non-executive Directors have reviewed the information provided by the Acting in Concert Parties regarding compliance with the Non-competition Undertaking and had determined that the Acting in Concert Parties have fully complied with and are not in breach of the Non-competition Undertaking during the Reporting Period.

COMPLIANCE WITH NON-COMPETITION AGREEMENTS

The Undertaking Shareholders signed non-competition agreements (the “**Non-Competition Agreements**”) on 6 May 2015, in favour of the Company. Pursuant to the Non-competition Agreements, each of the Undertaking Shareholder has irrevocably undertaken that it will not and will procure that its associates (except the Company) will not, directly or indirectly, whether as principal or agent, either on its own account or in conjunction with or on behalf of any person, firm or company, whether inside or outside the PRC, among other things, carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition with the business of the Company from time to time. Each of the Undertaking Shareholders has also undertaken to the Company that, if there is any new business opportunity in the Restricted Business, it shall within a reasonable period of time refer such new business opportunities to our Company on a pre-emptive basis.

遵守不競爭承諾

各一致行動人士已於二零一五年五月六日簽署以本公司為受益人的不競爭承諾(「**不競爭承諾**」)。根據不競爭承諾，各一致行動人士已不可撤回地承諾，其不會並將促使其聯繫人(本公司除外)不會直接或間接(無論以當事人或代理的身份，無論為其自身利益或會同或代表任何人士、商號或公司，無論在中國境內或境外)(其中包括)開展、從事、參與與本公司業務不時存在競爭的任何業務(「**受限制業務**」)或於該等業務中持有任何權利或利益或為該等業務提供任何服務或涉足該等業務。各一致行動人士亦已向本公司承諾，倘受限制業務中出現任何新商機，其將於一段合理期間內將該新商機優先推介予本公司。

一致行動人士已以書面形式向本公司確認，於報告期內，彼等已遵守在本年報內披露的不競爭承諾。

獨立非執行董事已審閱一致行動人士就遵守不競爭承諾提供的一切必需資料，並確定自報告期內，一致行動人士已完全遵守且並無違反不競爭承諾。

遵守不競爭協議

有承諾的股東已於二零一五年五月六日簽署以本公司為受益人的不競爭協議(「**不競爭協議**」)。根據不競爭協議，各有承諾的股東已不可撤回地承諾，其不會並將促使其聯繫人(本公司除外)不會直接或間接(無論以當事人或代理的身份，無論為其自身利益或會同或代表任何人士、商號或公司，無論在中華人民共和國境內或境外)(其中包括)開展、從事、參與與本公司業務不時存在競爭的任何業務或於該等業務中持有任何權利或利益或為該等業務提供任何服務或涉足該等業務。各有承諾的股東亦已向本公司承諾，倘受限制業務中出現任何新商機，其將於一段合理期間內將該新商機優先推介予本公司。

Directors' Report 董事會報告

The Undertaking Shareholders have confirmed in writing to the Company of their compliance with the Non-competition Agreements for disclosure in this report during the Reporting Period.

The independent non-executive Directors have reviewed the information provided by the Undertaking Shareholders regarding compliance with the Non-competition Agreements and confirmed that all Undertaking Shareholders have fully complied with and are not in breach of the Non-competition Agreements during the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period the total amount of procurement from the five largest suppliers of the Group accounted for 63.86% of the total amount of procurement for the year ended 31 December 2019. The procurement from the largest supplier accounted for 36.85% of the total amount of procurement for the year ended 31 December 2019.

During the Reporting Period, the total amount of sales for the year ended 31 December 2019 to the five largest customers of the Group accounted for 14.63% of the total amount of revenue, and the total amount of sales to the largest customer accounted for 10.47% of the total amount of revenue of the Group for the year ended 31 December 2019.

The Directors and the Supervisors of the Company, and their respective close associates, or any Shareholder (which to the knowledge of the Directors own more than 5% of the issued Shares of the Company) do not hold any interest in the top five customers and top five suppliers of the Group.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Please refer to the Note 2.27 to the Financial Statements for detailed information on the retirement and employee benefits scheme of the Company.

BUSINESS REVIEW

The Company's business review and the discussion and analysis of the Group's performance for the year and material factors relating to its results and financial conditions are respectively set out in the chapter headed "General Manager's Report" from page 13 to 16 and the chapter headed "Management Discussion and Analysis" from page 17 to 34 in this annual report. Such discussions constitute an integral part of this annual report.

有承諾的股東已以書面形式向本公司確認，於報告期內，彼等已遵守將在本年報內披露的不競爭協議。

獨立非執行董事已審閱有承諾的股東就遵守不競爭協議提供的一切必需資料，並確認自報告期內，各有承諾的股東已完全遵守且並無違反不競爭協議。

主要客戶及供應商

報告期內本集團向五大供應商的採購總額佔截至二零一九年十二月三十一日止年度採購總額的63.86%，而向最大供貨商的採購額佔截至二零一九年十二月三十一日止年度採購總額的36.85%。

報告期內本集團向五大客戶的銷售總額佔截至二零一九年十二月三十一日止年度收益總額的14.63%，而向最大的客戶的銷售總額佔集團截至二零一九年十二月三十一日止年度收益的10.47%。

本公司董事及監事及彼等各自的緊密聯繫人或據董事及監事所知持有本公司5%以上已發行股份的任何股東概無於本集團五大客戶及五大供應商中擁有任何權益。

退休及僱員福利計劃

有關本公司退休及僱員福利計劃的詳情，請參閱財務報表附註2.27。

業務回顧

本年度本公司業務回顧及本集團表現之討論及分析以及與其業績及財務狀況相關之重大因素，分別載於本年報第13至16頁之「總經理報告」以及第17至34頁之「管理層討論及分析」章節內。該等討論構成本報告之一部分。

Directors' Report

董事會報告

ENVIRONMENTAL POLICY

As one of the leading integrated urban environmental treatment services providers in the PRC, the Company is committed to operating its various business segments in an environmentally-friendly manner. The Board believes that compliance with the relevant environmental protection rules and regulations is crucial to the long term development and success of the Group's businesses. In order to maintain a high standard of staff awareness of the relevant rules and regulations, the Company offers periodical trainings to the key technical personnel at the various water treatment plants and solid waste treatment plants. As a result of the Company's commitment to environmental protection and through the implementation of advanced technologies, the Group has achieved safe and environmentally-friendly production during the Reporting Period.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board believes the compliance with laws and regulations as the cornerstone of a business and attaches considerable importance to it. To the best knowledge of the Board, during the Reporting Period, the Company has complied with the relevant laws and regulations that have a significant impact on the Company. Furthermore, as the H Shares of the Company are listed on the Stock Exchange, the Company shall be bound by the Listing Rules and the SFO.

RISKS AND UNCERTAINTIES

The Group's business, future results of operations and prospects could be affected by certain risks and uncertainties. Please refer to the chapter headed "General Manager's Report" from page 13 to 16 in this annual report for detail analysis of the relevant risks and uncertainties.

PERMITTED INDEMNITY PROVISIONS

During the Reporting Period and up to the date of this annual report, the Company has undertaken and maintained a collective liability insurance policy covering, among others, all directors of the Company and its "associated companies" (as defined under the Companies Ordinance (Chapter 622 of the laws of Hong Kong)).

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director and Supervisor or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

環境政策

作為中國領先的城市綜合環境治理服務供應商之一，本公司致力以保護環境的方式經營其多個業務分部。董事會相信遵守相關環保規則及法規對本集團業務的長期發展及成功至關重要。為維持員工對相關規則及法規有高度意識，本公司向不同水處理廠及固廢處理廠的主要技術人員定期提供培訓。鑒於本公司對環保的承擔且採用先進的技術，故本集團於報告期內的生產達致安全且環保。

遵守法律及法規

董事會認為遵守法律及法規乃企業的基石，故十分關注其重要性。就董事會所知悉，本公司於報告期一直遵守對本公司具重大影響力的相關法律及法規。此外，由於本公司之H股於聯交所上市，故此，本公司須受上市規則及證券及期貨條例約束。

風險及不確定性

本集團的業務、未來經營業績及前景可能會因該等風險及不確定性而受到重大且不利的影響。本年報第13至16頁之「總經理報告」章節內列出本集團現時面對的主要風險及不確定性。

獲准許的彌償條文

於報告期內及截至本年度報告日期，本公司已為（包括但不限於）本公司及其「有聯繫公司」（如公司條例（香港法例第622章）下賦予該詞彙的定義）的董事購買及維持一項集體責任保險。

董事及監事購買股份或債券之權利

自報告期內，概無授予任何董事及監事或彼等各自之配偶或十八歲以下之子女權利，可藉購買本公司股份或債券而取得利益，彼等亦無行使任何該等權利；本公司或其任何附屬公司亦概無達成任何安排，致使董事能購入任何其他法人團體之該等權利。

DEBT AND PERPETUAL INSTRUMENTS ISSUANCE

During the Reporting Period, the Group issued the following debt financing instruments for purposes of meeting the daily business operation needs, adjusting the debt structure, replenishing working capital and project investment.

On 18 March 2019, the Company issued publicly the tranche 1 of short-term financial bonds in the principal of RMB600,000,000, with a term of one year and an interest rate of 4.18% per annum;

On 19 April 2019, the Company issued publicly the tranche 1 of ultra-short-term financial bonds in the principal of RMB600,000,000, with a term of 180 days and an interest rate of 4.60% per annum;

On 22 August 2019, the Company issued publicly the tranche 2 of short-term financial bonds in the principal of RMB1,000,000,000, with a term of one year and an interest rate of 4.99% per annum;

On 12 September 2019, the Company issued publicly the tranche 2 of ultra-short-term financial bonds in the principal of RMB400,000,000, with a term of 180 days and an interest rate of 4.98% per annum;

On 15 November 2019, the Company issued publicly the tranche 3 of ultra-short-term financial bonds in the principal of RMB400,000,000, with a term of 180 days and an interest rate of 5.40% per annum.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance with a view to safeguarding the interest of shareholders and enhancing corporate value. The Board believes that good corporate governance is one of the factors leading to the success of the Company and balancing the interests of shareholders, customers and employees.

During the Reporting Period, the Company has complied with all code provisions as set out in the Corporate Governance Code. Details of the corporate governance practice of the Company are set out in the Corporate Governance Report from page 66 to 81 in this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules as at the date of this annual report.

發行債務融資工具

於報告期內，本集團已發行以下債務融資工具作為滿足其日常經營需要，調整債務結構，補充流動資金及項目投資。

於二零一九年三月十八日，本公司公開發行本金為人民幣600,000,000元的短期融資券一期，該短期融資券期限為一年，年利率為4.18%；

於二零一九年四月十九日，本公司公開發行本金為人民幣600,000,000元的超短期融資債券一期，該超短期融資債券期限為一百八十天，年利率為4.60%；

於二零一九年八月二十二日，本公司公開發行本金為人民幣1,000,000,000元的短期融資券二期，該短期融資券期限為一年，年利率為4.99%；

於二零一九年九月十二日，本公司公開發行本金為人民幣400,000,000元的超短期融資債券二期，該超短期融資債券期限為一百八十天，年利率為4.98%；

於二零一九年十一月十五日，本公司公開發行本金為人民幣400,000,000元的超短期融資債券三期，該超短期融資債券期限為一百八十天，年利率為5.40%。

遵守企業管治守則

本公司致力維持高水準的企業管治，務求維護股東利益及提升企業價值。董事會相信良好的企業管治是引領本公司走向成功及平衡股東、客戶以及僱員之間利益關係之因素之一。

於報告期內，本公司已遵守企業管治守則所載的所有守則條文。本公司企業管治常規之詳情載於本年報第66頁至81頁之企業管治報告內。

公眾持股量的足夠性

根據本公司的公開可得資料及據董事所知，於本年報日期，本公司已維持經聯交所批准及上市規則准許的規定最低公眾持股量。

Directors' Report

董事會報告

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 December 2019, the Group had not been involved in any material litigation nor arbitration and the Directors are not aware of any litigation or claims of material importance pending or threatened against the Group.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the Reporting Period of the Company are set out in the chapter headed "Management Discussion and Analysis" from page 17 to 34 in this annual report.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "**Dividend Policy**"), pursuant to which, before declaration or proposed distribution of dividends, the Board shall consider the following factors:

- the actual and expected financial performance of the Company;
- the retained earnings and distributable reserves of the Company and the subsidiaries of the Group;
- the working capital requirements, capital expenditure requirements and future expansion plans of the Group;
- the liquidity of the Group;
- the overall economic conditions, the business cycle of the Group's business and the inherent or external factors that may affect the business, financial performance and positioning of the Company; and
- Other factors that the Board considers relevant.

The distribution of dividends is also subject to any applicable laws and the Articles of Association.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the annual results and the Financial Statements of the Company for the year ended 31 December 2019.

重大訴訟

截至二零一九年十二月三十一日止年度，本公司並無涉及任何重大法律訴訟或仲裁。就董事所知，亦無任何尚未了結或本集團可能面臨的重大法律訴訟或索賠。

期後事項

本公司期後事項之詳情載於本年報第17頁至34頁之「管理層討論及分析」章節內。

股息政策

本公司已採納股息政策（「**股息政策**」），在宣派或建議分派股息前，董事會須考慮下列因素：

- 本公司的實際及預期財務表現；
- 本公司及本集團各附屬公司的留存收益及可分派儲備；
- 本集團的營運資金要求、資本開支要求及未來擴展計劃；
- 本集團的流動資金狀況；
- 整體經濟狀況、本集團業務的商業週期及可能對本公司業務、財務業績及定位構成影響的內在或外在因素；及
- 董事會認為相關的其他因素。

派付股息亦須受任何適用法律及公司章程的規限。

審核委員會

本公司審核委員會已審閱本公司截至二零一九年十二月三十一日止年度的全年業績及財務報表。

AUDITOR

PricewaterhouseCoopers was appointed as auditor of the Company for the consolidated financial statements prepared in accordance with HKFRS for the year ended 31 December 2019. The Group's consolidated financial statements for the year ended 31 December 2019 prepared in accordance with HKFRS have been audited by PricewaterhouseCoopers. The Company has retained the services of PricewaterhouseCoopers since 2013.

A resolution to re-appoint PricewaterhouseCoopers as the auditor of the Company for the year of 2020 will be proposed at the AGM.

FINANCIAL HIGHLIGHTS

Summary of results of operation and the position of assets and liabilities of the Group for the recent five financial years is set out on page 215 in this annual report.

For and on behalf of the Board
Yunnan Water Investment Co., Limited*

Yang Tao
Chairman

Kunming, the PRC
27 March 2020

核數師

羅兵咸永道會計師事務所獲委聘為本公司截至二零一九年十二月三十一日止年度就根據香港財務報告準則編製合併財務報表的核數師。本集團根據香港財務報告準則編製的截至二零一九年十二月三十一日止年度合併財務報表已經羅兵咸永道會計師事務所審計。本公司自二零一三年起委聘羅兵咸永道會計師事務所提供審計服務。

本公司將於股東週年大會上提呈再次委任羅兵咸永道會計師事務所為二零二零年度本公司核數師的決議案。

財務摘要

本集團於過往五個財政年度的經營業績及資產及負債載於本年報第215頁。

代表董事會
雲南水務投資股份有限公司

董事長
楊濤

中國·昆明
二零二零年三月二十七日

Corporate Governance Report

企業管治報告

The Board is pleased to present this corporate governance report of the Company for the Reporting Period.

The Group strives to maintain high standards of corporate governance to enhance Shareholder value and safeguard Shareholders' interests. The Company's corporate governance principles emphasize the importance of a quality Board, effective internal control and accountability to the Shareholders.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance with a view of safeguarding the interest of Shareholders and enhancing corporate value. The Board believes that good corporate governance is one of the factors leading to the success of the Company and balancing the interests of shareholders, customers and employees.

During the Reporting Period, the Company has complied with all code provisions as set out in the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Group has adopted the Model Code as the code of conduct regarding securities transactions by the Directors and Supervisors. The Group has made specific enquiries with all of its Directors and Supervisors, and all Directors and Supervisors have confirmed that they have fully complied with the required standard set out in the Model Code during the Reporting Period.

董事會欣然提呈報告期的企業管治報告。

本集團致力維持高水平企業管治，以提升股東價值及保障股東權益。本公司的企業管治原則重視質素優良的董事會、有效的內部監控及向股東負責。

遵守企業管治守則

本公司致力維持高水準的企業管治，務求維護股東利益及提升企業價值。董事會相信良好的企業管治是引領本公司走向成功及平衡股東、客戶以及僱員之間利益關係之因素之一。

於報告期內，本公司已遵守企業管治守則所載的所有守則條文。

董事及監事進行證券交易的標準守則

本集團已採納標準守則作為董事及本公司監事進行證券交易的守則。本集團已向全體董事及監事作出具體查詢，全體董事及監事已確認，彼等於報告期內一直完全遵守標準守則所載的規定標準。

Corporate Governance Report

企業管治報告

BOARD OF DIRECTORS	董事會
Board composition	董事會的組成
The Directors who held office during the Reporting Period are:	於報告期內任職的董事為：
Executive Directors	執行董事
Mr. Yu Long (<i>Vice-chairman, General manager</i>)	于龍先生(<i>副董事長、總經理</i>)
Mr. Yang Fang (<i>Deputy General manager</i>)	楊方先生(<i>副總經理</i>)
Non-executive Directors	非執行董事
Mr. Yang Tao (<i>Chairman</i>)	楊濤先生(<i>董事長</i>)
Ms. Li Bo	李波女士
Mr. He Yuanping	何願平先生
Mr. Chen Yong (<i>appointed on 13 June 2019</i>)	陳勇先生 (<i>於二零一九年六月十三日獲委任</i>)
Mr. Feng Zhuangzhi (<i>resigned on 13 June 2019</i>)	馮壯志先生 (<i>於二零一九年六月十三日離任</i>)
Independent Non-executive Directors	獨立非執行董事
Mr. Hu Song	胡松先生
Mr. Ma Shihao	馬世豪先生
Mr. Liu Shuen Kong	廖船江先生

To the best knowledge of the Company, none of the Directors has any financial, business, family or other material/relevant relationships with each other. In particular, there is no such relationship between the Chairman and the general manager. The roles of Chairman and the general manager are assumed by Mr. Yang Tao and Mr. Yu Long, respectively. For details, please refer to the section headed "Chairman and Chief Executive Officer" below.

The biographies of the Directors are set out in the section headed "Directors, Supervisors and Senior Management" in this annual report.

The Company has entered into a service contract with each of the Directors containing terms relating to, among other things, compliance with relevant laws and regulations, observation of the Articles of Association and provision on arbitration. Pursuant to the Articles of Association, the Directors (including the non-executive Directors and the independent non-executive Directors) shall serve a term of three years from the date of he/she takes up the appointment.

During the Reporting Period, the Board at all times complied with the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors (at least one-third of the Board) with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

據本公司目前所知，董事彼此間概無任何財務、業務、家族或其他重大／相關關連。尤其是董事長與總經理之間概無該等關連。董事長及總經理職位分別由楊濤先生及于龍先生擔任。有關詳情請參閱下文「主席及行政總裁」章節。

董事簡歷載於本年報「董事、監事及高級管理人員」章節內。

本公司已與各董事訂立服務合約，當中載有有關(其中包括)遵守相關法律及法規、遵守章程及仲裁相關條文的條款。根據章程，董事(包括非執行董事及獨立非執行董事)的任期由其獲委任之日起計為期三年。

於報告期內，董事會一直遵守上市規則中有關委任至少三名獨立非執行董事(佔董事會人數至少三分之一)以及其中至少一名獨立非執行董事須擁有合適專業資格或會計或相關財務管理知識之規定。

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The Company has received written confirmation from each of the independent non-executive Directors of his independence during the Reporting Period pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent during the Reporting Period in accordance with the independence guidelines as set out in the Listing Rules.

All Directors, including the non-executive Directors and the independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

Responsibilities of the Board

The Board's fundamental responsibility is to exercise its best judgement and to act in the best interests of the Company and its Shareholders. The Board oversees management's efforts to promote the Company's success while operating in an effective and responsible manner. The Board also formulates the Company's overall business strategies and monitors management's execution of such strategies.

By discharging its responsibilities, the Board has defined the business and governance issues for which it needs to be responsible, and these matters reserved for the Board have been separately defined, and are reviewed periodically, to ensure that the Company maintains the proper level of corporate governance and to ensure they are up to date. In this regard, the Board discharges, among others, the following duties:

- (1) to be responsible for convening general meetings, to propose at a general meeting to pass the relevant matters and to report on its work to the general meeting and to implement the resolutions of the general meetings;
- (2) to decide on the Company's business plans and investment plans;
- (3) to formulate the Company's proposed annual preliminary and final financial budgets and profit distribution plans and plans for recovery of losses;
- (4) to draw up plans for the material asset acquisition or disposal, repurchase of shares of the Company or merger, division, dissolution and alteration of corporate form of the Company;
- (5) to decide on the proposals for salaries, incentives and punishments of the Company's staff;
- (6) to decide on the establishment of special committees under the Board and to appoint or remove its person-in-charge;

本公司已接獲各獨立非執行董事根據上市規則第3.13條的規定於報告期內就其獨立性發出的確認書。本公司認為全體獨立非執行董事於報告期內根據上市規則所載獨立性指引均具獨立性。

全體董事(包括非執行董事及獨立非執行董事)為董事會帶來不同範疇之寶貴業務經驗、知識及專長,使其高效及有效運作。

董事會的職責

董事會的基本責任為行使其最佳判斷及以本公司及其股東的最佳利益行事。董事會在以有效及負責任方式運營的同時監管管理層的努力以推動本集團成功。董事會亦制訂本公司的整體業務策略及監控管理層對該等策略的執行。

通過履行其責任,董事會已界定其須負責的業務及管治事務,而就董事會保留的有關事宜已獲單獨界定及獲定期審閱,以確保本公司維持適當水平的企業管治,並確保其企業管治持續更新。就此而言,董事會行使如下職能(其中包括):

- (1) 召集股東大會會議,提請股東大會通過有關事項,並向股東大會報告工作及執行股東大會的決議;
- (2) 決定公司的經營計劃和投資方案;
- (3) 制訂公司的年度財務預算方案和決算方案及利潤分配方案和彌補虧損方案;
- (4) 擬訂公司重大資產收購和出售、回購本公司股票或合併、分立、解散及變更公司形式的方案;
- (5) 決定公司職工的工資、福利及獎懲方案;
- (6) 決定董事會專門委員會的設置和任免專門委員會負責人;

- (7) to propose at general meetings for the appointment, renewal or remove of accountants' firm conducting auditing for the Company; and
- (8) to review and supervise the policies and practices of the Company in compliance with legal and regulatory requirements.

The Board delegates the responsibility of day-to-day business and operations to the Company's senior management, which includes its chief administration officers, the general manager and deputy general manager. The senior management meets regularly or as frequent as necessary to formulate policies and make recommendations to the Board. The senior management administers, enforces, interprets and supervises compliance with the internal rules and operational procedures of the Company as well as its subsidiaries and conducts regular reviews, recommends and advises on appropriate amendments to such rules and procedures. The senior management reports to the Board on a regular basis and communicates with the Board whenever required.

Corporate Governance Functions of the Board

The Board is responsible for formulating the corporate governance policies and performing the corporate governance duties, which include, among others:

- (1) to develop and review the policies and practices of the Company on corporate governance and make recommendations;
- (2) to review and monitor the training and continuous professional development of the Directors and Senior management;
- (3) to review and monitor the policies and practices of the Company on compliance with legal and regulatory requirements;
- (4) to review and supervise the compliance of the Directors and employees of the Company and its subsidiaries with the required standards as set out in the Model Code; and
- (5) to review the compliance of the Company with relevant code provisions as set out in the Corporate Governance Code and make its disclosure in the corporate governance report prepared under the Listing Rules.

- (7) 向股東大會提請聘任、續聘或解聘承辦公司審計業務的會計師事務所；及
- (8) 檢討及監察公司在遵守法律及監管規定方面的政策及常規。

董事會已將其日常業務及經營職責轉授本公司高級管理團隊，高級管理團隊包括主要行政管理人員、總經理及副總經理。高級管理團隊定期舉行會議或不時就制訂政策及向董事會作出推薦意見的需要而舉行會議。高級管理團隊掌管、執行、詮釋及監督本公司及其附屬公司遵守內部規則及操作程序的情況及定期進行檢討、推薦及建議對有關規則及程序進行適當修訂。高級管理團隊定期向董事會匯報，並在有需要時與董事會保持溝通。

董事會企業管治功能

董事會負責制訂企業管治政策及履行企業管治責任其中包括：

- (1) 發展並檢討本公司的企業管治制度及慣例，並依此提出建議；
- (2) 審核及監察董事及高級管理人員的培訓及持續專業發展；
- (3) 審閱並監督有關本公司遵守法律法規相關要求的制度及慣例；
- (4) 審閱並監督本公司及其附屬公司的董事及僱員遵守標準守則所載的規定標準；以及
- (5) 檢討本公司遵守企業管治守則的守則條文規定的情況，並將其披露於按照上市規則規定籌備的企業管治報告中。

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Operation of the Board

Regular meetings of the Board shall be held at least four times a year. Meetings shall be convened by the Chairman and notice of and documents for such meetings shall be sent to all Directors and Supervisors 14 days before the meeting is held. The Chairman, any Shareholder(s) representing more than one-tenth voting rights, more than one-third of the Directors, or the Supervisory committee or more than one-half of the independent non-executive Directors or the general manager may propose the holding of an extraordinary meeting of the Board. The chairman shall convene and preside over the extraordinary meeting of the Board within ten days upon receipt of the proposal, and shall give written notice to all Directors and Supervisors five days before the meeting is held. During the Reporting Period, the Board held 62 Board meetings, one annual general meeting.

In case of urgency, the extraordinary Board meeting may be held upon approval by the chairman, not subject to the requirement of meeting notice as set out in the Articles of Association, provided that reasonable notice shall be given to Directors, Supervisors and the general manager.

Nomination, Appointment and Removal of Directors

The Company has formulated formal and transparent procedures for the appointment of new directors to the Board. The nominations of new directors are considered first by the nomination committee and the remuneration committee, then they will make recommendations to the Board for consideration. All nominees of new directors must be approved by the Shareholders at the general meeting of the Company. Dismissal of members of the Board must also obtain approval of the shareholders at the general meeting of the Company.

董事會的運作

董事會每年至少召開四次定期會議，由董事長召集，會議通知及會議文件應於會議舉行十四日以前送達全體董事和監事。董事長、代表十分之一以上表決權的股東、三分之一以上董事或者監事會、半數以上獨立非執行董事、總經理可以提議召開董事會臨時會議。董事長應當自接到提議後十日內，召集和主持董事會臨時會議，並於會議召開五日以前書面通知全體董事和監事。於報告期內，董事會共召開了六十二次董事會會議，一次股東週年大會。

遇緊急情況時，經董事長批准，董事會臨時會議的召開不受章程所載會議通知的限制，但應當給予董事、監事和總經理合理通知。

董事的提名及任免

本公司已就委任新董事加入董事會制訂正式及具透明度的程序。新董事的提名先由提名委員會和薪酬委員會考慮，再向董事會推薦以待考慮。所有新提名的董事須經股東於本公司股東大會上批准。罷免董事會成員亦須經股東於本公司股東大會上批准。

Attendance of Board Meetings and General Meetings

During the Reporting Period, the Board held 62 Board meetings. All Directors duly performed their duties and attended the meetings in person or by electronic communication means. They made informed decisions to safeguard the interests of the Company and the Shareholders as a whole. The attendance of Directors is as follows:

Name of Director	董事姓名	Attendance/ Number of Board Meetings 董事會出席次數/ 舉行次數
Mr. Yang Tao	楊濤先生	62/62
Mr. Yu Long	于龍先生	62/62
Ms. Li Bo	李波女士	62/62
Mr. He Yuanping	何願平先生	62/62
Mr. Yang Fang	楊方先生	62/62
Mr. Chen Yong (appointed on 13 June 2019)	陳勇先生(於二零一九年六月十三日獲委任)	43/43
Mr. Feng Zhuangzhi (resigned on 13 June 2019)	馮壯志先生(於二零一九年六月十三日離任)	19/19
Mr. Hu Song	胡松先生	62/62
Mr. Ma Shihao	馬世豪先生	62/62
Mr. Liu Shuen Kong	廖船江先生	62/62

Apart from regular Board meetings, the Chairman also held a meeting with the independent non-executive Directors without the presence of executive Directors during the year ended 31 December 2019.

During this Reporting Period, the Board considered and approved important proposals, mainly including:

- Proposal in respect of the approval of the 2018 annual report of the Company
- Proposal in respect of the approval of the 2018 profit distribution plan of the Company
- Proposal in respect of the approval of the 2018 financial statements and the 2019 financial budget report of the Company
- Proposal in respect of the approval of the re-appointment of PricewaterhouseCoopers Zhong Tian LLP as the PRC auditor and PricewaterhouseCoopers as the international auditor of the Company

董事出席董事會及股東大會情況

於報告期內，董事會舉行了62次董事會議。所有董事均妥善履行其責任親自或通過電子通訊方式出席會議。彼等作出知情決定保障本公司及股東的整體利益。董事的出席率如下：

除定期董事會會議外，於截至二零一九年十二月三十一日止年度，董事長亦曾在執行董事不在場之情況下與獨立非執行董事舉行一次會議。

本報告期內，董事會審議並通過的重要議案主要包括：

- 關於批准本公司2018年度報告的議案
- 關於批准本公司2018年度利潤分配方案的議案
- 關於批准本公司2018年度財務決算及2019年財務預算報告的議案
- 關於批准續聘普華永道中天會計師事務所(特殊普通合夥)為中國核數師及續聘羅兵咸永道會計師事務所為本公司的國際核數師的議案

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- Proposal in respect of the approval of the changes in the composition of the second session of the Board
- Proposal in respect of the approval of the 2019 interim results report of the Company

Pursuant to the Articles of Association, general meetings comprise annual general meetings and extraordinary general meetings. Annual general meetings are held once every year and within six months after the conclusion of the previous financial year. During the Reporting Period, an annual general meetings were held. The attendance of Directors is as follows:

- 關於批准本公司第二屆董事會成員變更的議案
- 關於批准本公司2019年中期業績報告的議案

根據《公司章程》，股東大會分為股東週年大會和臨時股東大會。股東週年大會每年召開一次，並應於上一個財務年度結束後的六個月內舉行。於報告期內，我們共召開了一次股東週年大會。董事的出席率如下：

Name of Director	董事姓名	Attendance/ Number of annual general meeting	Attendance/ Number of extraordinary general meeting
		股東週年大會 出席次數／ 會議次數	臨時股東大會 出席次數／ 會議次數
Mr. Yang Tao	楊濤先生	1/1	0/0
Mr. Yu Long	于龍先生	1/1	1/1
Ms. Li Bo	李波女士	1/1	0/0
Mr. He Yuanping	何願平先生	1/1	0/0
Mr. Yang Fang	楊方先生	1/1	0/0
Mr. Chen Yong (appointed on 13 June 2019)	陳勇先生 (於二零一九年六月十三日獲委任)	1/1	0/0
Mr. Feng Zhuangzhi (resigned on 13 June 2019)	馮壯志先生 (於二零一九年六月十三日離任)	1/1	0/0
Mr. Hu Song	胡松先生	1/1	0/0
Mr. Ma Shihao	馬世豪先生	1/1	0/0
Mr. Liu Shuen Kong	廖船江先生	1/1	0/0

Continuous Professional Development of Directors and Supervisors

Directors shall from time to time understand their responsibilities as Directors of the Company, and the mode of operation, business activities and development of the Company.

All newly appointed Directors will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment, so as to ensure that newly appointed Directors have appropriate understanding of the business and operations of the Company and are fully aware of their responsibilities and obligations under the Listing Rules and relevant regulatory requirements. During the Reporting Period, Directors of the Company have participated in the training about "Obligations of Directors of Listing Companies" conducted by the legal advisers.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company constantly arranges internal seminars and provides reading materials on relevant topics to Directors, and all Directors are encouraged to attend relevant training courses.

During the year ended 31 December 2019, apart from provision of general introduction for newly appointed Directors, the Company also arranged the Directors, Supervisors and relevant senior management members to participate in a training seminar on "Duties of Directors of Companies Listed in Hong Kong" on 13 June 2019 hosted by the Company's legal adviser, with a view to raise the level of standard operations among the Board and senior management of the Company.

Mr. Yu Long, Ms. Li Bo, Mr. Chen Yong, Mr. Yang Fang, Mr. Liu Shuen Kong, Mr. Hu Song, Mr. Tan Hairui, Ms. Zhang Ling, Mr. Huang Yi, Ms. Tang Shuang, Mr. Huang Yunjian, and Mr. Wang Yong have participated in relevant training programs and have provided the relevant records to the Company. The Directors develop and update their knowledge and skills through participation in the training programs, which in turn ensure that they could make suitable contribution to the Board.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles and duties of the chairman and the general manager are separate and held by different persons and have been clearly defined in the Articles of Association. Mr. Yang Tao serves as chairman in the second session of the Board, and Mr. Yu Long serves as general manager. The chairman is elected by a majority vote of all Directors, and the general manager is nominated and appointed by the Board.

董事及監事之持續專業發展

董事須不時了解其作為本公司董事之職責，以及本公司之經營方式、業務活動及發展。

全體董事均於首次獲委任時獲提供正式、全面及針對性就任介紹，確保新任董事們可適當掌握本公司業務及營運，並全面理解根據上市規則及相關法律規定的職責及責任。本公司董事於報告期內，已參加律師舉辦有關「上市公司董事職責」的培訓。

董事須參與適當的持續專業發展，發展並更新其知識及技能，以確保其繼續在具備全面資訊及切合所需的情況下對董事會作出貢獻。本公司持續為董事安排內部研討會及就有關主題刊發閱讀材料，並鼓勵董事參加相關培訓課程。

截至二零一九年十二月三十一日止年度，除為新任董事提供入職介紹外，本公司亦已安排董事、監事及相關高級管理人員於二零一九年六月十三日參加由境外律師主持的有關「香港上市公司董事責任」的培訓講座，藉此提高本公司董事會和管理層對規範運作水平。

于龍先生、李波女士、陳勇先生、楊方先生、廖船江先生、胡松先生、譚海銳先生、張玲女士、黃軼先生、唐爽女士、黃雲建先生及王勇先生均已參與有關培訓，並已向本公司提供有關記錄。董事透過參與培訓課程發展及提升自身知識及技能，從而保證自己可為董事會作出合適的貢獻。

主席及行政總裁

董事長及總經理的職責有所區分，並由不同人士擔任，且於公司章程明確界定。第二屆董事會楊濤先生擔任董事長，于龍先生擔任總經理。董事長由全體董事過半數選舉產生。總經理由董事會提名並聘任。

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The Chairman places great emphasis on the communication with the independent non-executive Directors. The chairman holds meetings with the independent non-executive Directors at least once every year, in respect of development strategy, corporate governance, operational management, at which no executive Director is present.

The Chairman encourages open and active discussions. Directors may speak freely at the Board meetings and actively participate in the discussions of significant decision making in the Board meetings.

BOARD COMMITTEES

The Board had delegated certain responsibilities to various committees. The Company had established four Board committees, being the Nomination Committee, the Remuneration Committee, Compliance Committee and the Audit Committee.

(1). Nomination Committee

The principal responsibilities of the Nomination Committee include: reviewing and monitoring the structure, size, composition and diversity of members of the Board in light of the Company's strategy; identifying suitably qualified individuals and making recommendations to the Board to be new Board members; reviewing and making recommendations to the Board on individuals nominated to be Directors by Shareholders; assessing the independence of independent non-executive Directors; and reviewing and monitoring the implementation of diversity policy of Board members of the Company. Terms of reference of the Nomination Committee have been published on the website of the Company.

During the Reporting Period, the second session of the Nomination Committee consists of one non-executive Director, Mr. Yang Tao (as chairman) and two independent non-executive Directors, Mr. Hu Song and Mr. Ma Shihao.

During the Reporting Period, the Nomination Committee of the Company had held one meeting, to discuss the nomination and appointment matters of Directors of the second session of the Board of the Company, and review the structure, size and composition of the Board and the independence of the independent non-executive Directors. At such meeting, Mr. Chen Yong was nominated as a candidate for an non-executive Director of the second session of the Board.

董事長注重與獨立非執行董事溝通，與獨立非執行董事在執行董事不場情況下至少單獨會面一次，溝通公司發展戰略、公司治理、經營管理等情況。

董事長提倡公開、積極討論的文化，董事在董事會會議上暢所欲言，就公司重大決策事項積極充分討論。

董事委員會

董事會已將部份職責轉授予多個委員會。本公司已設立四個董事委員會，即提名委員會、薪酬委員會、合規委員會及審核委員會。

(1). 提名委員會

提名委員會的主要職責包括：根據本公司策略檢討及監察董事會架構、規模、組成及成員多元化；物色合資格的人士及向董事會提供建議新董事會成員；就股東提名擔任董事的人士進行審閱及向董事會提供建議；評估獨立非執行董事的獨立性；檢討及監察本公司董事會成員多元化政策的實行。有關提名委員會的職權範圍已載列於本公司網站。

於報告期內，第二屆提名委員會由一名非執行董事楊濤先生（作為主席）以及兩名獨立非執行董事胡松先生及馬世豪先生組成。

於報告期內，本公司提名委員會共舉行了一次會議，以討論本公司第二屆董事會董事之提名委任事宜，並檢討董事會架構、人數及組成以及獨立非執行董事之獨立性。會議提名陳勇先生為第二屆董事會非執行董事候選人。

Corporate Governance Report

企業管治報告

The attendance record of the committee members are as follows:

委員會之成員出席記錄如下：

Name of Director	董事姓名	Attendance/ Number of Meetings
		出席次數／ 會議次數
Mr. Yang Tao	楊濤先生	1/1
Mr. Hu Song	胡松先生	1/1
Mr. Ma Shihao	馬世豪先生	1/1

The Company had adopted a board diversity policy with a view to achieving the diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard to the benefits of diversity of the Board members.

本公司已採取董事會多元化政策，務求達到董事會多元化之目的。本公司承認並接受構建一個多元化的董事會可提升董事會表現質素的理念。董事會致力確保董事會因應本公司業務具備適當技巧、經驗及多樣的觀點及角度。本公司仍會按有關人選的長處並考慮對董事會成員多元化的裨益而作出董事會委任。

The Nomination Committee will follow a range of diversified perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be made upon the possible contribution that the selected candidates will bring to the Board.

提名委員會將從多方面就多元化因素進行考慮，包括但不限於性別、年齡、文化及教育背景、專業經驗、技能、知識及服務年資，並按董事人選可為董事會帶來的貢獻而作出最終決定。

(2). Remuneration Committee

The principal responsibilities of the Remuneration Committee include, among others, making recommendations to the Board on the policy and structure of remuneration for all Directors and senior management members and on the establishment of a formal and transparent procedure for developing remuneration policy; review and approval of the remuneration proposals from the management; making recommendations to the Board on the remuneration packages of individual executive Directors and senior management members; and to advise Shareholders of the Company with respect to the service contracts of Directors that require Shareholders' approval under the Listing Rules. Terms of reference of the Remuneration Committee have been published on the website of the Company.

(2). 薪酬委員會

薪酬委員會的主要職責，其中包括：就董事及高級管理人員的全體薪酬政策及架構及就設立正規而具透明度的程序制訂薪酬政策向董事會提出建議；檢討及批准管理層的薪酬建議；向董事會建議個別執行董事及高級管理人員的薪酬待遇；及根據上市規則就有關需要由股東批准的董事服務合同向本公司的股東提出建議。有關薪酬委員會的職權範圍已載列於本公司網站。

During the Reporting Period, the second session of the Remuneration Committee consists of one executive Director, Mr. Yang Fang and two independent non-executive Directors Mr. Hu Song (as chairman) and Mr. Ma Shihao.

於報告期內，第二屆董事會薪酬委員會由一名執行董事楊方先生以及兩名獨立非執行董事胡松先生（作為主席）及馬世豪先生組成。

Corporate Governance Report 企業管治報告

In 2019, the Remuneration Committee provided recommendations to the Board on the remuneration and performance management policy and framework for the Directors and senior management. Meanwhile, it inspected and assessed the performance of duties by the Directors and senior management and the annual performance. During the Reporting Period, the Remuneration Committee of the Company had held the meeting once. The attendance record of the committee members are as follows:

Name of Director	董事姓名	Attendance/ Number of Meetings
		出席次數／ 會議次數
Mr. Hu Song	胡松先生	1/1
Mr. Yang Fang	楊方先生	1/1
Mr. Ma Shihao	馬世豪先生	1/1

(3). Compliance Committee

The principal responsibilities of the Compliance Committee are to conduct independent investigation and make decisions on compliance matters with respect to our business operations by authorization from the Board. The Company has established the Compliance Committee to ensure the operation of any projects acquired and operated by us are in compliance with the Group's internal control standards and the relevant PRC laws and regulations. During the Reporting Period, the Compliance Committee of the Company had held the meeting once, all the members were attended.

During the Reporting Period, the Compliance Committee was consisted of two executive Directors, Mr. Yu Long (as chairman) and Mr. Yang Fang, three independent non-executive Directors, Liu Shuen Kong, Mr. Hu Song and Mr. Ma Shihao, and one employee representative Supervisor, Mr. Huang Yi.

(4). Audit Committee

The principal responsibilities of the Audit Committee include reviewing and supervising the financial reporting process, risk management and internal control systems of the Company, including making recommendations on appointing or changing the external auditor and its terms of engagement; reviewing and monitoring external auditor's independence and audit process objectively; monitor the truthfulness, accuracy and integrity of the Company's financial statements, annual report and accounts and half-year report; oversight of the Company's financial reporting system, risk management and internal control system; and other matters that the Board has authorized it to deal with. Terms of reference of the Audit Committee have been published on the website of the Company.

(3). 合規委員會

合規委員會主要職責為董事會所授權的運營進行獨立調查及就合規事宜進行決策。本公司成立合規委員會以確保本集團收購項目及運營符合內部監控及相關的中國法律法規。於報告期內，本公司合規委員會共舉行一次會議，所有成員均出席了該次會議。

於報告期內，董事會合規委員會由兩名執行董事于龍先生（作為主席）及楊方先生，三名獨立非執行董事廖船江先生、胡松先生及馬世豪先生，以及一名職工代表監事黃軼先生組成。

(4). 審核委員會

審核委員會的主要職責包括：檢討及監督本公司的財務申報過程、風險管理及內部控制制度，包括就委任及更換外部核數師及其委任條款提出推薦意見；客觀檢討及監察外部核數師的獨立性及審核過程；監察本公司財務報表、年度報告及賬目以及半年度報告的真實、準確和完整性；監督本公司財務報告制度、風險管理及內部監控系統；董事會授權其處理的其他事項。有關審核委員會的職權範圍已載列於本公司網站。

Corporate Governance Report 企業管治報告

During the Reporting Period, the Audit Committee was consisted of three independent non-executive Directors, Liu Shuen Kong (as chairman), Mr. Hu Song and Mr. Ma Shihao.

In 2019, the Audit Committee of the Company had held three meetings, to review the annual report 2018, interim report 2019 of the Company, to propose the payment of dividends, to consider and approve the auditors and fix their remuneration, and to discuss and make recommendations on matters such as internal control and internal audit procedures. During the Reporting Period, the attendance of the committee members are as follows:

於報告期內，董事會審核委員會由三名獨立非執行董事廖船江先生(作為主席)、胡松先生及馬世豪先生組成。

於二零一九年，本公司審核委員會共舉行了三次會議，會議審閱了公司二零一八年度報告、二零一九年半年度報告、建議派發股息、建議續聘核數師及釐定核數師酬金、內部審計程序等進行討論及提出建議。報告期內，委員會之成員出席記錄如下：

Name of Director	董事姓名	Attendance/ Number of Meetings
		出席次數/ 會議次數
Mr. Liu Shuen Kong	廖船江先生	3/3
Mr. Hu Song	胡松先生	3/3
Mr. Ma Shihao	馬世豪先生	3/3

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration of senior management of the Group. Details of the remuneration of each of the Directors for the year ended 31 December 2019 are set out in Note 38 to the Financial Statements.

Pursuant to paragraph B.1.5 of the Corporate Governance Code, the remuneration paid to the senior management (excluding the Directors) by bands for the year ended 31 December 2019 is set out below:

董事及高級管理人員的薪酬

本公司已就制訂本集團高級管理人員的薪酬政策建立正式及具透明度的程序。截至二零一九年十二月三十一日止年度各董事薪酬的詳情載於財務報表附註38。

根據企業管治守則第B.1.5段，下表載列截至二零一九年十二月三十一日止年度按區間劃分支付予高級管理人員(不包括董事)的薪酬：

Remuneration bands (RMB)	薪酬區間(人民幣)	Number of individuals 人數
Nil to 1,000,000	零至1,000,000元	4
1,000,001 to 1,500,000	1,000,001元至1,500,000元	3

Corporate Governance Report

企業管治報告

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the Financial Statements of the Company for the year ended 31 December 2019. The Directors consider that the Group has adequate resources to continue in business for the foreseeable future and are not aware of material uncertainties that may cast significant doubt on the Company's ability to continue its operation as a going concern.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's Financial Statements, which were put to the Board for approval.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

The Group believes that effective environmental, social and corporate governance ("ESG") management policies are crucial to the sustainability of the Group's business. As such, the Group proactively enhances its understanding of the latest laws and regulations and the best practices both within and outside the PRC, which are relevant to the Group's business, as well as its management approach and management system. As a responsible corporation, the Group is also committed and dedicated to maintaining the highest environmental and social standards.

The Group has complied with all relevant laws and regulations in relation to its business, including but not limited to health and safety, workplace conditions, employment and the environment. The Group understands that a better future depends on everyone's participation and contribution. To that end, it has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole. The Group also maintains strong relationships with its employees, has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure sustainable development.

An ESG report (the "ESG Report") has been prepared with reference to Appendix 27 ESG Report Guide to the Listing Rules. The report presents our contributions to sustainable development during the Reporting Period, and covers the major environmental and social policies, environmental indicators of our Group, measures adopted for reducing emissions by the Group and the relevant achievements of the Group. The ESG Report is set out on page 216 to 232 in this annual report.

問責及審計

董事確知悉編製本公司截至二零一九年十二月三十一日止年度的財務報表之責任。董事認為本集團擁有充足資源以在可見將來繼續經營業務，而且並不知悉可能引致本公司能否持續經營業務成為重大疑問的重大不明朗因素。

董事會須負責就年度及中期報告、內幕消息公佈及根據上市規則及其他法律及監管規定而須發表之其他披露呈報作出平衡、清晰及可理解之評估。

管理層已向董事會提供必要的解釋及數據，讓董事會可就提交予董事會批准的本公司財務報表作出知情評審。

環境、社會及企業管治

本集團認為，有效的環境、社會及企業管治管理政策對於本集團業務的可持續發展至關重要。因此，本集團積極加深了解與本集團業務、其管理方針及管理系統有關的中國境內外最新法律及法規以及最佳實踐。作為一家負責任的企業，本集團亦決心致力維持最高的環境及社會標準。

本集團已遵守有關其業務的所有相關法律及法規，包括（但不限於）健康及安全、工作地點環境、僱傭及環境方面的法律及法規。本集團明白到，更美好的未來需要社會上每一個人參與共建。為了達成這個目標，本集團鼓勵僱員、客戶、供應商及其他股份持有者參與對社區整體有益的環境及社會活動。此外，本集團與僱員維持堅固的關係、已加強與其供應商的合作，以及向其客戶提供優質產品及服務，藉以確保可持續發展。

本公司現已參照上市規則附錄二十七ESG報告指引編製一份環境、社會及管治報告。該報告呈列我們於報告期內對可持續發展的貢獻，並涵蓋了本集團的主要環境及社會政策、環境指標、所採取的減低排放量措施以及相關的成果。該環境、社會及管治報告載於本年報第216至232頁。

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining an adequate risk management and internal control system to safeguard the Shareholder's investments and the Company's assets and reviewing the effectiveness of such system on an annual basis with the support of the Audit Committee.

The Board, through the Audit Committee, has reviewed the effectiveness of the internal audit system and the risk management and internal control system of the Company and its subsidiaries, including the adequacy of resources, qualifications and experience of staff in the aforementioned systems and of the Company's accounting and financial reporting function, and the adequacy of their training programmes and budget.

During the Reporting Period, the Board, through a review, considered that the risk management and internal control system of the Company and its subsidiaries was effective and adequate.

AUDITOR AND AUDITOR'S REMUNERATION

The statement of the auditor of the Company about its reporting responsibilities for the Consolidated Financial Statements is set out in the "Independent Auditor's Report" from page 82 to 89 of this annual report.

During the Reporting Period, the remuneration paid/payable to PricewaterhouseCoopers as the auditor of the Company is set out below:

		Amount 金額 RMB'000 人民幣千元
Fee for audit services	審計服務收費	7,250
Fee for non-audit services	非審計服務收費	200
Total fees	費用總額	7,450

The Group also appointed other external auditors in respect of audit services and non-audit services during the Reporting Period.

風險管理與內部監控

董事會負責維持充分的風險管理及內部監控系統，以保障股東投資及本公司的資產，並在審核委員會的支持下，每年檢討有關系統的效能。

董事會透過審核委員會檢討本公司及其附屬公司的內部審計系統及風險管理及內部監控系統的效能，包括本公司在上述系統及在會計及財務申報職能方面的資源、員工資歷及經驗是否足夠，以及員工所接受的培訓課程及有關預算是否充足。

於報告期內，董事會通過檢討認為本公司及其附屬公司的風險管理及內部監控系統有效及足夠。

核數師及核數師酬金

本公司核數師有關其就合併財務報表須承擔的申報責任的聲明載於本年報第82至89頁的「獨立核數師報告」內。

下表載列本報告期內支付／應付予本公司核數師羅兵咸永道的薪酬：

本集團於報告期內亦聘請了其他核數師提供核數服務及非核數服務。

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential to enhance investor relations and investors understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which enable Shareholders and investors to make the best investment decisions. The general meetings of the Company provide a forum for face-to-face communication between the Board and the Shareholders.

SHAREHOLDER'S RIGHTS

Pursuant to the Articles of Association, Shareholder(s) holding more than 10% (individually or together with others) of Shares of the Company shall be entitled to request for an extraordinary general meeting or class meeting according to the following procedures:

- (1) Upon signing one or several written requests with the same content and format, and stating the subject of the meeting, the aforesaid Shareholders may request the Board to convene an extraordinary general meeting or class meeting. Concerning the above request, the Board shall, in accordance with the law, administrative regulations and the Articles of Association, reply with a written opinion to state whether it agrees or disagrees to convene an extraordinary general meeting within ten days upon receipt of the proposal. Shares held by the above Shareholders who made the requests shall be calculated as at the date of submitting the written request.
- (2) If the Board agrees to convene an extraordinary general meeting or class meeting, it shall issue a notice of general meeting within five days upon making the Board decision. Any changes made to the original request in the notice shall be agreed by the relevant Shareholders.
- (3) If the Board disagrees to convene the extraordinary general meeting or class meeting, or does not reply within 10 days upon receipt of the proposal, Shareholders individually or together holding more than 10% of the Shares are entitled to request the Supervisory Committee in writing to hold an extraordinary general meeting or class meeting.
- (4) If the supervisory committee agrees to convene the extraordinary general meeting or class meeting, it shall issue a notice of general meeting within five days upon receiving the requests. Any changes made to the original request in the notice shall be agreed by the relevant Shareholders.

與股東及投資者的溝通／投資者關係

本公司認為，與股東保持有效溝通，對促進投資者關係及加深投資者對本集團業務表現及戰略的了解至為重要。本公司亦明白保持公司資料透明度及適時披露公司資料的重要性，此舉將使股東及投資者作出最佳投資決定。本公司股東大會為董事會與股東提供直接對話的平台。

股東的權利

根據公司章程，單獨或者合計持有百分之十以上公司股份的股東，有權按照下列程序要求召開臨時股東大會或者類別股東會議：

- (1) 簽署一份或者數份同樣格式內容的書面要求，要求董事會召開臨時股東大會或者類別股東會議，並闡明會議的議題。董事會應當根據法律、行政法規和公司章程的規定，在收到前述要求後十日內提出同意或不同意召開臨時股東大會或者類別股東會議的書面反饋意見。上述提議股東的持股數按股東提出書面要求之日計算。
- (2) 董事會同意召開臨時股東大會或者類別股東會議的，應當在作出董事會決議後的五日內發出召開股東大會的通知，通知中對原要求的變更，應當徵得相關股東的同意。
- (3) 董事會不同意召開臨時股東大會或者類別股東會議提議的，或在收到要求後十日內未作出反饋的，單獨或者合計持有百分之十以上股份的股東有權以書面形式要求監事會召開會議。
- (4) 監事會同意召開臨時股東大會或者類別股東會議的，應當在收到要求後五日內發出召開股東大會的通知，通知中對原要求的變更，應當徵得相關股東的同意。

(5) If the supervisory committee does not issue the notice of general meeting within the prescribed period, it shall be deemed as the Supervisory Committee not convening and not holding the general meeting. Then the Shareholders who individually or together hold more than 10% of the Shares for more than 90 consecutive days may convene and hold the meeting themselves. Before publicly announcing the resolution(s) of the general meeting, the convening Shareholders shall hold no less than 10% of the Shares. When the convening Shareholder issues the notice for general meeting and publicly announces the resolution(s) of the general meeting, they shall submit the relevant proof materials to the securities regulatory authority where the Company is located and relevant stock exchange.

Pursuant to the Articles of Association, Shareholders who individually or together holding more than 3% of the Shares may submit ad-hoc proposals in writing to the convener of the general meeting ten days before the holding of the general meeting. The convener shall issue a supplementary notice of the general meeting within two days upon receipt of the proposals and announce the contents of the ad-hoc proposals.

The Company sets out the following contact details for the Shareholders to communicate with the Company:

Telephone number: +86 871 6720-9716
Company website: www.yunnanwater.cn
E-mail address: ir@yunnanwater.com.cn

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by the law.

COMPANY SECRETARY

Mr. Li Bo has been the company secretary of the Company. Pursuant to Rule 3.29 of the Listing Rules, the Company Secretary must take no less than 15 hours of relevant professional training in each financial year. Mr. Li provided his training records to the Company indicating more than 15 hours of relevant professional development by attending courses on company secretary functions, accounting system and Listing Rules, etc. offered by qualified professional training institutions.

(5) 監事會未在規定期限內發出股東大會通知的，視為監事會不召集和主持股東大會，連續九十日以上單獨或者合計持有百分之十以上股份的股東可以自行召開和主持大會。在股東大會決議公告前，召集股東持股比例不得低於百分之十。召集股東應在發出股東大會通知及股東大會決議公告時，向公司所在地證券監督管理機構和證券交易所提交有關證明材料。

根據公司章程，單獨或者合計持有百分之三以上股份的股東，可以在股東大會召開十日前提出臨時提案並書面提交召集人。召集人應當在收到提案後兩日內發出股東大會補充通知，公告臨時提案的內容。

本公司現載列下列通訊資料，以便股東與本公司溝通：

電話號碼：+86 871 6720-9716
公司網站：www.yunnanwater.cn
電郵地址：ir@yunnanwater.com.cn

為免存疑，股東須將妥為簽署之書面要求、通知或聲明、或查詢（視情況而定）之正本存置於及寄送至上列地址，並提供彼等的全名、聯絡詳情及身份，以便本公司回覆。股東資料可能根據法律規定而予以披露。

公司秘書

李博先生為本公司公司秘書。根據上市規則第3.29條，公司秘書必須在每個財政年度參加不少於15小時的相關專業培訓。李先生已向本公司提供培訓記錄，通過參加由合資格專業培訓機構提供的有關公司秘書職能、會計制度及上市規則等內容的課程以完成15小時以上的相關專業培訓。

Independent Auditor's Report

獨立核數師報告



羅兵咸永道

To the Shareholders of Yunnan Water Investment Co., Limited
(Incorporated in the People's Republic of China with limited liability)

致雲南水務投資股份有限公司股東
(於中華人民共和國註冊成立的有限公司)

OPINION

What we have audited

The consolidated financial statements of Yunnan Water Investment Co., Limited (the "Company") and its subsidiaries (the "Group") set out on pages 90 to 214, which comprise:

- the consolidated balance sheet as at 31 December 2019;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- The notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

意見

我們已審計的內容

雲南水務投資股份有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第90至214頁的合併財務報表，包括：

- 於二零一九年十二月三十一日的合併資產負債表；
- 截至該日止年度的合併損益及其他綜合收益表；
- 截至該日止年度的合併權益變動表；
- 截至該日止年度的合併現金流量表；及
- 合併財務報表附註，包括主要會計政策概要。

我們的意見

我們認為，該等合併財務報表已根據香港會計師公會頒佈的《香港財務報告準則》真實而中肯地反映了貴集團於二零一九年十二月三十一日的合併財務狀況及其截至該日止年度的合併財務表現及合併現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計合併財務報表承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

獨立性

根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於貴集團，並已履行守則中的其他專業道德責任。

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T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

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總機：+852 2289 8888，傳真：+852 2810 9888，www.pwchk.com

Independent Auditor's Report

獨立核數師報告

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Receivables and revenue recognised for service concession arrangements under financial asset model
- Recoverability of trade receivables

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本年度合併財務報表的審計最為重要的事項。這些事項是在我們審計整體合併財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

我們在審計中識別的關鍵審計事項概述如下：

- 服務特許經營安排下的金融資產模型的應收款項和收入的確認和計量
- 應收賬款的可回收性

Key Audit Matters 關鍵審計事項	How our audit addressed the Key Audit Matters 我們的審計如何處理關鍵審計事項
Receivables and revenue recognised for service concession arrangements under financial asset model 服務特許經營安排下的金融資產模型的應收款項和收入的確認和計量 Refer to note 2.12(a)(i) for the accounting policy of service concession arrangements under financial asset model, note 4(a) for the critical accounting estimates and judgements involved, and note 20 to the consolidated financial statements for the receivables under service concession arrangements. 服務特許經營安排下的金融資產模型的相關會計政策請參閱合併財務報表附註2.12(a)(i)，重要會計估計和判斷請參閱附註4(a)，以及服務特許經營安排下的應收款項請參閱附註20。 The Group has entered into a number of service concession arrangements with certain governmental authorities or their designators (the "Grantors") under Build-Operate-Transfer arrangements and Transfer-Operate-Transfer arrangements in respect of its wastewater treatment, water supply and solid waste treatment services. Certain of these service concession arrangements are accounted for using "financial asset" model while others are accounted for using "intangible asset" model. For the Group's service concession arrangements under financial asset model, the fair value of receivables and revenue recognised are derived from valuation in which a number of critical assumptions were used. As at 31 December 2019, the carrying amount of receivables under service concession arrangements amounted to RMB5,078.3 million, which accounted for 13% of the Group's total assets. 貴集團與某些政府機關或其指定方（「授予人」）就提供污水處理、供水及固廢處理服務的「建設—運營—移交」安排及「移交—運營—移交」安排，訂立了多項服務特許經營安排。貴集團的一部分服務特許經營安排按照「金融資產」模型核算，其餘的服務特許經營安排按照「無形資產」模型核算。貴集團的服務特許經營安排下的金融資產模型的應收款項及收入，其公平值由估值得出，該等估值運用了多項關鍵假設。於二零一九年十二月三十一日，貴集團服務特許經營安排下的應收款項賬面金額為人民幣5,078.3百萬元，佔資產總額的13%。	With respect to valuation and revaluation for the service concession arrangements under financial asset model undertaken during the year, we assessed the methodologies used by the external valuer and evaluated the independence, competence and capabilities of the external valuer. 關於本年度對服務特許經營安排下的金融資產模型進行的估值及重估，我們評估了外部評估師使用的方法以及外部評估師的獨立性和專業勝任能力。 We selected samples of service concession arrangements under financial asset model for testing. The key procedures included: 我們對服務特許經營安排下的金融資產模型進行了抽樣測試。主要程序包括： 1. Examining the agreements between the Group and the Grantors. 檢查貴集團與授予人簽署的合約。

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獨立核數師報告

Key Audit Matters 關鍵審計事項	How our audit addressed the Key Audit Matters 我們的審計如何處理關鍵審計事項
Receivables and revenue recognised for service concession arrangements under financial asset model (Cont'd) 服務特許經營安排下的金融資產模型的應收款項和收入的確認和計量(續) Management has engaged an external valuer to perform the valuation for those service concession arrangements under financial asset model at initial recognition, and to perform revaluation when there were indicators that the critical assumptions in the initial valuation have been significantly affected and deviated subsequent to initial recognition. Such valuation and revaluation were determined based on the forecasted cash flows to be derived from the related projects which involved critical judgements and assumptions including but not limited to the effective interest rate, forecasted unit price of service fee, operating costs and profit margins of the operating services. With reference to the valuation and revaluation performed by the external valuer, management determined the amount of receivables and revenue to be recognised for service concession arrangements under financial asset model during the year, and the subsequent measurement of receivables and revenue. 管理層聘請了外部評估師對服務特許經營安排下的金融資產模型在初始確認時進行估值，若有跡象表明初始確認時的估值所採用的關鍵假設發生重大變化，則進行重估。該等估值及重估主要基於服務特許經營安排的現金流預測，所涉及的重要判斷及關鍵假設包括但不限於有效折現率、服務費的預測單價、運營成本及運營服務的毛利率。根據外部評估師的估值及重估，管理層確定應於當年確認的服務特許經營安排下的金融資產模型的應收款項及收入，以及相關的後續計量金額。	2. Testing the reasonableness and appropriateness of critical assumptions adopted in the cash flow forecasts, mainly in relation to: 對現金流預測所使用的關鍵假設的合理性及恰當性進行測試，主要包括： — sending confirmations to the Grantors to confirm the current unit price and the future price incremental rate; 向授予人發送函證，核實服務費的現時單價及未來價格的增長幅度； — assessing and analysing the reasonableness of the operating costs by comparing to the actual costs of other existing service concession arrangements of the Group; 對比貴集團其他現有的服務特許經營權安排的實際成本，評估並分析運營成本的合理性； — assessing and analysing the profit margins of the operating services by comparing with the average profit margin of the operating services of the industry; and 對比同行業運營服務的平均毛利率，評估並分析運營服務的毛利率的合理性；及 — assessing the effective interest rate by reference to our knowledge of the industry and independent research on external evidence. 結合同行業的服務特許經營權安排下的金融資產模型所使用的有效折現率及其他外部信息，評估並分析有效折現率的合理性。

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Key Audit Matters 關鍵審計事項	How our audit addressed the Key Audit Matters 我們的審計如何處理關鍵審計事項
Receivables and revenue recognised for service concession arrangements under financial asset model (Cont'd) 服務特許經營安排下的金融資產模型的應收款項和收入的確認和計量(續) We paid significant attention to this area due to the significance of receivables and revenue recognised for service concession arrangements under financial asset model and critical judgement involved in determining the critical assumptions used in the valuation and revaluation. 我們著重關注該領域，主要由於服務特許經營安排下的金融資產模型的應收款項和收入金額較為重大，以及貴集團在初始評估及後續的重估中運用的關鍵假設涉及重大判斷。	We also challenged management's assessment of whether the subsequent measurement of receivables and revenue recognised for the service concession arrangements under financial asset model should be subject to revaluation by comparing the actual outcome, if available, with the critical assumptions applied in the valuation in previous years and assessing the potential impact of reasonably possible changes in the critical assumptions. 我們關注了管理層關於服務特許經營安排下的金融資產模型是否需要進行重評的判斷，我們實施的程序包括將可獲取的關鍵假設的實際結果與以前年度估值所使用的資料進行對比，並評估可能會對關鍵假設產生潛在影響的事項。 Based on our audit work, we found the critical assumptions used by management on the service concession arrangements under financial asset model to be consistent with the evidence that we obtained. 根據我們的審計工作，我們認為管理層就服務特許經營安排下的金融資產模型所使用的關鍵假設與我們取得的審計證據一致。

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Key Audit Matters 關鍵審計事項	How our audit addressed the Key Audit Matters 我們的審計如何處理關鍵審計事項
Recoverability of trade receivables 應收賬款的可回收性 Refer to note 4(b) for the critical accounting estimates and judgements involved, and note 23 to the consolidated financial statements for trade receivables. 相關重要會計估計和判斷請參閱合併財務報表附註4(b)與附註23。 As at 31 December 2019, the carrying amount of trade receivables amounted to RMB5,577.2 million, which accounted for 14% of the Group's total assets. 於二零一九年十二月三十一日，貴集團應收賬款的賬面金額為人民幣5,577.2百萬元，佔資產總額的14%。 The identification of impairment events and the determination of the impairment provision of trade receivables require the application of critical judgement by management. 管理層對應收賬款減值事件的識別以及減值準備的計提需要運用重大判斷。 Management recognised the impairment provisions based on expected credit losses rather than only incurred credit losses. These evaluations focused on the customers' settlement history and current ability to pay, and took into account information specific to the customers as well as pertaining to the economic environment in which the customers operated. 管理層基於預期信貸虧損而非僅基於產生的信貸虧損確認減值撥備。該等評估重點關注客戶的歷史結算記錄及當前支付能力，並考慮客戶自身及其經營所處的經濟環境的特定信息。 We paid significant attention to this area because management made critical judgements over both timing of recognition of impairment and the estimation of the amount of any such impairment. 我們著重關注該領域主要由於管理層對應收賬款減值準備確認的時點及減值金額的估計作出了重大判斷。	We obtained an understanding of management's processes and controls over credit risk management. This included the identification of which receivables were impaired and estimation of the impairment provisions. We determined that we could rely on these controls for the purposes of our audit. 我們針對管理層對應收賬款信用風險管理的流程和內部控制進行了解。該等流程和內部控制主要包括對應收賬款減值事項的識別及減值金額的估計。我們認為就審計工作而言可依賴該等內部控制。 In addition, we selected samples to inquire management for the details of their evaluations and tested the underlying information referenced by management, which included comparing with external evidence obtained from our independent research on public available information of the customers, performing ageing analysis, examining the historical transactions and settlement records of the customers, sending confirmations to the customers and testing of the subsequent settlements. 此外，我們抽取應收賬款樣本，向管理層瞭解及獲取對該等應收賬款可回收性評估的具體信息，我們實施的測試工作包括：結合我們從外部獲取的應收賬款客戶的公開信息評估其信用風險，執行應收賬款賬齡分析，檢查應收賬款客戶的歷史交易及結算記錄，向應收賬款客戶發送函證以及對期後收款執行測試。 Based on the above, we found that the judgement applied by management on their assessment of the recoverability of trade receivables was consistent with the evidence we obtained. 根據上述的工作，我們認為管理層對應收賬款的可回收性作出評估所使用的判斷，與我們取得的審計證據一致。

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獨立核數師報告

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

其他信息

貴公司董事須對其他信息負責。其他信息包括年報內的所有信息，但不包括合併財務報表及我們的核數師報告。

我們對合併財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對合併財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與合併財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事及治理層就合併財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》的披露規定擬備真實而中肯的合併財務報表，並對其認為為使合併財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備合併財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

治理層須負責監督貴集團的財務報告過程。

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AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

核數師就審計合併財務報表承擔的責任

我們的目標，是對合併財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向閣下（作為整體）報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負責或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響合併財務報表使用者依賴合併財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致合併財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意合併財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。

Independent Auditor's Report 獨立核數師報告

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 評價合併財務報表的整體列報方式、結構和內容，包括披露，以及合併財務報表是否中肯反映交易和事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對合併財務報表發表意見。我們負責貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

除其他事項外，我們與治理層溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

我們還向治理層提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

從與治理層溝通的事項中，我們確定哪些事項對本年度合併財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

The engagement partner on the audit resulting in this independent auditor's report is Pang Ho Yin.

出具本獨立核數師報告的審計項目合夥人是彭浩賢。

PricewaterhouseCoopers
Certified Public Accountants

羅兵咸永道會計師事務所
執業會計師

Hong Kong, 27 March 2020

香港，二零二零年三月二十七日

Consolidated Statement of Profit or Loss and Other Comprehensive Income

合併損益及其他綜合收益表

		Year ended 31 December	
		截至十二月三十一日止年度	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
	Note		
	附註		
Revenue	5	6,538,024	6,255,628
Cost of sales	8	(4,705,711)	(4,757,619)
Gross profit		1,832,313	1,498,009
Other income	6	124,024	144,668
Other (losses)/gains — net	7	(1,425)	10,541
Selling expenses	8	(43,398)	(43,884)
Administrative expenses	8	(424,196)	(395,120)
Impairment losses on financial assets		(48,526)	(25,510)
Operating profit		1,438,792	1,188,704
Finance income	10	66,255	99,616
Finance expenses	10	(880,422)	(678,128)
Finance costs — net	10	(814,167)	(578,512)
Share of profit of investments accounted for using the equity method	16	52,924	34,034
Profit before income tax		677,549	644,226
Income tax expenses	11	(123,741)	(147,511)
Profit for the year		553,808	496,715
Other comprehensive income			
Items that may be reclassified to profit or loss			
– Exchange differences on translation of foreign operations		18,215	(172,741)
Total comprehensive income for the year, net of tax		572,023	323,974

Consolidated Statement of Profit or Loss and Other Comprehensive Income

合併損益及其他綜合收益表

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
	Note 附註		
Profit attributable to:	以下人士應佔溢利：		
– Ordinary shareholders of the Company	– 本公司普通股股東	398,153	397,753
– Holders of perpetual capital instruments	– 永久資本工具持有人	119,800	83,194
– Non-controlling interests	– 非控股權益	35,855	15,768
		553,808	496,715
Total comprehensive income attributable to:	以下人士應佔綜合收益總額：		
– Ordinary shareholders of the Company	– 本公司普通股股東	416,368	225,012
– Holders of perpetual capital instruments	– 永久資本工具持有人	119,800	83,194
– Non-controlling interests	– 非控股權益	35,855	15,768
		572,023	323,974
Earnings per share for profit attributable to ordinary shareholders of the Company (expressed in RMB per share)	本公司普通股股東 應佔溢利的每股盈利 (以每股人民幣元表示)		
– Basic and diluted	– 基本及攤薄	12 0.334	0.333

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

上述合併損益及其他綜合收益表應與相關附註一併閱讀。

Consolidated Balance Sheet

合併資產負債表

		As at 31 December		
		於十二月三十一日		
		2019	2018	
	Note	二零一九年	二零一八年	
	附註	RMB'000	RMB'000	
		人民幣千元	人民幣千元	
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	17	3,177,451	2,622,288
Investment properties	投資物業	18	24,927	25,779
Right-of-use assets	使用權資產	19	270,683	—
Land use rights	土地使用權		—	182,831
Receivables under service concession arrangements	服務特許經營安排下的			
	應收款項	20	5,026,423	4,165,248
Contract assets	合約資產	5	6,191,854	4,277,955
Amounts due from customers for contract work	合約工程應收客戶款項		4,401	—
Intangible assets	無形資產	21	11,445,273	10,153,155
Investments accounted for using the equity method	以權益法入賬的投資	16	1,096,017	661,042
Financial asset at fair value through other comprehensive income	以公平值計量且其變動計入其他綜合收益的金融資產		4,675	4,675
Trade and other receivables	貿易及其他應收款項	23	43,999	13,771
Prepayments	預付款項	23	1,364,449	942,875
Deferred income tax assets	遞延所得稅資產	32	514,623	314,132
			29,164,775	23,363,751
Current assets	流動資產			
Receivables under service concession arrangements	服務特許經營安排下的			
	應收款項	20	51,892	57,852
Inventories	存貨	22	103,485	102,089
Amounts due from customers for contract work	合約工程應收客戶款項		5,120	—
Contract assets	合約資產	5	521,058	338,197
Trade and other receivables	貿易及其他應收款項	23	7,126,742	5,763,860
Prepayments	預付款項	23	234,934	695,498
Restricted cash	受限制現金	24	192,691	123,043
Cash and cash equivalents	現金及現金等價物	25	2,468,435	2,214,352
Financial assets at fair value through profit or loss	以公平值計量且其變動計入			
	損益的金融資產		—	4,320
Derivative financial instruments	衍生金融工具		—	10,884
			10,704,357	9,310,095
Total assets	總資產		39,869,132	32,673,846

Consolidated Balance Sheet

合併資產負債表

		As at 31 December		於十二月三十一日	
		2019		2018	
		二零一九年		二零一八年	
		RMB'000		RMB'000	
		人民幣千元		人民幣千元	
		Note			
		附註			
EQUITY	權益				
Equity attributable to ordinary shareholders of the Company	本公司普通股股東應佔權益				
Share capital	股本	26	1,193,213	1,193,213	
Other reserves	其他儲備	27	2,280,588	2,197,015	
Retained earnings	保留盈利		1,275,515	1,166,594	
			4,749,316	4,556,822	
Perpetual capital instruments	永久資本工具	28	2,610,000	1,200,000	
Non-controlling interests	非控股權益		1,186,669	1,177,450	
Total equity	總權益		8,545,985	6,934,272	
LIABILITIES	負債				
Non-current liabilities	非流動負債				
Lease liabilities	租賃負債	19	39,010	—	
Borrowings	借款	29	15,199,525	11,178,992	
Trade and other payables	貿易及其他應付款項	30	3,292,499	3,257,835	
Deferred income	遞延收益	31	701,720	692,361	
Deferred income tax liabilities	遞延所得稅負債	32	1,168,983	1,048,241	
Provision	撥備	33	359,123	349,734	
			20,760,860	16,527,163	

Consolidated Balance Sheet

合併資產負債表

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		Note	
		附註	
Current liabilities	流動負債		
Contract liabilities	合約負債	5	106,676
Lease liabilities	租賃負債	19	11,600
Borrowings	借款	29	6,419,405
Trade and other payables	貿易及其他應付款項	30	3,675,541
Current income tax liabilities	即期所得稅負債	32	349,065
Derivative financial instruments	衍生金融工具		—
			10,562,287
Total liabilities	總負債		31,323,147
Total equity and liabilities	權益和負債總額		39,869,132

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

上述合併資產負債表應與相關附註一併閱讀。

The financial statements on pages 90 to 214 were approved by the Board of Directors of the Company on 27 March 2020 and were signed on its behalf.

第90頁至第214頁的財務報表已於二零二零年三月二十七日經本公司董事會批准，並由下列人士代表簽發。

Director
董事

Director
董事

Consolidated Statement of Changes in Equity

合併權益變動表

		Attributable to ordinary shareholders of the Company 本公司普通股股東應佔				Holders of perpetual capital Non- controlling interests		Total equity
		Share capital 股本 RMB'000 人民幣千元 (note 26) (附註26)	Other reserves 其他儲備 RMB'000 (note 27) (附註27)	Retained earnings 保留盈利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	永 久 資 本 工 具 持 有 人 RMB'000 人民幣千元 (note 28) (附註28)	非 控 股 權 益 RMB'000 人民幣千元	總 權 益 RMB'000 人民幣千元
Balance at 1 January 2019	於二零一九年 一月一日的結餘	1,193,213	2,197,015	1,166,594	4,556,822	1,200,000	1,177,450	6,934,272
Total comprehensive income for the year	年內綜合收益總額							
Profit for the year	年內溢利	—	—	398,153	398,153	119,800	35,855	553,808
Currency translation differences	貨幣換算差額	—	18,215	—	18,215	—	—	18,215
		—	18,215	398,153	416,368	119,800	35,855	572,023
Transactions with owners in their capacity as owners	與擁有人以其擁有人 身份進行的交易							
Partial disposal of a subsidiary without change of control	部分出售附屬公司而 不改變控制權	—	(5,986)	—	(5,986)	—	5,986	—
Capital contribution by non-controlling interests	非控股權益出資	—	—	—	—	—	30,099	30,099
Acquisition of additional interests in subsidiaries (note 15)	收購附屬公司的 額外權益(附註15)	—	(38,906)	—	(38,906)	—	(46,659)	(85,565)
Issuance of perpetual capital instruments	發行永久資本工具	—	—	—	—	1,410,000	—	1,410,000
Transfer to statutory reserve	轉至法定儲備	—	110,250	(110,250)	—	—	—	—
Dividends for the year ended 31 December 2018	截至二零一八年 十二月三十一日止年度 股息	—	—	(178,982)	(178,982)	—	—	(178,982)
Distribution to holders of perpetual capital instruments	分派予永久資本工具 持有人	—	—	—	—	(119,800)	—	(119,800)
Distribution to non-controlling interests	分派予非控股權益	—	—	—	—	—	(16,062)	(16,062)
		—	65,358	(289,232)	(223,874)	1,290,200	(26,636)	1,039,690
Balance at 31 December 2019	於二零一九年 十二月三十一日的結餘	1,193,213	2,280,588	1,275,515	4,749,316	2,610,000	1,186,669	8,545,985

Consolidated Statement of Changes in Equity

合併權益變動表

		Attributable to ordinary shareholders of the Company 本公司普通股股東應佔				Holders of perpetual capital instruments 永久資本 工具持有人		
		Share capital 股本 RMB'000 人民幣千元 (note 26) (附註26)	Other reserves 其他儲備 RMB'000 人民幣千元 (note 27) (附註27)	Retained earnings 保留盈利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Non- controlling interests 非控股權益 RMB'000 人民幣千元	Total equity 總權益 RMB'000 人民幣千元	
Balance at 1 January 2018	於二零一八年 一月一日的結餘	1,193,213	2,331,308	1,012,044	4,536,565	1,200,000	949,384	6,685,949
Total comprehensive income for the year	年內綜合收益總額							
Profit for the year	年內溢利	—	—	397,753	397,753	83,194	15,768	496,715
Currency translation differences	貨幣換算差額	—	(172,741)	—	(172,741)	—	—	(172,741)
		—	(172,741)	397,753	225,012	83,194	15,768	323,974
Transactions with owners in their capacity as owners	與擁有人以其擁有人 身份進行的交易							
Acquisition of subsidiaries	收購附屬公司	—	—	—	—	—	189,018	189,018
Capital contribution by non-controlling interests	非控股權益出資	—	—	—	—	—	199,984	199,984
Acquisition of additional interests in subsidiaries (note 15)	收購附屬公司的 額外權益(附註15)	—	(49,637)	—	(49,637)	—	(152,204)	(201,841)
Transfer to statutory reserve	轉至法定儲備	—	88,085	(88,085)	—	—	—	—
Dividends for the year ended 31 December 2017	截至二零一七年 十二月三十一日止年度的 股息	—	—	(155,118)	(155,118)	—	—	(155,118)
Distribution to holders of perpetual capital instruments	分派予永久資本工具持有人	—	—	—	—	(83,194)	—	(83,194)
Distribution to non-controlling interests	分派予非控股權益	—	—	—	—	—	(24,500)	(24,500)
		—	38,448	(243,203)	(204,755)	(83,194)	212,298	(75,651)
Balance at 31 December 2018	於二零一八年 十二月三十一日的結餘	1,193,213	2,197,015	1,166,594	4,556,822	1,200,000	1,177,450	6,934,272

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

上述合併權益變動表應與相關附註一併閱讀。

Consolidated Statement of Cash Flows

合併現金流量表

		Year ended 31 December	
		截至十二月三十一日止年度	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		Note	
		附註	
Cash flows from operating activities	經營活動的現金流量		
Cash used in operations	經營所用現金	34(a)	(3,028,682)
Income tax paid	已付所得稅		(168,673)
Interest paid	已付利息		(1,051,848)
Net cash outflow from operating activities	經營活動現金流出淨額		(4,249,203)
Cash flows from investing activities	投資活動的現金流量		
Payments for property, plant and equipment, right-of-use assets, land use rights and other intangible assets	物業、廠房及設備、使用權資產、土地使用權及其他無形資產付款		(804,316)
Investments in a joint venture and associates	向合營公司及聯營公司投資		(380,000)
Prepayments for acquisition of subsidiaries	收購附屬公司的預付款項		(150,000)
Refund of prepayments for acquisition of subsidiaries	收購附屬公司預付款項退款		118,248
Payments for acquisition of subsidiaries, net of cash acquired	收購附屬公司的付款，扣除取得的現金		(105,428)
Proceeds from disposal of a subsidiary	出售附屬公司所得款項		15,249
Others — net	其他 — 淨額		25,093
Net cash outflow from investing activities	投資活動現金流出淨額		(1,281,154)

Consolidated Statement of Cash Flows

合併現金流量表

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Note 附註			
Cash flows from financing activities	融資活動的現金流量		
Proceeds from borrowings	借款所得款項	13,053,304	9,576,917
Repayments of borrowings	償還借款	(8,353,211)	(6,454,737)
Proceeds from issuance of perpetual capital instruments	發行永久資本工具所得款項	1,410,000	—
Distributions paid to holders of perpetual capital instruments	向永久資本工具持有人支付的分派	(119,800)	(84,001)
Dividends paid	已付股息	(178,982)	(155,118)
Dividends paid to the non-controlling interests	向非控股權益支付的股息	(3,622)	(24,500)
Capital injections by non-controlling interests	非控股權益注資	30,099	199,984
Payments for acquisition of additional interests in subsidiaries	收購附屬公司的額外權益的付款	(27,375)	—
Other — net	其他 — 淨額	(32,827)	—
Net cash inflow from financing activities	融資活動現金流入淨額	5,777,586	3,058,545
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加／(減少)淨額	247,229	(697,383)
Cash and cash equivalents at beginning of the financial year	財政年度年初現金及現金等價物	2,214,352	2,896,927
Exchange gains on cash and cash equivalents	現金及現金等價物匯兌收益	6,854	14,808
Cash and cash equivalents at end of year	年末現金及現金等價物	2,468,435	2,214,352

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

上述合併現金流量表應與相關附註一併閱讀。

Notes to the Consolidated Financial Statements

合併財務報表附註

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

1.1 General information

Yunnan Water Investment Co., Limited (the “Company”) was incorporated in Yunnan Province of the People’s Republic of China (the “PRC”) on 21 June 2011. On 22 July 2014, the Company was converted from a limited liability company into a joint stock limited liability company with registered capital of RMB787,880,000. The Company’s H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 27 May 2015 with the total share capital subsequently increased to RMB1,193,213,000.

The Company is an investment holding company. The Company and its subsidiaries (together the “Group”) are principally engaged in the development, design, construction, operation and maintenance of municipal water supply, wastewater treatment and solid waste treatment facilities. The address of its registered office is Yunnan Water 2089 Haiyuan North Road, Gaoxin District, Kunming, Yunnan Province, the PRC.

These financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities (including derivative instruments) measured at fair value.

1. 一般資料及呈列基準

1.1 一般資料

雲南水務投資股份有限公司於二零一一年六月二十一日在中華人民共和國(「中國」)雲南省註冊成立。於二零一四年七月二十二日，本公司由有限責任公司轉型為股份有限公司，註冊資本為人民幣787,880,000元。本公司H股已於二零一五年五月二十七日在香港聯合交易所有限公司主板上市，其後總股本已增至人民幣1,193,213,000元。

本公司為一家投資控股公司。本公司及其附屬公司(統稱「本集團」)主要從事城市供水、污水處理及固廢處理設施的開發、設計、建設、營運及維護。其註冊辦事處地址是中國雲南省昆明市高新技術開發區海源北路2089號雲南水務。

該等財務報表以人民幣(「人民幣」)呈列，除非另有說明則另當別論。

2. 主要會計政策概要

此附註提供編製該等合併財務報表所採納的主要會計政策列表。除另有說明外，該等政策乃於所呈列的所有年度及期間貫徹應用。財務報表乃為本集團(包括本公司及其附屬公司)的財務報表。

2.1 編製基準

本集團的合併財務報表乃根據所有適用的香港財務報告準則(「香港財務報告準則」)及香港公司條例第622章的披露規定編製。合併財務報表乃按歷史成本法編製，惟按公平值計量的若干金融資產及負債(包括衍生工具)除外。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are depicted in note 4.

(a) New Standards, amendments to standards and interpretations adopted by the Group

The Group has applied the following new standards, amendments to standards and interpretations for the first time for their annual reporting period commencing 1 January 2019.

Amendments to HKFRS 9
香港財務報告準則第9號(修訂本)
Amendments to HKAS 19
香港會計準則第19號(修訂本)
HKFRS 16
香港財務報告準則第16號
HK (IFRIC) 23
香港(國際財務報告詮釋委員會)第23號
HKAS 28 (Amendment)
香港會計準則第28號(修訂本)
Improvements to HKFRSs
香港財務報告準則的改進

The impact of the adoption of HKFRS 16 and its new accounting policies are disclosed in note 2.2 below. The other standards, amendments to standards and interpretations adopted by the Group did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

2. 主要會計政策概要(續)

2.1 編製基準(續)

財務報表乃遵照香港財務報告準則編製，當中須採用若干主要假設及估計，亦要求管理層於應用本集團會計政策的過程中作出判斷。涉及更高程度判斷或複雜性的範圍，或假設及估計對合併財務報表而言屬重大的範圍，載於附註4。

(a) 本集團採納的新訂、經修訂準則及準則詮釋

本集團自二零一九年一月一日開始的年度報告期首次應用下列新訂準則、準則修訂及詮釋。

Prepayment features with negative compensation
具有負補償之提前還款特性
Plan amendment, curtailment or settlement
計劃修正、縮減或清償
Leases
租賃
Uncertainty over income tax treatments
所得稅處理的不確定性
Long-term interests in associates and joint ventures
於聯營公司或合營企業之長期權益
Annual improvements to HKFRSs 2015–2017 cycle
香港財務報告準則二零一五年至二零一七年週期的年度改進

採納香港財務報告準則第16號及其新會計政策的影響披露於下文附註2.2。本集團採納的其他準則修訂本及詮釋對本集團的會計政策並無任何影響，故毋須作出追溯調整。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (Cont'd)

(b) New Standards and amendments to standards not yet adopted by the Group

Certain new standards and amendments to standards have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group.

HKAS 1 and HKAS 8 (Amendments)

香港會計準則第1號及

香港會計準則第8號(修訂本)

HKFRS 3 (Amendments)

香港財務報告準則第3號(修訂本)

Conceptual Framework (Revised)

概念框架(經修訂)

HKFRS 10 and HKAS 28 (Amendments)

香港財務報告準則第10號及

香港會計準則第28號(修訂本)

Definition of Material¹

重要性定義¹

Definition of a Business¹

業務的定義¹

Revised Conceptual Framework for Financial Reporting¹

經修訂財務報告概念框架¹

Sale or contribution of assets between an investor and its associate or joint venture²

投資者與其聯營企業及合營企業之間的資產出售或注資²

1. Effective for annual periods beginning on or after 1 January 2020.

2. Effective date to be determined.

The impact of new standards and amendments to standards that issued but not effective is still under assessment by the Group.

2.2 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements that have been applied from 1 January 2019.

The Group has adopted HKFRS 16 from its mandatory adoption date of 1 January 2019. The Group has applied the simplified transition approach and has not restated comparative amounts for the 2018 reporting period. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

2. 主要會計政策概要(續)

2.1 編製基準(續)

(b) 本集團尚未採納的新訂準則及經修訂準則

於二零一九年十二月三十一日報告期間本集團未提早採納多項非必須應用的新訂準則及準則修訂。

1. 於二零二零年一月一日或之後開始之年度期間生效。

2. 生效日期待定。

多項已頒佈但尚未生效的新訂準則及修訂準則的影響仍在評估。

2.2 會計政策變動

本附註說明採納香港財務報告準則第16號租賃(自二零一九年一月一日起應用)對本集團財務報表的影響。

本集團已自二零一九年一月一日之強制採納日期起採納香港財務報告準則第16號。本集團已應用簡化過渡方法且並未重列二零一八年報告期間的比較數字。因此，因新租賃規則所產生之重新分類及調整於二零一九年一月一日的期初資產負債表中確認。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Changes in accounting policies (Cont'd)

(a) Adjustments recognised on adoption of HKFRS 16

- (i) No significant impact on the Group's profit for 2019 as a result of adoption of HKFRS 16.
- (ii) The change in accounting policy affected the following items in the consolidated balance sheet on 1 January 2019:
 - right-of-use assets — increase by RMB209,804,000, which were related to leases of land use rights, offices and warehouses;
 - land use rights — decrease by RMB182,831,000, which were related to leases of land use rights and reclassified to right-of-use assets; and
 - lease liabilities — increase by RMB26,973,000, which were related to leases of office and warehouses as details below.

2. 主要會計政策概要(續)

2.2 會計政策變動(續)

(a) 採納香港財務報告準則第16號後確認的調整

- (i) 概無因採納香港財務報告準則第16號對本集團二零一九年的溢利產生重大影響。
- (ii) 會計政策變動影響二零一九年一月一日合併資產負債表的下列項目：
 - 使用權資產 — 增加人民幣209,804,000元，與租賃土地使用權、辦公室及倉庫有關；
 - 土地使用權 — 減少人民幣182,831,000元，與租賃土地使用權有關並重新分類至使用權資產；及
 - 租賃負債 — 增加人民幣26,973,000元，與下文詳述的租賃辦公室及倉庫有關。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Changes in accounting policies (Cont'd)

(a) Adjustments recognised on adoption of HKFRS 16 (Cont'd)

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases of offices and warehouses which had previously been classified as “operating leases” under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019.

		RMB'000 人民幣千元
Operating lease commitments disclosed as at 31 December 2018	於二零一八年十二月三十一日披露的經營租賃承擔	32,733
Discounted using the lessee’s incremental borrowing rate of the date of initial application	採用於首次應用日期的承租人增量借款利率貼現	29,934
Less: short-term leases and low-value leases recognised on a straight-line basis as expense	減：按直線法確認為開支的短期租賃及低價值租賃	(2,961)
Lease liability recognised as at 1 January 2019	於二零一九年一月一日確認的租賃負債	26,973
Of which are:	其中為：	
Current lease liabilities	流動租賃負債	11,154
Non-current lease liabilities	非流動租賃負債	15,819
		26,973

Under the simplified transition approach, the associated right-of-use assets were measured at the amount equal to the lease liabilities on adoption, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

根據簡化過渡方法，相關使用權資產按與採納時租賃負債的相等金額計量，並根據二零一八年十二月三十一日的合併資產負債表中確認的與該租賃相關的任何預付或應計租賃付款進行調整。於初始應用日期，概無虧損性租賃合約須對使用權資產進行調整。

2. 主要會計政策概要(續)

2.2 會計政策變動(續)

(a) 採納香港財務報告準則第16號後確認的調整(續)

於採納香港財務報告準則第16號後，本集團確認與租賃辦公室及倉庫(先前按香港會計準則第17號原則租賃分類為「經營租賃」)有關的租賃負債。該等負債乃按餘下租賃付款的現值計量，並採用於二零一九年一月一日的承租人增量借款利率貼現。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Changes in accounting policies (Cont'd)

(b) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) 4 Determining whether an Arrangement contains a Lease.

2. 主要會計政策概要(續)

2.2 會計政策變動(續)

(b) 採用的實際權宜方法

於首次應用香港財務報告準則第16號時，本集團已採用下列該準則所允許的實際權宜方法：

- 就具有合理類似特徵的租賃組合採用單一貼現率
- 依賴先前就租賃是否屬繁重之評估
- 將於二零一九年一月一日餘下租期少於12個月的經營租賃會計處理為短期租賃
- 於首次應用日期排除初始直接成本以計量使用權資產；及
- 倘合約包含延長或終止租賃的選擇權，則於事後釐定租期。

本集團亦已選擇不重新評估合約在首次應用日期是否或包含租賃。相反，對於在過渡日期之前訂立的合約，本集團依據其應用香港會計準則第17號及香港(國際財務報告詮釋委員會)第4號釐定安排是否包括租賃作出的評估。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Principles of consolidation and equity accounting

2.3.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group is depicted in note 2.4.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and consolidated balance sheet respectively.

2. 主要會計政策概要(續)

2.3 綜合入賬及權益會計處理的原則

2.3.1 附屬公司

附屬公司指本集團擁有控制權的所有實體(包括結構性實體)。當本集團從參與實體業務而承擔取得其可變回報的風險或享有可變回報的權利，並有能力透過其對實體活動的主導權影響該等回報時，則本集團控制該實體。附屬公司於控制權轉移至本集團當日起全面綜合入賬，並於終止控制權當日起終止綜合入賬。

本集團採用收購會計法將業務合併入賬載於附註2.4。

集團內公司間交易、結餘及集團內公司間交易未變現收益均會抵銷。未變現虧損亦會抵銷，惟該交易有證據顯示已轉讓資產出現減值則除外。附屬公司的會計政策已在有需要時作出調整，以確保與本集團所採納有關政策一致。

附屬公司業績及權益中的非控股權益分別於合併損益及其他綜合收益表、權益變動表及合併資產負債表中單獨呈列。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Principles of consolidation and equity accounting (Cont'd)

2.3.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

2.3.3 Joint arrangements

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

2. 主要會計政策概要(續)

2.3 綜合入賬及權益會計處理的原則(續)

2.3.2 聯營公司

聯營公司指所有本集團對其擁有重大影響力但並無控制權或共同控制權，且一般擁有其20%至50%投票權的實體。於初步按成本確認後，於聯營公司的投資乃採用權益會計法入賬。

2.3.3 合營安排

根據香港財務報告準則第11號合營安排，於合營安排的投資分類為合營業務或合營公司。分類視乎各投資方的合約權利及責任而非合營安排的法律架構。

於合營公司的權益乃於合併資產負債表初步按成本確認後使用權益法入賬。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Principles of consolidation and equity accounting (Cont'd)

2.3.4 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy depicted in note 2.14.

2. 主要會計政策概要(續)

2.3 綜合入賬及權益會計處理的原則(續)

2.3.4 權益會計法

根據權益會計法，投資初步按成本確認，其後進行調整以於損益確認本集團應佔投資對象收購後溢利或虧損，並於其他綜合收益確認本集團應佔投資對象其他綜合收益的變動。已收或應收聯營公司及合營公司的股息確認為投資賬面值扣減。

倘本集團應佔權益入賬投資的虧損等於或超過其於該實體的權益(包括任何其他無抵押長期應收款項)，則本集團不會確認進一步虧損，除非已代表另一實體承擔責任或作出付款。

本集團與其聯營公司及合營公司之間交易的未變現收益按本集團於該等實體的權益予以對銷。未變現虧損亦會予以對銷，除非該交易證實已轉讓資產出現減值則作別論。按權益法入賬投資對象的會計政策已於必要時變更，以確保與本集團所採納會計政策一致。

按權益法入賬投資的賬面值根據附註2.14所述政策進行減值測試。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Principles of consolidation and equity accounting (Cont'd)

2.3.5 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2. 主要會計政策概要(續)

2.3 綜合入賬及權益會計處理的原則(續)

2.3.5 擁有權權益變動

本集團將與不會導致失去控制權的非控股權益交易視作與本集團權益持有人的交易。擁有權權益變動導致控股與非控股權益之間的賬面值出現調整，以反映其各自於附屬公司的權益。非控股權益調整數額與任何已付或已收代價之間的任何差額於本公司權益持有人應佔權益中的獨立儲備內確認。

當本集團因失去控制權、共同控制權或重大影響力而不再對投資綜合入賬或按權益會計法入賬時，於實體的任何保留權益按其公平值重新計量，而賬面值變動於損益確認。就其後入賬列作聯營公司、合營公司或金融資產的保留權益而言，該公平值成為初步賬面值。此外，先前於其他綜合收益就該實體確認的任何金額按猶如本集團已直接出售有關資產或負債的方式入賬。這意味著先前於其他綜合收益確認的金額重新分類至損益或轉撥至適用香港財務報告準則所指明／許可的另一權益類別內。

倘於合營公司或聯營公司的擁有權權益減少但保留共同控制權或重大影響力，則僅按比例將先前於其他綜合收益確認的金額重新分類至損益(如適用)。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Business combinations not under common control

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- i. fair values of the assets transferred
- ii. liabilities incurred to the former owners of the acquired business
- iii. equity interests issued by the Group
- iv. fair value of any asset or liability resulting from a contingent consideration arrangement, and
- v. fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

2. 主要會計政策概要(續)

2.4 非共同控制下的業務合併

本集團採用收購會計法將所有業務合併入賬，而不論是否已收購權益工具或其他資產。收購一間附屬公司轉讓的代價包括：

- i. 所轉讓資產的公平值
- ii. 被收購業務的前擁有人所產生的負債
- iii. 本集團已發行股權
- iv. 或然代價安排產生的任何資產或負債公平值；及
- v. 附屬公司已有股權的公平值。

在業務合併中所收購的可識別資產以及所承擔的負債及或然負債初步按其於收購日期的公平值計量（少數例外情況除外）。本集團根據逐項收購基準按公平值或非控股權益應佔被收購實體可識別資產淨值的比例確認於被收購實體的任何非控股權益。

收購相關成本於產生時支銷。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Business combinations not under common control (Cont'd)

The excess of the

- i. consideration transferred;
- ii. amount of any non-controlling interest in the acquired entity, and
- iii. acquisition-date fair value of any previous equity interest in the acquired entity.

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2. 主要會計政策概要(續)

2.4 非共同控制下的業務合併(續)

- i. 所轉讓代價；
- ii. 被收購實體的任何非控股權益金額；及
- iii. 先前於被收購實體的任何股權於收購日期的公平值

超出所收購可識別資產淨值的公平值時，其差額以商譽列賬。倘該等款項低於所收購業務的可識別資產淨值的公平值，則差額將直接於損益中確認為議價購買。

倘若現金代價的任何部分延遲結算，未來應付數額一律折現至交換日期，所用折現率為有關實體的新增借款利率，即按類似的條款及條件向獨立金融機構取得類似借款的有關利率。或然代價分類為權益或金融負債。分類為金融負債的金額其後將重新計量至公平值，而公平值變動於損益中確認。

倘業務合併分階段進行，則收購方先前持有的被收購方股權於收購日期的賬面值於收購日期重新計量至公平值。任何因該項重新計量產生的收益或虧損於損益中確認。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.5 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions of the Group.

2.7 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional currency and the Group's presentation currency.

2. 主要會計政策概要(續)

2.5 獨立財務報表

於附屬公司的投資乃按成本減減值入賬。成本包括投資的直接歸屬成本。附屬公司業績按本公司已收及應收股息入賬。

倘自相關投資收取的股息超出附屬公司於股息宣派期間的綜合收益總額，或倘個別財務報表內所列投資的賬面值超出合併財務報表所示被投資方資產淨值(包括商譽)的賬面值，則須對於附屬公司的投資進行減值測試。

2.6 分部報告

經營分部按照與向主要經營決策者提供的內部報告貫徹一致的方式報告。主要經營決策者被界定為作出本集團戰略決策的本公司執行董事，負責分派經營分部的資源及評估其表現。

2.7 外幣換算

(a) 功能及呈列貨幣

各集團實體的財務報表所列項目均以該實體經營所在的主要經濟環境的貨幣(「功能貨幣」)計量。合併財務報表乃以本公司的功能貨幣及本集團的呈列貨幣人民幣呈報。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.7 Foreign currency translation (Cont'd)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income on a net basis within other gains or losses.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

2. 主要會計政策概要(續)

2.7 外幣換算(續)

(b) 交易及餘額

外幣交易均按交易當日的匯率折算為功能貨幣。結算該等交易以及將外幣計價的貨幣資產及負債按年終匯率折算產生的匯兌收益及虧損一般在損益表確認。倘彼等與合資格現金流量對沖及合資格淨投資對沖有關或歸因於海外業務投資淨額的一部分，則於權益內遞延。

與借款及現金及現金等價物有關的匯兌收益及虧損乃於合併損益及其他綜合收益表融資成本內呈列，所有其他匯兌收益及虧損按淨額基準乃於合併損益及其他綜合收益表其他收益或虧損內呈列。

(c) 集團公司

所有功能貨幣有別於呈列貨幣的境外業務(均無惡性通貨膨脹經濟體的貨幣)的業績及財務狀況乃按以下方式換算為呈列貨幣：

- (i) 各資產負債表呈列的資產及負債乃按該資產負債表日期的收市匯率換算；
- (ii) 各合併損益表的收支乃按平均匯率換算(除非該匯率並非各交易日當時匯率的累積影響的合理約數，在此情況下，則收支會於各交易日換算)；及
- (iii) 所有因此而產生的換算差額均於其他綜合收益內確認。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.7 Foreign currency translation (Cont'd)

(c) Group companies (Cont'd)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.8 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Plants and buildings	20–50 years
Machinery	10–30 years
Motor vehicles	6 years
Electronic equipment and others	5–10 years

2. 主要會計政策概要(續)

2.7 外幣換算(續)

(c) 集團公司(續)

於編製綜合賬目時，換算境外實體任何投資淨額以及指定為該等投資的對沖項目的借貸及其他金融工具產生的匯兌差額於其他綜合收益內確認。於出售境外業務或償還組成投資淨額一部分的任何借貸時，相關匯兌差額重新分類至損益，作為出售損益的一部分。

因收購境外業務而產生的商譽及公平值調整均按該境外業務的資產及負債處理，並以收市匯率換算。

2.8 物業、廠房及設備

物業、廠房及設備均以歷史成本減折舊列賬。歷史成本包括收購該等項目直接發生的開支。

其後成本只有在與該項目有關的未來經濟利益很可能流入本集團，而該項目的成本能夠可靠地計量時，方會計入資產的賬面值內或確認為獨立資產(若適用)。被取代部分的賬面值被終止確認。所有其他維修及保養成本於發生時自財政期間的合併損益及其他綜合收益表扣除。

折舊使用直線法計算，在以下估計可使用年期或(就租賃物業裝修及若干租賃廠房及設備而言)以下較短租期，將成本或重估金額(扣除其剩餘價值)分配至剩餘價值：

廠房及樓宇	20–50年
機器	10–30年
汽車	6年
電子設備及其他	5–10年

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.8 Property, plant and equipment (Cont'd)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction in progress represents plant under construction, which is stated at actual construction cost less any impairment loss. Construction in progress is transferred to fixed assets when completed and ready for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.14).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

2.9 Investment properties

Investment properties are interests in buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on the straight-line basis to write off the cost of each item of investment properties to its residual value over its estimated useful life. The estimated useful life is as follows:

Plants and buildings	30–50 years
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2. 主要會計政策概要(續)

2.8 物業、廠房及設備(續)

於各報告期末，本集團會對資產剩餘價值及可使用年期進行覆核，並作出調整(如適用)。

在建工程指在建工廠，其按實際建造成本減任何減值虧損入賬。在建工程於完成並可使用時轉撥至固定資產。

倘資產賬面值超過其估計可收回金額，資產賬面值即時撇減至其可收回金額(附註2.14)。

出售的收益及虧損乃經比較所得款項與賬面值後釐定，並計入損益。根據集團政策，出售經重估資產時，有關資產在其他儲備所涉的數額一律撥入保留盈利。

2.9 投資物業

投資物業指為賺取租金收入及／或資本增值，而非為了生產或供應產品或服務或行政用途或在日常業務過程中出售而持有的樓宇的權益。投資物業最初按成本(包括交易成本)計量。

初步確認之後，投資物業以成本扣除累計折舊及任何減值虧損入賬。

折舊按每一項投資物業的估計可使用年期以直線法計算，以核銷成本至其剩餘價值。估計可使用年期如下：

廠房及樓宇	30–50年
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Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.10 Intangible assets

(a) Goodwill

Goodwill is measured as depicted in note 2.14. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(b) Development expenditure

When the future economic benefits become apparent as a project progresses into the development stage the costs incurred on development projects (relating to the design and testing of new or improved products) are capitalised as intangible assets when recognition criteria are fulfilled and tests for impairment are performed annually. Other development expenditures that do not meet those criteria are recognised as expenses as incurred. Development costs previously recognised as expenses are not recognised as assets in subsequent periods. Capitalised development costs are transferred to technical know-how when the assets are ready for use.

(c) Operating concessions

The detailed accounting policy of operating concessions is depicted in note 2.12.

2. 主要會計政策概要(續)

2.10 無形資產

(a) 商譽

商譽乃按附註2.14所述計量。收購附屬公司的商譽計入無形資產。商譽不予攤銷，惟每年進行減值測試，或當有事件或情況改變顯示資產有可能減值時作出更頻繁的減值測試，並按成本見累計減值虧損列賬。出售實體的收益或虧損包括與出售實體相關商譽的賬面值。

商譽就減值測試分配至現金產生單位。商譽擬分配至預期受益於產生該商譽的業務合併的現金產生單位或現金產生單位組別。有關單位或單位組別就內部管理而言，按商譽監控的最低水平予以確認。

(b) 開發費用

當未來經濟利益可明顯為開發階段的項目進程，有關設計及測試新產品或改良產品的開發項目成本，於符合確認條件時資本化為無形資產，並每年進行減值測試。未能符合該等標準的其他開發支出乃於產生時被確認為開支。之前已確認為開支的開發成本不得於往後期間確認為資產。已資本化的開發成本於資產可供使用時轉至專有技術。

(c) 特許經營權

特許經營權的詳細會計政策列述於附註2.12。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.10 Intangible assets (Cont'd)

(d) Unfulfilled contract rights

Unfulfilled contract rights represent the fair value of unfulfilled contracts in excess of the carrying value for unfulfilled construction contracts acquired through business combination.

(e) Licenses

Licenses represent the fair value of the operating permits of solid waste treatment plants and water supply facilities acquired through business combination.

(f) Technical know-how and software

Acquired technical know-how and software are capitalised on the basis of the costs incurred to acquire or through business combination.

(g) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Operating concessions	16–30 years
Unfulfilled contract rights	30 years
Licenses	5–54 years
Technical know-how and software	5–47 years

2.11 Land use rights

Land use rights represent prepaid operating lease payments for land less accumulated amortisation and any impairment losses. Amortisation is calculated using the straight-line method to allocate the prepaid operating lease payments for land over the remaining lease term or the operating period, whichever is shorter.

Land use rights	40–50 years
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2. 主要會計政策概要(續)

2.10 無形資產(續)

(d) 未履行合約權利

未履行合約權利指未履行合約的公平值超過透過業務合併所取得的未履行建造合約的賬面值。

(e) 牌照

牌照指固廢處理廠及供水設施透過業務合併所取得的營業執照的公平值。

(f) 專有技術及軟件

所收購的專有技術及軟件乃按收購或透過業務合併產生的成本予以資本化。

(g) 攤銷方法及年期

本集團於以下期間採用直線法攤銷具有有限使用期的無形資產：

特許經營權	16–30年
未履行合約權利	30年
牌照	5–54年
專有技術及軟件	5–47年

2.11 土地使用權

土地使用權指土地的預付經營租賃付款減累計攤銷及任何減值虧損。攤銷乃採用直線法將土地的預付經營租賃付款分攤至剩餘租賃期限或經營租賃期間(以較短者為準)計算。

土地使用權	40–50年
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Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.12 Service concession arrangements

The Group has entered into a number of service concession arrangements with certain governmental authorities or their designators (the "Grantors"). The service concession arrangements consist of Build-Operate-Transfer (the "BOT") arrangements and Transfer-Operate-Transfer (the "TOT") arrangements. Under the BOT arrangements, the Group carries out construction work of the facilities of the sewage and reclaimed water treatment, water supply or solid waste treatment for the Grantors and receives in return a right to operate the facilities of service project concerned for a specified period of time (the "Service Concession Period") in accordance with the pre-established conditions set by the Grantors, the service project should be transferred to the Grantors with nil consideration at the end of the operation period. A TOT arrangement is similar to a BOT arrangement, except that the Group pays consideration for the right to operate the facilities of the wastewater treatment, water supply and solid waste treatment that has been built.

The Group is generally entitled to use all the property, plant and equipment of the facilities, however, the relevant governmental authorities as Grantors will control and regulate the scope of service that the Group must provide with the facilities, and retain the beneficial entitlement to any residual interest in the facilities at the end of the Service Concession Period. Each of these service concession arrangements is governed by a contract and, where applicable, supplementary agreements entered into between the Group and the relevant governmental authority that set out, inter alia, performance standards, mechanisms for adjusting prices for the services rendered by the Group, and specific obligations levied on the Group to restore the facilities to a specified level of serviceability at the end of the Service Concession Period and arrangements for arbitrating disputes.

2. 主要會計政策概要(續)

2.12 服務特許經營安排

本集團與若干政府機關或其指定人(「授予人」)訂立多項服務特許經營安排。服務特許經營安排包括建設 — 經營 — 移交(「BOT」)安排及移交 — 經營 — 移交(「TOT」)安排。根據BOT安排,本集團為授予人進行污水及再生水處理、供水或固廢處理設施的建設工程,因而根據授予人預先設定的條件獲得服務項目設施於指定期間的經營權(「服務特許經營期間」),服務項目須於經營期間結束時以零代價移交予授予人。TOT安排類似於BOT安排,惟本集團須就經營已建設的污水處理、供水或固廢處理設施的權利支付代價。

本集團一般有權使用該等設施的所有物業、廠房及設備,然而,有關政府機構作為授予人將控制及監管本集團利用該等設施須提供的服務範圍,並於服務特許經營期間結束時保留其於該等設施任何餘下權益的實益權利。該等服務特許經營安排受本集團與有關政府機構訂立的合約及(倘適用)補充協議的規限,當中載明(其中包括)執行標準、本集團所提供服務的調價機制、本集團於服務特許經營期間結束時為將該等設施恢復到規定服務水平而承擔的特定責任,以及仲裁糾紛的安排。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.12 Service concession arrangements (Cont'd)

(a) Consideration given by the Grantor

(i) Service concession arrangements under financial asset model

A financial asset (receivables under a service concession arrangement) is recognised to the extent that the Group has an unconditional right to receive cash or another financial asset from the Grantor for the construction services rendered and/or the consideration paid and payable by the Group to the Grantor during the Service Concession Period. The Group has an unconditional right to receive cash if the Grantor contractually guarantees to pay the Group specified or determinable amounts or the shortfall, if any, between amounts received from the users of the public service and the specified or determinable amounts. The financial asset (receivable under a service concession arrangement) is accounted for in accordance with the policy set out for financial assets measured at amortised cost under note 2.15.

During the construction periods, the Group recognises a contract asset (note 2.13) and accounts for the significant financing component in the arrangement. When the construction services are completed, the contract asset would be classified and measured as receivables under a service concession arrangement accordingly.

2. 主要會計政策概要(續)

2.12 服務特許經營安排(續)

(a) 授予人給予的代價

(i) 金融資產模型下的服務特許經營安排

於服務特許經營期間，所確認金融資產（服務特許經營安排下的應收款項）以下列者為限：本集團有無條件權利就所提供建築服務向授予人收取現金或其他金融資產及／或本集團支付及應付授予人的代價。倘授予人以合約方式擔保向本集團支付指定或待定金額或已收公共服務用戶的款項與指定或待定金額兩者間的差額（如有），本集團仍擁有無條件權利收取現金。金融資產（服務特許經營安排下的應收款項）根據附註2.15的按攤銷成本計量的金融資產所載的政策列賬。

於建設期間，本集團確認合約資產（附註2.13）並對安排中的重大融資成分進行會計處理。建造服務完成時，合約資產將相應按服務特許經營安排項下應收款項分類及計量。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.12 Service concession arrangements (Cont'd)

(a) Consideration given by the Grantor (Cont'd)

(i) Service concession arrangements under financial asset model (Cont'd)

When the Group receives a payment during the concession period, it will apportion such payment between (i) a repayment of the financial asset (if any), which will be used to reduce the carrying amount of financial receivables on the consolidated balance sheet, (ii) interest income, will be recognised as revenue in profit or loss and (iii) revenue from operating service in the profit or loss. Revenue from operating service is calculated based on cost plus a profit margin.

(ii) Service concession arrangements under intangible asset model

An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge users of public service, which is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses and service. The intangible asset (operating concession) is accounted for in accordance with the policy set out for "intangible assets" in note 2.10 above, which is amortised on a straight-line basis over the Service Concession Period.

Revenue relating to operating service are accounted for in accordance with the policy for note 2.30 "revenue recognition" below. Costs for operating services are expensed in the period in which they are incurred.

2. 主要會計政策概要(續)

2.12 服務特許經營安排(續)

(a) 授予人給予的代價(續)

(i) 金融資產模型下的服務特許經營安排(續)

本集團於特許經營期內收到款項時，會將有關款項分配至(i)償還金融資產(如有)，用以減少合併資產負債表金融應收款項的賬面值，(ii)利息收入(將於損益確認為收入)及(iii)經營服務的收入(於損益確認)。經營服務的收入按成本加溢利率計算。

(ii) 無形資產模型下的服務特許經營安排

無形資產(特許經營權)於本集團獲得向公共服務用戶收費的權利時確認，惟該權利並非收取現金的無條件權利，因為該款項須以公眾使用該服務為條件。無形資產(特許經營權)根據上文附註2.10「無形資產」所載的政策列賬，按直線法於服務特許經營期間內攤銷。

與經營服務有關的收入乃根據下文附註2.30「收入確認」的政策入賬。經營服務的成本於產生期間支銷。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.12 Service concession arrangements (Cont'd)

(a) Consideration given by the Grantor (Cont'd)

(iii) Service concession arrangements under hybrid model

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is recognised initially at the fair value of the consideration.

Therefore in this arrangement it is necessary to divide the operator's contract asset during the construction period into two components, a financial asset component based on the guaranteed amount and an intangible asset for the remainder. When the construction services are completed, the two components of the contract asset would be classified and measured as a financial asset and an intangible asset accordingly.

(b) Construction and upgrade services

The fair value of the construction and upgrade service under the concession arrangement is calculated as the estimated total construction cost plus a profit margin. The profit margins are valued by an independent qualified valuer, based on prevailing market rate applicable to similar construction services rendered in similar location at date of agreement.

Revenue relating to construction and upgrade services are accounted for in accordance with the policy in note 2.30.

2. 主要會計政策概要(續)

2.12 服務特許經營安排(續)

(a) 授予人給予的代價(續)

(iii) 混合模型下的服務特許經營安排

倘本集團為運營商提供建設服務分別形成金融資產和無形資產，各類資產分別入賬並初始按代價的公平值初始確認。

因此於該安排中，須將運營商的合約資產分為兩部分，基於擔保金額的金融資產及無形資產。建造服務完成時，合約資產的兩個組成部分將相應按金融資產及無形資產分類和計量。

(b) 建造及升級服務

特許經營安排下的建造及升級服務的公平值乃按估計總建造成本加溢利率計算。溢利率由獨立合資格估值師按於協議日期適用於類似位置所提供的類似建造服務的通行市場費率估值。

建造及升級服務有關的營業收入按附註2.30的政策列賬。

Notes to the Consolidated Financial Statements 合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.12 Service concession arrangements (Cont'd)

(c) *Contractual obligations to restore the infrastructure to a specified level of serviceability*

The Group has contractual obligations which it must fulfil as a condition of its licences, that is (i) to maintain the sewage and reclaimed water treatment and water distribution plants it operates to a specified level of serviceability and/or (ii) to restore the plants to a specified condition before they are handed over to the Grantor at the end of the service concession arrangements. These contractual obligations to maintain or restore the sewage and reclaimed water treatment and water distribution plants, except for upgrade element, are recognised and measured in accordance with the policy set out for note 2.28 "provisions" below.

2.13 Contract assets and contract liabilities

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

2. 主要會計政策概要(續)

2.12 服務特許經營安排(續)

(c) *修復基礎設施至一定可提供服務水平的合約責任*

本集團須承擔合約責任，作為獲取執照所須符合的條件，以(i)維護其經營的污水及再生水處理及供水廠，確保符合一定可提供服務水平及／或(ii)於服務特許經營安排結束時，在移交工廠予授予人之前，將工廠修復至指定狀況。維護或修復污水及再生水處理及供水廠的合約責任(除升級部分外)按下文附註2.28「撥備」所載的政策予以確認及計量。

2.13 合約資產及合約負債

根據香港財務報告準則第15號，應收款項僅當本集團擁有代價的無條件權利時方可確認。倘本集團於合約中所承諾的商品及服務的代價成為無條件權利前確認相關收益，則代價的權利被分類為合約資產。類似地，於集團確認相關收益前，客戶支付代價或合約上須支付代價且該金額已到期，則確認為合約負債(而非應付款項)。就與客戶的單一合約而言，呈列合約資產淨值或合約負債淨額。就多份合約而言，不相關合約的合約資產及合約負債不會按淨額基準呈列。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.13 Contract assets and contract liabilities (Cont'd)

An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset under note 2.15.

The Group recognises the incremental costs of obtaining a contract with a customer within contract assets if the Group expects to recover those costs.

Generally, the Group receives advances from its customers which are short-term in nature. The advances previously included in trade and other payables are reclassified to contract liabilities.

2.14 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2. 主要會計政策概要(續)

2.13 合約資產及合約負債(續)

根據附註2.15，合約資產減值根據相同基準按金融資產計量、呈列及披露。

倘本集團預期將可收回為取得客戶合約而產生之增量成本，則會將有關成本確認為合約資產。

一般而言，本集團從客戶收取之墊款屬短期性質。過往計入貿易及其他應付款項的墊款重新分類為合約負債。

2.14 非金融資產的減值

擁有無限可使用年期的商譽及無形資產不作攤銷，而須每年測試一次是否減值，倘有事件或情況變動顯示賬面值或會減值時，則測試次數更頻繁。倘有事件或情況變動顯示賬面值或不可收回時，其他資產將進行減值測試。減值虧損確認為資產賬面值超過其可收回金額的數額。可收回金額為資產公平值減處置費用與使用價值兩者的較高者。為評估減值，資產按大致獨立於其他資產或資產組別(現金產生單位)的單獨可識別現金流入最基本層次分類。已減值的非金融資產(商譽除外)於各報告期末檢討是否可能撥回減值。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.15 Investment and other financial assets

2.15.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for FVOCI.

The Group reclassifies debt investment when and only when its business model for managing those assets changes.

2.15.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2. 主要會計政策概要(續)

2.15 投資及其他金融資產

2.15.1 分類

本集團將其金融資產分類為以下計量類別：

- 其後按公平值(透過其他綜合收益或透過損益)計量的金融資產，及
- 按攤銷成本計量的金融資產。

該分類取決於實體管理金融資產的業務模式及現金流量的合約條款。

就按公平值計量的資產而言，收益及虧損將計入損益或其他綜合收益。並非持作買賣的權益工具投資將視乎本集團是否有在初步確認時作出不可撤銷的選擇，從而以公平值計量且其變動計入其他綜合收益列賬。

當且僅當本集團管理該等資產的業務模式改變時，本集團重新分類債務投資。

2.15.2 確認及終止確認

常規購入及出售的金融資產於交易日(本集團承諾購入或出售該資產的日期)確認。從金融資產收取現金流量的權利屆滿或已轉讓而本集團已實質上轉移一切所有權風險及回報時，則終止確認有關金融資產。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.15 Investment and other financial assets (Cont'd)

2.15.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2. 主要會計政策概要(續)

2.15 投資及其他金融資產(續)

2.15.3 計量

於初步確認時，本集團按其公平值加上（倘金融資產並非透過損益按公平值入賬）收購金融資產直接應佔的交易成本計量金融資產。透過損益按公平值入賬的金融資產的交易成本於損益中支銷。

附帶嵌入衍生工具的金融資產於釐定其現金流量是否純粹為支付本金及利息時以整體作出考慮。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.15 Investment and other financial assets (Cont'd)

2.15.3 Measurement (Cont'd)

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

2. 主要會計政策概要(續)

2.15 投資及其他金融資產(續)

2.15.3 計量(續)

(a) 債務工具

債務工具的后續計量取決於本集團管理資產的業務模式及資產的現金流量特徵。本集團將其債務工具分類為三種計量類別：

- 攤銷成本：為收取合約現金流量而持有，且現金流量僅為支付本金及利息之資產按攤銷成本計量。該等金融資產之利息收入按實際利率法計入融資收入。終止確認產生的任何收益或虧損直接於損益確認，並於其他收益／(虧損)中與外匯收益及虧損一併列示。減值虧損於損益表中作為獨立項目列示。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.15 Investment and other financial assets (Cont'd)

2.15.3 Measurement (Cont'd)

(a) Debt instruments (Cont'd)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

2. 主要會計政策概要(續)

2.15 投資及其他金融資產(續)

2.15.3 計量(續)

(a) 債務工具(續)

- 以公平值計量且其變動計入其他綜合收益：持作收回合約現金流量及出售金融資產之資產，倘該等資產現金流量僅指支付本金及利息，則以公平值計量且其變動計入其他綜合收益計量。賬面值變動計入其他綜合收益，惟於損益中確認之減值收益或虧損、利息收入及外匯收益及虧損之確認除外。金融資產終止確認時，先前於其他綜合收益確認之累計收益或虧損由權益重新分類至損益並於其他收益／(虧損)中確認。該等金融資產之利息收入按實際利率法計入融資收入。外匯收益及虧損呈列於其他收益／(虧損)中，而減值開支則於損益表中作為獨立項目列示。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.15 Investment and other financial assets (Cont'd)

2.15.3 Measurement (Cont'd)

(a) Debt instruments (Cont'd)

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(b) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

2. 主要會計政策概要(續)

2.15 投資及其他金融資產(續)

2.15.3 計量(續)

(a) 債務工具(續)

- 以公平值計量且其變動計入損益：不符合攤銷成本標準或以公平值計量且其變動計入其他綜合收益之資產乃以公平值計量且其變動計入損益計量。隨後以公平值計量且其變動計入損益計量之債務投資之收益或虧損於損益中確認，並於產生期間按淨額呈列於其他收益／(虧損)中。

(b) 權益工具

本集團所有股本投資隨後按公平值計量。倘本集團管理層已選擇將股本投資之公平值收益及虧損於其他綜合收益呈列，則終止確認投資後，概無後續重新分類公平值收益及虧損至損益。本集團收取付款之權利確立時，有關投資之股息繼續於損益中確認為其他收入。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.15 Investment and other financial assets (Cont'd)

2.15.3 Measurement (Cont'd)

(b) Equity instruments (Cont'd)

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.15.4 Impairment

The Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the HKFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for receivables under service concession arrangements, trade receivables, amounts due from customers for contract work and contract assets. Impairment on other receivables is measured as either 12-month ECL or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition.

2. 主要會計政策概要(續)

2.15 投資及其他金融資產(續)

2.15.3 計量(續)

(b) 權益工具(續)

以公平值計量且其變動計入損益之金融資產公平值變動乃於損益表中其他收益／(虧損)中確認(如適用)。以公平值計量且其變動計入其他綜合收益之股本投資減值虧損(及減值虧損之撥回)不會與其他公平值變動分開呈報。

2.15.4 減值

本集團按前瞻基準評估與按攤銷成本及以公平值計量且其變動計入其他綜合收益入賬的債務工具有關之預期信貸虧損(「預期信貸虧損」)。所用的減值方法取決於信貸風險有否大幅增加。

本集團採用香港財務報告準則第9號簡化方法計量預期信貸虧損，就服務特許經營安排下的應收款項、貿易應收款項、合約工程應收客戶款項及合約資產按年期計提預期虧損撥備。其他應收款項減值按12個月預期信貸虧損或年期預期信貸虧損計量，視乎信貸風險初始確認後有否大幅增加而定。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.16 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet where the Group currently have a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group have also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.17 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2. 主要會計政策概要(續)

2.16 對銷金融工具

當本集團目前擁有法定可執行權利可抵銷已確認金額，並有意按淨額基準結算或同時變現資產及結算負債時，金融資產及負債可互相抵銷，並在合併資產負債表中報告其淨額。本集團亦已訂立並不符合抵銷標準的安排，但仍允許相關金額在如破產或終止合約的若干情況下予以抵銷。

2.17 財務擔保合同

在擔保簽訂的同時，財務擔保合同確認為一項金融負債。該負債按公平值初步計量並且後續按以下兩者孰高計量：

- 按香港財務報告準則第9號金融工具準則中的預期信用損失模型確定的金額；及
- 初步確認的金額減去，如適用，按香港財務報告準則第15號來自與客戶訂立合約的收入確認準則確認的累計收入。

財務擔保的公平值由基於債務工具下要求的合同支付金額與無需保證的支付金額之間的，或與作為承擔義務付給協力廠商的預計金額之間的現金流量差異的現值決定。

當與聯營公司之借款或其他應付款關聯的擔保不提供補償時，公平值作為投入列賬並且確認為投資成本的一部分。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.18 Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.19 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 2.15 for further information about the Group's accounting for trade receivables.

2.20 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

Bank deposits which are restricted to use are classified as "restricted cash". Restricted cash are excluded from cash and cash equivalents in the cash flow statements.

2. 主要會計政策概要(續)

2.18 存貨

原材料及庫存、在建工程及成品以成本值及可變現淨值兩者的較低者列賬。成本包括直接材料、直接勞動力及適當比例的可變及固定其他開支(後者按正常經營能力基準分配)。成本乃按加權平均成本基準分撥至個別存貨項目。購入存貨的成本乃於扣除退款及折扣後釐定。可變現淨值為於日常業務過程內的估計售價減估計完成所需成本及銷售所需的估計成本計算。

2.19 貿易應收款項

貿易應收款項為在日常業務過程中就向客戶銷售的商品或提供的服務而應收客戶的款項。如貿易應收款項預期在一年或以內收回，其被分類為流動資產，否則分類為非流動資產。

貿易應收款項初步按有關代價金額確認，此為無條件，除非按公平值確認包含重大融資成分。本集團持有目的為收取合約現金流量的貿易應收款項，因此採用實際利率法按攤銷成本計量貿易應收款項。有關本集團貿易應收款項會計處理的進一步資料請參閱附註2.15。

2.20 現金及現金等價物

就現金流量表呈列而言，現金及現金等價物包括手頭現金及金融機構通知存款。

受限制使用的銀行存款歸類為「受限制現金」。受限制現金自現金流量表的現金及現金等價物中剔除。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.22 Perpetual capital instruments

Perpetual capital instruments with no contractual obligation for the Group to deliver cash or another financial asset to the holders are classified as equity instruments. They are initially recorded at the proceeds received within equity. Discretionary interest declared by the Group to the holders of perpetual capital instrument is treated as dividend.

2.23 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.24 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2. 主要會計政策概要(續)

2.21 股本

普通股歸類為權益。直接歸屬於發行新股或購股權的遞增成本扣除稅項後在權益中列為所得款項的扣減項目。

2.22 永久資本工具

本集團並無合約責任將現金或另外金融資產交付持有人的永久資本工具歸類為權益工具。該工具初始按收取的所得款項列入權益。本集團向永久資本工具持有人宣派的酌情利息被視為股息。

2.23 貿易及其他應付款項

該等金額指於財政年度結束前提供予集團之商品及服務之未償還負債。該等金額為無抵押及通常在確認30日內支付。貿易及其他應付款項列示為流動負債，除非付款並非於報告期間後12個月內到期。有關款項以初始公平值確認，其後採用實際利息法按攤銷成本計量。

2.24 借款

借款於初始按公平值並扣除產生的交易成本確認。借款其後按攤銷成本列賬；所得款項(扣除交易成本)與贖回價值的差額於借款期間以實際利率法在損益表中確認。如部分或全部融資有可能被提取，則設立貸款融資時支付的費用確認為貸款的交易成本。在此情況下，費用遞延至貸款提取為止。如沒有證據證明部分或全部融資有可能被提取，則該費用資本化作為流動資金服務的預付款，並於相關的融資期內攤銷。

除非本集團有無條件權利將償還負債的日期遞延至報告期後最少12個月，否則借款歸類為流動負債。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.25 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2.26 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2. 主要會計政策概要(續)

2.25 借款成本

一般及特定借款成本直接歸屬於需要完成或籌備該資產以作擬定用途或出售的一段時間內資本化的合資格資產。合資格資產必須經一段長時間處理以作其擬定用途或銷售。

就特定借款，因有待合資格資產的支出而臨時投資賺取的投資收入，應自合資格資本化的借款成本中扣除。

所有其他借款成本於其產生期間內確認。

2.26 即期及遞延所得稅

期內所得稅開支或信貸為本期間應課稅收入按各司法權區適用所得稅率之應付稅項，受臨時差額及未使用稅項虧損應佔遞延稅項資產及負債變動的調整。

(a) 即期所得稅

即期所得稅費用根據本公司及其附屬公司、合營公司及聯營公司經營及產生應課稅收入的國家於報告期末已頒佈或實質頒佈的稅法計算。管理層就適用稅務法規詮釋所規限的情況定期評估稅項申報情況，並在適用情況下按預期須向稅務機構支付的稅款確定撥備。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.26 Current and deferred income tax (Cont'd)

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2. 主要會計政策概要(續)

2.26 即期及遞延所得稅(續)

(b) 遞延所得稅

遞延所得稅採用負債法，就資產和負債的稅基與資產和負債在合併財務報表的賬面值之間產生的暫時性差異悉數撥備。然而，若遞延所得稅負債來自商譽的初始確認，則不予確認此等遞延稅項負債；若遞延所得稅來自在交易(不包括企業合併)中對資產或負債的初始確認，而該項資產或負債在交易時不影響會計及應課稅損益，則不予確認此等遞延所得稅。

遞延所得稅採用在報告期末前已頒佈或實質頒佈，並預期在有關遞延所得稅資產實現或遞延所得稅負債結算時適用的稅率(及法律)而釐定。

遞延所得稅資產僅限於有可能產生未來應課稅溢利並可用於抵銷暫時性差異時予以確認。

倘本公司能控制撥回暫時差額的時間及該等差額可能不會於可見將來撥備，則不會就外國業務投資賬面值與稅基之間的暫時差額確定遞延稅項負債及資產。

即期及遞延所得稅於損益確認，惟倘即期及遞延所得稅於在其他綜合收益或直接於權益中確認的項目有關，在此情況下，稅項亦會分別於其他綜合收益或直接於權益中確認。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.26 Current and deferred income tax (Cont'd)

(b) Deferred income tax (Cont'd)

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred income tax asset is recognised for unclaimed tax credits that are carried forward as deferred income tax assets.

2.27 Employee benefits

(a) Defined contribution plan

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

(b) Defined benefit plan

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

2. 主要會計政策概要(續)

2.26 即期及遞延所得稅(續)

(b) 遞延所得稅(續)

本集團內成員公司可就投資合資格資產或相關合資格開支享有特殊稅項減免。本集團就該等津貼入賬列為稅收抵免，即津貼降低應付所得稅及即期稅項開支。遞延所得稅資產於未認領的稅項抵免結轉為遞延所得稅資產時確認。

2.27 僱員福利

(a) 定額供款計劃

根據中國的規例及法規，本集團位於中國的僱員參與多項由中國相關市級及省級政府運作的定額供款退休福利計劃，據此，本集團及位於中國的僱員每月須對該等計劃作出按僱員薪金百分比計算得出的供款。

市級及省級政府承諾會承擔根據上述計劃應付予所有現有及未來的退休中國僱員的退休福利責任。除每月供款外，本集團並無進一步責任向其僱員提供退休付款及其他退休後福利。該等計劃的資產乃與本集團的資產分開，並由中國政府所管理的獨立基金持有。

(b) 定額福利計劃

一般而言，定額福利計劃釐定員工在退休時可收取的退休福利金額，通常視乎年齡、服務年資和薪酬等一個或多個因素而定。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.27 Employee benefits (Cont'd)

(b) Defined benefit plan (Cont'd)

The liability recognised in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan, recognised in the statement of profit or loss in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in consolidated statement of profit or loss and other comprehensive income. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss and other comprehensive income as past service costs.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit or loss and other comprehensive income.

Remeasurement arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

2. 主要會計政策概要(續)

2.27 僱員福利(續)

(b) 定額福利計劃(續)

在合併資產負債表內就定額福利退休金計劃而確認的負債，為定額福利責任於報告期末的現值減計劃資產的公平值。定額福利責任每年由獨立精算師利用預計單位貸記法計算。定額福利責任的現值利用將用以支付福利的貨幣為單位計值且到期日與有關退休負債的年期近似的高質素企業債券的利率，將估計未來現金流出量貼現計算。在該等債券並無活躍市場的國家，乃採用政府債券的市場利率。

於損益表僱員福利開支項下確認的定額福利計劃即期服務成本(除計入資產成本者外)反映本年度僱員服務所導致的定額福利責任的增加、福利變動、削減及結算。

過往服務成本即時於合併損益及其他綜合收益表中確認。定額福利責任的現值來自計劃修訂或縮減的變動，即時於損益及其他綜合收益中確認為過往服務成本。

淨利息成本按定額福利責任的淨結餘及計劃資產公平值，應用貼現率計算。此成本包含在合併損益及其他綜合收益表中的僱員福利開支中。

根據經驗而調整的重新計量以及精算假設的變動，在產生期間內於其他綜合收益的權益中扣除或計入。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.28 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.29 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of profit or loss and other comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to purchase of property, plant and equipment and intangible assets are included in non-current liabilities as deferred government grants and are credited to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the expected lives of the related assets.

2. 主要會計政策概要(續)

2.28 撥備

在出現以下情況時，本集團確認法律索償、服務保證及妥善履行責任的撥備：本集團因過往事件而產生現有法律或推定義務；履行該義務預期很可能導致資源流出；金額能可靠估計。未來經營虧損不確認撥備。

如存在多項類似義務，則根據整體義務類別考慮釐定償付時導致資源流出的可能性。即使在同一義務類別所包含的任何單個項目的流出的可能性極低，仍須確認撥備。

撥備乃按結算報告期末現時責任所需之管理層最佳估計開支的現值計量。使用作釐定現值之折現率為稅前折現率，其須能夠反映當前市場的貨幣時間價值估算及該負債特有的風險。由時間推移導致撥備金額的增加計入利息開支。

2.29 政府補貼

在有合理保證將收取補助及本集團將遵守所有隨附條件時，政府補貼乃按其公平值確認。

與成本相關的政府補貼均會遞延並於需要與其有意補償的成本相配比的期間內，在合併損益及其他綜合收益表確認。

與購買物業、廠房及設備以及無形資產相關的政府補貼於非流動負債項下列作遞延政府補貼，並按直線法在相關資產的預期使用年內計入合併損益及其他綜合收益表。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.30 Revenue recognition

Under HKFRS 15, revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. This may be at a single point in time or over time.

Upon the adoption of HKFRS 15, the Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- when the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- when the Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

If none of the above conditions are met, the Group recognises revenue at a single point in time at which the performance obligation is satisfied for the sale of that good or service when control has been passed.

If control of the product or service transfers over time, revenue is recognised over the period of the contract by measuring the progress towards complete satisfaction of that performance obligation.

2. 主要會計政策概要(續)

2.30 收入確認

根據香港財務報告準則第15號，收入按客戶合約訂明之代價計量，且不包括代表第三方收取之金額。本集團於其向客戶轉讓產品或服務之控制權時確認收入。該情況可能發生於某個時間點或一段時間內。

於採納香港財務報告準則第15號後，倘符合以下其中一項條件，本集團會於履行履約責任後隨時間轉移確認收入：

- 客戶同時取得及消耗本集團履行履約責任時所提供之利益；
- 本集團之履約行為創造或改良客戶在資產被創造或改良時已控制之資產；
- 本集團之履約行為並未創造一項可被本集團用於替代用途之資產，且本集團獲得具有就迄今為止已完成之履約部份之客戶付款可執行之權利。

倘不符合上述所有條件，本集團將於控制權轉移銷售該貨品或服務之履約責任獲達成之單一時點確認收入。

倘產品或服務控制權經過一段時間轉移，收入確認將通過計量整個合約期間已完成履約責任的進度進行。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.30 Revenue recognition (Cont'd)

(a) Sales of goods

Revenue is recognised at the point in time when the control of the product is transferred to the customer which generally coincides with delivery and acceptance of the product sold.

(b) Rendering of construction and upgrade services

Revenue from construction and upgrade services is recognised over time by measuring the progress towards complete satisfaction of the service. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

(c) Rendering of other services

Revenue from wastewater treatment, solid waste treatment and other services is recognised over the period by measuring the progress towards complete satisfaction of the service.

(d) Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease.

(e) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2. 主要會計政策概要(續)

2.30 收入確認(續)

(a) 產品銷售

收入在產品的控制權轉移至客戶的單一時點時確認，並通常與交收所出售產品的時點一致。

(b) 提供建造及升級服務

建造及升級服務收入於一段時間內確認，且對完成履行服務的進度計量。完成履行履約責任的進度是按本集團為履行履約責任的付出或投入，並參照每份合約截至報告期末已產生的合約成本佔該合約總估計成本的百分比計量。

(c) 提供其他服務

污水處理、固廢處理及其他服務的收益通過計量完成履行服務的進度於一段時間內確認。

(d) 租金收入

投資物業的租金收入就租期以直線法於確認。

(e) 利息收入

利息收入乃對一項金融資產賬面總值應用實際利率予以計算，惟其後出現信貸減值的金融資產除外。就信貸減值的金融資產而言，其利息收入是用實際利率乘以金融資產賬面淨額(經扣除虧損撥備)得出。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.31 Leases

As explained in note 2.2 above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in note 2.2.

The Group leases land use rights on long-term contracts and offices and warehouses on both short-term and long-term contracts.

Land use rights represent prepaid operating lease payments for land less accumulated amortisation and any impairment losses. Amortisation is calculated using the straight-line method to allocate the prepaid operating lease payments for land over the remaining lease term or the operating period, whichever is shorter. It is consistent with that of the annual financial statements for the year ended 31 December 2018.

Rental contracts for offices and warehouses are typically made for fixed periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Until the 2018 financial year, leases of offices and warehouses were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

2. 主要會計政策概要(續)

2.31 租賃

誠如上文附註2.2所闡述，本集團已變更其作為承租人的租賃會計政策。新政策於下文載述，而有關變動的影響載於附註2.2。

本集團以長期合約租賃土地使用權，並以短期及長期合約租賃辦公室及倉庫。

土地使用權指土地的預付經營租賃付款減累計攤銷及任何減值虧損。攤銷乃採用直線法將土地的預付經營租賃付款分攤至剩餘租賃期限或經營租賃期間(以較短者為準)計算，此與截至二零一八年十二月三十一日止年度的財務報表一致。

辦公室及倉庫的租賃合約一般按1至10年的固定期限訂立。租賃條款乃按個別基準磋商，並包含各種不同條款及條件。租賃協議並無施加任何契諾，惟租賃資產不得用作借款的抵押品。直至二零一八年財政年度，辦公室及倉庫租賃分類為經營租賃。根據經營租賃支付的款項(扣除收取出租人的任何優惠)以直線法就租期於損益內扣除。

自二零一九年一月一日起，租賃於租賃資產可供本集團使用當日確認為使用權資產及相應負債。

合約可能包含租賃及非租賃組成部分。本集團按照租賃及非租賃組成部分相應的獨立價格，將合約代價分配至租賃及非租賃組成部分。然而，就本集團為承租人的房地產租賃而言，其選擇將租賃及非租賃組成部分入賬為單一租賃組成部分，並無將兩者區分。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.31 Leases (Cont'd)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2. 主要會計政策概要(續)

2.31 租賃(續)

租賃產生的資產及負債初步以現值基準計量。租賃負債包括下列租賃付款的淨現值：

- 固定付款(包括實質上的固定付款)，減去任何應收租賃優惠；
- 基於指數或利率的可變租賃付款，採用於開始日期的指數或利率初步計量；
- 本集團於剩餘價值擔保下預計應付的金額；
- 倘本集團合理確定要行使購買期權，則該期權的行使價；及
- 倘租期反映本集團行使該期權，則終止租賃罰款的付款。

計量負債時亦包括根據合理確定延長選擇權作出的租賃付款。

租賃付款使用租賃中隱含的利率貼現。如該利率無法輕易確定(本集團的租賃通常如此)，則使用承租人的增量借款利率，即個別承租人在類似經濟環境下按類似條款、抵押及條件借入所需資金以取得類似於使用權資產價值的資產所須支付的利率。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.31 Leases (Cont'd)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

2. 主要會計政策概要(續)

2.31 租賃(續)

為釐定增量借款利率，本集團：

- 在可能情況下，使用個別承租人最近獲得的第三方融資作為出發點，並作出調整以反映自獲得第三方融資以來融資條件的變動；
- 使用累加法，首先就本集團所持有租賃的信貸風險(最近並無第三方融資)調整無風險利率；及
- 進行特定於租約的調整，如期限、國家、貨幣及抵押。

本集團未來可能根據指數或利率增加可變租賃付款額，而有關指數或利率在生效前不會計入租賃負債。當根據指數或利率對租賃付款作出的調整生效時，租賃負債根據使用權資產進行重新評估及調整。

租賃付款於本金與融資成本之間作出分配。融資成本於租期內自損益扣除以計算出各期間負債結餘的固定週期利率。

使用權資產按成本計量，並包括以下各項：

- 租賃負債的初始計量金額；
- 於開始日期或之前作出的任何租賃付款減任何已收租賃優惠；
- 任何初始直接成本；及
- 修復成本。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.31 Leases (Cont'd)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.32 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.33 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group's derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

2. 主要會計政策概要(續)

2.31 租賃(續)

使用權資產一般於資產可使用年期與租期中的較短者以直線法折舊。倘本集團合理確定要行使購買期權，則使用權資產在相關資產的可使用年內折舊。

與短期租賃相關的付款以直線法於損益內確認為開支。短期租賃指租期為12個月或以下的租賃。

經營租賃(本集團作為出租人)的租賃收入於租期內以直線法確認為收入。於獲取經營租賃時產生的初始直接成本會加入相關資產的賬面值，並於租期內按確認租賃收入的同一基準確認為開支。相關租賃資產按其性質計入合併資產負債表。於採納新租賃準則後，本集團毋須就作為出租人持有資產的會計處理作出任何調整。

2.32 股息分派

對本公司股東的股息分派於股息獲本公司股東或董事(如適用)批准期間在本集團財務報表確認為負債。

2.33 衍生工具及對沖活動

衍生工具於衍生工具合約訂立當日按公平值初始確認，其後於各報告期間末按公平值重新計量。公平值變動之會計處理取決於該衍生工具是否被指定為對沖工具，如被指定為對沖工具，則取決於對沖項目之性質。

本集團之衍生工具並不符合對沖會計準則。不符合對沖會計準則之衍生工具之公平值如有變動，將即時於損益內確認並計入其他收益／(虧損)。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.34 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2. 主要會計政策概要(續)

2.34 每股基本盈利

(i) 每股基本盈利

每股基本盈利按以下方式計算：

- 本公司擁有人應佔利潤(不包括普通股以外之任何權益成本)
- 除以財政年度內已發行普通股加權平均數，並就年內已發行普通股(不包括庫存股份)的股息調整。

(ii) 每股攤薄盈利

計算每股攤薄盈利時，會調整用於釐定每股基本盈利的數額，以反映以下因素：

- 與潛在攤薄普通股有關的利息及其他融資成本的除所得稅後影響，及
- 假設轉換所有潛在攤薄普通股，額外將會發行普通股的加權平均數。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate risk and cash flow interest rate), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group principally operates in the PRC with most of the transactions being settled in RMB, which is the functional currency of most of the group entities. The group entities are exposed to foreign exchange risk of foreign currencies other than their functional currencies, primarily with respect to the US dollars ("US\$") and Hong Kong dollars ("HKD") (together "Non-functional Currencies"). The Group seeks to limit its exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position.

The Group also has certain subsidiaries in foreign operations. Foreign exchange risk arises from the recognised assets and liabilities and net investments in foreign operations. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through financing activities denominated in the relevant foreign currencies.

3. 財務風險管理

3.1 財務風險因素

本集團的活動令其承受多種財務風險：市場風險（包括貨幣風險、公平值利率風險及現金流量利率）、信貸風險及流動資金風險。本集團的整體風險管理計劃專注於金融市場的不可預測性，並設法減低對本集團財務表現的潛在不利影響。

(a) 市場風險

(i) 外匯風險

本集團主要在中國經營業務，大部分交易以人民幣結算，人民幣為大部分集團公司的功能貨幣。集團實體承受其功能貨幣以外外幣的外匯風險，主要涉及美元（「美元」）及港元（「港元」）（統稱「非功能貨幣」）。本集團力圖通過密切監察及盡量減少其外幣持倉淨額來限制外幣風險敞口。

本集團亦有若干附屬公司經營境外業務。外匯風險來自境外業務的已確認資產及負債和投資淨額。本集團境外業務淨資產所產生的貨幣風險，主要透過以相關外幣計值的融資活動進行管理。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(ii) Fair value and cash flow interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest risk.

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. The Group's interest-bearing bank borrowings, restricted cash and cash and cash equivalents are stated at amortised cost and not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to profit or loss as earned/incurred.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(ii) 公平值及現金流量利率風險

本集團的利率風險來自於長期借款。按浮動利率取得的借款使本集團面臨現金流量利息風險，而這部分被按浮動利率持有的現金所抵銷。按固定利率取得的借款使本集團面臨公平值利息風險。

本集團定期審閱和監察固定和浮動利率的借款組合以管理其利率風險。本集團的計息銀行借款、受限制現金以及現金及現金等價物均按攤銷成本列賬，並非會定期重估。浮動利率利息收入及開支於賺取／產生時計入／抵減損益。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(ii) Fair value and cash flow interest rate risk (Cont'd)

As at 31 December 2019, the Group has floating rate borrowings amounting to RMB7,721,060,000 (2018: RMB5,249,177,000). If there would be a general increase/decrease in the market interest rates by 100 basis points, with all other variables held constant, the Group's post-tax profit would have decreased/increased by approximately RMB60,550,000 for the year ended 31 December 2019 (2018: RMB41,817,000). The sensitivity analysis above has been determined assuming that the change in market interest rates had occurred as at the 31 December 2019 and 2018 and had applied the exposure to cash flow interest rate risk to those financial instruments in existence at those dates. The estimated 100 basis points increase or decrease represents management's estimate of a reasonably possible change in market interest rates over the period until the next annual year end.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(ii) 公平值及現金流量利率風險(續)

於二零一九年十二月三十一日，本集團的浮動利率借款為人民幣7,721,060,000元(二零一八年：人民幣5,249,177,000元)。截至二零一九年十二月三十一日止年度，如市場利率整體上升／下跌100個基點，而所有其他變量保持不變，則本集團的除稅後溢利將減少／增加約人民幣60,550,000元(二零一八年：人民幣41,817,000元)。上述敏感度分析乃假設市場利率變動已於二零一九年及二零一八年十二月三十一日發生並已應用該等金融工具所承擔於該等日期存在的現金流量利率風險而釐定。估計增加或減少100個基點指管理層估計期內直至下一年度末市場利率的合理可能變動。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.1 Financial risk factors (Cont'd)

(b) Credit risk

(i) Risk management

Credit risk is managed on group basis. The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of restricted cash, cash and cash equivalents, trade and other receivables, receivables under service concession arrangements, amounts due from customers for contract work and contract assets.

For deposit with banks, the Group has limited its credit exposure by restricting their selection of banks on the reputable local listed commercial banks or state-owned banks. Management believes these financial institutions are reputable and there is no significant credit risk of loss on such assets.

For trade receivables, receivables under service concession arrangements, amounts due from customers for contract work and contract assets, the customers are primarily local governments and PRC state-owned entities and management considers the credit risk is not high.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險

(i) 風險管理

信用風險按集團基準進行管理。本集團所面對有關金融資產的最大信用風險為受限制現金、現金及現金等價物、貿易及其他應收款項、服務特許經營安排下的應收款項、合約工程應收客戶款項及合約資產的賬面值。

就銀行存款而言，本集團透過限制其挑選銀行(挑選信譽良好的地方上市商業銀行或國有銀行)以限制其信用風險。管理層相信該等金融機構信譽良好，並無有關資產虧損的重大信用風險。

就貿易應收款項、服務特許經營安排下的應收款項、合約工程應收客戶款項及合約資產而言，客戶主要為地方政府及中國國有實體，而管理層認為信用風險並不高。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.1 Financial risk factors (Cont'd)

(b) Credit risk (Cont'd)

(ii) Impairment of financial assets

The Group has four types of financial assets and contract assets that are subject to HKFRS 9's ECL model:

- receivables under service concession arrangements;
- trade and other receivables;
- amounts due from customers for contract work; and
- contract assets.

While cash and cash equivalents and restricted cash are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

To measure the ECL, receivables under service concession arrangements, trade and other receivables, amounts due from customers for contract work and contract assets have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

(ii) 金融資產減值

本集團擁有四類須遵守香港財務報告準則第9號項下預期信貸虧損模型的金融資產及合約資產：

- 服務特許經營安排下的應收款項；
- 貿易及其他應收款項；
- 合約工程應收客戶款項；及
- 合約資產。

雖然現金及現金等價物以及受限制現金亦須遵守香港財務報告準則第9號的減值規定，但已識別減值虧損並不重大。

為計量預期信貸虧損，服務特許經營安排下的應收款項、貿易及其他應收款項、合約工程應收客戶款項及合約資產已根據攤佔信貸風險特徵分類。合約資產涉及未入賬在建工程，且與相同類型合約的貿易應收款項具有大致相同的風險特徵。因此，本集團認為，貿易應收款項的預期損失率與合約資產損失率合理相若。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.1 Financial risk factors (Cont'd)

(b) Credit risk (Cont'd)

(ii) Impairment of financial assets (Cont'd)

The Group established ECL model based on historical settlement records, past experience and available forward-looking information.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group financial department. Group financial department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash and cash equivalents to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The Group's financial department monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group expects to fund its future cash flow needs through internally generated cash flows from operations, borrowings and perpetual capital instruments from financial institutions.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

(ii) 金融資產減值(續)

本集團按歷史結算記錄、過往經驗及現有的前瞻性資料建立預期信貸虧損模型。

(c) 流動資金風險

現金流量預測乃由本集團經營實體編製後由本集團財務部匯總而得。本集團財務部監控本集團流動資金需求的滾動預測，以確保有足夠的現金及現金等價物滿足營運需要，同時於任何時間均維持其未提取但已承諾借款融資有足夠餘額，以便本集團不會違反其任何借款融資的借款限額或契諾（如適用）。

本集團財務部監察現金及現金等價物水平，並將現金及現金等價物維持在管理層認為足以為本集團的營運提供資金及減輕現金流量波動影響的水平。本集團預期透過經營活動內部產生的現金流量及來自金融機構的借款及永久資本工具應付其未來現金流量需求。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.1 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest payments computed using contractual rates, or, if floating, based on current rates.

		Within 1 year 1年以內 RMB'000 人民幣千元	Between 1 and 2 years 1至2年 RMB'000 人民幣千元	Between 2 and 5 years 2至5年 RMB'000 人民幣千元	Over 5 years 5年以上 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Carrying amount liabilities 負債賬面值 RMB'000 人民幣千元
Closing balance at 31 December 2019	於二零一九年十二月三十一日 的期末結餘						
Financial liabilities	金融負債						
Borrowings	借款	7,470,505	7,579,710	6,128,832	5,200,439	26,379,486	21,618,930
Trade and other payables (*)	貿易及其他應付款項(*)	3,424,554	3,085,124	349,777	4,970	6,864,425	6,717,053
Lease liabilities	租賃負債	13,152	10,667	19,023	50,138	92,980	50,610
		10,908,211	10,675,501	6,497,632	5,255,547	33,336,891	28,386,593
Closing balance at 31 December 2018	於二零一八年十二月三十一日 的期末結餘						
Financial liabilities	金融負債						
Borrowings	借款	6,522,143	3,968,195	6,951,773	2,561,801	20,003,912	16,934,526
Trade and other payables (*)	貿易及其他應付款項(*)	2,767,275	3,247,892	138,000	5,470	6,158,637	6,025,110
		9,289,418	7,216,087	7,089,773	2,567,271	26,162,549	22,959,636

The Group also provides guarantees to borrowings of joint ventures and an associate, which will have contractual cash flows only if joint ventures and an associate default the repayment (Note 36(j)).

* Excluding staff welfare benefit payable and other taxes payable.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(c) 流動資金風險(續)

下表分析本集團的非衍生金融負債，此乃按照相關的到期組別，根據結算日至合約到期日的剩餘期間進行分析。表內所披露的金額為合約未貼現現金流量，包括根據合約利率(或倘為浮動利率，則為即期匯率)計算的利息付款。

本集團亦為合營公司及聯營公司借款提供擔保，且僅在合營公司及聯營公司拖欠還款情況下會產生合約現金流量(附註36(j))。

* 不包括應付員工福利及其他應付稅項。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, sell assets to reduce debt or raise funding through capital markets as necessary.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "total equity" as shown in the consolidated financial statements plus net borrowings.

3. 財務風險管理(續)

3.2 資本管理

本集團的資本管理的目的為保障本集團能夠持續經營，以為股東提供回報及為其他利益相關者提供利益，以及維持最佳的資本架構以減少資本成本。

為保持或調整資本結構，本集團可能會調整派付予股東的股息金額、向股東退還資本、出售資產以減少債務或透過資本市場籌集資金(如需要)。

本集團根據資產負債比率監控資本。該比率按淨債務除以總資本計算。淨債務按借款總額(包括合併資產負債表所示的「即期及非即期借款」)減現金及現金等價物計算。總資本按合併財務報表所示的「權益總額」加借款淨額計算。

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Total borrowings (note 29)	借款總額(附註29)	21,618,930	16,934,526
Less: cash and cash equivalents (note 25)	減：現金及現金等價物(附註25)	(2,468,435)	(2,214,352)
Net borrowings	借款淨額	19,150,495	14,720,174
Total equity	總權益	8,545,985	6,934,272
Total capital	資本總額	27,696,480	21,654,446
Gearing ratio	資產負債比率	69%	68%

The increase in the gearing ratio was resulted primarily from the increase of borrowings during the year ended 31 December 2019.

資產負債比率提高主要是由於截至二零一九年十二月三十一日止年度借款增加。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.3 Financial instruments by category

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Financial assets	金融資產		
Financial assets at amortised cost	按攤銷成本計量的金融資產		
– Trade and other receivables	– 貿易及其他應收款項	7,170,741	5,777,631
– Receivables under service concession arrangements	– 服務特許經營安排下的應收款項	5,078,315	4,223,100
– Cash and cash equivalents	– 現金及現金等價物	2,468,435	2,214,352
– Restricted cash	– 受限制現金	192,691	123,043
– Amounts due from customers for contract works	– 合約工程應收客戶款項	9,521	—
		14,919,703	12,338,126
Financial assets at fair value	按公平值計量的金融資產		
– Financial asset at fair value through other comprehensive income	– 以公平值計量且其變動計入其他綜合收益的金融資產	4,675	4,675
– Financial assets at fair value through profit or loss	– 以公平值計量且其變動計入損益的金融資產	—	4,320
– Derivative financial instruments	– 衍生金融工具	—	10,884
		4,675	19,879
		14,924,378	12,358,005
Financial liabilities	金融負債		
Financial liabilities at amortised cost	按攤銷成本計量的金融負債		
– Borrowings	– 借款	21,618,930	16,934,526
– Trade and other payables (*)	– 貿易及其他應付款項(*)	6,717,053	6,025,110
– Lease liabilities	– 租賃負債	50,610	—
		28,386,593	22,959,636
Financial liabilities at fair value	按公平值計量的金融負債		
– Derivative financial instruments	– 衍生金融工具	—	2,500
		28,386,593	22,962,136

* Excluding staff welfare benefit payable and other taxes payable.

* 不包括應付員工福利及其他應付稅項。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.4 Fair value estimation

The Group's financial instruments recognised in the consolidated balance sheet are mainly receivables and financial liabilities carried at amortised cost. The fair values of these financial instruments approximate their carrying amounts.

Financial instruments carried at fair value are disclosed by levels of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing these financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3. 財務風險管理(續)

3.4 公平值估計

本集團於合併資產負債表內確認的金融工具主要為按攤銷成本列賬的應收款項及金融負債。該等金融工具的公平值與其賬面值相若。

按公平值列賬的金融工具乃按以下公平值計量層級進行披露：

- 相同資產或負債在活躍市場的報價(未經調整)(第一級)。
- 除第一級所包括的報價外，該資產或負債的可觀察(直接(即價格)或間接(即源自價格))輸入數據(第二級)。
- 並非依據可觀察市場數據得出的資產或負債的輸入數據(即不可觀察輸入數據)(第三級)。

4. 主要會計估計及判斷

編製該等財務報表時所用的估計及判斷乃根據過往經驗及其他因素(包括根據現有情況對未來事件作出的認為屬合理的預期)而作出並會進行評估。

本集團會就未來作出估計及假設。根據定義，因此而作出的會計估計極少與相關實際結果相同。很可能導致對下個財政年度的資產及負債的賬面值作出重大調整的估計及假設論述如下。

Notes to the Consolidated Financial Statements

合併財務報表附註

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

(a) Service concession arrangements under financial asset model

When the Group is paid for the construction and upgrade services by a financial asset, significant judgement is exercised in determining the fair values of the financial asset at initial recognition. Cash flow forecast, effective interest rate and other factors are used in the valuation model. Any changes in the expected cash flows, such as forecasted unit price of service fee, operating costs and profit margins of the operating services, will result in change in the carrying value of the financial asset and the revenue recognised in concession period.

According to the service concession arrangements signed with the Grantors, the unit price of service fee would be periodically adjusted to compensate operating cost increase, including labour costs, material costs, taxation, through a pricing mechanism which is still subject to regulation by local government authorities. Judgement is required in assessing whether increase in costs can be compensated through unit price adjustment and the timing. In making this judgement, the Group evaluates the pricing mechanism in the service concession arrangements, the extent of development of the project and status of negotiation with the government authorities.

(b) Impairment provision of trade receivables

The Group records impairment provision of trade receivables based on an assessment made by management on the ECL of trade receivables. The evaluations focused on the customers' settlement history and current ability to pay, and took into account information specific to the customers as well as pertaining to the economic environment in which the customers operated. Provisions are made where events or changes in circumstances indicate that the balances may not be collectible. Impairment assessment requires the use of judgement and estimates. The Group would revisit and evaluate those assumptions related with ECL model periodically.

4. 主要會計估計及判斷(續)

(a) 金融資產模型下的服務特許經營安排

本集團為運營商提供建設及升級服務而形成金融資產時，釐定金融資產初始確認的公平值時需進行重大判斷。於估值模型中使用現金流量預測、實際利率及其他因素。倘預期現金流量(如預測服務費單價、運營服務的運營成本及毛利率)有任何變動，將導致金融資產賬面值及於特許經營期內確認的收益產生變動。

根據與授予人簽訂的服務特許經營安排，服務費單價會按照定價機制(仍受地方政府部門監管)定期調整，以抵銷勞工成本、材料成本、稅項等經營成本漲幅。評估成本漲幅可否通過調整單價進行抵銷以及調整時機時，須作出判斷。作出判斷時，本集團會評估服務特許經營安排中的定價機制、項目發展程度以及與政府部門的磋商情況。

(b) 貿易應收款項減值撥備

本集團根據管理層對貿易應收款項預期信貸虧損作出的評估入賬貿易應收款項減值撥備。該等評估重點關注客戶的歷史結算記錄及當前支付能力，並考慮客戶自身及其經營所處的經濟環境的特定信息。一旦事件發生或情況改變顯示餘額可能無法收回時，則會作出撥備。減值評估須運用判斷及估計。本集團將定期回顧及評估該等與預期信貸虧損有關的假設。

Notes to the Consolidated Financial Statements

合併財務報表附註

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

(c) Income taxes and deferred income taxation

The Group is primarily subject to income taxes in the PRC, Hong Kong, Thailand and Indonesia. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred income tax provision in the year in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(d) Impairment assessment of goodwill

Goodwill is reviewed for impairment at each balance sheet date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of goodwill has been determined based on fair value less costs to disposal calculations, taking into account latest market information and past experience. These calculations require the use of judgements and estimates.

4. 主要會計估計及判斷(續)

(c) 所得稅及遞延所得稅項

本集團主要須繳納中國、香港、泰國及印尼所得稅。釐定所得稅撥備時須作出重大判斷。於日常業務過程中，不少交易及計算的最終釐定均不確定。倘此等事宜的最終稅務結果與初步記錄的金額不同，有關差額將影響於作出有關釐定的年度所得稅及遞延所得稅項撥備。

當管理層認為未來可能有應課稅溢利以用作抵銷暫時性差異或稅項虧損時，會確認與若干暫時差額及稅項虧損有關的遞延所得稅資產。其實際動用的結果可能會有所不同。

(d) 商譽減值評估

商譽於各資產負債表日期或有事件發生或狀況轉變顯示可能無法收回其賬面值時檢討是否出現減值。商譽的可收回金額乃根據公平值減處置費用的計算結果在計及最新市場資料及過往經驗後進行釐定。進行有關計算時需作出判斷及估計。

Notes to the Consolidated Financial Statements

合併財務報表附註

5. SEGMENT INFORMATION

The executive directors of the Company are the chief operating decision-maker of the Group. Management has determined the operating segments based on reports reviewed by the executive directors of the Company for the purpose of allocating resources and assessing performance.

The executive directors of the Company consider the business from product and service perspective. The Group is organised into five business segments as below:

- (a) Wastewater treatment;
- (b) Water supply;
- (c) Construction and sales of equipment;
- (d) Solid waste treatment;
- (e) Others, including operation and maintenance services and other businesses.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of revenue and gross profit of each operating segment.

The amounts provided to the executive directors of the Company with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment.

Unallocated assets mainly represented cash and cash equivalents, restricted cash, certain prepayments and certain receivables of the group entities engaging in multiple business segments. Management considered that it is impracticable or not meaningful in allocating to different segments.

Unallocated liabilities mainly represented certain borrowings, certain payables and deferred income of the group entities engaging in multiple business segments. Management considered that it is impracticable or not meaningful in allocating to different segments.

5. 分部資料

本公司執行董事為本集團的首席經營決策者。管理層根據本公司執行董事為資源分配及表現評估目的所審閱的報告釐定經營分部。

本公司執行董事從產品與服務層面考慮業務。本集團分為五個業務分部，詳情如下：

- (a) 污水處理；
- (b) 供水；
- (c) 建造及設備銷售；
- (d) 固廢處理；
- (e) 其他，包括運營和維護服務及其他業務。

管理層分開監察本集團經營分部的業績，以對資源分配及表現評估作出決策。分部表現按可呈報分部業績進行評估，其為各經營分部收入及毛利的一種計量。

本公司執行董事獲提供的總資產及總負債金額乃以與財務報表所採用者一致的方式計量。該等資產及負債根據分部經營業務進行分配。

未分配資產主要指從事多個業務分部的集團實體的現金及現金等價物、受限制現金、若干預付款項及若干應收款項。管理層認為，分配至不同分部不切實際或意義不大。

未分配負債主要指若干借款、若干應付款項及從事多個業務分部的集團實體的遞延收益。管理層認為，分配至不同分部不切實際或意義不大。

Notes to the Consolidated Financial Statements

合併財務報表附註

5. SEGMENT INFORMATION (Cont'd)

- (i) Segment results and capital expenditure for the year ended 31 December 2019 are as follows:

Year ended 31 December 2019:

5. 分部資料(續)

- (i) 截至二零一九年十二月三十一日止年度的分部業績及資本支出如下：

截至二零一九年十二月三十一日止年度：

		Wastewater treatment	Water supply	Construction and sales of equipment	Solid waste treatment	Others	Unallocated	Total
		污水處理	供水	設備銷售	固廢處理	其他	未分配	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Gross segment revenue	分部收益總額	2,978,368	1,230,737	1,618,895	1,514,561	99,791	—	7,442,352
Inter-segment revenue	分部間收益	—	—	(904,328)	—	—	—	(904,328)
Revenue from external customers	來自外部客戶的收入	2,978,368	1,230,737	714,567	1,514,561	99,791	—	6,538,024
Revenue from contracts with customers	與客戶合約之收入							
– Recognised at a point in time	– 於某一時點確認	—	623,028	407,965	—	—	—	1,030,993
– Recognised at over time	– 於某一時段確認	2,564,606	556,004	306,602	1,505,231	99,791	—	5,032,234
Revenue from other sources	其他收入來源							
– Finance income	– 融資收入	413,762	51,705	—	9,330	—	—	474,797
Gross profit	毛利	946,576	236,761	337,764	266,203	45,009	—	1,832,313
Other income	其他收入							124,024
Other losses — net	其他虧損淨額							(1,425)
Selling expenses	銷售開支							(43,398)
Administrative expenses	行政開支							(424,196)
Impairment losses on financial assets	金融資產減值虧損							(48,526)
Finance costs — net	融資成本淨額							(814,167)
Share of profit/(loss) of investments accounted for using the equity method — net	以權益法入賬的應佔投資溢利/(虧損)淨額	30,304	5,223	10,644	24,542	—	(17,789)	52,924
Profit before income tax	所得稅前溢利							677,549
Income tax expenses	所得稅開支							(123,741)
Profit for the year	年內溢利							553,808
Depreciation and amortisation	折舊和攤銷	(131,155)	(171,761)	(16,804)	(170,718)	(14,724)	(15,430)	(520,592)
Segment assets	分部資產	15,619,480	7,277,522	5,508,035	7,348,612	986,814	3,128,669	39,869,132
Segment assets include:	分部資產包括：							
Investments accounted for using the equity method	以權益法入賬的投資	236,025	46,590	45,361	464,034	34,534	269,473	1,096,017
Segment liabilities	分部負債	5,983,320	1,178,220	2,230,171	2,005,710	1,138,799	18,786,927	31,323,147
Additions to non-current assets (other than financial instruments and deferred income tax assets)	非流動資產的添置 (金融工具和遞延所得稅資產除外)	2,423,830	489,061	398,021	1,846,925	70,697	1,559	5,230,093

Notes to the Consolidated Financial Statements

合併財務報表附註

5. SEGMENT INFORMATION (Cont'd)

- (i) Segment results and capital expenditure for the year ended 31 December 2019 are as follows: (Cont'd)

Year ended 31 December 2018:

		Wastewater treatment 污水處理 RMB'000 人民幣千元	Water supply 供水 RMB'000 人民幣千元	Construction and sales of equipment 建造及 設備銷售 RMB'000 人民幣千元	Solid waste treatment 固廢處理 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Unallocated 未分配 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Gross segment revenue	分部收益總額	3,295,023	1,171,789	2,059,977	748,985	71,884	—	7,347,658
Inter-segment revenue	分部間收益	—	—	(1,092,030)	—	—	—	(1,092,030)
Revenue from external customers	來自外部客戶的收入	3,295,023	1,171,789	967,947	748,985	71,884	—	6,255,628
Revenue from contracts with customers	與客戶合約之收入							
– Recognised at a point in time	– 於某一時點確認	—	519,062	495,414	—	—	—	1,014,476
– Recognised at over time	– 於某一時段確認	3,039,621	595,442	472,533	736,871	71,884	—	4,916,351
Revenue from other sources	其他收入來源							
– Finance income	– 融資收入	255,402	57,285	—	12,114	—	—	324,801
Gross profit	毛利	735,879	227,446	343,094	167,091	24,499	—	1,498,009
Other income	其他收入							144,668
Other gains — net	其他收益淨額							10,541
Selling expenses	銷售開支							(43,884)
Administrative expenses	行政開支							(395,120)
Impairment losses on financial assets	金融資產減值虧損							(25,510)
Finance costs — net	融資成本淨額							(578,512)
Share of profit/(loss) of investments accounted for using the equity method — net	以權益法入賬的應佔投資溢利/(虧損)淨額	19,127	(8,903)	7,694	16,116	—	—	34,034
Profit before income tax	所得稅前溢利							644,226
Income tax expenses	所得稅開支							(147,511)
Profit for the year	年內溢利							496,715
Depreciation and amortisation	折舊和攤銷	(117,348)	(162,033)	(14,378)	(151,792)	(12,768)	(12,553)	(470,872)
Segment assets	分部資產	11,877,411	6,761,381	4,592,414	5,485,113	960,690	2,996,837	32,673,846
Segment assets include:	分部資產包括:							
Investments accounted for using the equity method	以權益法入賬的投資	203,671	328,628	34,717	89,492	4,534	—	661,042
Segment liabilities	分部負債	4,082,170	1,183,919	1,887,852	1,261,995	1,171,977	16,151,661	25,739,574
Additions to non-current assets (other than financial instruments and deferred income tax assets)	非流動資產的添置 (金融工具和遞延所得稅資產除外)	3,342,032	478,764	843,878	443,618	18,259	68,768	5,195,319

5. 分部資料(續)

- (i) 截至二零一九年十二月三十一日止年度的分部業績及資本支出如下:(續)

截至二零一八年十二月三十一日止年度:

Notes to the Consolidated Financial Statements

合併財務報表附註

5. SEGMENT INFORMATION (Cont'd)

- (ii) Segment assets and liabilities are measured in the same way as in the financial statements. The table of segment assets/liabilities by region is as follows:

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Segment assets	分部資產		
– Mainland China	– 中國大陸	35,102,965	28,275,590
– Thailand	– 泰國	620,371	588,543
– Indonesia	– 印尼	861,630	644,309
– Hong Kong	– 中國香港	142,481	142,745
– Singapore	– 新加坡	13,016	25,822
Total segment assets	分部資產總額	36,740,463	29,677,009
– Unallocated	– 未分配	3,128,669	2,996,837
Total assets	總資產	39,869,132	32,673,846
Segment liabilities	分部負債		
– Mainland China	– 中國大陸	11,894,996	8,925,931
– Thailand	– 泰國	132,837	139,806
– Indonesia	– 印尼	465,420	441,501
– Hong Kong	– 中國香港	19,901	45,130
– Singapore	– 新加坡	23,066	35,545
Total segment liabilities	分部負債總額	12,536,220	9,587,913
– Unallocated	– 未分配	18,786,927	16,151,661
Total liabilities	總負債	31,323,147	25,739,574

Inter-segment transfers or transactions are entered into at terms and conditions agreed upon by respective parties. Eliminations comprise inter-segment trade and non-trade balances. Pricing policy for inter-segment transactions is determined by reference to market price.

5. 分部資料(續)

- (ii) 分部資產及負債以相同方式在財務報表中計量。下表載列按地域劃分的分部資產／負債：

分部間轉撥或交易乃按各方協定的條款及條件進行。對銷包括分部間貿易及非貿易結餘。分部間交易的定價政策經參考市價後釐定。

Notes to the Consolidated Financial Statements

合併財務報表附註

5. SEGMENT INFORMATION (Cont'd)

- (iii) The revenue of group entities from external customers broken down by location of the goods or services are delivered to is shown in the table below.

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Mainland China	中國大陸	6,161,315	5,912,609
Indonesia	印尼	274,996	233,840
Thailand	泰國	99,803	107,419
Hong Kong	中國香港	1,910	1,760
		6,538,024	6,255,628

- (iv) Breakdown of the revenue from all services and sales of goods is as follows:

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Operating services	運營服務	1,800,114	1,550,655
Construction services	建造服務	3,493,855	3,354,901
Finance income	融資收入	474,797	324,801
Engineering-Procurement-Construction ("EPC") and sales of equipment	設計 — 採購 — 施工 (「EPC」) 及設備銷售	669,467	953,387
Others	其他	99,791	71,884
		6,538,024	6,255,628

5. 分部資料(續)

- (iii) 收集團實體來自外部客戶的收益按交付貨品或服務的地點劃分的明細載列下表。

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Mainland China	中國大陸	6,161,315	5,912,609
Indonesia	印尼	274,996	233,840
Thailand	泰國	99,803	107,419
Hong Kong	中國香港	1,910	1,760
		6,538,024	6,255,628

- (iv) 自全部服務及銷售貨品產生的收益之明細載列如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Operating services	運營服務	1,800,114	1,550,655
Construction services	建造服務	3,493,855	3,354,901
Finance income	融資收入	474,797	324,801
Engineering-Procurement-Construction ("EPC") and sales of equipment	設計 — 採購 — 施工 (「EPC」) 及設備銷售	669,467	953,387
Others	其他	99,791	71,884
		6,538,024	6,255,628

Notes to the Consolidated Financial Statements

合併財務報表附註

5. SEGMENT INFORMATION (Cont'd)

(v) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

		As at 31 December 2019 於二零一九年 十二月三十一日 RMB'000 人民幣千元	As at 31 December 2018 於二零一八年 十二月三十一日 RMB'000 人民幣千元
Contract assets — Non-current	合約資產 — 非流動		
– Related to wastewater treatment services	– 與污水處理服務有關	4,853,538	3,406,622
– Related to construction services	– 與建造服務有關	791,226	457,267
– Related to water supply services	– 與供水服務有關	547,090	414,066
		6,191,854	4,277,955
Contract assets — Current	合約資產 — 流動		
– Related to wastewater treatment services	– 與污水處理服務有關	255,588	8,413
– Related to construction services	– 與建造服務有關	253,452	318,976
– Related to water supply services	– 與供水服務有關	12,018	10,808
		521,058	338,197
		6,712,912	4,616,152
Contract liabilities — Current	合約負債 — 流動		
– Related to construction services	– 與建造服務有關	70,205	88,982
– Related to water supply services	– 與供水服務有關	26,780	23,851
– Related to solid waste treatment services	– 與固廢處理服務有關	9,691	6,576
		106,676	119,409

5. 分部資料(續)

(v) 與客戶訂立合約相關之資產及負債

本集團將已確認以下與客戶訂立合約相關之資產及負債：

Notes to the Consolidated Financial Statements

合併財務報表附註

5. SEGMENT INFORMATION (Cont'd)

- (vi) Revenue from customers contributing over 10% of the total revenue of the Group is as follow:

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
YCIH (note a)	雲南建投集團(附註a)	684,494	800,659

- (a) YCIH represents Yunnan Construction and Investment Holding Group Co., Ltd and its subsidiaries, which are related parties of the Group. The detailed information of transactions with YCIH is depicted in note 36(f).

6. OTHER INCOME

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Government grants	政府補助	88,435	90,956
Value-added tax refunds	增值稅退稅	23,460	50,225
Miscellaneous income	雜項收益	12,129	3,487
		124,024	144,668

5. 分部資料(續)

- (vi) 對本集團總收入貢獻超過10%的客戶收入如下：

Year ended 31 December 截至十二月三十一日止年度	
2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元

- (a) 雲南建投集團指本集團的關聯方雲南省建設投資控股集團有限公司及其附屬公司。與雲南建投集團交易的詳情資料列明於附註36(f)。

6. 其他收入

Notes to the Consolidated Financial Statements

合併財務報表附註

7. OTHER (LOSSES)/GAINS — NET

7. 其他(虧損)/收益淨額

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Net fair value (losses)/gains on financial assets at fair value through profit or loss	以公平值計量且其變動計入 損益的金融資產之公平值 淨(虧損)/收益	(9,985)	8,384
Others	其他	8,560	2,157
		(1,425)	10,541

8. EXPENSES BY NATURE

8. 按性質劃分的開支

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Employee benefit expenses (note 9)	僱員福利開支(附註9)	605,333	549,395
Depreciation of property, plant and equipment (note 17)	物業、廠房及設備折舊(附註17)	177,369	163,397
Depreciation of right-of-use assets (note 19)	使用權資產折舊(附註19)	19,777	—
Depreciation of investment properties	投資物業折舊	852	913
Amortisation of land use rights	土地使用權攤銷	—	6,920
Amortisation of intangible assets (note 21)	無形資產攤銷(附註21)	322,594	300,555
Legal and professional fee	法律及專業費用	28,118	14,850
Auditors' remuneration	核數師薪酬	7,450	7,950
– Audit services	– 審計服務	7,250	7,250
– Non-audit services	– 非審計服務	200	700
Electricity, raw materials consumptions and other costs for operating services	經營服務的電力、原材料消耗及 其他成本	526,466	569,977
Costs of construction services	建造服務成本	3,065,263	2,948,167
Costs of EPC and sales of equipment	EPC及銷售設備成本	284,080	469,958

Notes to the Consolidated Financial Statements

合併財務報表附註

9. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Wages and salaries	工資及薪金	447,129	410,088
Pension costs of defined contribution plans	定額供款計劃的退休金	56,193	51,884
Housing funds, medical insurances and other social insurances	住房公積金、醫療保險及其他社會保險	58,062	47,236
Other welfare and allowance	其他津貼及福利	43,949	40,187
		605,333	549,395

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2018: two) directors, whose emoluments are reflected in the analysis shown in note 38. The emoluments payable to the remaining three (2018: three) individuals during the year are as follows:

(a) 五名最高薪人士

本集團於本年度的五名最高薪人士包括兩名(二零一八年：兩名)董事，其酬金反映於附註38所列分析。於本年度向餘下三名(二零一八年：三名)人士應付的酬金如下所示：

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Basic salaries, housing allowances, other benefits in kind	基本薪金、住房津貼、其他實物福利	3,739	4,213
Bonuses	花紅	—	1,100
		3,739	5,313

Notes to the Consolidated Financial Statements

合併財務報表附註

9. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS (Cont'd)

(a) Five highest paid individuals (Cont'd)

The emoluments of these remaining individuals of the Group fell within the following bands:

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年	2018 二零一八年
Emolument bands	酬金範圍		
RMB880,000 to RMB1,320,000 (equivalent to HKD1,000,000 to HKD1,500,000)	人民幣880,000元至 人民幣1,320,000元 (相等於1,000,000港元至 1,500,000港元)	2	—
RMB1,320,000 to RMB1,759,000 (equivalent to HKD1,500,000 to HKD2,000,000)	人民幣1,320,000元至 人民幣1,759,000元 (相等於1,500,000港元至 2,000,000港元)	1	2
RMB1,759,000 to RMB2,199,000 (equivalent to HKD2,000,000 to HKD2,500,000)	人民幣1,759,000元至 人民幣2,199,000元 (相等於2,000,000港元至 2,500,000港元)	—	1

10. FINANCE INCOME AND EXPENSES

9. 僱員福利開支 — 包括董事酬金(續)

(a) 五名最高薪人士(續)

本集團該等餘下人士的酬金介乎以下範圍：

10. 融資收入及開支

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Finance income	融資收入		
– Net exchange gains on financing activities (note a)	– 融資活動的匯兌收益淨額 (附註a)	40,658	67,253
– Interest income	– 利息收入	25,597	32,363
		66,255	99,616
Finance expenses	財務開支		
– Borrowing costs	– 借款成本	(1,063,193)	(777,686)
Less: amounts capitalised on qualifying assets (note b)	減：合資格資產的資本化金額 (附註b)	191,435	109,474
		(871,758)	(668,212)
– Unwinding of provision (note 33)	– 解除撥備(附註33)	(8,664)	(9,916)
		(880,422)	(678,128)
Finance costs — net	融資成本淨額	(814,167)	(578,512)

Notes to the Consolidated Financial Statements

合併財務報表附註

10. FINANCE INCOME AND EXPENSES (Cont'd)

- (a) Amounts mainly represented the exchange gains or losses of translating cash and cash equivalents and borrowings denominated in Non-functional currencies.
- (b) Borrowing costs were capitalised at the weighted average rate of 5.35% for the year ended 31 December 2019 (2018: 5.41%).

10. 融資收入及開支(續)

- (a) 該款項主要指換算以非功能貨幣計值的現金及現金等價物及借款的匯兌損益。
- (b) 截至二零一九年十二月三十一日止年度，借款成本乃按5.35%（二零一八年：5.41%）的加權平均利率予以資本化。

11. INCOME TAX EXPENSES

11. 所得稅開支

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Current income tax	即期所得稅		
– Corporate income tax	– 企業所得稅	203,490	178,073
Deferred income tax	遞延所得稅		
– Increase in deferred income tax assets (note 32)	– 遞延所得稅資產 增加(附註32)	(200,643)	(82,609)
– Increase in deferred income tax liabilities (note 32)	– 遞延所得稅負債 增加(附註32)	120,894	52,047
		(79,749)	(30,562)
		123,741	147,511

Notes to the Consolidated Financial Statements

合併財務報表附註

11. INCOME TAX EXPENSES (Cont'd)

(a) PRC corporate income tax

Certain subsidiaries in certain industries operating in the western region of Mainland China can enjoy a preferential corporate income tax rate of 15%, provided their revenues generated from main operating activities accounted for more than 70% of their total revenues of the period.

Certain subsidiaries operating wastewater and solid waste treatment projects in Mainland China are eligible for a tax holiday of three-year full exemption followed by three-year half exemption of corporate income tax commencing from their first year generating operating revenue.

Except for preferential treatments available to certain subsidiaries as mentioned above, other subsidiaries within the Group in Mainland China are subject to corporate income tax at the statutory rate of 25% (2018: same).

(b) Thailand corporate income tax

The subsidiary operating solid waste treatment project in Thailand is eligible for an eight-year tax holiday of full exemption from 2013 to 2020.

(c) Hong Kong profits tax

The applicable Hong Kong profits tax rate is 16.5% for the year ended 31 December 2019 (2018: same).

No provision for Hong Kong profits tax was made as the Group did not have any assessable profit in Hong Kong for the year ended 31 December 2019 (2018: same).

(d) Indonesia corporate income tax

The subsidiary operating solid waste treatment project in Indonesia is subject to corporate income tax at the statutory rate of 25% for the year ended 31 December 2019 (2018: same).

11. 所得稅開支(續)

(a) 中國企業所得稅

在中國大陸西部地區從事若干行業的若干附屬公司可享受15%的優惠企業所得稅稅率，前提是其主要營運業務收益須達到其當期收益總額的70%以上。

在中國大陸經營污水及固廢處理項目的若干附屬公司自產生經營收益首年起可享有三年免稅期及緊接三年企業所得稅減半的待遇。

除上文所述若干附屬公司可享受優惠待遇外，本集團於中國大陸的其他附屬公司須按法定稅率25%繳納企業所得稅(二零一八年：相同)。

(b) 泰國企業所得稅

在泰國經營固廢處理項目的附屬公司自二零一三年至二零二零年起可享有八年完全免稅期。

(c) 香港利得稅

截至二零一九年十二月三十一日止年度，適用的香港利得稅稅率為16.5%(二零一八年：相同)。

由於本集團於截至二零一九年十二月三十一日止年度並無在香港產生應課稅溢利，故並無計提香港利得稅撥備(二零一八年：相同)。

(d) 印尼企業所得稅

截至二零一九年十二月三十一日止年度，在印尼經營固廢處理項目的附屬公司須按25%的法定稅率繳納企業所得稅(二零一八年：相同)。

Notes to the Consolidated Financial Statements

合併財務報表附註

11. INCOME TAX EXPENSES (Cont'd)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit of the group entities as follows:

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Profit before income tax	所得稅前溢利	677,549	644,226
Less: Share of profits of investments accounted for using the equity method	減：以權益法入賬的 應佔投資溢利	(52,924)	(34,034)
		624,625	610,192
Tax calculated at tax rates applicable to profits in the respective companies	按有關公司溢利適用的 稅率計算的稅項	85,691	122,562
Effect of tax losses not recognised as deferred income tax assets	未確認為遞延所得稅資產的 稅務虧損影響	33,127	23,086
Effect of expenses not deductible for tax purpose	不可扣稅開支的影響	4,923	1,863
Income tax expenses	所得稅開支	123,741	147,511

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2019, the Group did not recognise deferred income tax assets of RMB19,308,000 in respect of tax losses amounting to RMB92,991,000 that can be carried forward against future taxable income, which will expire by 2024.

11. 所得稅開支(續)

本集團除所得稅前溢利的稅項有別於使用適用於集團實體的溢利的加權平均稅率所計算的理論金額，具體如下：

就結轉之稅務虧損而確認之遞延所得稅資產僅限於有關稅務利益可透過未來應課稅盈利實現之情況。於二零一九年十二月三十一日，本集團並無就可結轉抵銷未來應課稅收入的稅項虧損人民幣92,991,000元確認遞延所得稅資產人民幣19,308,000元，且其將於二零二四年前陸續到期。

Notes to the Consolidated Financial Statements

合併財務報表附註

12. EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares issued during the year ended 31 December 2019.

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年	2018 二零一八年
Profit attributable to the ordinary shareholders of the Company (RMB'000)	本公司普通股股東應佔溢利 (人民幣千元)	398,153	397,753
Weighted average number of ordinary shares in issue (thousands)	已發行的普通股加權平均數(千股)	1,193,213	1,193,213
Basic earnings per share (RMB per share)	每股基本盈利(每股人民幣元)	0.334	0.333

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there were no potential diluted ordinary shares outstanding as at 31 December 2019 (2018: same).

13. DIVIDENDS

At the board of directors meeting held on 27 March 2020, the directors of the Company proposed a final dividend for the year ended 31 December 2019 of RMB0.15 per ordinary share amounting to approximately RMB178,982,000 (2018: RMB0.15 per ordinary share amounting to approximately RMB178,982,000) out of retained earnings of the Company. These proposed dividends have not been reflected as dividends payable in these consolidated financial statements for the year ended 31 December 2019 but will be reflected as dividends distribution for the year ending 31 December 2020.

The 2018 dividends were paid in July 2019.

12. 每股盈利

(a) 基本

每股基本盈利按本公司普通股股東應佔溢利除以截至二零一九年十二月三十一日止年度已發行的普通股加權平均數計算。

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年	2018 二零一八年
Profit attributable to the ordinary shareholders of the Company (RMB'000)	本公司普通股股東應佔溢利 (人民幣千元)	398,153	397,753
Weighted average number of ordinary shares in issue (thousands)	已發行的普通股加權平均數(千股)	1,193,213	1,193,213
Basic earnings per share (RMB per share)	每股基本盈利(每股人民幣元)	0.334	0.333

(b) 攤薄

由於截至二零一九年十二月三十一日並無發行在外的潛在攤薄普通股，故每股攤薄盈利與每股基本盈利相同(二零一八年：相同)。

13. 股息

在二零二零年三月二十七日舉行的董事會會議上，本公司董事建議就截至二零一九年十二月三十一日止年度派付末期股息每股普通股人民幣0.15元，合共約人民幣178,982,000元(二零一八年：每股普通股人民幣0.15元，合共約人民幣178,982,000元)自本公司保留盈利中撥付。該等建議股息並無於截至二零一九年十二月三十一日止年度的合併財務報表中反映為應付股息，但將於截至二零二零年十二月三十一日止年度反映為股息分派。

二零一八年股息已於二零一九年七月派付。

Notes to the Consolidated Financial Statements

合併財務報表附註

14. SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2019, all of which are private limited liability companies:

14. 附屬公司

以下為二零一九年十二月三十一日主要附屬公司名單，其均是非上市有限公司：

Name (note a) 名稱(附註a)	Principal activities and place of incorporation and operation 主要活動、註冊地點及營業地點	Issued and fully paid-up capital 已發行及悉數繳足股本	Ownership interests held by the Group (%) 本集團應佔權益百分比(%)	Ownership interests held by the non-controlling interests (%) 非控股權益應佔權益百分比(%) (note c) (附註c)
Dali Water Industry Investment Co., Ltd. ("Dali Water") 大理水務產業投資有限公司(「大理水務」)	Wastewater treatment and water supply, the PRC* 污水處理及供水，中國*	RMB120,000,000 人民幣 120,000,000元	45 (2018: 45) (note b) (二零一八年：45) (附註b)	55 (2018: 55) (二零一八年：55)
Yunnan Yun Shui Construction & Engineering Co., Ltd. 雲南雲水建設工程有限公司	Environmental protection equipment sales and construction, the PRC 環保設備銷售及建設，中國	RMB560,000,000 人民幣 560,000,000元	100 (2018: 100) (二零一八年：100)	— (2018: —) (二零一八年：—)
Yunnan OriginWater Membrane Technology Co., Ltd. 雲南城投碧水源膜科技有限責任公司	Environmental protection equipment sales, the PRC 環保設備銷售，中國	RMB55,614,800 人民幣 55,614,800元	100 (2018: 100) (二零一八年：100)	— (2018: —) (二零一八年：—)
Jinghong Water Supply and Drainage Co., Ltd. 景洪市給排水有限責任公司	Wastewater treatment and water supply, the PRC* 污水處理及供水，中國*	RMB80,000,000 人民幣 80,000,000元	51 (2018: 51) (二零一八年：51)	49 (2018: 49) (二零一八年：49)
Yunnan Zhengxiao Environmental Investment Co., Ltd. 雲南正曉環保投資有限公司	Solid waste treatment, the PRC 固廢處理，中國	RMB30,500,000 人民幣 30,500,000元	100 (2018: 100) (二零一八年：100)	— (2018: —) (二零一八年：—)
Wuxi Zhongfa Water Investment Co., Ltd. 無錫中發水務投資有限公司	Wastewater treatment, the PRC* 污水處理，中國*	RMB134,000,000 人民幣 134,000,000元	75 (2018: 75) (二零一八年：75)	25 (2018: 25) (二零一八年：25)

Notes to the Consolidated Financial Statements

合併財務報表附註

14. SUBSIDIARIES (Cont'd)

14. 附屬公司(續)

Name (note a) 名稱(附註a)	Principal activities and place of incorporation and operation 主要活動、註冊地點及營業地點	Issued and fully paid-up capital 已發行及悉數繳足股本	Ownership interests held by the Group (%) 本集團應佔權益百分比(%)	Ownership interests held by the non-controlling interests (%) 非控股權益應佔權益百分比(%) (note c) (附註c)
Yunnan Water (Hong Kong) Company Limited 雲南水務(香港)股份有限公司	Investment in wastewater treatment and water supply, Hong Kong 投資污水處理及供水，中國香港	HKD498,905,000 498,905,000港元	100 (2018: 100) (二零一八年：100)	— (2018: —) (二零一八年：—)
PJT Technology Co., Ltd	Solid waste treatment, Thailand 固廢處理，泰國	THB740,000,000 740,000,000泰銖	100 (2018: 100) (二零一八年：100)	— (2018: —) (二零一八年：—)
Huize Water (Qingzhou) Company Limited 暉澤水務(青州)有限公司	Water supply, the PRC 供水，中國	RMB53,152,000 人民幣 53,152,000元	100 (2018: 100) (二零一八年：100)	— (2018: —) (二零一八年：—)
Huize Water (Sishui) Company Limited 暉澤水務(泗水)有限公司	Wastewater treatment, the PRC 污水處理，中國	US\$1,000,000 1,000,000美元	100 (2018: 100) (二零一八年：100)	— (2018: —) (二零一八年：—)
PT Sumber Organik Indonesia	Solid waste treatment, Indonesia 固廢處理，印尼	IDR10,250,000,000 10,250,000,000 印尼盾	95 (2018: 95) (二零一八年：95)	5 (2018: 5) (二零一八年：5)
Shandong Tengyue Dangerous Chemical Wastes research and treatment Co., Ltd. 山東騰躍化學危險廢棄物研究處理有限公司	Solid waste treatment, the PRC* 固廢處理，中國*	RMB108,571,429 人民幣 108,571,429元	97 (2018: 97) (二零一八年：97)	3 (2018: 3) (二零一八年：3)
Huize Water (Heze) Company Limited 暉澤水務(荷澤)有限公司	Water supply, the PRC* 供水，中國*	RMB100,000,000 人民幣 100,000,000元	55 (2018: 55) (二零一八年：55)	45 (2018: 45) (二零一八年：45)
Xinjiang Qinggeda Yunshui Environmental Industry Investment and Development Co., Ltd. 新疆青格達雲水環保投資有限公司	Wastewater treatment, the PRC 污水處理，中國	RMB227,500,000 人民幣 227,500,000元	100 (2018: 100) (二零一八年：100)	— (2018: —) (二零一八年：—)
Yun Shui Gong Da Environmental Technology Co., Ltd 哈爾濱雲水工大環保科技股份有限公司	Investment in solid waste treatment, the PRC* 投資固廢處理，中國*	RMB83,700,000 人民幣 83,700,000元	100 (2018: 76) (二零一八年：76)	— (2018: 24) (二零一八年：24)

Notes to the Consolidated Financial Statements

合併財務報表附註

14. SUBSIDIARIES (Cont'd)

14. 附屬公司(續)

Name (note a) 名稱(附註a)	Principal activities and place of incorporation and operation 主要活動、註冊地點及營業地點	Issued and fully paid-up capital 已發行及悉數繳足股本	Ownership interests held by the Group (%) 本集團應佔權益百分比(%)	Ownership interests held by the non-controlling interests (%) 非控股權益應佔權益百分比(%) (note c) (附註c)
Langfang Hyflux NewSpring Co., Ltd. 廊坊凱發新泉水務有限公司	Wastewater treatment, the PRC 污水處理，中國	US\$12,400,000 12,400,000美元	100 (2018: 100) (二零一八年：100)	— (2018: —) (二零一八年：—)
Hyflux NewSpring (Guanyun) Co., Ltd. 凱發新泉自來水(灌雲)有限公司	Water supply, the PRC 供水，中國	US\$8,124,000 8,124,000美元	100 (2018: 100) (二零一八年：100)	— (2018: —) (二零一八年：—)
Guizhou Renhuai Yunshui Environmental Industry Co., Ltd. 貴州仁懷雲水環境有限公司	Wastewater treatment the PRC* 污水處理，中國*	RMB522,839,000 人民幣 522,839,000元	90 (2018: 90) (二零一八年：90)	10 (2018: 10) (二零一八年：10)

* Registered as contractual joint ventures under PRC law

* 根據中國法律註冊的合同式合營公司

- (a) The English names of these subsidiaries referred to in this report represent management's best effort at translating the Chinese names of those companies, as no English names have been registered.
- (a) 本報告所提述的該等附屬公司的英文名稱乃管理層盡力翻譯其中文名稱的結果，原因是未曾註冊任何英文名稱。
- (b) According to the capital injection agreement date in 9 April 2014, the Group and the minority shareholders will hold 45% and 55% equity interests of Dali Water, respectively. As at 31 December 2019, The Group has substantially controlled Dali Water through an agreement entered into with one of minority shareholders of Dali Water pursuant to which the minority shareholder confirmed to act consistently with the Group in business operation and finance decision making of Dali Water (2018: same).
- (b) 根據日期為二零一四年四月九日的增資擴股協議，本集團與少數股東將分別持有大理水務45%和55%的股權。截至二零一九年十二月三十一日，本集團透過一份與其中一名大理水務少數股東所訂立的協議而控制大理水務的大部分股權，據此，少數股東確認，在作出有關大理水務的業務經營及財務決策時與本集團一致行動(二零一八年：相同)。
- (c) The total non-controlling interests in respect of the subsidiaries as at 31 December 2019 are RMB1,186,669,000 (2018: RMB1,177,450,000), and are considered individually immaterial to the Group.
- (c) 於二零一九年十二月三十一日有關附屬公司的非控股權益總額為人民幣1,186,669,000元(二零一八年：人民幣1,177,450,000元)，並被視為對本集團個別並不重大。

Notes to the Consolidated Financial Statements

合併財務報表附註

15. ACQUISITION OF ADDITIONAL INTERESTS IN SUBSIDIARIES

During the year ended 31 December 2019, the Group acquired additional interests of certain subsidiaries, the Group recognised a decrease in non-controlling interests and a decrease in equity attributable to ordinary shareholders of the Company. The effect of changes in equity is summarised as follows:

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Carrying amount of non-controlling interests acquired	已收購非控股權益的賬面值	46,659	152,204
Consideration for acquiring additional non-controlling interests	收購額外非控股權益的代價	(85,565)	(201,841)
Excess of consideration recognised within other reserves	於其他儲備確認的代價超出部分	(38,906)	(49,637)

15. 收購附屬公司的額外權益

於截至二零一九年十二月三十一日止年度，本集團收購若干附屬公司的額外權益。本集團確認非控股權益減少以及本公司普通股股東應佔權益減少。權益變動的影響概述如下：

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the consolidated balance sheet are as follows:

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Joint ventures (note a)	合營公司(附註a)	976,601	607,401
Associates (note b)	聯營公司(附註b)	119,416	53,641
		1,096,017	661,042

16. 以權益法入賬的投資

於合併資產負債表確認的金額如下：

Notes to the Consolidated Financial Statements

合併財務報表附註

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont'd)

The amounts of investments accounted for using the equity method recognised in the consolidated statement of profit or loss and other comprehensive income are as follows:

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Joint ventures	合營公司		
– Share of profit for the year	– 應佔年內溢利	47,552	35,422
Associates	聯營公司		
– Share of profit/(loss) for the year	– 應佔年內溢利／(虧損)	5,372	(1,388)
		52,924	34,034

(a) Investment in joint ventures

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Balance at 1 January	於一月一日的結餘	607,401	572,287
Addition (i-2)	添置(i-2)	320,000	—
Share of profit for the year	應佔年內溢利	47,552	35,422
Recognition/(elimination) of unrealised profits or losses	確認／(撇銷)未變現溢利或虧損	1,648	(308)
Balance at 31 December	於十二月三十一日的結餘	976,601	607,401

- (i) The Group has interests in joint ventures that is accounted for using the equity method.

16. 以權益法入賬的投資(續)

於合併損益及其他綜合收益表確認使用權益法入賬的投資金額如下：

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Joint ventures	合營公司		
– Share of profit for the year	– 應佔年內溢利	47,552	35,422
Associates	聯營公司		
– Share of profit/(loss) for the year	– 應佔年內溢利／(虧損)	5,372	(1,388)
		52,924	34,034

(a) 於合營公司的投資

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Balance at 1 January	於一月一日的結餘	607,401	572,287
Addition (i-2)	添置(i-2)	320,000	—
Share of profit for the year	應佔年內溢利	47,552	35,422
Recognition/(elimination) of unrealised profits or losses	確認／(撇銷)未變現溢利或虧損	1,648	(308)
Balance at 31 December	於十二月三十一日的結餘	976,601	607,401

- (i) 本集團年內於合營公司的投資乃以權益法入賬。

Notes to the Consolidated Financial Statements

合併財務報表附註

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont'd)

(a) Investment in joint ventures (Cont'd)

Name of entity	實體名稱	Place of business/ country of incorporation 營業地點/ 註冊成立的國家	Percentage of ownership interest As at 31 December 所有權權益百分比 於十二月三十一日	
			2019 二零一九年	2018 二零一八年
Zhejiang Haiyun Environmental Protection Company Limited ("Haiyun Environmental") (i-1)	浙江海雲環保有限公司 (「海雲環保」)(i-1)	PRC 中國	49%	49%
Fujian Dongfei Environment Company Limited ("Dongfei Environment") (i-2)	福建東飛環境有限公司 (「東飛環境」)(i-2)	PRC 中國	40%	Not applicable 不適用

(i-1) Haiyun Environmental is principally engaged in investing, financing, construction, operation and management of water environment projects and infrastructure construction projects in the PRC.

(i-1) 海雲環保主要在中國從事水環境項目及基礎設施建設項目的投資、融資、建設、經營及管理。

(i-2) During the year ended 31 December 2019, the Group acquired 40% of ownership interests in Dongfei Environment at a cash consideration of RMB320,000,000. Dongfei Environment is principally engaged in investing, financing, operation and management of environment projects in the PRC.

(i-2) 於截至二零一九年十二月三十一日止年度，本集團以人民幣320,000,000元現金對價收購東飛環境40%的所有權權益。東飛環境主要在中國從事環境項目的投資、融資、運營和管理。

(ii) The table below provide summarised financial information of joint ventures that are individually immaterial to the Group.

(ii) 下表概述個別對本集團並不重大的合營公司的財務資料。

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Aggregate carrying amount of individually immaterial joint ventures	個別不重大合營公司的總賬面值	976,601	607,401
Aggregate amounts of the Group's share of:	本集團分佔以下各項的總額：		
– Profit from continuing operations and total comprehensive income	– 來自持續經營業務的溢利及綜合收益總額	47,552	35,422

Notes to the Consolidated Financial Statements

合併財務報表附註

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont'd)

(b) Investment in associates

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Balance at 1 January	於一月一日的結餘	53,641	50,741
Addition	添置	60,000	—
Share of profit/(loss) for the year	應佔年內溢利／(虧損)	5,372	(1,388)
Recognition of unrealised profits or losses	確認未變現溢利或虧損	403	4,288
Balance at 31 December	於十二月三十一日的結餘	119,416	53,641

(i) All of the associates are unlisted companies and there were no quoted market price available for the shares.

(ii) The table below provide summarised financial information for associates that are individually immaterial to the Group.

(i) 所有聯營公司為非上市公司且並無市場股份報價。

(ii) 下表概述個別對本集團並不重大的聯營公司的財務資料。

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Aggregate carrying amount of individually immaterial associates	個別不重大聯營公司的總賬面值	119,416	53,641
Aggregate amounts of the Group's share of:	本集團分佔以下各項的總額：		
– Profit/(loss) from continuing operations and total comprehensive income	– 來自持續經營業務的溢利／(虧損)及綜合收益總額	5,372	(1,388)

Notes to the Consolidated Financial Statements

合併財務報表附註

17. PROPERTY, PLANT AND EQUIPMENT

17. 物業、廠房及設備

		Plants and buildings 廠房及樓宇 RMB' 000 人民幣千元	Machinery 機器 RMB' 000 人民幣千元	Motor vehicles 汽車 RMB' 000 人民幣千元	Electronic equipment and others 電子設備及 其他 RMB' 000 人民幣千元	Construction in progress 在建工程 RMB' 000 人民幣千元	Total 總計 RMB' 000 人民幣千元
At 1 January 2018	於二零一八年一月一日						
Cost	成本	1,057,979	1,569,325	65,963	102,813	259,960	3,056,040
Accumulated depreciation	累計折舊	(172,244)	(422,097)	(38,117)	(44,138)	—	(676,596)
Net book amount	賬面淨值	885,735	1,147,228	27,846	58,675	259,960	2,379,444
Year ended 31 December 2018	截至二零一八年十二月三十一日止年度						
Opening net book amount	期初賬面淨值	885,735	1,147,228	27,846	58,675	259,960	2,379,444
Acquisitions of subsidiaries	收購附屬公司	—	16,978	1,109	427	—	18,514
Additions	添置	3,729	38,955	8,792	31,593	308,794	391,863
Transfer from construction in progress	轉撥自在建工程	81,477	23,073	—	887	(105,437)	—
Disposals	出售	—	(1,645)	(1,865)	(626)	—	(4,136)
Depreciation charge (note 8)	折舊開支(附註8)	(43,640)	(96,743)	(11,921)	(11,093)	—	(163,397)
Closing net book amount	期末賬面淨值	927,301	1,127,846	23,961	79,863	463,317	2,622,288
At 31 December 2018	於二零一八年十二月三十一日						
Cost	成本	1,143,185	1,646,686	73,999	135,094	463,317	3,462,281
Accumulated depreciation	累計折舊	(215,884)	(518,840)	(50,038)	(55,231)	—	(839,993)
Net book amount	賬面淨值	927,301	1,127,846	23,961	79,863	463,317	2,622,288
Year ended 31 December 2019	截至二零一九年十二月三十一日止年度						
Opening net book amount	期初賬面淨值	927,301	1,127,846	23,961	79,863	463,317	2,622,288
Acquisitions of subsidiaries	收購附屬公司	140	138	102	20	—	400
Additions	添置	6,236	7,381	3,637	18,974	697,937	734,165
Transfer from construction in progress	轉撥自在建工程	93,406	104,752	—	—	(198,158)	—
Disposals	出售	(65)	(906)	(989)	(73)	—	(2,033)
Depreciation charge (note 8)	折舊開支(附註8)	(37,870)	(103,042)	(8,796)	(27,661)	—	(177,369)
Closing net book amount	期末賬面淨值	989,148	1,136,169	17,915	71,123	963,096	3,177,451
At 31 December 2019	於二零一九年十二月三十一日						
Cost	成本	1,237,604	1,757,963	76,541	152,903	963,096	4,188,107
Accumulated depreciation	累計折舊	(248,456)	(621,794)	(58,626)	(81,780)	—	(1,010,656)
Net book amount	賬面淨值	989,148	1,136,169	17,915	71,123	963,096	3,177,451

Notes to the Consolidated Financial Statements

合併財務報表附註

17. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Depreciation was charged to consolidated statement of profit or loss and other comprehensive income under the following caption:

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cost of sales	銷售成本	150,612	138,916
Administrative expenses	行政開支	25,786	23,558
Selling expenses	銷售開支	971	923
		177,369	163,397

18. INVESTMENT PROPERTIES

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Balance at 1 January	於一月一日的結餘	25,779	26,692
Depreciation charge	折舊開支	(852)	(913)
Balance at 31 December	於十二月三十一日的結餘	24,927	25,779

(a) The Group had no contractual obligations for future repairs and maintenance as at 31 December 2019 (2018: same).

(b) Independent valuation of the Group's investment properties were performed by independent third party valuers to determine the fair value of the investment properties as at 31 December 2019. The fair value of these investment properties as at 31 December 2019 as assessed by the valuers by direct comparison method or discounted cash flow method were approximately RMB34,958,000 (2018: RMB36,017,000).

17. 物業、廠房及設備(續)

折舊乃於合併損益及其他綜合收益表內的以下項目扣除：

18. 投資物業

(a) 於二零一九年十二月三十一日，本集團並無日後維修及維護合約責任(二零一八年：相同)。

(b) 本集團投資物業由獨立第三方估值師進行獨立估值，以釐定投資物業於二零一九年十二月三十一日的公平值。該等投資物業於二零一九年十二月三十一日的公平值經估值師以直接比較法或貼現現金流量法評估約為人民幣34,958,000元(二零一八年：人民幣36,017,000元)。

Notes to the Consolidated Financial Statements

合併財務報表附註

19. LEASES

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

		As at 於	
		31 December 2019 二零一九年 十月三十一日 RMB'000 人民幣千元	1 January 2019 二零一九年 一月一日 RMB'000 人民幣千元
Right-of-use assets — Non-current	使用權資產 — 非流動		
Land use rights (i)	土地使用權(i)	220,455	182,831
Offices and warehouses	辦公室及倉庫	50,228	26,973
		270,683	209,804
Lease liabilities	租賃負債		
Current	流動	11,600	11,154
Non-current	非流動	39,010	15,819
		50,610	26,973

(i) The Group has land lease arrangement with mainland China and Indonesia government for fixed periods of 20 to 50 years.

(ii) In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as "finance leases" under HKAS 17 Leases. For adjustments recognised on adoption of HKFRS 16 on 1 January 2019, please refer to note 2.2.

(iii) Additions to the right-of-use assets during year ended 31 December 2019 were RMB80,411,000.

19. 租賃

本附註提供有關本集團為承租人的租賃資料。

(a) 於合併資產負債表確認的金額

合併資產負債表列示以下與租賃有關的金額：

(i) 本集團與中國大陸及印尼政府訂有土地租賃安排，固定期限為20至50年。

(ii) 過往年度，本集團僅就根據香港會計準則第17號租賃分類為「融資租賃」的租賃確認租賃資產及租賃負債。有關於二零一九年一月一日採納香港財務報告準則第16號時確認的調整，請參閱附註2.2。

(iii) 於截至二零一九年十二月三十一日止年度使用權資產添置為人民幣80,411,000元。

Notes to the Consolidated Financial Statements

合併財務報表附註

19. LEASES (Cont'd)

(b) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and comprehensive income shows the following amounts relating to leases:

		Year ended 31 December 2019 截至二零一九年 十二月三十一日 止年度 RMB'000 人民幣千元
Depreciation charge of right-of-use assets	使用權資產折舊開支	
Offices and warehouses	辦公室及倉庫	14,217
Land use rights	土地使用權	5,560
		19,777

The Group leases land use rights and various offices and warehouses. Rental contracts of offices and warehouses are typically made for fixed periods of 1 to 10 years

19. 租賃(續)

(b) 於合併損益及其他綜合收益表確認的金額

合併損益及其他綜合收益表列示以下與租賃有關的金額：

本集團租賃土地使用權以及多個辦公室及倉庫。辦公室及倉庫的租賃合約通常按1至10年的固定期限訂立。

20. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

The following is the summarised information of the financial asset component (receivables under service concession arrangements) with respect to the Group's service concession arrangements:

20. 服務特許經營安排下的應收款項

與本集團服務特許經營安排有關的金融資產組成部分(服務特許經營安排下的應收款項)的資料概述如下：

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Receivables under service concession arrangements	服務特許經營安排下的應收款項	5,078,315	4,223,100
Portion classified as current assets	分類為流動資產的部分	(51,892)	(57,852)
Non-current portion	非流動部分	5,026,423	4,165,248

Notes to the Consolidated Financial Statements

合併財務報表附註

20. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS (Cont'd)

- (a) In respect of the Group's receivables under service concession arrangements, credit risks varied amongst the Group's projects operated in different locations of Mainland China. The collection of receivables under services concession arrangements is closely monitored in order to minimise any credit risk associated with the receivables.

20. 服務特許經營安排下的應收款項(續)

- (a) 就本集團於服務特許經營安排下的應收款項而言，信貸風險因本集團於中國大陸不同地點運營的項目而異。為降低與應收款項有關的任何信貸風險，服務特許經營安排下的應收款項的收回情況受到密切監控。

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Yunnan Province	雲南省	1,199,953	1,080,714
Shandong Province	山東省	1,072,244	1,078,982
Jiangsu Province	江蘇省	651,921	506,042
Xinjiang Uygur Autonomous Region	新疆維吾爾自治區	414,008	414,854
Hebei Province	河北省	416,119	277,156
Henan Province	河南省	309,772	78,701
Fujian Province	福建省	226,151	212,737
Anhui Province	安徽省	327,067	138,569
Tianjin City	天津市	141,145	73,877
Guangdong Province	廣東省	121,908	130,195
Chongqing City	重慶市	89,190	—
Zhejiang Province	浙江省	66,462	44,592
Shaanxi Province	陝西省	—	111,919
Others	其他	42,375	74,762
		5,078,315	4,223,100

The receivables under service arrangements were billable receivables. They were mainly due from governmental authorities in Mainland China, as grantors in respect of the Group's service concession arrangements. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

服務特許經營安排下的應收款項為可開具賬單的應收款項，其主要來自作為本集團服務特許經營安排授予人的中國內地政府機構。根據過往經驗，董事認為毋須就該等結餘作出減值撥備，原因是信貸質素並無重大變動且結餘仍被視為可全數收回。

Notes to the Consolidated Financial Statements

合併財務報表附註

20. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS (Cont'd)

- (b) The expected collection schedule of receivables under service concession arrangements is as follows:

		As at 31 December	
		於十二月三十一日	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within one year	一年以內	51,892	57,852
One to two years	一至兩年	65,837	49,487
Two to five years	兩至五年	264,961	184,725
Over five years	超過五年	4,695,625	3,931,036
		5,078,315	4,223,100

20. 服務特許經營安排下的應收款項(續)

- (b) 服務特許經營安排下的應收款項的預期收款時間表如下：

Notes to the Consolidated Financial Statements

合併財務報表附註

21. INTANGIBLE ASSETS

21. 無形資產

		Goodwill (note b) 商譽 (附註b) RMB'000 人民幣千元	Development expenditure 開發開支 RMB'000 人民幣千元	Operating concessions 特許經營權 RMB'000 人民幣千元	Unfulfilled contract rights 未履行 合約權利 RMB'000 人民幣千元	Licenses 專利 RMB'000 人民幣千元	Technical know-how and software 專有技術及 軟件 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日							
Cost	成本	427,503	5,505	7,697,422	50,538	658,186	98,546	8,937,700
Accumulated amortisation	累計攤銷	—	—	(363,675)	(35,802)	(21,315)	(8,055)	(428,847)
Net book amount	賬面淨值	427,503	5,505	7,333,747	14,736	636,871	90,491	8,508,853
Year ended 31 December 2018	截至二零一八年十二月三十一日 止年度							
Opening net book amount	期初賬面淨值	427,503	5,505	7,333,747	14,736	636,871	90,491	8,508,853
Acquisition of subsidiaries	收購附屬公司	—	—	379,912	—	—	—	379,912
Additions	添置	—	899	1,528,724	1,763	—	1,800	1,533,186
Currency translation differences	貨幣換算差額	9,957	—	21,763	—	—	39	31,759
Transfer from development expenditure	轉撥自開發開支	—	(2,552)	—	—	—	2,552	—
Amortisation charge (note 8)	攤銷開支(附註8)	—	—	(275,116)	(2,466)	(18,840)	(4,133)	(300,555)
Closing net book amount	期末賬面淨值	437,460	3,852	8,989,030	14,033	618,031	90,749	10,153,155
At 31 December 2018	於二零一八年十二月三十一日							
Cost	成本	437,460	3,852	9,627,821	52,301	658,186	102,937	10,882,557
Accumulated amortisation	累計攤銷	—	—	(638,791)	(38,268)	(40,155)	(12,188)	(729,402)
Net book amount	賬面淨值	437,460	3,852	8,989,030	14,033	618,031	90,749	10,153,155
Year ended 31 December 2019	截至二零一九年十二月三十一日 止年度							
Opening net book amount	期初賬面淨值	437,460	3,852	8,989,030	14,033	618,031	90,749	10,153,155
Acquisition of subsidiaries	收購附屬公司	—	—	—	—	—	21	21
Additions	添置	—	3,393	1,573,719	—	—	1,661	1,578,773
Currency translation differences	貨幣換算差額	3,838	—	32,061	—	—	19	35,918
Transfer from development expenditure	轉撥自開發開支	—	(1,886)	—	—	—	1,886	—
Amortisation charge (note 8)	攤銷開支(附註8)	—	—	(298,802)	(703)	(19,073)	(4,016)	(322,594)
Closing net book amount	期末賬面淨值	441,298	5,359	10,296,008	13,330	598,958	90,320	11,445,273
At 31 December 2019	於二零一九年十二月三十一日							
Cost	成本	441,298	5,359	11,233,601	52,301	658,186	106,524	12,497,269
Accumulated amortisation	累計攤銷	—	—	(937,593)	(38,971)	(59,228)	(16,204)	(1,051,996)
Net book amount	賬面淨值	441,298	5,359	10,296,008	13,330	598,958	90,320	11,445,273

Notes to the Consolidated Financial Statements

合併財務報表附註

21. INTANGIBLE ASSETS (Cont'd)

- (a) Amortisation was charged to the consolidated statement of profit or loss and other comprehensive income under the following caption:

		Year ended 31 December	
		截至十二月三十一日止年度	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cost of sales	銷售成本	317,113	294,991
Administrative expenses	行政開支	5,481	5,564
		322,594	300,555

(b) Impairment test for goodwill

The goodwill of the Group as at 31 December 2019 mainly arose from the acquisition of Galaxy NewSpring Pte. Ltd, Shandong Tengyue, Harbin Yun Shui and Future International Group Co., Ltd., amounting to RMB197,845,000, RMB109,521,000 and RMB53,663,000, respectively. For the purpose of impairment testing, the goodwill was allocated to a cash generating unit ("CGU"). The recoverable amount of the CGU is determined based on fair value less costs to disposal. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Management determined the projection period based on their past experience and expectation for the market development and is consistent with their business plan. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below, respectively.

21. 無形資產(續)

- (a) 攤銷已於合併損益及其他綜合收益表中的下列項目扣除：

		Year ended 31 December	
		截至十二月三十一日止年度	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cost of sales	銷售成本	317,113	294,991
Administrative expenses	行政開支	5,481	5,564
		322,594	300,555

(b) 商譽減值測試

本集團於二零一九年十二月三十一日的商譽主要因收購 Galaxy NewSpring Pte. Ltd、山東騰躍、哈爾濱雲水及暉澤集團有限公司而產生，分別為人民幣 197,845,000 元、人民幣 109,521,000 元及人民幣 53,663,000 元。就減值測試而言，商譽分配至現金產生單位（「現金產生單位」）。現金產生單位的可收回金額乃根據公平值減處置費用釐定。計算方式利用現金流量預測，依據管理層批核的五年期財政預算。管理層採用的預算期限是基於管理人員的過往經驗及其對市場發展的預期，且與彼等的經營計劃一致。超過五年期間的現金流量乃分別使用下述估計增長率推算。

Notes to the Consolidated Financial Statements

合併財務報表附註

21. INTANGIBLE ASSETS (Cont'd)

(b) Impairment test for goodwill (Cont'd)

- (i) Key assumptions used for fair value less costs to disposal calculations of each CGU were in the range as follows:

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Average annual growth rate of revenue (iii)	收益平均年增長率(iii)	3%–10%	5%–9%
Long-term growth rate (iv)	長期增長率(iv)	3%	3%
Discount rate (v)	貼現率(v)	11%–14%	11%–14%

- (ii) Sensitivity analysis on key assumptions used in the calculation of the impairment tests for goodwill arose from the above subsidiaries have been carried out. If the average annual growth rate of revenue had been lower than management estimates by 5% or discount rate had been higher than management estimates by 5% with other variables held constant, the recoverable amount of goodwill would still exceed their carrying value and no impairment will be required.
- (iii) Management determined average annual growth rate of revenue based on past performance and its expectations for each market development.
- (iv) The long-term growth rate used is consistent with the forecasts included in each industry report.
- (v) The discount rate used is discount rate applied to the cash flow projections which reflects specific risks relating to each business.

21. 無形資產(續)

(b) 商譽減值測試(續)

- (i) 每個現金產生單位用作公平值減銷售成本計算法的主要假設的範圍如下：

- (ii) 本集團已就計算以上附屬公司所產生之商譽減值測試過程中所採用的主要假設作出敏感度分析。倘收入平均年增長率比管理層的估計低5%或貼現率比管理層的估計高5%，而其他變量保持不變，則商譽的可收回金額仍將超過其賬面值，因而毋須減值。
- (iii) 管理人員乃根據過往表現及其對市場發展的預期釐定收入平均年增長率。
- (iv) 所用長期增長率與行業報告所載預測一致。
- (v) 所用貼現率為現金流量預測所採用的貼現率，其反映與業務有關的特定風險。

Notes to the Consolidated Financial Statements

合併財務報表附註

22. INVENTORIES

22. 存貨

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Raw materials	原材料	61,209	47,077
Work in progress	在產品	30,094	19,428
Finished Goods	製成品	12,182	35,584
		103,485	102,089

No provisions for inventories have been made for the year ended 31 December 2019 (2018: same).

截至二零一九年十二月三十一日止年度，並無計提存貨撥備（二零一八年：相同）。

23. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

23. 貿易及其他應收款項及預付款項

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade receivables	貿易應收款項		
– Related parties (note 36(g))	– 關聯方（附註 36(g)）	2,891,572	2,575,260
– Local governments	– 地方政府	935,935	824,240
– Third parties	– 第三方	1,835,486	1,155,422
Less: provision for impairment	減：減值撥備	(85,804)	(59,986)
		5,577,189	4,494,936
Other receivables	其他應收款項		
– Related parties (note 36(i))	– 關聯方（附註 36(i)）	36,281	31,921
– Third parties	– 第三方	1,589,085	1,259,880
Less: provision for impairment	減：減值撥備	(31,814)	(9,106)
		1,593,552	1,282,695
Total trade and other receivables	貿易及其他應收款項總額	7,170,741	5,777,631
Less: non-current portion of other receivables	減：其他應收款項非流動部分	(43,999)	(13,771)
Current portion of trade and other receivables	貿易及其他應收款項流動部分	7,126,742	5,763,860
Prepayments	預付款項		
– Related parties (note 36(g))	– 關聯方（附註 36(g)）	502,227	161,135
– Third parties	– 第三方	1,097,156	1,477,238
		1,599,383	1,638,373
Less: non-current portion of prepayments	減：預付款項非流動部分	(1,364,449)	(942,875)
Current portion of prepayments	預付款項流動部分	234,934	695,498

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合併財務報表附註

23. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Cont'd)

(a) Trade receivables

In general, the Group grants credit periods of 90 to 180 days to its customers. Ageing analysis of gross trade receivables (including amounts due from related parties of trading in nature) at the respective balance sheet dates, based on the invoice dates or contractual terms, is as follows:

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Within one year	一年以內	2,433,593	2,813,369
One to two years	一至兩年	1,776,680	1,035,378
Two to three years	兩至三年	855,993	511,217
Over three years	三年以上	596,727	194,958
		5,662,993	4,554,922

Movement of the Group's provision for impairment of trade receivables are as follows:

本集團貿易應收款項的減值撥備變動如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Opening balance at 1 January	於一月一日的期初結餘	59,986	41,721
Impairment provision	減值撥備	29,818	23,655
Reversal due to collection	因收回而撥回	(4,000)	—
Write off bad debts	撇銷壞賬	—	(5,390)
Closing balance at 31 December	於十二月三十一日的期末結餘	85,804	59,986

Notes to the Consolidated Financial Statements

合併財務報表附註

23. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Cont'd)

(b) Other receivables

Movement of the Group's provision for impairment of other receivables are as follows:

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Opening balance at 1 January	於一月一日的期初結餘	9,106	7,562
Impairment provision	減值撥備	22,708	1,855
Write off bad debts	撇銷壞賬	—	(311)
Closing balance at 31 December	於十二月三十一日的期末結餘	31,814	9,106

(c) Prepayments

The Group's prepayments are mainly for purchase of goods, land use rights, construction works, services and acquisition of equity interests.

- (d) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

24. RESTRICTED CASH

As at 31 December 2019, the restricted cash mainly comprised of guarantee deposits for construction of projects (2018: same).

23. 貿易及其他應收款項及預付款項(續)

(b) 其他應收款項

本集團其他應收款項的減值撥備變動如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Opening balance at 1 January	於一月一日的期初結餘	9,106	7,562
Impairment provision	減值撥備	22,708	1,855
Write off bad debts	撇銷壞賬	—	(311)
Closing balance at 31 December	於十二月三十一日的期末結餘	31,814	9,106

(c) 預付款項

本集團的預付款項主要為購買貨物、土地使用權、建造工程及其他服務的預付款項以及股權收購的預付款項。

- (d) 報告日期面對的最高信貸風險為上述各類應收款項的賬面值。本集團並無持有任何抵押物作為擔保。

24. 受限制現金

於二零一九年十二月三十一日，受限制現金主要包括建設項目的保證金(二零一八年：相同)。

Notes to the Consolidated Financial Statements

合併財務報表附註

25. CASH AND CASH EQUIVALENTS

25. 現金及現金等價物

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cash at bank and in hand	銀行存款及手頭現金	2,458,435	2,204,352
Short-term bank deposits at call (note a)	短期銀行通知存款（附註 a）	10,000	10,000
		2,468,435	2,214,352

(a) As at 31 December 2019, short-term bank deposit was denominated in RMB, with interest rate of 1.95% per annum and will mature by 14 March 2020.

(a) 於二零一九年十二月三十一日，短期銀行存款以人民幣計值，年利率為1.95%，將於二零二零年三月十四日前到期。

(b) As at 31 December 2019, cash and cash equivalents of the Group are denominated in:

(b) 於二零一九年十二月三十一日，本集團的現金及現金等價物以下列貨幣計值：

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
RMB	人民幣	2,386,579	2,089,479
THB	泰銖	38,681	60,966
USD	美元	31,098	49,584
IDR	印尼盾	8,072	10,094
HKD	港元	2,769	2,949
SGD	新加坡元	1,236	1,280
		2,468,435	2,214,352

26. SHARE CAPITAL

26. 股本

		Number of shares (thousand) 股份數目 (千股)	Share capital 股本 RMB'000 人民幣千元
As at 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	於二零一八年一月一日、 二零一八年十二月三十一日、 二零一九年一月一日及 二零一九年十二月三十一日	1,193,213	1,193,213

Notes to the Consolidated Financial Statements

合併財務報表附註

27. OTHER RESERVES

27. 其他儲備

		Capital reserve 股本儲備 RMB'000 人民幣千元	Statutory reserve 法定儲備 RMB'000 人民幣千元	Translation reserve 換算儲備 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Balance at 1 January 2018	於二零一八年一月一日的結餘	1,913,964	289,238	128,106	2,331,308
Acquisition of additional interests in subsidiaries	收購附屬公司的額外權益	(49,637)	—	—	(49,637)
Currency translation differences	貨幣換算差額	—	—	(172,741)	(172,741)
Transfer to statutory reserve (note a)	轉至法定儲備(附註a)	—	88,085	—	88,085
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	1,864,327	377,323	(44,635)	2,197,015
Balance at 1 January 2019	於二零一九年一月一日的結餘	1,864,327	377,323	(44,635)	2,197,015
Acquisition of additional interests in subsidiaries	收購附屬公司的額外權益	(38,906)	—	—	(38,906)
Partial disposal of a subsidiary without change of control	部分出售一間附屬公司而不改變控制權	(5,986)	—	—	(5,986)
Currency translation differences	貨幣換算差額	—	—	18,215	18,215
Transfer to statutory reserve (note a)	轉至法定儲備(附註a)	—	110,250	—	110,250
Balance at 31 December 2019	於二零一九年十二月三十一日的結餘	1,819,435	487,573	(26,420)	2,280,588

(a) Statutory reserve

In accordance with relevant rules and regulations in the PRC, except for sino-foreign equity joint venture enterprises, all PRC companies are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective companies.

(a) 法定儲備

根據中國相關規則及法規，除中外合資企業外，所有中國公司均須將根據中國會計規則及法規計算的除稅後溢利的10%轉撥至法定儲備金，直至累計資金總額達至其註冊資本的50%為止。法定儲備金須經有關機關批准，方可用作抵銷過往年度結轉的虧損或增加有關公司的資本。

Notes to the Consolidated Financial Statements

合併財務報表附註

28. PERPETUAL CAPITAL INSTRUMENT

The perpetual capital instruments have no maturity, and the payments of distribution can be deferred at the discretion of the Company.

28. 永久資本工具

永久資本工具並無期限，且分派的支付可由本公司酌情予以遞延。

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Balance at 1 January	於一月一日的結餘	1,200,000	1,200,000
Issues	發行	1,410,000	—
Profit attributable to holders of perpetual capital instruments	永久資本工具持有人應佔溢利	119,800	83,194
Distributions to holders of perpetual capital instruments	向永久資本工具持有人作出的分派	(119,800)	(83,194)
Balance at 31 December	於十二月三十一日的結餘	2,610,000	1,200,000

The perpetual capital instruments have no maturity, and the payments of distribution can be deferred at the discretion of the Company. When the Company elects to declare dividends to their ordinary shareholders, the Company shall make distribution to the holders of perpetual capital instruments at the distribution rates as defined in the subscription agreements.

永續資本工具並無到期日，且派付款可由本公司酌情遞延。倘本公司選擇向其普通股股東宣派股息，則公司須按認購協議界定之分派率向永久資本工具持有人作出分配。

The average annual distribution rate is about 7% for the year ended 31 December 2019 (2018: same).

截至二零一九年十二月三十一日止年度的平均年分派率約為7%（二零一八年：相同）。

Notes to the Consolidated Financial Statements

合併財務報表附註

29. BORROWINGS

29. 借款

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Non-current	非流動		
Long-term bank borrowings	長期銀行借款	10,450,837	5,560,168
Corporate bonds and other borrowings	公司債券及其他借款	4,748,688	5,618,824
		15,199,525	11,178,992
Current	流動		
Short-term bank borrowings	短期銀行借款	1,290,000	2,567,745
Current portion of long-term bank borrowings	長期銀行借款的流動部分	1,157,247	1,116,109
Current portion of corporate bonds and other borrowings	公司債券及其他借款的流動部分	3,972,158	2,071,680
		6,419,405	5,755,534
		21,618,930	16,934,526

(a) The Group's borrowings carried weighted average interest rates of 5.32% per annum for the year ended 31 December 2019 (2018: 4.86%).

(b) As at 31 December 2019, other borrowings from a related party is depicted in note 36(h).

(a) 截至二零一九年十二月三十一日止年度，本集團借款加權平均年利率為5.32%（二零一八年：4.86%）。

(b) 於二零一九年十二月三十一日，其他借款中的關聯方借款已披露於附註36(h)。

Notes to the Consolidated Financial Statements

合併財務報表附註

29. BORROWINGS (Cont'd)

- (c) As at 31 December 2019, non-current borrowings of RMB7,436,014 and current borrowings of RMB1,297,822,000 (2018: RMB5,232,228,000) were secured by pledge of the Group's receivables under service concession arrangements, contract assets, land use rights, property, plant and equipment and intangible assets and the Company's investments in subsidiaries and a joint venture with carrying value of RMB8,737,703,000 (2018: RMB5,278,593,000).

As at 31 December 2019, borrowings of RMB21,369,000 (2018: RMB22,204,000), RMB387,000,000 (2018: RMB440,000,000) and RMB206,179,000 (2018: RMB226,751,000) were guaranteed by a PRC local government, a related party and third parties, respectively.

29. 借款(續)

- (c) 於二零一九年十二月三十一日，非流動借款人民幣7,436,014,000元及流動借款人民幣1,297,822,000元(二零一八年：人民幣5,232,228,000元)由賬面值人民幣8,737,703,000元(二零一八年：人民幣5,278,593,000元)的本集團服務特許經營安排應收款項、合約資產、土地使用權、物業、廠房及設備以及無形資產及於附屬公司及一家合營公司的投資質押作抵押。

於二零一九年十二月三十一日，銀行借款人民幣21,369,000元(二零一八年：人民幣22,204,000元)、人民幣387,000,000元(二零一八年：人民幣440,000,000元)以及人民幣206,179,000元(二零一八年：人民幣226,751,000元)已分別由中國當地政府、關聯方及第三方擔保。

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Property, plant and equipment and intangible assets	物業、廠房及設備以及無形資產	3,112,449	2,386,949
Contract assets	合約資產	2,794,175	227,101
Investments in subsidiaries and a joint venture	於附屬公司及一家合營公司的投資	1,781,563	1,656,985
Receivables under service concession arrangements	服務特許經營安排下的應收款項	1,013,039	987,996
Right-of-use assets/land use rights	使用權資產／土地使用權	36,477	19,562
		8,737,703	5,278,593

- (d) As at 31 December 2019, the Group's borrowings were repayable as follows:

- (d) 於二零一九年十二月三十一日，本集團借款的償還情況如下：

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Within one year	一年以內	6,419,405	5,755,534
One to two years	一至兩年	6,728,125	3,365,440
Two to five years	兩至五年	4,717,535	5,692,614
Over five years	超過五年	3,753,865	2,120,938
		21,618,930	16,934,526

Notes to the Consolidated Financial Statements

合併財務報表附註

29. BORROWINGS (Cont'd)

- (e) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of each of the year are as follows:

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Within six months	六個月以內	4,902,948	3,510,245
Six months to one year	六個月至一年	3,738,112	7,077,520
One to five years	一至五年	11,976,147	5,282,303
Over five years	超過五年	1,001,723	1,064,458
		21,618,930	16,934,526

The carrying amounts of the Group's borrowings approximate their fair value.

- (f) The Group has complied with the financial covenants of its borrowing facilities during the year ended 31 December 2019 (2018: same).
- (g) The Group's borrowings were denominated in:

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
RMB	人民幣	18,839,068	13,644,864
USD	美元	2,678,177	3,175,251
THB	泰銖	80,316	92,207
EUR	歐元	21,369	22,204
		21,618,930	16,934,526

29. 借款(續)

- (e) 於各年末，本集團借款面臨的利率變動風險及合約重新定價日期如下：

本集團借款的賬面值與其公平值相若。

- (f) 截至二零一九年十二月三十一日止年度，本集團遵守了其借款融資的財務契約(二零一八年：相同)。
- (g) 本集團借款以下列貨幣計值：

Notes to the Consolidated Financial Statements

合併財務報表附註

30. TRADE AND OTHER PAYABLES

30. 貿易及其他應付款項

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade payables:	貿易應付款項：		
– Related parties (note 36(g))	– 關聯方（附註 36(g)）	1,324,339	1,542,830
– Third parties	– 第三方	3,900,181	3,287,340
		5,224,520	4,830,170
Notes payables	應付票據	110,000	44
Other payables:	其他應付款項：		
– Related parties (note 36(ii))	– 關聯方（附註 36(ii)）	326,575	85,651
– Third parties	– 第三方	1,043,518	1,109,245
Staff welfare benefit payable	應付員工福利	53,073	55,837
Other taxes payable	其他應付稅項	197,914	194,108
Dividend payables	應付股息	12,440	—
		6,968,040	6,275,055
Less: non-current portion	減：非流動部分	(3,292,499)	(3,257,835)
Current portion	流動部分	3,675,541	3,017,220

(a) Trade payables are settled in accordance with agreed terms with suppliers.

(b) At 31 December 2019, the ageing analysis of the trade payables based on invoice dates or contractual terms, is as follows:

(a) 貿易應付款項根據與供應商協定的條款結算。

(b) 於二零一九年十二月三十一日，根據發票日期或合約條款作出的貿易應付款項的賬齡分析如下：

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Within one year	一年以內	2,410,152	3,735,975
One to two years	一至兩年	2,236,221	487,378
Two to three years	兩至三年	176,184	363,768
Over three years	三年以上	401,963	243,049
		5,224,520	4,830,170

Notes to the Consolidated Financial Statements

合併財務報表附註

31. DEFERRED INCOME

Deferred income represented government grants received from governmental authorities with respect to Group's constructions of wastewater treatment facilities, water supply facilities, solid waste treatment plants as well as the provision of water supply service. The movement of deferred income is as below:

31. 遞延收益

遞延收益是指就本集團建造污水處理設施、供水設施、固體廢物處理廠以及提供供水服務獲政府機構發放的政府補助。遞延收益的變動如下：

		Government grants 政府補助 RMB'000 人民幣千元
Opening balance at 1 January 2018	於二零一八年一月一日的期初結餘	633,892
Additions	添置	94,593
Credit to consolidated statement of profit or loss and other comprehensive income	計入合併損益及其他綜合收益表	(36,124)
Closing balance at 31 December 2018	於二零一八年十二月三十一日的期終結餘	692,361
Opening balance at 1 January 2019	於二零一九年一月一日的期初結餘	692,361
Additions	添置	38,390
Credit to consolidated statement of profit or loss and other comprehensive income	計入合併損益及其他綜合收益表	(29,031)
Closing balance at 31 December 2019	於二零一九年十二月三十一日的期終結餘	701,720

Notes to the Consolidated Financial Statements

合併財務報表附註

32. DEFERRED INCOME TAX

(a) Deferred income tax assets

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
The balance comprises temporary differences attributable to:	該結餘包括暫時性差異：		
Deferred income	遞延收益	149,153	142,336
Tax losses	稅項虧損	260,426	110,929
Accrued expenses and impairment provision	應計開支及減值撥備	213,493	169,164
Total deferred income tax assets	遞延所得稅資產總額	623,072	422,429
Set-off of deferred income tax liabilities	抵銷遞延所得稅負債	(108,449)	(108,297)
Net deferred income tax assets	淨遞延所得稅資產	514,623	314,132

		Accrued expenses and impairment provision 應計開支及減值撥備			
		Deferred income 遞延收益 RMB'000 人民幣千元	Tax losses 稅項虧損 RMB'000 人民幣千元	應計開支及減值撥備 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Movements	變動				
Balance at 1 January 2018	於二零一八年一月一日的結餘	132,242	81,406	126,172	339,820
Credit to consolidated statement of profit or loss and other comprehensive income	於合併損益及其他綜合收益表中計入	10,094	29,523	42,992	82,609
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	142,336	110,929	169,164	422,429
Balance at 1 January 2019	於二零一九年一月一日的結餘	142,336	110,929	169,164	422,429
Credit to consolidated statement of profit or loss and other comprehensive income	於合併損益及其他綜合收益表中計入	6,817	149,497	44,329	200,643
Balance at 31 December 2019	於二零一九年十二月三十一日的結餘	149,153	260,426	213,493	623,072

Notes to the Consolidated Financial Statements

合併財務報表附註

32. DEFERRED INCOME TAX (Cont'd)

(b) Deferred income tax liabilities

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
The balance comprises temporary differences attributable to:	該結餘包括暫時性差異：		
Fair value gains	公平值收益	(914,306)	(950,555)
Service concession receivables	服務特許應收款項	(329,278)	(202,529)
Others	其他	(33,848)	(3,454)
Total deferred income tax liabilities	遞延所得稅負債總額	(1,277,432)	(1,156,538)
Set-off of deferred income tax assets	抵銷遞延所得稅資產	108,449	108,297
Net deferred income tax liabilities	淨遞延所得稅負債	(1,168,983)	(1,048,241)

Movements	變動	Service concession receivables			
		Fair value gains 公平值收益 RMB'000 人民幣千元	服務特許應收款項 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Opening balance at 1 January 2018	於二零一八年一月一日的期初結餘	(868,672)	(123,397)	(3,668)	(995,737)
Credit/(charge) to consolidated statement of profit or loss and other comprehensive income	於合併損益及其他綜合收益表中計入／(扣除)	26,871	(79,132)	214	(52,047)
Acquisition of subsidiaries	收購附屬公司	(108,754)	—	—	(108,754)
Closing balance at 31 December 2018	於二零一八年十二月三十一日的期終結餘	(950,555)	(202,529)	(3,454)	(1,156,538)
Opening balance at 1 January 2019	於二零一九年一月一日的期初結餘	(950,555)	(202,529)	(3,454)	(1,156,538)
Credit/(charge) to consolidated statement of profit or loss and other comprehensive income	於合併損益及其他綜合收益表中計入／(扣除)	36,249	(126,749)	(30,394)	(120,894)
Closing balance at 31 December 2019	於二零一九年十二月三十一日的期終結餘	(914,306)	(329,278)	(33,848)	(1,277,432)

Notes to the Consolidated Financial Statements

合併財務報表附註

33. PROVISIONS

33. 撥備

		Maintenance costs 保養成本 RMB'000 人民幣千元 (note a) (附註a)	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Opening balance at 1 January 2018	於二零一八年一月一日的期初結餘	260,113	3,374	263,487
Acquisition of subsidiaries	收購附屬公司	48,751	—	48,751
Provision capitalised in intangible assets	於無形資產中將撥備撥作資本	27,684	—	27,684
Amortised to consolidated statement of profit or loss and other comprehensive income (note 10)	攤銷至合併損益及其他綜合收益表(附註10)	9,916	—	9,916
Paid during the year	年內已付款項	—	(104)	(104)
Closing balance at 31 December 2018	於二零一八年十二月三十一日的期終結餘	346,464	3,270	349,734
Opening balance at 1 January 2019	於二零一九年一月一日的期初結餘	346,464	3,270	349,734
Provision capitalised in intangible assets	於無形資產中將撥備撥作資本	890	—	890
Amortised to consolidated statement of profit or loss and other comprehensive income (note 10)	攤銷至合併損益及其他綜合收益表(附註10)	8,664	—	8,664
Paid during the year	年內已付款項	—	(165)	(165)
Closing balance at 31 December 2019	於二零一九年十二月三十一日的期終結餘	356,018	3,105	359,123

(a) Pursuant to the service concession agreements entered into by the Group, the Group has the contractual obligations to maintain the facilities it operates to specified level of serviceability and/or to restore the plants to a specified conditions before they are handed over to the Grantors at the end of the service concession period. These contractual obligations to maintain or restore the facilities, except for any upgrade elements, are recognised and measured at the best estimate of the expenditure that would be required to settle the present obligation at the end of the year.

(a) 根據本集團訂立的服務特許經營協議，本集團的合約責任為保養其經營的設施，確保符合特定的可提供服務水平及／或於服務特許經營期結束時，在移交廠房予授予以人之前，將其修復至指定狀態。該等保養或修復設施的合約責任(任何改造部分除外)乃按年末履行當前責任所需支出的最佳估計值確認與計量。

Notes to the Consolidated Financial Statements

合併財務報表附註

34. NOTE OF CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash used in operation

34. 合併現金流量表附註

(a) 經營所用現金

		Year ended 31 December	
		截至十二月三十一日止年度	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Profit before income tax	所得稅前溢利	677,549	644,226
Adjustments for:	就以下各項作出調整：		
– Impairment losses on financial assets	– 金融資產減值虧損	48,526	25,510
– Depreciation of investment properties	– 投資物業折舊	852	913
– Amortisation of land use rights	– 土地使用權攤銷	—	6,920
– Amortisation of intangible assets	– 無形資產攤銷	322,594	300,555
– Depreciation of property, plant and equipment	– 物業、廠房及設備折舊	177,369	163,397
– Depreciation of right-of-use assets	– 使用權資產折舊	19,777	—
– Share of profit of investments accounted for using the equity method	– 以權益法入賬的應佔投資溢利	(52,924)	(34,034)
– Other gains — net	– 其他收益淨額	1,425	(10,541)
– Finance costs — net	– 融資成本淨額	814,167	578,512
Change in working capital:	營運資金變化：		
– Inventories	– 存貨	(1,397)	(53,034)
– Contract assets	– 合約資產	(1,536,468)	(2,205,161)
– Trade and other receivables and receivables under concession arrangements	– 貿易及其他應收款項以及特許經營安排下的應收款項	(3,889,997)	(3,795,672)
– Prepayment	– 預付款項	(216,480)	309,846
– Trade and other payables	– 貿易及其他應付款項	609,699	1,509,744
– Contract liabilities	– 合約負債	(12,733)	61,855
– Deferred income	– 遞延收益	9,359	58,469
Cash used in operations	經營所用現金	(3,028,682)	(2,438,495)

Notes to the Consolidated Financial Statements

合併財務報表附註

34. NOTE OF CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

(b) Net borrowings reconciliation

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cash and cash equivalents	現金及現金等價物	2,468,435	2,214,352
Borrowings — repayable within one year	借款 — 一年以內應付	(6,419,405)	(5,755,534)
Borrowings — repayable after one year	借款 — 一年以上應付	(15,199,525)	(11,178,992)
Net borrowings	借款淨額	(19,150,495)	(14,720,174)
Cash and cash equivalents	現金及現金等價物	2,468,435	2,214,352
Borrowings — fixed interest rates	借款 — 固定利率	(13,897,870)	(11,685,349)
Borrowings — floating interest rates	借款 — 變動利率	(7,721,060)	(5,249,177)
Net borrowings	借款淨額	(19,150,495)	(14,720,174)

		Liabilities from financing activities 來自融資活動的負債			
		Borrowings		Borrowings	
		Cash and cash equivalents	— repayable within 1 year	— repayable after 1 year	Total
		現金及 現金等價物	借款 — 1年以內應付	借款 — 1年以上應付	合計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Net borrowings as at 1 January 2018	於二零一八年一月一日的淨借款	2,896,927	(4,438,574)	(9,349,422)	(10,891,069)
Cash flows	現金流量	(697,383)	1,174,430	(4,296,610)	(3,819,563)
Foreign exchange adjustments	外匯折算調整	14,808	(21,298)	(135,023)	(141,513)
Other non-cash movements	其他非貨幣變動	—	(2,470,092)	2,602,063	131,971
Net borrowings as at 31 December 2018	於二零一八年十二月三十一日的淨借款	2,214,352	(5,755,534)	(11,178,992)	(14,720,174)
Cash flows	現金流量	247,229	1,979,320	(6,679,413)	(4,452,864)
Foreign exchange adjustments	外匯折算調整	6,854	(886)	(35,896)	(29,928)
Other non-cash movements	其他非貨幣變動	—	(2,642,305)	2,694,776	52,471
Net borrowings as at 31 December 2019	於二零一九年十二月三十一日的淨借款	2,468,435	(6,419,405)	(15,199,525)	(19,150,495)

Notes to the Consolidated Financial Statements

合併財務報表附註

35. CAPITAL COMMITMENTS

Capital expenditure contracted for but not yet incurred as of 31 December 2019 is as follows:

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Property, plant and equipment, concession projects and construction projects	物業、廠房及設備、特許經營項目及建設項目	12,414,657	10,073,186
Equity investments	權益投資	240,298	102,277
		12,654,955	10,175,463

35. 資本承擔

截至二零一九年十二月三十一日已訂約但尚未產生的資本支出如下：

36. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Major shareholders

The following entities are the major shareholders of the Company

Name 名稱		Place of incorporation 公司註冊地	Ownership interests (%) 所有權利益(%)	
			2019 二零一九年	2018 二零一八年
Yunnan Province Water	雲南省水務	PRC 中國	30.07	30.07
Beijing OriginWater	北京碧水源	PRC 中國	24.02	24.02

36. 主要關聯方交易

(a) 主要股東

以下實體是本公司的主要股東

Notes to the Consolidated Financial Statements

合併財務報表附註

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(b) Subsidiaries

Interests in principal subsidiaries are set out in note 14.

(c) Name and relationship with other major related parties

Name 名稱	Relationship 關係
YMCII 雲南城投集團	Shareholder of Yunnan Province Water 雲南省水務的股東
Haiyun Environmental 海雲環保	Joint venture 合營公司
Caiyun International Investment Limited ("Caiyun Investment") 彩雲國際投資有限公司 (「彩雲投資」)	Fellow subsidiary 同系附屬公司
YCIH 雲南建投集團	State-owned enterprise 國有企業

(d) Key management personnel compensation

Key management includes executive directors. The compensation paid or payable to key management for employee services is shown below:

36. 主要關聯方交易 (續)

(b) 附屬公司

主要附屬公司的利益載於附註14。

(c) 關聯方的名稱及與其他主要關聯方的關係

(d) 重要管理人員薪酬

關鍵管理人員包括執行董事。為員工服務的關鍵管理支付或支付的報酬如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Short-term employee benefits	短期員工福利	12,478	16,210

Notes to the Consolidated Financial Statements

合併財務報表附註

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(e) Transactions with other state-owned enterprises

In accordance with HKAS 24 "Related Party Disclosures", state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC Government are regarded as related parties of the Group.

The Group operates in an economic environment predominated by state-owned enterprises. During the years ended 31 December 2019 and 2018, the Group had transactions with state-owned enterprises including, but not limited to, operating services, construction services and equipment sales.

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-owned. The Group has established its pricing strategy and approval process for purchase and sales of products and services. Such pricing strategy approval processes are consistently applied regardless of the counterparties are state-owned entities or not. Having due regard to the substance of the relationships, the directors of the Company are of the opinion that none of these transactions are material significant related party transactions that require separate disclosure except for the transactions with YCIH.

(f) Significant transactions with related parties

During the years ended 31 December 2019 and 2018, the Group had the following significant transactions with related entities which are carried out on terms agreed with the counter parties in the ordinary course of business:

36. 主要關聯方交易 (續)

(e) 與其他國有企業進行的交易

根據香港會計準則第24號「關聯方披露」，由中國政府直接或間接控制的國有企業及其附屬公司被視為本集團的關聯方。

本集團在由國有企業控制的經濟環境中經營業務。於截至二零一九年及二零一八年十二月三十一日止年度，本集團與國有企業進行的交易包括(但不限於)運營服務、建設服務及設備銷售。

此等交易乃在本集團的日常業務過程中按可與其他非國有實體所訂立者比較的條款進行。本集團已建立買賣產品及服務的定價策略及批准流程。有關定價策略批准流程貫徹採用，而不論對手方是否為國有實體。經適當考慮有關關係的實質後，本公司董事認為此等交易概非須進行獨立披露的重大主要關聯方交易，惟與雲南建投集團進行的交易除外。

(f) 與關聯方的主要交易

於截至二零一九年及二零一八年十二月三十一日止年度，本集團與關聯實體按對手方的正常業務過程中協定的條款進行了以下重大交易：

		Year ended 31 December	
		截至十二月三十一日止年度	
		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Sales and purchases of goods and services	銷售及購買貨品及服務		
– Sales of goods and services to YCIH	– 銷售貨品及服務予雲南建投集團	684,494	800,659
– Sales of goods and services to other related parties	– 銷售貨品及服務予其他關聯方	5,845	24,326
– Purchase of construction services from YCIH	– 從雲南建投集團購買建造服務	1,734,027	2,374,968
– Purchase of assets from Beijing OriginWater	– 從北京碧水源購買資產	28,800	—
– Purchase of goods from Beijing OriginWater	– 從北京碧水源購買貨品	3,973	20,540

Notes to the Consolidated Financial Statements

合併財務報表附註

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(g) Significant outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade receivables for sales of goods and services	銷售貨品及服務的貿易應收款項		
– YCIH	– 雲南建投集團	2,871,575	2,552,563
– Other related parties	– 其他關聯方	19,997	22,697
		2,891,572	2,575,260

The balances of trade receivables from sales of goods and services are mainly denominated in RMB, unsecured, interest free, and settled in accordance with agreed terms with related parties.

36. 主要關聯方交易 (續)

(g) 由銷售／購買貨品及服務產生的尚未償付的主要結餘

以下有關與關聯方交易的結餘於報告期末尚未償付：

銷售貨品及服務的貿易應收款項的結餘主要以人民幣計值、無抵押、免息，及根據與關聯方約定的條款結算。

Notes to the Consolidated Financial Statements

合併財務報表附註

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(g) Significant outstanding balances arising from sales/purchases of goods and services (Cont'd)

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Prepayments for purchase of goods and services	購買貨品及服務之預付款項		
– YCIH	– 雲南建投集團	473,544	147,126
– Beijing OriginWater	– 北京碧水源	24,841	14,009
– YMCI	– 雲南城投集團	3,842	—
		502,227	161,135
		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade and other payables for purchase of goods and services	購買貨品及服務之貿易及其他應付款項		
– YCIH	– 雲南建投集團	1,631,117	1,606,493
– Beijing OriginWater	– 北京碧水源	14,400	16,337
		1,645,517	1,622,830
Less: non-current portion of trade and other payables	減：貿易及其他應付款項的非即期部分	(1,285,215)	(1,458,818)
Current portion of trade and other payables	貿易及其他應付款項的即期部分	360,302	164,012

The trade and other payables for purchase of sales of goods and services are denominated in RMB, unsecured, interest free, and are settled in accordance with agreed terms with related parties.

36. 主要關聯方交易 (續)

(g) 由銷售／購買貨品及服務產生的尚未償付的主要結餘 (續)

購買貨品及服務之貿易及其他應付款項以人民幣計值、無抵押、免息，及根據與關聯方約定的條款結算。

Notes to the Consolidated Financial Statements

合併財務報表附註

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(h) Borrowings from a related party — Caiyun Investment

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Opening balance at 1 January	於一月一日的期初結餘	1,783,882	784,208
Receipt	收款	—	961,871
Currency translation differences	貨幣換算差額	29,307	37,803
Closing balance at 31 December	於十二月三十一日的期末結餘	1,813,189	1,783,882

The borrowings granted from Caiyun Investment are denominated in USD, unsecured, bear interest at 5.48% per annum, and repayable in 2021. During the years ended 31 December 2019, the interest expense of the borrowings is RMB95,344,000 (2018: RMB42,173,000). As at 31 December 2019, the interest payable of the borrowings is RMB3,332,000 (2018: RMB4,159,000).

彩雲投資授予的借款以美元計值、無抵押、按每年5.48%計息，並須於二零二一年償還。於截至二零一九年十二月三十一日止年度，借款之利息費用為人民幣95,344,000元（二零一八年：人民幣42,173,000元）。於二零一九年十二月三十一日，借款之應付利息為人民幣3,332,000元（二零一八年：人民幣4,159,000元）。

(i) Funds due from/to related parties

(i) Funds due from Beijing OriginWater

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Beginning of the year	年初	24,316	24,311
Payment	付款	—	5
Receipt	收款	(5)	—
Closing balance at 31 December	於十二月三十一日的期末結餘	24,311	24,316

(ii) Funds due from other related parties

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Beginning of the year	年初	7,605	7,101
Payment	付款	4,518	1,204
Receipt	收款	(153)	(700)
Closing balance at 31 December	於十二月三十一日的期末結餘	11,970	7,605

36. 主要關聯方交易 (續)

(h) 向關聯方借款 — 彩雲投資

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Opening balance at 1 January	1,783,882	784,208
Receipt	—	961,871
Currency translation differences	29,307	37,803
Closing balance at 31 December	1,813,189	1,783,882

彩雲投資授予的借款以美元計值、無抵押、按每年5.48%計息，並須於二零二一年償還。於截至二零一九年十二月三十一日止年度，借款之利息費用為人民幣95,344,000元（二零一八年：人民幣42,173,000元）。於二零一九年十二月三十一日，借款之應付利息為人民幣3,332,000元（二零一八年：人民幣4,159,000元）。

(i) 與關聯方的資金往來

(i) 應收北京碧水源的資金

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Beginning of the year	24,316	24,311
Payment	—	5
Receipt	(5)	—
Closing balance at 31 December	24,311	24,316

(ii) 應收其他關聯方的資金

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Beginning of the year	7,605	7,101
Payment	4,518	1,204
Receipt	(153)	(700)
Closing balance at 31 December	11,970	7,605

Notes to the Consolidated Financial Statements

合併財務報表附註

36. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(i) Funds due from/to related parties (Cont'd) (ii) Funds due from other related parties (Cont'd)

The funds grant to related parties are denominated in RMB, unsecured, interest free and repayable on demand.

(iii) Funds due to related parties

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Beginning of the year	年初	1,492	1,527
Receipt	收款	573	—
Repayment	還款	—	(35)
Closing balance at 31 December	於十二月三十一日的期末結餘	2,065	1,492

The funds grant from related parties are denominated in RMB, unsecured, interest free and repayable on demand.

(j) Guarantee

		As at 31 December 於十二月三十一日 2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Guarantee provided by YMCI in respect of the borrowings of the Group	雲南城投集團就本集團借款提供的擔保	387,450	440,000
Guarantee provided to related parties in respect of the borrowings of the joint ventures and an associate	就合營公司及聯營公司的借款向關聯方提供的擔保	456,629	318,880

36. 主要關聯方交易 (續)

(i) 與關聯方的資金往來 (續) (ii) 應收其他關聯方的資金 (續)

向關聯方提供的資金均以人民幣計值、無抵押、無利息及應按要求償還。

(iii) 應付關聯方的資金

關聯方提供的資金均以人民幣計值、無抵押、無利息及應按要求償還。

(j) 擔保

Notes to the Consolidated Financial Statements

合併財務報表附註

37. BALANCE SHEET OF THE COMPANY

37. 本公司資產負債表

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
ASSETS	資產		
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	165,499	161,438
Receivables under service concession arrangements	服務特許經營安排下的應收款項	76,581	64,080
Investments in subsidiaries	於附屬公司的投資	7,641,220	7,179,016
Intangible assets	無形資產	3,453	3,373
Investments accounted for using the equity method	以權益法入賬的投資	1,036,601	609,049
Trade and other receivables	貿易及其他應收款項	7,086	7,063
Prepayments	預付款項	384,359	384,359
Financial asset at fair value through other comprehensive income	以公平值計量且其變動計入其他綜合收益的金融資產	76	76
Deferred income tax assets	遞延所得稅資產	91,855	49,161
		9,406,730	8,457,615
Current assets	流動資產		
Inventory	存貨	10	208
Trade and other receivables	貿易及其他應收款項	1,245,438	740,787
Amounts due from subsidiaries	應收附屬公司款項	8,818,532	6,534,494
Prepayments	預付款項	1,781	1,164
Restricted cash	受限制現金	113,525	87,275
Cash and cash equivalents	現金及現金等價物	713,621	664,821
Derivative financial instruments	衍生金融工具	—	10,884
		10,892,907	8,039,633
Total assets	總資產	20,299,637	16,497,248
EQUITY	權益		
Equity attributable to ordinary shareholders of the Company	本公司普通股股東應佔權益		
Share capital	股本	1,193,213	1,193,213
Other reserves (note a)	其他儲備（附註 a）	2,327,617	2,295,400
Retained earnings (note a)	保留盈利（附註 a）	201,500	203,836
		3,722,330	3,692,449
Perpetual capital instruments	永久資本工具	2,610,000	1,200,000
Total equity	總權益	6,332,330	4,892,449

Notes to the Consolidated Financial Statements

合併財務報表附註

37. BALANCE SHEET OF THE COMPANY (Cont'd)

37. 本公司資產負債表(續)

		As at 31 December 於十二月三十一日	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
LIABILITIES	負債		
Non-current liabilities	非流動負債		
Borrowings	借款	6,747,138	5,176,970
Trade and other payables	貿易及其他應付款項	—	625,384
		6,747,138	5,802,354
Current liabilities	流動負債		
Borrowings	借款	4,960,200	4,398,908
Trade and other payables	貿易及其他應付款項	2,259,969	1,403,537
		7,220,169	5,802,445
Total liabilities	總負債	13,967,307	11,604,799
Total equity and liabilities	權益和負債總額	20,299,637	16,497,248

The balance sheet of the Company was approved by the Board of Directors of the Company on 27 March 2020 and was signed on its behalf.

本公司資產負債表由本公司董事會於二零二零年三月二十七日批准並由下列人士代為簽署。

Director
董事

Director
董事

Notes to the Consolidated Financial Statements

合併財務報表附註

37. BALANCE SHEET OF THE COMPANY (Cont'd)

(a) Movement of other reserves and retained earnings

		Capital reserve 股本儲備 RMB'000 人民幣千元	Statutory reserve 法定儲備 RMB'000 人民幣千元	Retained earnings 保留盈利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Balance at 1 January 2018	於二零一八年一月一日的結餘	2,195,657	68,670	162,715	2,427,042
Profit for the year	年內溢利	—	—	227,312	227,312
Transfer to statutory reserve	轉至法定儲備	—	31,073	(31,073)	—
Dividends for the year ended 31 December 2017	截至二零一七年十二月 三十一日止年度股息	—	—	(155,118)	(155,118)
Balance at 31 December 2018	於二零一八年十二月三十一日 的結餘	2,195,657	99,743	203,836	2,499,236
Balance at 1 January 2019	於二零一九年一月一日的結餘	2,195,657	99,743	203,836	2,499,236
Profit for the year	年內溢利	—	—	208,863	208,863
Transfer to statutory reserve	轉至法定儲備	—	32,217	(32,217)	—
Dividends for the year ended 31 December 2018	截至二零一八年十二月 三十一日止年度股息	—	—	(178,982)	(178,982)
Balance at 31 December 2019	於二零一九年十二月三十一日 的結餘	2,195,657	131,960	201,500	2,529,117

37. 本公司資產負債表(續)

(a) 其他儲備及保留盈利變動

Notes to the Consolidated Financial Statements

合併財務報表附註

38. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and supervisors' emoluments

The emoluments of individual director and supervisor of the Company paid/payable by the Group are presented as below:

(i) For the year ended 31 December 2019

Name of directors/supervisors	董事／監事姓名	Fees 袍金 RMB'000 人民幣千元	Salary 薪金 RMB'000 人民幣千元	Discretionary bonuses 酌情花紅 RMB'000 人民幣千元	Allowances and other benefits 津貼及 其他福利 RMB'000 人民幣千元	Employer's contribution to pension scheme 僱員退休金 計劃供款 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Executive Directors	執行董事						
Mr. Yu Long (general manager)	于龍先生(總經理)	10	1,990	—	123	—	2,123
Mr. Yang Fang	楊方先生	100	1,010	—	110	—	1,220
Non-executive Directors*	非執行董事*						
Mr. Yang Tao	楊濤先生	—	—	—	—	—	—
Mr. He Yuanping	何願平先生	—	—	—	—	—	—
Mr. Li Bo	李波女士	—	—	—	—	—	—
Mr. Chenyong (Appointed on 13 June 2019)	陳勇先生(於二零一九年 六月十三日獲委任)	—	—	—	—	—	—
Mr. Feng Zhuangzhi (Resigned on 13 June 2019)	馮壯志先生(於二零一九年 六月十三日辭任)	—	—	—	—	—	—
Supervisors	監事						
Ms. Zhang Ling	張玲女士	36	—	—	—	—	36
Mr. Huang Yi	黃軼先生	35	493	250	85	—	863
Mr. Long Limin	龍利民先生	—	—	—	—	—	—
Mr. Zhu Zhen	朱振先生	—	—	—	—	—	—
Mr. Tan Hairui	譚海銳先生	36	—	—	—	—	36
Ms. Tang Shuang	唐爽女士	60	163	110	74	—	407
Independent non-executive directors	獨立非執行董事						
Mr. Liu Shuen Kong	廖船江先生	176	—	—	—	—	176
Mr. Ma Shihao	馬世豪先生	100	—	—	—	—	100
Mr. Hu Song	胡松先生	100	—	—	—	—	100
		653	3,656	360	392	—	5,061

38. 董事福利及權益

(a) 董事及監事的酬金

本集團已付／應付本公司個人董事及監事的酬金呈列如下：

(i) 截至二零一九年十二月三十一日止年度

Notes to the Consolidated Financial Statements

合併財務報表附註

38. BENEFITS AND INTERESTS OF DIRECTORS (Cont'd)

(a) Directors' and supervisors' emoluments (Cont'd)

(ii) For the year ended 31 December 2018

Name of directors/supervisors	董事/監事姓名	Fees 袍金 RMB'000 人民幣千元	Salary 薪金 RMB'000 人民幣千元	Discretionary bonuses 酌情花紅 RMB'000 人民幣千元	Allowances and other benefits 津貼及 其他福利 RMB'000 人民幣千元	Employer's contribution to pension scheme 僱員退休金 計劃供款 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Executive Directors	執行董事						
Mr. Yu Long (general manager) (Appointed on 12 December 2018)	于龍先生(總經理)(於二零一八年 十二月十二日獲委任)	10	1,920	1,070	125	—	3,125
Mr. Yang Fang	楊方先生	100	1,132	310	124	—	1,666
Mr. Dai Richeng (Resigned on 12 December 2018)	戴日成先生(於二零一八年 十二月十二日離任)	190	—	—	—	—	190
Non-executive Directors*	非執行董事*						
Mr. Yang Tao	楊濤先生	—	—	—	—	—	—
Mr. He Yuanping	何願平先生	—	—	—	—	—	—
Mr. Li Bo	李波女士	—	—	—	—	—	—
Mr. Feng Zhuangzhi	馮壯志先生	—	—	—	—	—	—
Supervisors	監事						
Ms. Zhang Ling (Appointed on 5 January 2018)	張玲女士(於二零一八年 一月五日獲委任)	36	—	—	—	—	36
Mr. Huang Yi (Appointed on 21 May 2018)	黃軼先生(於二零一八年 五月二十一日獲委任)	35	470	243	58	—	806
Mr. Long Limin	龍利民先生	—	—	—	—	—	—
Mr. Zhu Zhen	朱振先生	—	—	—	—	—	—
Mr. Tan Hairui	譚海銳先生	36	—	—	—	—	36
Ms. Tang Shuang	唐爽女士	60	212	58	57	—	387
Ms. Yang Chuanyun (Resigned on 21 May 2018)	楊川雲女士(於二零一八年 五月二十一日離任)	25	52	—	28	—	105
Independent non-executive directors	獨立非執行董事						
Mr. Liu Shuen Kong (Appointed on 13 Jun 2018)	廖船江先生(於二零一八年 六月十三日獲委任)	108	—	—	—	—	108
Mr. Ma Shihao	馬世豪先生	100	—	—	—	—	100
Mr. Hu Song	胡松先生	100	—	—	—	—	100
Mr. Kwok For Chi (Resigned on 13 Jun 2018)	郭科志先生(於二零一八年 六月十三日離任)	94	—	—	—	—	94
		894	3,786	1,681	392	—	6,753

* There were no fees or other emoluments payable to non-executive directors during the year.

* 年內並無應付非執行董事的袍金或其他薪酬。

Notes to the Consolidated Financial Statements

合併財務報表附註

38. BENEFITS AND INTERESTS OF DIRECTORS (Cont'd)

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits for the year ended 31 December 2019 (2018: none).

(c) Consideration provided to third parties for making available directors' services

For the year ended 31 December 2019, the Group did not pay consideration to any third parties for making available directors' services (2018: nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2019, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2018: nil).

- (e)** The aggregate emoluments paid to or receivable by directors in respect of their services as directors of the Company for the year ended 31 December 2019 were RMB486,000 (2018: RMB702,000). The aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company for the year ended 31 December 2019 were RMB3,233,000 (2018: RMB4,681,000).

39. SUBSEQUENT EVENT

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the world. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the consolidated financial position and operating results of the Group. As at the date on which this set of consolidated financial statements were authorised for issue, the Group was not aware of any material adverse effects on the consolidated financial statements as a result of the COVID-19 outbreak.

38. 董事福利及權益(續)

(b) 董事的退休福利及離職福利

截至二零一九年十二月三十一日止年度，概無董事已收取或將收取任何退休福利或離職福利(二零一八年：無)。

(c) 就獲取董事服務而向第三方提供的代價

截至二零一九年十二月三十一日止年度，本集團並無就獲取董事服務向任何第三方支付代價(二零一八年：無)。

(d) 有關以董事、董事的受控制法團及關連實體為受益人的貸款、準貸款及其他交易的資料

於二零一九年十二月三十一日，概無以董事、董事的受控制法團及關連實體為受益人的貸款、準貸款及其他交易安排(二零一八年：無)。

- (e)** 董事就彼等於截至二零一九年十二月三十一日止年度擔任本公司董事已獲支付或應收的薪酬總額為人民幣486,000元(二零一八年：人民幣702,000元)。董事就彼等於截至二零一九年十二月三十一日止年度對管理本公司事務提供的其他服務已獲支付或應收的薪酬總額為人民幣3,233,000元(二零一八年：人民幣4,681,000元)。

39. 結算日後事項

在二零二零年初爆發2019冠狀病毒疫情(「COVID-19疫情」)後，一系列防控措施在全球範圍內實施並持續實施。本集團密切關注COVID-19疫情的發展情況，並評估其對集團合併財務狀況及經營業績的影響。於本合併財務報表獲授權刊發之日，就本集團所知，概無因COVID-19疫情而對本合併財務報表造成任何重大不利影響。

Five-year Financial Summary 五年財務概要

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

簡明合併損益及其他綜合收益 表

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Revenue	收益	6,538,024	6,255,628	5,142,242	2,865,890	1,558,394
Gross profit	毛利	1,832,313	1,498,009	1,304,724	879,500	507,622
Profit before income tax	所得稅前溢利	677,549	644,226	702,244	516,734	382,869
Profit for the year	年內溢利	553,808	496,715	544,000	414,266	317,443
Profit for the year attributable to:	以下人士應佔溢利：					
Ordinary shareholders of the Company	本公司普通股股東	398,153	397,753	422,812	388,093	285,853
Total comprehensive income for the year	年內綜合收益總額	572,023	323,974	695,742	389,746	318,419
Total comprehensive income attributable to:	以下人士應佔綜合收益總額：					
Ordinary shareholders of the Company	本公司普通股股東	416,368	225,012	574,554	363,573	286,829

CONDENSED CONSOLIDATED BALANCE SHEET

簡明合併資產負債表

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Assets	資產					
Total non-current assets	非流動資產總額	29,164,775	23,363,751	19,092,066	12,972,400	6,677,868
Total current assets	流動資產總額	10,704,357	9,310,095	8,003,983	7,085,974	2,924,423
Total assets	資產總額	39,869,132	32,673,846	27,096,049	20,058,374	9,602,291
Equity and liabilities	權益及負債					
Equity attributable to:	以下應佔權益：					
Ordinary shareholders of the Company	本公司普通股股東	4,749,316	4,556,822	4,536,565	4,240,569	4,058,423
Perpetual capital instruments	永久資本工具	2,610,000	1,200,000	1,200,000	2,000,000	—
Non-controlling interests	非控股權益	1,186,669	1,177,450	949,384	1,005,890	884,189
Total equity	權益總額	8,545,985	6,934,272	6,685,949	7,246,459	4,942,612
Non-current liabilities	非流動負債	20,760,860	16,527,163	12,490,571	7,111,213	2,469,257
Current liabilities	流動負債	10,562,287	9,212,411	7,919,529	5,700,702	2,190,422
Total liabilities	負債總額	31,323,147	25,739,574	20,410,100	12,811,915	4,659,679
Total equity and liabilities	總權益及負債	39,869,132	32,673,846	27,096,049	20,058,374	9,602,291

Environmental, Social & Governance Report

環境、社會及管治報告

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

In order to enable stakeholders (including shareholders, investors, regulatory authorities, customers, employees, partners and communities) to understand the environmental, social and governance (“ESG”) policies, measures and performance of Yunnan Water Investment Co., Limited (the “Group”, “Yunnan Water” or “We”), the Group has prepared the environmental, social and governance report (the “Report”) that covers wastewater treatment, water supply and solid waste treatment of the Group during the period from 1 January 2019 to 31 December 2019 (the “Reporting Period” or the “Financial Year”) according to the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Board of the Group is responsible for evaluating and determining the ESG risks relating to the issuer and it has included the ESG matters in the risk management and internal monitoring system of the Group. Both the management and staff of the major subsidiaries and functional departments have participated in preparing the Report, assisting the Group to review its operations and identify relevant ESG matters as well as evaluating the importance of the above to our businesses and to each stakeholder. The table below sets out a summary of the

2019年財政年度

雲南水務投資股份有限公司(「集團」、「本集團」、「雲南水務」或「我們」)為讓各利益相關方(包括股東與投資者、監管機構、客戶、員工、合作夥伴、社區)了解本集團的環境、社會及管治(「ESG」)之政策、措施及表現，我們根據香港聯合交易所有限公司(「聯交所」)證券上市規則附錄二十七所載之環境、社會及管治報告指引(「ESG指引」)編製了本環境、社會及管治報告(「本報告」)，涵蓋本集團二零一九年一月一日至二零一九年十二月三十一日(「報告期間」、「本財政年度」)之污水處理、供水及固廢處理業務。

本集團董事會負責評估及釐定發行人有關環境、社會及管治的風險，並已把ESG事宜包括在集團之風險管理及內部監控系統中。而各主要子公司以及各職能的管理層及員工均有參與編製本報告，協助集團檢討其運作情況及鑒別相關ESG事宜，並評估相關事宜對我們的業務以及各持份者的重要性。下表為本報

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ESG matters of significance to the Group during the Financial Year as set out in the Report:

告所載對本集團於本財政年度所屬重大的ESG事宜之摘要：

ESG Guide Abstract	ESG指引提要	Significant ESG Matters	重大ESG事宜
A. ENVIRONMENTAL	A. 環境		
A1. Emission	A1. 排放物	Exhaust gas, wastewater, solid waste treatment and carbon emission	廢氣、廢水及固廢處理與碳排放
A2. Use of Resources	A2. 資源使用	Energy and water consumption as well as packaging materials	能源及水消耗與包裝材料
A3. Environmental and Natural Resources	A3. 環境及天然資源	Environmental impact management	環境影響管理
B. SOCIAL	B. 社會		
B1. Employment	B1. 僱傭	Employee benefits	僱員待遇
B2. Health and Safety	B2. 健康與安全	Occupational health and safety	職業健康與安全
B3. Development and Training	B3. 發展及培訓	Employee development and training	員工發展及培訓
B4. Labour Standards	B4. 勞工準則	Preventing child or forced labour	防止童工或強制勞工
B5. Supply Chain Management	B5. 供應鏈管理	Supply chain environmental and social responsibility management	供應鏈環境及社會責任管理
B6. Product Responsibility	B6. 產品責任	Service quality and standards	服務質量及標準
B7. Anti-corruption	B7. 反貪污	Anti-bribery and anticorruption	反賄賂及反貪污
B8. Community Investment	B8. 社區投資	Social welfare	社會公益

A. ENVIRONMENTAL

Since its inception, Yunnan Water has been specializing in the field of environmental protection and providing customers with stable, high-quality, customized and integrated solutions and core technology integration services in the areas of water supply, wastewater, ecological environment, solid waste treatment and waste incineration and power generation, transformation of sludge into resources and photovoltaic power generation. The Group actively plays its role as corporate citizen to fulfill its environmental protection responsibility, strives to improve the eco-environmental quality, promotes sustainable development, creates ecofriendly cities with technologies and funds and forges ahead with a strategic positioning as a leading urban environmental protection integrated services provider in China.

A. 環境

雲南水務自成立以來一直專注並深耕於環保領域，以穩定、高質量的服務水準，為客戶提供訂制及綜合的供水、污水、生態環境、固廢處理及垃圾焚燒發電、污泥資源化處置、光伏發電的整體解決方案和核心技術集成服務。集團積極扮演企業公民角色，奉行對環保的責任，致力改善生態環境質量，推動可持續發展，利用技術和資金，創造環境友好型城市，向「中國領先的城市環境綜合服務商」戰略定位穩步邁進。

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The Group believes that it is crucial to comply with applicable environmental laws, regulations and policies for the long-term development and success of the Group. Therefore, we continue to keep abreast with the policy guidance of the industry, analyze the latest applicable environmental protection laws, regulations, policies as well as the best domestic and foreign practices, and timely update our policies and procedures in relation to environmental protection to ensure our environmental management is in line with the latest standards.

The Group is actively participating in environmental protection. All the Group's subsidiaries are required to strictly comply with the Group's internal management system in relation to environmental protection in order to meet the relevant legal requirements. The Group was not aware of any material non-compliance with environmental laws and regulations during the Reporting Period.

The information disclosed in the Report covers 151 water supply, wastewater and solid waste treatment project of the Group in the PRC during the Reporting Period (excluding the Group's newly constructed projects in 2018 and projects outside the PRC). See sections below for detailed information on emission and discharge.

A1. Exhaust gas, wastewater, solid waste treatment and carbon emission

As a pollution control enterprise, the Group is always committed to complying with relevant environmental systems and rules in every production process. Besides, it incorporates sustainable development as the guiding principle in the decision-making process, takes the environmental impact of projects into consideration and emphasizes the harmony between mankind and nature instead of just pursuing economic benefits. The Group possesses industry-leading membrane technology, enabling it to effectively increase the quality of both the treated water and supplied water. Meanwhile, the Group actively develops new technologies in the field of solid waste treatment and makes comprehensive reuse of wastes regenerated in the process of solid waste treatment.

EXHAUST GAS AND WASTEWATER

The Group continues to renovate treatment technologies and to optimize its production management system, aiming to effectively achieve the annual emission reduction targets for the operation project, and therefore has received government recognition and praise.

本集團相信遵守相關環保規則及法規對本集團業務的長期發展及成功至關重要。因此，我們會持續了解行業的政策導向，分析最新的適用環保法律法規、政策及國內外行業最佳實踐，並及時更新我們與環保相關的管理制度，以確保我們的環境管理與時俱進。

本集團積極實踐環保工作，本集團所有子公司均需嚴格遵守集團內部有關環保的管理制度，滿足有關的法例規定。本集團於報告期間並無發現違反與環境有關之法律及規例之重大違規事宜。

本報告於報告期間所披露數據範圍涵蓋本集團151個供水、污水及固廢處理的中國國內項目，並不包括於2018年開始新建的項目，亦不包括本集團於中國境外的項目。詳細的排放數據請參考下文各部分。

A1. 廢氣、廢水及固廢處理與碳排放

本集團作為治污環保企業，始終確保生產的各環節遵守相應的環保制度規則，在經營決策中以可持續發展為指導原則，將項目對環境帶來的影響納入考慮因素，不片面追求經濟效益，注重人與自然的和諧共處。集團具有行業領先的膜技術，能有效提高處理後的污水和供水水質。同時，集團積極研發固廢領域的新技術，綜合再利用固廢處理過程中產生的廢棄物。

廢氣及廢水

本集團不斷革新處理技術、完善生產管理制度，為運營項目所在地較好地完成每年的減排目標，獲得了各級政府的肯定和好評。

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For odor generated from wastewater treatment, the Group has planted greenbelts around the gas sources and collected it for biotreatment in order to meet national emission standards. For hazardous gas generated from solid waste treatment, the Group has introduced and adopted international advanced technologies and continued to enhance the fume treatment equipment to ensure that harmful components contained in the fume have been effectively removed and meet emission standards.

Wastewater generated from the operation of sewage treatment and water supply facilities mainly contains small amount of domestic sewage and equipment flushing water and was discharged after being processed and meeting the required standards. Wastewater generated from the operation of solid waste treatment facilities was recycled or be discharged into the municipal pipe network after being processed, striving to achieve "Zero Discharge". After being processed by the Group's sewage treatment facilities, the volume of COD and NH₃-N discharged by the Group has been reduced by 122,140 tonnes and 13,261 tonnes, respectively.

The table below summarizes the final volume of emission and wastewater by the Group during the Reporting Period:

Type of emission	排放物類型	Final volume of emission (tonne) 最終排放量(噸)
Particulate matter (PM)	顆粒物(PM)	15.27
Sulfur oxide (Sox)	硫氧化物(SOx)	35.05
Nitrogen oxide (NOx)	氮氧化物(NOx)	231.08
Chemical oxygen demand (COD)	化學需氧量(COD)	15,610.61
Ammonia nitrogen (NH ₃ -N)	氨氮(NH ₃ -N)	1,032.00

SOLID WASTE

The Group actively pays attention to solid waste treatment and continue to develop solid waste technologies to promote the recycling of resources. In 2019, the volume of hazardous wastes, medical wastes and domestic wastes treated in the Group's solid waste treatment business was 22,487 tonnes, 42,906 tonnes and 336,413 tonnes.

針對污水處理過程中產生的臭氣，我們採取在臭氣產生源周圍種植綠化隔離帶及將臭氣收集後進行生物處理等工藝方式，使其達到國家許可的排放標準。針對固廢處置過程中產生的有害氣體，我們引進國際先進技術，不斷對煙氣處理設備進行革新，確保有效去除煙氣中的有害成份，保證達標排放。

污水處理和供水設施運營中產生的廢水主要為少量生活污水和設備沖洗用水，經我們廠內污水處理設施處理達標後排放；我們固廢處理設施運營中產生的廢水，經廠內專用污水處理設施處理，達標後循環使用或排入市政管網，努力實現「零排放」。經我們的污水處理設施處理後，我們的COD及NH₃-N的排放量分別削減了122,140噸及13,261噸。

於本報告期間，我們的廢氣、廢水最終排放量概述如下：

固廢

我們積極關注固廢處置的問題，不斷開拓固廢處理技術，促進資源的再生利用。於2019年，本集團固廢處理業務中的危險廢物處理量、醫療廢物處理量、生活垃圾處理量分別為22,487噸、42,906噸及336,413噸。

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The Group also generates solid wastes in its daily operation of business, which are mainly dewatering sludge generated in the process of our sewage treatment and water supply and slag and fly ash in the process of the Group's solid waste treatment. During the Reporting Period, the total volume of such non-hazardous and hazardous wastes was 444,334 tonnes.

The Group has comprehensive management system in place for all kinds of solid wastes generated in the process of its production and operation, strictly complies with national discharge standards and adopts effective measures to reduce and properly dispose of solid wastes.

For solid wastes such as sludge generated in the process of sewage treatment and water supply, the Group strictly follows relevant national policies, regulations, industry standards and the requirements of environmental impact assessment report approval to establish comprehensive production management system and process control system in order to manage the measurement, transportation and disposal of solid wastes to prevent secondary pollution. Besides, the Group possesses advanced membrane technology in the industry and has actively carried out research and development in order to effectively reduce solid wastes generated during the operation process, and to transform the produced sludge into resources with sludge carbonization technology.

For solid wastes generated in the process of solid waste treatment, the Group adopts a number of comprehensive treatment measures including classification or sealed storage to achieve the purpose of harmless and recycling treatment in strict compliance with national policies and industry standards, and set warning signs according to specifications. All disposals of such solid wastes are carried out in strict compliance with national policies and regulations and requirements of government-approved environmental impact assessment report.

本集團於日常業務運作中也會產生固體廢棄物，主要為我們於污水處理及供水過程中產生的脫水污泥，以及由固廢處理過程中產生的爐渣以及飛灰。報告期間內，上述無害及有害廢棄物產生的總量為444,334噸。

集團針對生產運營過程中產生的各類廢棄物制定了完善的管理制度，嚴格按照國家排放標準，採取有效措施減低排放量並妥善處置。

針對污水處理及供水過程中產生的污泥等固體廢棄物，我們嚴格按照國家政策法規、行業標準，以及項目環境影響評價報告批覆要求，制定完整的生產管理制度及過程監控制度，對固體廢棄物的計量、運輸和處置進行規範管理，確保不產生二次污染。同時，我們擁有當前行業內較為先進的膜核心技術，並積極開展研發工作，力爭大量減少生產運營過程中的固體廢棄物並運用污泥碳化技術將產生的污泥資源化。

針對固廢處理過程中的廢棄物，集團嚴格按照國家政策及行業標準要求分類或密閉存放等多種綜合處理辦法，以達到無害化、資源化處理的目的，並按規範要求設置安全警示標誌，所有廢棄物的處置均嚴格按照國家政策法規及經政府批准的環境影響評價報告要求開展。

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For the daily office operation, the Group puts great efforts to promote paperless office and use OA system and video meeting system by connecting OA platform with various departments of the Company to reduce waste arising from document circulation. The Group exercises control over the purchase of stationeries such as paper, implement strict registration system in respect of the collection of office supplies and encourage employees to print on both sides of paper to reduce waste of paper. The Group also advocates reuse of office stationeries including envelopes and file folders etc. Besides, the Group advocates that disposable tableware should not be used in the office and that chargeable office equipment should be purchased in order to reduce usage of disposable batteries.

CARBON EMISSION

Our carbon emission arises mainly from the consumption of electricity. During the Reporting Period, the electricity-related carbon dioxide equivalence (CO₂e) generated in its business operation amounted to 201,385 tonnes with a density of 0.04546 tonne of CO₂e per sq.m.. The Group's implemented various energy conservation measures to minimize carbon emission. Please refer to the section headed "Energy Consumption" below for details.

A2. Energy and water consumption

As one of leading integrated service providers in the municipal wastewater treatment and water supply industries in China, the Group always takes the environmental, social and governmental impact into consideration in its core operating practices and strictly controls the resource consumption of each project according to the principle of economic operation as well as strives to increase the resource utilization rate, improve the operation skills of staff to maximize the resource utilization.

針對辦公室日常運作，我們大力推廣無紙化辦公，使用辦公自動化OA系統及視頻會議系統，通過OA平台連接公司各部門，減少了文件流轉過程中產生的浪費。我們對紙張等文具的購買量進行控制，對辦公用品的領用實施嚴格的登記管理制度，鼓勵員工雙面打印，減少紙張浪費。我們亦提倡重複使用辦公文具，如信封、文件夾等用品。此外，我們鼓勵辦公室不使用紙杯等一次性餐具；同時亦鼓勵購買可充電的辦公設備，減少一次性電池的使用。

碳排放

我們的碳排放主要源自市電的消耗。於報告期間，由我們業務所產生的市電相關的二氧化碳當量(CO₂e)為201,385噸，密度為0.04546噸CO₂e／建築平方米。我們已實施各種節能措施，以幫助減少相應的碳排放量。詳情請參考下文能源消耗一節。

A2. 能源及水消耗

作為中國城市污水處理及供水行業領先綜合服務供應商之一，集團在核心運營實踐中始終結合環境、社會及政府的考量，始終按照經濟運行的原則嚴格控制各項目的資源消耗，並致力於提高資源利用率。提升員工的操作技能水平，使能源利用最大化。

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The Group conducts daily monitoring and statistical analysis for each operating project to have a deep understanding of the consumption of energy, water resource and raw materials, determine indicators of the energy consumption, water consumption and raw materials consumption and supervise and evaluate each project. In addition to complying with relevant national laws and regulations, the Group also has a series of internal monitoring, management and assessment systems in place, sets the control target for total energy consumption and gives early warning and fine-tuning to production projects of which the energy consumption increases rapidly to ensure that the Group can utilize the resource in an effective way while maintaining high-standard operation. The Group has been striving to achieve maximum benefit for customers and the environment with the minimal resource consumption, and to promote clean and sustainable resources and energies.

ENERGY CONSUMPTION

During the Reporting Period, the energy consumption of the Group was mainly consumption of indirectly and externally-purchased electricity amounting to 326,245,693 KWh in total, representing a density of electricity consumption of 59.37 KWh per sq.m.

Waste incineration is a way of converting thermal energy to electricity which realizes “minimization, reclamation and harmlessness” and avoids a waste of resource. The Group enhances the measures on stacking fermentation of waste to increase the heat utilization ratio and also adopts variable frequency regulation for large-power motors in order to reduce self-consumed electricity and increase the on-grid energy. Besides, we adopt advanced operating technology during the incineration process, enhance the thermal insulation effect of the equipment and recycle thermal energy for secondary use to increase the re-utilization rate of energy. Meanwhile, metering devices for electricity, water, heat, etc. are installed at the energy supply accesses to measure the energy used, so as to control consumption and reduce costs.

In order to increase the energy utilization rate in the process of wastewater treatment, the Group focuses on technological transformation for key devices with large energy consumption and low efficiency, including the lifting pump, air blower and sludge dewatering system etc. Besides, the Group continuously develops and promotes new green technologies to reduce energy consumption in technological link.

集團對各運營項目進行日常監控統計分析以掌握能源、水資源和原材料消耗情況，核定能耗、水耗和原材料消耗的指標，對各項目進行監督考核。除遵守國家相關法律法規以外，集團亦制訂了一系列內部監控、管理及考核制度，建立能源消耗總量控制目標，並對能源消耗總量增長過快的生產項目及時作出預警和調控，確保集團能保持高標準運營的同時有效利用資源。集團始終致力使用最少的資源為客戶和環境創造最大的效益，推進資源與能源的清潔永續。

能源消耗

本集團於報告期間的能源消耗主要為間接的外購電力消耗，共消耗326,245,693千瓦時，電力消耗密度為59.37千瓦時／建築平方米。

垃圾焚燒發電是通過焚燒實現「減量化、資源化、無害化」，利用焚燒的熱能轉化為電能，避免資源浪費。本集團重點加強了垃圾堆放發酵的措施以提高熱量利用率，亦對大功率電機採用變頻調節，節約自用電，增加上網電量。同時，在焚燒過程中，我們採用先進的操作工藝，加強設備的隔熱保溫效果，通過二次熱能的回收利用手段，提高能源的再利用率。同時，在能源供應入口安裝電、水、熱等計量裝置，對所用能源進行計量，以控制消耗、降低成本。

針對污水處理中的能源消耗，為提高能源利用率，集團重點對能耗大、效率低的關鍵設備進行了技術改造，其中包括提升泵、鼓風機、污泥脫水系統等。此外，集團不斷研發推廣綠色新技術以減少工藝環節的能源消耗。

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In order to increase the energy utilization rate in the process of water supply, the Group continues to innovate production technology and improve the production management system to increase water production rate.

The Group encourages all staff to save electrical energy during the production process and office work. The Group also arranges cleaners to conduct inspections during the non-office hours to ensure that the electric devices such as lighting equipment have been switched-off. The Group also sets fuel consumption targets for business vehicles and encourages all staff to use mass transit.

WATER CONSUMPTION

The Group helps people in different regions to resolve water supply problems and provide healthy and sufficient tap water for people. During the Reporting Period, the volume of water sold by the Group amounted to 212,172,600 m³ and the volume of wastewater treated by the Group amounted to 679,446,175 m³.

The Group requires all its operating projects to use reclaimed water to clean and cool down equipment if permitted and to water plants in factories and office areas, so as to reduce water resource consumption during the production process.

To further reduce water consumption, water in all the solid waste treatment facilities is fully recycled and reclaimed water is also used as flushing water in some toilets. The Group also invests resources to carry out activities such as posting water conservation signs to remind staff to save water.

針對供水過程中的能源消耗，為提高能源利用率，集團不斷革新生產技術、完善生產管理制度，以提高產水率。

在生產辦公過程中，集團也倡導廣大員工節約用電。集團亦安排保潔人員在非辦公時間進行巡查，確保照明設備等用電設備處於關閉狀態；集團亦核定辦公機動車油耗指標，並鼓勵全體員工多使用公共交通。

水消耗

我們幫助不同地區的民眾解決水資源的供給問題，為民眾提供健康、充裕的自來水。我們於報告期間的售水量為212,172,600立方米，而污水處理量為679,446,175立方米。

集團要求各運營項目在生產設備允許範圍內使用再生水對設備進行沖洗和冷卻，廠區及辦公區綠化用水全部使用再生水，以降低生產過程中的水資源消耗。

為進一步節水，集團污水處理設施用水盡量採取循環利用，並將部分衛生間沖洗水改用再生水。集團亦投入資源開展活動，通過張貼節約用水標識等方式提醒全體員工節約用水。

Indicator	指標	2019 (m ³)	Density (m ³ /sq.m.)
		2019年 (立方米)	密度 (立方米／ 建築平方米)
Total water consumption	水消耗總量	30,960,530	5.63
Total recycled water	循環用水總量	8,457,601	1.54

For our water supply business, the Group draws water from local sources with proper government approval. Therefore, the Group does not have any water sourcing issues.

因我們的供水業務在獲得當地政府的批覆後從自然水體引水，所以在求取適用水源上不存在問題。

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PACKAGING MATERIALS

As a water environmental enterprise, the Group does not use packaging materials during the daily course of its business operations.

A3. Environment impact management

The construction of environmental protection projects will have certain impact on the environment and natural resources. The Group considers such impact as one of the key factors when making investment decisions. The Group performs evaluation of the abovementioned impact according to relevant laws and regulations. The Group applies "simultaneous design, construction and operation" acceptance check after the project has been put into operation to meet the requirements of the relevant laws, regulations and policies. Besides, the Group has also developed relevant systems and procedures to monitor and manage environmental impact of all projects in order to avoid excessive use and waste of natural resources.

As treated wastewater is ultimately discharged to the environment, the Group strictly adheres to the processing requirements to guarantee the stable quality of treated water and reduce its impact on the environment.

The Group attaches great importance to the treatment of pollutants including exhaust gas, liquid waste, odor and equipment noise generated in the solid waste treatment process, and takes various control measures for various pollutants to eliminate the environmental pollution caused by solid wastes and plays a positive role in protecting water and soil.

In addition to fly ash in the exhaust gas, pollutants also contain harmful substances including NOX, SO₂, HCl, heavy metals and dioxins. The major harmful substances are organic substances including dioxins, which are controlled with the more economical and effective "3T+E" technology.

After treatment of liquid waste with the professional wastewater treatment system set up in the plant, the effluent will be reused or used for greening and road cleaning.

包裝材料

作為水務環保企業，我們於日常業務運作中不涉及包裝材料。

A3. 環境影響管理

環保項目的建設對環境和天然資源會產生一定影響，集團在投資決策時將項目對環境的影響列入考慮的重點因素。集團建設的項目一律按照相關的法律法規要求進行環境影響的評價，並在項目建設投運後申請環保「三同時」驗收，確保所有項目的建設、運行都同時滿足政策法規的要求。此外，集團也制訂了相關制度程序，對所有項目建設的環境影響進行監控和管理，避免濫用及損耗天然資源的情況發生。

因污水處理業務中處理後的污水需排入自然環境中，為減少污水對環境的影響，集團在項目運營過程中嚴格執行工藝紀律，確保出水水質穩定達標。

針對固廢處理過程中產生的煙氣、廢液、臭氣、設備噪聲等污染物的治理給予了高度重視，針對各種污染物採取了治理措施。不僅消除了固體廢棄物對環境污染源，也對保護水體和土壤起到了積極作用。

煙氣中的除飛灰外，還含有NOX、SO₂、HCl、重金屬和二噁英類等有害物質。最為主要的有害的物質為二噁英類物質等有機物，採用較為經濟、有效的「3T+E」技術抑制。

廢液採用通過廠區設置的專業的廢水處理系統處理後，出水將在進行回用或用於綠化及道路清洗等。

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Odor is used as combustion air or effective measures including adsorption and filtration with adsorption device using activated carbon are adopted to ensure air quality.

For thermal pollution during production process, the Group has adopted advanced thermal insulation material to provide the heat generation equipment with thermal insulation treatment in order to ensure that the heat source point reaches the operation standard.

For the noise pollution during production process, the Group has also installed blimps for the equipment that produces noises and utilized green plants to absorb noise according to function division in order to ensure the noise emission to reach the standard.

臭氣作為助燃空氣、或活性炭吸附式裝置吸附過濾等有效措施確保空氣質量。

針對生產過程中的熱污染，本集團採用先進的隔熱材料對產熱設備進行隔熱處理，確保熱源點達到作業標準；

針對生產過程中的噪音污染，本集團對產生噪聲的設備安裝隔音罩，並根據功能分區，利用綠色植物吸聲降噪，使得噪音排放達標。

B. SOCIAL

B1. Employee benefits

Yunnan Water is an enterprise with core technology, aspiration and social responsibility. It attaches importance to team construction and employee's virtues and ethics, introduces talents by multiple channels and cultivates talents by using incentive mechanism. The Group has comprehensive human resources policies covering recruitment, remuneration, staff welfare and performance etc.

The Group strictly complies with applicable laws, regulations and rules on labour protection to guarantee equal employment. The Group is against any recruitment discrimination concerning age, marital status, race, social status, religious belief, disability, gender, sexual orientation or political background etc. The Group guarantees equal opportunity and fair treatment for all level of staff and job applicants in recruitment, internal transfer, training, promotion, performance evaluation and remuneration. Besides, the Group has the same remuneration and staff welfare structure for both the male and female staff.

The Group carries out open recruitment in the market and around the world following the principles of fairness, equality and competition, make overall assessment and recruitment on a selective basis. The Group enters into labour contracts with employees in accordance with labour laws and regulations to effectively protect rights and interests of employees.

B. 社會

B1. 僱員待遇

雲南水務是一家有核心技術、有理想、有社會責任感的企業，堅持以德為先的用人理念，歷來重視團隊建設，多渠道引進人才並採用激勵機制培養人才。集團建立了完善的人力資源制度，包括招聘、薪酬福利、績效等模塊。

我們嚴格遵守適用的勞動保障相關法例和法規，保障平等僱傭，反對任何基於年齡、婚姻狀況、種族、社會階層、宗教信仰、殘疾、性別、性取向、或政治背景等的招聘歧視。本集團所有僱員的安排，如聘用、調職、招聘、培訓、晉升、操守、薪酬福利水平等，都確保所有員工及職位申請者均享有平等機會及獲得公平待遇。我們的男女員工在薪酬架構上都是一致的，實現男女同工同酬。

人員招聘方面，集團以公開、平等、競爭、擇優的原則吸納人才，採用市場化與國際化相結合公開招聘，全面考核，擇優錄用。錄用後集團嚴格按照勞動法規與員工簽訂勞動用工合同，切實保障員工權益。

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With respect to remuneration package, based on the assessment on values of staff's posts, guided by the Group's operation strategy and with reference to the industry and the region's salary level, the Group has established a competitive remuneration system. Besides, the Group strictly complies with relevant national laws and regulations and continuously improves staff welfare, reviews staff's working hours, pays various statutory social insurances according to the laws and ensures that employees are entitled to statutory holidays. Moreover, employees are also entitled to paid annual leaves, marriage leaves and maternity leaves.

With respect to performance assessment, the Group has established a target-oriented employee performance appraisal system covering various aspects, such as the performance, ability and attitude etc. of the staff. The performance bonus, promotion and salary adjustment of staff is determined by the assessment results. In order to create a healthy, diversified and harmonious working environment, all the matters concerning promotion, salary review and post transfer will be considered in an objective way according to staff performance and the business condition of the Group.

The Group was not aware of any material non-compliance with laws and regulations in relation to human resources during the Reporting Period.

B2 Occupational health and safety

The Group attaches great importance to occupational health and safety management in the production and operation process. In accordance with the Safe Production Law, Law on Occupational Diseases Control, Fire Protection Law, Environmental Protection Law, Law on the Safety of Special Equipment, Safety Supervision Regulations on Special Equipment, and Safety Management Regulations on Hazardous Chemicals of the PRC and other applicable national regulations, the Group has established a safety management organization, hired registered safety engineers of the PRC, appointed safety management personnel, and developed safety, quality, environmental management guidelines and objectives. In addition, the Group has prepared the safety management systems, formulated and released the comprehensive plan on emergency rescue of safety accidents and emergency plans for safety accidents and established a safe production committee which held meeting regularly in order to study, deploy and solve existing problems in the process of safe production management.

薪酬福利方面，集團在對員工崗位價值進行評估的基礎上，以集團經營戰略為導向，參考行業水平和地區水平，建立了具有競爭力的薪酬體系；同時，集團嚴格遵守國家相關法律法規，不斷完善員工福利待遇及檢討員工的工作時數，依法繳納了各項法定社會保險並保障員工享受社會法定假日等福利。除此之外，員工還可享受帶薪年休假、婚假、產假等假期。

績效考核方面，集團以目標結果為導向，建立了員工績效考核體系，覆蓋員工業績、能力態度等方面，並恰當地將考核結果運用於員工績效工資、職務晉升和工資調整。為營造健康、多元化及共融的工作環境，一切升遷、薪酬回顧及調職決定均以員工個人表現配合集團業務情況作客觀考慮。

於本報告期間，集團並未發現任何與人力資源相關的法例和法規的重大違規事宜。

B2 職業健康與安全

集團在生產經營過程中高度重視職業健康與安全管理，按照中華人民共和國安全生產法、職業病防治法、消防法、環境保護法、特種設備安全法、特種設備安全監察條例、危險化學品安全管理條例及其他適用國家法規的要求，按規定成立了安全管理機構，聘請了國家註冊安全工程師，任命了安全管理人員，制定了安全、質量、環境管理方針和目標，建立安全管理制度和體系，編製發佈了生產安全事故綜合應急救援綜合預案和安全事故專項應急預案，成立了安全生產委員會並定期召開會議，研究、部署和解決生產安全管理過程中存在的問題。

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The Group has implemented the safe production responsibility at each level, carried out hazard identification and risk assessment, and strengthened hazardous operation management during the operating management process. Safety inspection is conducted regularly to eliminate hidden dangers at the production site and prevent the occurrence of accidents. During the project construction process, the Group is committed to fulfilling its safety responsibility and to enhancing safety monitoring in order to ensure construction safety and provide the staff with a safe working environment.

The Group actively carries out safety trainings and education for the staff, regularly enhance the professional skill and safety awareness of the staff, and strengthen emergency response capability by carrying out emergency drills on production accidents. The Group also provides safety equipment as necessary in accordance with the policies of the Group and organizes regular physical examinations for the staff in order to prevent them from occupational harm and occupational diseases.

The Group has obtained the OHSAS18001 International Management System Certificate to strengthen the operation and management of the occupational health and safety management system.

The Group was not aware of any material non-compliance with laws and regulations in relation to workplace health and safety during the Reporting Period.

B3 Staff development and training

The Group has built a scientific and effective training programme for the overall development of the staff. The Group prepares training programs according to job nature and needs and ensures the implementation of the plans, which bring positive effect to the Group and assist the staff in their development. The training programs are consisted of induction training, business training and continuous education training etc.

INDUCTION TRAINING

To help new staff to get involved as soon as possible, the Group provides induction training programs for new staff to introduce the corporate culture and various internal rules and regulations of Yunnan Water.

我們在運營管理過程中層層落實安全生產職責，開展危險辨識和風險評價，加強危險作業管理，定期開展安全檢查，消除生產現場的安全隱患，杜絕安全生產事故的發生。在項目建設過程中，集團認真落實業主方的安全職責，加強安全監管，確保施工安全，為員工提供一個安全的工作環境。

我們積極開展員工安全培訓教育，不斷提高員工的業務技能和安全意識，通過生產安全事故應急演練，提高員工對突發事件的處置能力，並按照集團勞保用品管理制度，按時發放勞保用品，每年定期組織員工進行健康體檢，避免員工在日常工作過程中受到職業性危害及職業病的發生。

集團取得了OHSAS18001的國際管理體系證書，強化職業健康安全管理体系的運作和管理。

本集團於報告期間並無發現違反與工作場所健康與安全有關的法律及規例之重大違規事宜。

B3 員工發展及培訓

本集團注重員工的成長，建立了科學有效的培訓機制。根據員工工作性質、需求等制定培訓計劃並確保實施，發揮培訓對集團的積極作用，並對員工發展提升提供幫助，使員工不斷進步和成長。培訓內容分為入職培訓、業務培訓、持續教育培訓等。

入職培訓

為幫助新員工盡快融入，我們會定期舉辦新員工培訓，介紹雲南水務的企業文化以及各項規章制度等。

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BUSINESS TRAINING

The Group's staff receives different types of training according to their roles and responsibilities. For instance during the Reporting Period, the operation center carried out professional trainings on MBR engineering, testing knowledge, automatic control system and online monitoring; the financial center conducted financial business trainings on financial system and policy and overseas investment etc.; the human resources department also held professional trainings for segments on internal control, risk management, system construction and safety management.

CONTINUOUS EDUCATION TRAINING

The Group provides staff with comprehensive training programs according to the characteristics of different positions in order to help employees grow rapidly and realize individual value and to contribute to the growth and development of the Group.

In addition, to further enhance the communication between the headquarters and the wholly-owned subsidiaries, and strengthen the executive power of the team, the Group also organized business training programs during the Reporting Period.

B4 Preventing child or forced labour

The Group carries out recruitment and employment in strict compliance with the relevant national and local laws and regulations and rejects the application from any person that does not meet the requirements of the laws and regulations. Besides, the Group also conducts background investigations based on the information provided by the staff and will reject the application from any person who provides false information.

The Group was not aware of any material non-compliance with labour laws and regulations in relation to preventing child or forced labour during the Reporting Period.

業務培訓

在職員工按工作需要定期接受不同類型的培訓。例如於報告期間，運營中心開展包括MBR工藝、化驗知識、自控系統、在線監測等專業性培訓；財務中心開展包括財務制度與政策、海外投資等財務業務培訓；人力資源部協同開展包括內部控制、風險管理、制度建設、安全管理等各板塊的專業培訓。

持續教育培訓

我們根據不同崗位的特點，為員工提供完備的培訓計劃，幫助員工快速成長，實現個人在企業中的價值，為企業成長與發展作出貢獻。

除此之外，為進一步增強總部和各全資子公司的溝通和交流，打造團隊執行力，我們於報告期間還舉辦了業務培訓。

B4 防止童工或強制勞工

集團對於人員的招聘和錄用嚴格按照國家和地方有關規定執行，對不符合法律規定條件的人員一律不予錄用。此外，集團還根據員工提供的資料進行背景調查，調查結果發現有作假者，集團也不予錄用。

本集團於報告期間並無發現違反與防止兒童或強制勞工有關的法律及規例之重大違規事宜。

B5 Supply chain environmental and social responsibility management

In accordance with the provisions of the “Bidding and Bidding Law” and the “Regulations on the Implementation of Bidding and Bidding”, the Group adopts the principle of fairness, impartiality and openness to select qualified suppliers in the form of public bidding on the public resource trading platform where the project is located. The Group selects qualified suppliers by bid invitation, comparison & selection or bid negotiation if the tender amount fails to reach the requirement as stipulated under the Tendering and Bidding Law. The Group considers the environmental & social performance, qualification level, goods provided or service quality, service adaptability and capability as well as quoted price in a comprehensive way when selecting suppliers.

The Group requires relevant internal departments to conduct evaluation on all the goods and services suppliers during the year to retain or disqualify the suppliers.

B6 Service quality and standards

The Group attaches great importance to the impact of the Group’s products and services on the user’s safety and health. The Group have developed strict internal management policies and procedures according to relevant national policies and standards, aiming to provide high quality services and keep making progress towards higher standards.

QUALITY CONTROL

The Group has technologies and industrial experience necessary to maintain the quality of environmental protection projects at each stage such as design, investment, construction and operation. For instance, the Group adopt advanced online monitoring systems to continuously monitor the quality of the treated wastewater and supplied water during the operating process of the wastewater treatment and water supply facilities. Specifically, the monitoring data of the online monitoring system for wastewater treatment will be transmitted to the government platform for pollution sources of the authority in a real-time way for 24-hour monitoring.

B5 供應鏈環境及社會責任管理

本集團按照《招標投標法》及《招投標實施條例》的規定，按照公平、公正、公開的原則，在項目所在地公共資源交易平台採取公開招標的方式選取合格供應商。如未達到招標投標法規定的招標金額，本集團根據具體情況採用邀請招標、競爭性比選或議標的方式選取合格供應商。集團選取供應商時綜合考慮其環境及社會績效、資質水平、提供的貨物或服務質量、服務配合度及能力，以及報價等因素。

集團每年組織內部相關部門對本年度所有貨物及服務的供應商進行服務後評價，確定保留或取消供應商的資格。

B6 服務質量及標準

本集團高度重視產品和服務對用戶的安全與健康的影響，按照國家相關政策標準，制定嚴格的內部管理制度和程序，致力於提供優質的服務，並向達致更高標準不斷改進。

質量控制

集團在環保項目的設計、投資、建設、運營等各個階段均具備維護質量所必備的技術及行業經驗。例如，我們的污水處理及供水設施投入運營時，採用先進的在線監測系統連續監測污水處理出水及供水的水質。其中，污水處理的在線監測系統監測數據實時傳輸至政府部門的污染源監測綜合管理平台，供其每天24小時監察。

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Besides, the Group has obtained international management system certificates such as ISO9001, ISO14001 and OHSAS18001, strictly abides by the above standards during the process of production and assembly, and enhances the operation of the systems on quality, environment, occupational health & safety in order to ensure the quality of the membrane products manufactured.

The Group carries out major businesses by strictly complying with following relevant national/industrial standards and the details of the articles are in below:

With regard to the wastewater treatment business of the Group, the Group is committed to ensuring that the treated wastewater meets the requirement of Discharge Standard for Pollutants for Municipal Wastewater Treatment Plant (GB 18918-2002) or Environmental Quality Standard V for Surface Water or local standards and that wastewater discharge outlets are built in strict compliance with the requirements of the environmental impact assessment report approved by the government for designated discharge.

With regard to the water supply business of the Group, the Group attaches great importance to water quality control from the water source to users since the quality of the water supplied directly affects public health. Water supplied by the Group meets a number of national standards, including but not limited to Hygienic Standard for Drinking Water (GB 5749-2006), Standard for Quality of Urban Water Supply (CJ/T 206-2005), Technical Regulations on Operation, Maintenance and Safety of Urban Water Supply Plant (CJJ 58-2009), Technical Regulations on Operation, Maintenance and Safety of Urban Water Supply Pipeline Network (CJJ 207-2013) and Urban Water Supply Services (GB/T32063-2015) in order to ensure reliable and safe water supply. The Group has established strict quality management systems, tests and inspects against various indexes on production and operation and conducts real-time monitoring on the water quality to ensure that the water quality meets the relevant standards.

另外，為確保我們製造的膜產品的質量，我們已取得ISO9001、ISO14001、OHSAS18001的國際管理體系證書，在生產及裝配的整個過程中嚴格執行上述標準，加強質量、環境、職業健康安全管理体系的運作。

我們的主要業務嚴格執行相關的國家／行業標準，具體條文如下：

針對本集團的污水處理業務，我們致力確保處理後的污水均達到《城鎮污水處理廠污染物排放標準》(GB-18918-2002)，或《地表水環境質量》類V類標準或地方標準，並嚴格按照經政府批准的環境影響評價報告要求建成污水排放口，定點排放。

針對本集團的供水業務，由於安全的用水質量會直接影響公眾的身體健康，因此本集團高度關注從水源到用戶終端之水質控制。本集團所提供的用水符合國家標準，包括但不限於《生活飲用水衛生標準》(GB-5749-2006)、《城市供水水質標準》(CJ/T-206-2005)及《城鎮供水廠運行、維護及安全技術規程》(CJJ-58-2009)、《城鎮供水管網運行、維護及安全技術規程》(CJJ-207-2013)及《城鎮供水服務》(GB/T32063-2015)，確保可靠及安全的供水。集團建立了嚴格的品質管制體系，對各項生產運行指標進行化驗與檢測，即時監控水質情況，保證水質達標。

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With regard to the solid waste treatment business, the services provided by the Group are governed by Pollution Control Standard for Domestic Waste Landfill (GB-16889-2008), Pollution Control Standard for Municipal Waste Incineration (GB-18485-2014), Technical Requirements on Medical Waste Incinerator (GB-19218-2003) and Pollution Control Standard for Hazardous Waste Incineration (GB-18484-2001). The Group has set up internal control systems and set discharge limits for incineration plants according to strict operation conditions and technical requirements in order to minimize the impact of waste incineration to the environment and to the public.

The Group has prepared comprehensive contingency plans and emergency mechanisms for potential risks and accidents in the production process and will immediately activate the contingency plans in case of emergency happens to ensure users' safety and health.

The Group was not aware of any material non-compliance with laws and regulations in relation to services quality during the Reporting Period.

B7 Anti-bribery and anti-corruption

The Group has established a disciplinary commission and a disciplinary inspection office dedicated for bribery, blackmail and fraud prevention as well as relevant investigations and handling; The Group has established a corruption risk prevention and control system, developed corruption risk prevention and control measures, and implemented dynamic management of corruption risk prevention and control; We also established whistle-blowing channels via telephone and e-mail to report cases relating to the violation of laws and the code of conduct. The Group also attaches importance to corruption risk education, organizes corruption risk training, holds special lectures on corruption prevention and enhances the anti-corruption awareness of the staff. Both the management and the staff are required to follow the rules of moral and conducts of the Group and no cases against the anticorruption stipulation and code of conducts has so far been identified.

The Group was not aware of any material non-compliance with relevant laws and regulations during the Reporting Period.

就固廢處理業務而言，本集團之服務受《生活垃圾填埋場污染控制標準》(GB-16889-2008)、《生活垃圾焚燒污染控制標準》(GB-18485-2014)、《醫療廢物焚燒爐技術要求》(GB-19218-2003)以及《危險廢物焚燒污染控制標準》(GB-18484-2014)規管。我們建立了內部控制體系，通過嚴格的操作規範和技術要求，在實際運行中設定焚燒廠的排放限額，盡量將垃圾焚燒對環境及公眾健康造成的負面影響降至最低。

集團針對生產運營中潛在風險和可能出現的突發事件制定了完善的應急預案和健全的應急機制，發生緊急情況時立即啟動應急預案，維護用戶安全與健康。

本集團於報告期間並無發現違反與上述提及之服務質量有關之法律及規例之重大違規事宜。

B7 反賄賂及反貪污

集團成立了紀委和紀檢監察室，負責防止賄賂、勒索、欺詐等工作和相關調查及處理；集團建立了廉潔風險防控體系，制定了廉潔風險防控措施，實行廉潔風險防控動態管理；集團建立了電話、郵件等舉報方式，受理有關違紀違法舉報；集團重視對員工的廉潔風險教育，組織開展廉潔風險警示教育，舉辦廉潔專題講座，加強員工的廉潔意識。管理層和所有員工均能遵守集團的道德行為守則，未出現違反廉潔規定和道德行為準則的行為。

本集團於報告期間並無發現違反相關法律及規例之重大違規事宜。

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B8 Social welfare

Yunnan Water has a strong sense of social responsibility. As an active advocator for building a learning-oriented enterprise, the cooperation between the Group and universities is regarded as a meaningful public welfare activity for both the community as well as the Group. The Group makes contributions in implementing the strategy of developing the country through science and education and reinvigorating the country through talents development as well as building a harmonious society while actively establishing and enhancing the reputation of the Group.

In May 2019, the awarding and commendation ceremonies of the Yunnan Water Scholarship and Assistantship and the Innovation and Entrepreneurship Project Fund were held at the lecture hall of the Faculty of Environmental Science and Engineering of Kunming University of Science and Technology. The Company's party secretary Yang Fang and his fellows attended the awarding ceremony, with more than 150 students receiving awards. In August 2018, Yunnan Water and the Faculty of Environmental Science and Engineering of Kunming University of Science and Technology entered into the Yunnan Water Scholarship and Assistantship and the Innovation and Entrepreneurship Fund Donation Agreement, to set up the "Yunnan Water Scholarship and Assistantship and the Innovation and Entrepreneurship Project Fund". The purpose is to support the strategy of rejuvenating the country through science and education, serving the purpose of rejuvenating Yunnan Province through science and education, promoting the development of college education while seeking further and multiple cooperation and communication with Kunming University of Science and Technology. The Group will donate RMB500,000 each year and for five consecutive years. The money will be used by the faculty to fund and reward the outstanding students with good morality and excellent academic performance, and who are well-performed in social practice, innovation and entrepreneurship and comprehensive quality and pursue self-improvement.

The combination of "reverence, thankfulness and confidence" has always been the cultural concept advocated by the Group since its inception. The spirit of actively undertaking responsibilities, dedication and caring heart of staff fully reflects our cohesion. Under the guidance of this concept, the Group will continue to strive to perform its social responsibility as well as actively hold and participate in social charity activities.

B8 社會公益

雲南水務是一家有著強烈社會責任感的企業。作為創建學習型企業的積極倡導者，集團把同高校的合作被視為一項具有深遠意義的公益事業，集團在積極樹立和提升企業品牌的同時，還將在貫徹科教興國和人才強國戰略、促進和諧社會建設等方面做出我們應有的貢獻。

2019年5月，雲南水務獎助學金、創新創業項目基金頒發儀式暨表彰大會在昆明理工大學環境科學與工程學院報告廳舉行，公司黨委書記楊方一行參加了獎助學金頒發儀式，受獎助學生150餘人。雲南水務於2018年8月與昆工環工院達成獎助學金、創新創業基金捐贈協議，設立「雲南水務獎助學金、創新創業項目基金」，旨在支持科教興國戰略，切實為科教興滇服務，推動學院教育事業的發展，謀求與昆工更加深入的多方位的合作與交流。每年捐贈五十萬元人民幣，將連續捐贈五年，用於資助及獎勵學院獎勵品德良好、學習成績優異，在社會實踐、創新創業、綜合素質等方面表現突出、自強不息的優秀學生。

「敬畏心、感恩心、自信心」三心合一 是雲南水務成立以來一直倡導的企業文化理念。雲南水務人積極承擔、樂於奉獻、關愛他人的精神，充分體現了集團企業文化的向心力和凝聚力。在這一文化理念的指引下，集團未來將繼續認真履行社會責任，積極舉辦、參與社會公益慈善活動。



雲南水務投資股份有限公司

YUNNAN WATER INVESTMENT CO., LIMITED*