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CHINA EVERBRIGHT ENVIRONMENT GROUP LIMITED

中國光大環境(集團)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 257)

ANNOUNCEMENT ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

- Revenue increased by 14% to HK\$42,926,426,000 (2019: HK\$37,557,635,000)
- EBITDA increased by 17% to HK\$12,851,501,000 (2019: HK\$10,957,474,000)
- Profit attributable to equity holders increased by 16% to HK\$6,015,863,000 (2019: HK\$5,203,291,000)
- Final dividend of HK16.0 cents per share (2019: HK13.0 cents per share). Total dividends for the year of HK30.0 cents per share (2019: HK26.0 cents per share)

2020 ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of China Everbright Environment Group Limited (the “Company” or “Everbright Environment”) announces the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2020 together with comparative figures for the year ended 31 December 2019. The annual results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
REVENUE	4	42,926,426	37,557,635
Direct costs and operating expenses		<u>(28,822,593)</u>	<u>(26,099,734)</u>
Gross profit		14,103,833	11,457,901
Other revenue	5	717,493	765,649
Other income and gains/(losses), net	5	(621,614)	(30,211)
Administrative expenses		<u>(2,753,121)</u>	<u>(2,366,354)</u>
PROFIT FROM OPERATING ACTIVITIES		11,446,591	9,826,985
Finance costs	6	(2,279,149)	(1,830,798)
Share of profits of joint ventures		207,929	248,126
Share of profits of associates		<u>11,353</u>	<u>19,382</u>
PROFIT BEFORE TAX	7	9,386,724	8,263,695
Income tax	8	<u>(2,159,764)</u>	<u>(1,895,533)</u>
PROFIT FOR THE YEAR		<u>7,226,960</u>	<u>6,368,162</u>
ATTRIBUTABLE TO:			
Equity holders of the Company		6,015,863	5,203,291
Non-controlling interests		<u>1,211,097</u>	<u>1,164,871</u>
		<u>7,226,960</u>	<u>6,368,162</u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	10		
– Basic and diluted		<u>HK97.93 cents</u>	<u>HK84.70 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
PROFIT FOR THE YEAR	7,226,960	6,368,162
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	5,085,088	(1,558,647)
Reclassification adjustments for foreign operations disposed of during the year	<u>12,063</u>	<u>–</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>5,097,151</u>	<u>(1,558,647)</u>
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Other financial assets measured at fair value through other comprehensive income:		
Changes in fair value	<u>(11,356)</u>	<u>(388)</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	<u>(11,356)</u>	<u>(388)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>5,085,795</u>	<u>(1,559,035)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>12,312,755</u>	<u>4,809,127</u>
ATTRIBUTABLE TO:		
Equity holders of the Company	10,257,466	3,926,079
Non-controlling interests	<u>2,055,289</u>	<u>883,048</u>
	<u>12,312,755</u>	<u>4,809,127</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Investment properties		176,860	159,393
Property, plant and equipment		6,114,910	4,637,701
Right-of-use assets		822,265	597,673
		<u>7,114,035</u>	<u>5,394,767</u>
Goodwill		2,016,817	1,908,783
Intangible assets		24,926,597	18,401,533
Interests in joint ventures		1,011,847	1,163,597
Interests in associates		495,616	381,220
Contract assets	<i>11</i>	79,619,686	58,900,254
Finance lease receivables		16,100	15,390
Other financial assets		716,807	510,110
Debtors, other receivables, deposits and prepayments	<i>12</i>	3,587,975	2,300,788
Deferred tax assets		246,945	165,319
		<u>119,752,425</u>	<u>89,141,761</u>
Total non-current assets			
CURRENT ASSETS			
Inventories		1,059,140	823,528
Contract assets	<i>11</i>	12,467,366	8,804,372
Finance lease receivables		337	622
Debtors, other receivables, deposits and prepayments	<i>12</i>	13,201,126	8,278,232
Tax recoverable		668	–
Pledged bank deposits		837,770	537,989
Deposits with banks with maturity period over three months		7,585	22,180
Cash and cash equivalents		10,860,693	11,742,819
		<u>38,434,685</u>	<u>30,209,742</u>
Total current assets			

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
CURRENT LIABILITIES			
Creditors, other payables and accrued expenses	<i>13</i>	18,193,656	14,011,899
Interest-bearing borrowings			
– Secured		2,989,868	2,674,780
– Unsecured		7,509,306	7,793,220
		10,499,174	10,468,000
Tax payable		212,959	191,628
Total current liabilities		28,905,789	24,671,527
NET CURRENT ASSETS		9,528,896	5,538,215
TOTAL ASSETS LESS CURRENT LIABILITIES		129,281,321	94,679,976
NON-CURRENT LIABILITIES			
Other payables	<i>13</i>	917,536	703,702
Interest-bearing borrowings			
– Secured		31,420,236	18,410,530
– Unsecured		33,059,500	24,301,343
		64,479,736	42,711,873
Deferred tax liabilities		8,339,445	6,537,822
Total non-current liabilities		73,736,717	49,953,397
NET ASSETS		55,544,604	44,726,579
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		17,329,537	17,329,537
Reserves		27,732,520	19,017,414
		45,062,057	36,346,951
Non-controlling interests		10,482,547	8,379,628
TOTAL EQUITY		55,544,604	44,726,579

Notes:

1. BASIS OF PREPARATION

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

The accounting policies and basis of preparation adopted in the preparation of the financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2019 except for the effect for the adoption of the new and revised HKFRSs issued by the HKICPA, which became effective for the first time for the current year’s financial statements, as further detailed in note 2. The financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated. The financial statements have been reviewed by the Company’s Audit Committee.

The financial information relating to the years ended 31 December 2020 and 2019 included in this preliminary announcement of annual results 2020 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2020 in due course.

The Company’s auditor has reported on the financial statements of the Group for the years ended 31 December 2020 and 2019. The auditor’s reports for both years were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the “Conceptual Framework”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

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

- (d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

3. OPERATING SEGMENT INFORMATION

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

- Environmental energy project construction and operation: this segment engages in the construction and operation of waste-to-energy plants, food waste treatment projects, sludge treatment and disposal projects, leachate treatment projects, methane-to-energy plants, fecal treatment project, fly ash landfill project, medical waste treatment project and solid waste treatment project, to generate revenue from construction services, revenue from operation services as well as finance income.
- Greentech project construction and operation: this segment engages in the construction and operation of integrated biomass utilisation projects, hazardous and solid waste treatment projects, solar energy projects and wind power projects, and provision of environmental remediation services, to generate revenue from construction services, revenue from operation services as well as finance income.
- Environmental water project construction and operation: this segment engages in the construction, upgrade and operation of waste water treatment plants, water supply, reusable water treatment plants, sludge harmless treatment, sponge city construction, river-basin ecological restoration, waste water source heat pump projects, leachate treatment, research and development of water environment technologies and engineering projects, to generate revenue from construction services, revenue from operation services as well as finance income.
- Others: this segment engages in the conduct of environmental protection technology research and development, provision of environmental-related technological services, design of environmental protection projects, provision of environmental protection project equipment construction and installation services and sales of related equipment, provision of waste sorting, renewable resources utilisation, sanitation operation services, sales of energy-saving street lamps, and energy management contract projects from which it generates revenue.

3. OPERATING SEGMENT INFORMATION *(continued)*

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

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

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

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

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

3. OPERATING SEGMENT INFORMATION *(continued)*

(i) Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2020 and 2019 is set out below.

For the year ended 31 December

	Environmental energy project construction and operation		Greentech project construction and operation		Environmental water project construction and operation		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue (Note 4):										
Revenue from external customers	26,127,005	21,538,204	9,831,750	9,279,308	5,663,292	5,550,773	1,304,379	1,189,350	42,926,426	37,557,635
Inter-segment revenue	-	-	3,626	247	-	-	2,420,417	2,039,324	2,424,043	2,039,571
Reportable segment revenue	<u>26,127,005</u>	<u>21,538,204</u>	<u>9,835,376</u>	<u>9,279,555</u>	<u>5,663,292</u>	<u>5,550,773</u>	<u>3,724,796</u>	<u>3,228,674</u>	<u>45,350,469</u>	<u>39,597,206</u>
Reconciliation:										
Elimination of inter-segment revenue									<u>(2,424,043)</u>	<u>(2,039,571)</u>
Reportable segment revenue derived from the Group's external customers									<u>42,926,426</u>	<u>37,557,635</u>

3. OPERATING SEGMENT INFORMATION (continued)

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

For the year ended 31 December

	Environmental energy project construction and operation		Greentech project construction and operation		Environmental water project construction and operation		Others		Total	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Segment results:										
Reportable segment profit (EBITDA)	<u>7,999,370</u>	<u>6,660,887</u>	<u>3,113,428</u>	<u>2,890,813</u>	<u>1,908,304</u>	<u>1,649,369</u>	<u>757,953</u>	<u>524,410</u>	<u>13,779,055</u>	<u>11,725,479</u>
Elimination of inter-segment profits									<u>(750,665)</u>	<u>(643,131)</u>
Reportable segment profit derived from the Group's external customers									<u>13,028,390</u>	<u>11,082,348</u>
Finance costs									<u>(2,279,149)</u>	<u>(1,830,798)</u>
Depreciation and amortisation, including unallocated portion									<u>(1,185,628)</u>	<u>(862,981)</u>
Unallocated head office and corporate income									<u>10,247</u>	<u>92,408</u>
Unallocated head office and corporate expenses									<u>(187,136)</u>	<u>(217,282)</u>
Consolidated profit before tax									<u>9,386,724</u>	<u>8,263,695</u>
Other segment information:										
Depreciation and amortisation	<u>389,679</u>	<u>297,187</u>	<u>590,668</u>	<u>387,346</u>	<u>93,284</u>	<u>92,363</u>	<u>79,823</u>	<u>62,250</u>	<u>1,153,454</u>	<u>839,146</u>
Impairment of debtors, net	<u>93,769</u>	<u>41,789</u>	<u>-</u>	<u>2,000</u>	<u>25,492</u>	<u>17,314</u>	<u>1,615</u>	<u>(8,689)</u>	<u>120,876</u>	<u>52,414</u>
Impairment of other receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,342</u>	<u>-</u>
Impairment of contract assets	<u>46,648</u>	<u>-</u>	<u>7,524</u>	<u>-</u>	<u>12,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,867</u>	<u>-</u>
Impairment of intangible assets	<u>-</u>	<u>-</u>	<u>216,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,723</u>	<u>-</u>
Additions to investment properties, property, plant and equipment and right-of-use assets during the year	<u>225,494</u>	<u>207,956</u>	<u>1,363,375</u>	<u>761,064</u>	<u>26,851</u>	<u>28,523</u>	<u>144,349</u>	<u>105,444</u>	<u>1,760,069</u>	<u>1,102,987</u>
Additions to intangible assets and non-current portion of prepayments during the year	<u>3,282,448</u>	<u>2,509,033</u>	<u>3,261,112</u>	<u>3,969,527</u>	<u>164,513</u>	<u>239,455</u>	<u>1,393</u>	<u>19,273</u>	<u>6,709,466</u>	<u>6,737,288</u>
Additions to non-current portion of contract assets during the year	<u>16,729,416</u>	<u>14,148,863</u>	<u>2,435,790</u>	<u>1,453,209</u>	<u>3,742,933</u>	<u>3,989,179</u>	<u>-</u>	<u>-</u>	<u>22,908,139</u>	<u>19,591,251</u>

3. OPERATING SEGMENT INFORMATION *(continued)*

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

	Environmental energy project construction and operation		Greentech project construction and operation		Environmental water project construction and operation		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	<u>86,929,136</u>	<u>62,211,440</u>	<u>35,244,764</u>	<u>26,216,428</u>	<u>26,593,869</u>	<u>22,383,618</u>	<u>4,361,908</u>	<u>3,808,971</u>	<u>153,129,677</u>	<u>114,620,457</u>
Unallocated head office and corporate assets									<u>5,057,433</u>	<u>4,731,046</u>
Consolidated total assets									<u>158,187,110</u>	<u>119,351,503</u>
Reportable segment liabilities	<u>40,922,430</u>	<u>26,158,807</u>	<u>22,393,118</u>	<u>15,671,070</u>	<u>15,510,291</u>	<u>13,120,503</u>	<u>2,806,506</u>	<u>2,323,164</u>	<u>81,632,345</u>	<u>57,273,544</u>
Unallocated head office and corporate liabilities									<u>21,010,161</u>	<u>17,351,380</u>
Consolidated total liabilities									<u>102,642,506</u>	<u>74,624,924</u>

3. OPERATING SEGMENT INFORMATION *(continued)*

(ii) Geographic information

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

	Revenue from external customers		Investment properties, property, plant and equipment, right-of-use assets and intangible assets		Non-current portion of debtors, other receivables, deposits and prepayments and contract assets	
	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	-	-	63,050	77,792	-	-
Other parts of the PRC	42,343,709	37,094,642	31,040,957	22,742,436	83,207,336	61,196,143
Germany	8,059	20,797	37,101	37,798	-	-
Poland	513,220	383,378	633,443	654,820	325	4,899
Vietnam	61,438	58,818	265,647	281,300	-	-
Singapore	-	-	434	2,154	-	-
Total	<u>42,926,426</u>	<u>37,557,635</u>	<u>32,040,632</u>	<u>23,796,300</u>	<u>83,207,661</u>	<u>61,201,042</u>

(iii) Information about a major customer

For the years ended 31 December 2020 and 2019, the revenue from the Group's largest customer amounted to less than 10% of the Group's total revenue.

4. REVENUE

An analysis of revenue is as follows:

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Revenue from contracts with customers</i>		
Revenue from environmental energy project construction services	18,097,945	15,720,547
Revenue from greentech project construction services	4,462,629	4,919,759
Revenue from environmental water project construction services	2,932,440	3,206,597
Revenue from environmental energy project operation services	5,365,831	3,723,750
Revenue from greentech project operation services	5,095,015	4,165,018
Revenue from environmental water project operation services	1,825,176	1,547,984
Revenue from equipment construction and installation services and sales	1,005,194	994,428
Others	299,185	194,922
	<hr/>	<hr/>
Total revenue from contracts with customers	39,083,415	34,473,005
Finance income from service concession arrangements	3,843,011	3,084,630
	<hr/>	<hr/>
Total revenue	<u>42,926,426</u>	<u>37,557,635</u>

The aggregated revenues from environmental energy project construction and operation services, greentech project construction and operation services, environmental water project construction and operation services and finance income derived from the local government authorities in the PRC amounted to HK\$39,249,746,000 (2019: HK\$33,245,678,000) for the year ended 31 December 2020. The revenues are included in “Environmental energy project construction and operation”, “Greentech project construction and operation” and “Environmental water project construction and operation” segments as disclosed in note 3.

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

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Other revenue		
Rental income from operating leases	7,745	7,001
Interest income	97,061	176,147
Dividend income	7,966	323
Government grants*	210,717	140,818
Value-added tax refund**	255,833	311,723
Others	<u>138,171</u>	<u>129,637</u>
	<u>717,493</u>	<u>765,649</u>
Other income and gains/(losses), net		
Fair value gains/(losses), net:		
Other financial assets – unlisted equity investment	883	4,496
Other financial assets – unlisted investments	(48,629)	23,512
Contingent consideration receivable (<i>note 12</i>)	(7,814)	(646)
Loss on disposal and write-off of property, plant and equipment, net	(28)	(2,334)
Loss on disposal of a subsidiary	(14,117)	–
Loss on disposal of joint ventures	(144,087)	–
Impairment of debtors, net (<i>note 12</i>)	(120,876)	(52,414)
Impairment of other receivables (<i>note 12</i>)	(3,342)	–
Impairment of contract assets (<i>note 11</i>)	(66,867)	–
Impairment of intangible assets	(216,723)	–
Others	<u>(14)</u>	<u>(2,825)</u>
	<u>(621,614)</u>	<u>(30,211)</u>
Total	<u>95,879</u>	<u>735,438</u>

* Government grants of HK\$210,717,000 (2019: HK\$140,818,000) were granted during the year ended 31 December 2020 to subsidise certain environmental energy projects, greentech projects and environmental water projects of the Group in the PRC and Poland. There are no unfulfilled conditions and other contingencies attached to the receipts of those grants. There is no assurance that the Group will continue to receive such grants in the future.

** Value-added tax refund of HK\$255,833,000 (2019: HK\$311,723,000) was received/receivable during the year ended 31 December 2020 in relation to certain environmental energy projects, greentech projects and environmental water projects operations of the Group in the PRC. There are no unfulfilled conditions and other contingencies attached to the receipts of such tax refund. There is no assurance that the Group will continue to receive such tax refund in the future.

6. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on bank and other loans	2,117,260	1,706,462
Interest on corporate bond, asset-backed securities and medium-term notes	158,342	122,415
Interest on lease liabilities	4,264	5,165
Others	18,620	20,760
Less: Interest expenses capitalised into construction in progress*	<u>(19,337)</u>	<u>(24,004)</u>
	<u>2,279,149</u>	<u>1,830,798</u>

* The borrowing costs have been capitalised at rates ranging from 3.1% to 5.0% (2019: 4.7% to 5.4%) per annum during the year ended 31 December 2020.

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Depreciation		
– property, plant and equipment	384,899	311,865
– right-of-use assets	60,137	46,334
Amortisation of intangible assets	740,592	504,782
Research and development costs	151,014	119,126
Lease payments not included in the measurement of lease liabilities	38,701	39,949
Auditor's remuneration		
– audit services	11,611	8,170
– other services	5,506	2,252
Employee benefit expense (excluding directors' remuneration):		
Wages, salaries, allowances and benefits in kind	2,640,528	2,170,162
Retirement scheme contributions	<u>234,032</u>	<u>314,538</u>
	<u>2,874,560</u>	<u>2,484,700</u>
Foreign exchange differences, net	(64,073)	9,576
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	<u>348</u>	<u>348</u>

As at 31 December 2020, the Group had no forfeited contributions available to reduce its contributions to the retirement schemes in future years (2019: Nil).

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the year ended 31 December 2020 (2019: Nil).

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current – Elsewhere:		
Charge for the year	939,986	686,494
Overprovision in prior years	(15,490)	(42,302)
Deferred	<u>1,235,268</u>	<u>1,251,341</u>
Total tax expense for the year	<u>2,159,764</u>	<u>1,895,533</u>

9. DIVIDENDS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Dividends attributable to the year:		
Interim – HK14.0 cents (2019: HK13.0 cents) per ordinary share	860,017	798,587
Proposed final – HK16.0 cents (2019: HK13.0 cents) per ordinary share	<u>982,876</u>	<u>798,587</u>
	<u>1,842,893</u>	<u>1,597,174</u>
Final dividend in respect of the previous financial year paid during the year – HK13.0 cents (2019: HK12.0 cents) per ordinary share	<u>798,587</u>	<u>737,157</u>

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

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

The calculation of basic earnings per share amount is based on the profit for the year attributable to equity holders of the Company of HK\$6,015,863,000 (2019: HK\$5,203,291,000), and 6,142,975,292 (2019: 6,142,975,292) ordinary shares in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

11. CONTRACT ASSETS

		31 December 2020	31 December 2019	1 January 2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current				
Service concession assets	(a)	79,680,846	58,900,254	43,540,152
Less: Impairment		(61,160)	–	–
		79,619,686	58,900,254	43,540,152
Current				
Service concession assets	(a)	6,969,899	4,567,265	5,112,965
Unbilled renewable energy tariff subsidy	(b)	4,815,183	3,646,473	1,835,849
Other contract assets	(c)	691,569	590,634	588,140
Less: Impairment		(9,285)	–	–
		12,467,366	8,804,372	7,536,954
Total		92,087,052	67,704,626	51,077,106
Contract assets arising from performance under construction contracts in connection with service concession arrangements, which are included in “Intangible assets”				
		4,906,015	4,060,698	4,151,924

Notes:

- (a) Included in “Service concession assets” are amounts of HK\$549,290,000 (2019: HK\$542,172,000) and HK\$789,747,000 (2019: HK\$730,733,000) which are related to the construction services under Build-Operate-Transfer (“BOT”), Build-Operate-Own (“BOO”) and Transfer-Operate-Transfer (“TOT”) arrangements rendered by the Group to a non-controlling shareholder of a non wholly-owned subsidiary and a related company, respectively.

“Service concession assets” arose from the Group’s revenue from construction under BOT, BOO and TOT arrangements and bear interest at rates ranging from 4.90% to 7.83% (2019: 4.90% to 7.83%) per annum. Among the total of HK\$86,650,745,000 (2019: HK\$63,467,519,000), HK\$63,744,486,000 (2019: HK\$41,971,452,000) relates to BOT, BOO and TOT arrangements with operations commenced.

11. CONTRACT ASSETS *(continued)*

Notes: (continued)

(a) *(continued)*

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

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

- (b) The balance represented government on-grid tariff subsidy for certain projects which will be billed and settled upon the successful completion of government administrative procedures pursuant to notices jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration.
- (c) The balance as at 31 December 2020 comprised contract assets of HK\$312,203,000 (2019: HK\$217,435,000) arising from performance under environmental remediation service contracts, HK\$237,126,000 (2019: HK\$270,317,000) arising from performance under construction management service contracts, and HK\$142,240,000 (2019: HK\$102,882,000) arising from performance under operation service contracts.

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

During the year ended 31 December 2020, HK\$66,867,000 (2019: Nil) was recognised as an allowance for expected credit losses on contract assets.

12. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current		
Debtors	–	4,714
Other receivables, deposits and prepayments	<u>3,587,975</u>	<u>2,296,074</u>
	<u>3,587,975</u>	<u>2,300,788</u>
Current		
Debtors	6,466,852	3,699,034
Less: Impairment	<u>(274,248)</u>	<u>(137,443)</u>
	6,192,604	3,561,591
Other receivables, deposits and prepayments	7,012,043	4,708,933
Less: Impairment – other receivables	<u>(3,521)</u>	<u>–</u>
	<u>7,008,522</u>	<u>4,708,933</u>
	<u>13,201,126</u>	<u>8,270,524</u>
Contingent consideration receivable	<u>–</u>	<u>7,708</u>
	<u>13,201,126</u>	<u>8,278,232</u>
Total	<u>16,789,101</u>	<u>10,579,020</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
At beginning of year	137,443	87,980
Impairment losses, net (<i>note 5</i>)	120,876	52,414
Exchange realignment	<u>15,929</u>	<u>(2,951)</u>
At end of year	<u>274,248</u>	<u>137,443</u>

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

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current	<u>4,520,595</u>	<u>2,609,767</u>
Within 1 month past due	332,404	335,705
More than 1 month but within 3 months past due	309,733	112,650
More than 3 months but within 6 months past due	309,700	171,397
More than 6 months but within 12 months past due	437,638	108,774
More than 12 months past due	<u>282,534</u>	<u>228,012</u>
Amounts past due	<u>1,672,009</u>	<u>956,538</u>
	<u>6,192,604</u>	<u>3,566,305</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 1 month	3,020,631	1,791,988
More than 1 month but within 2 months	502,200	371,069
More than 2 months but within 4 months	522,961	443,686
More than 4 months but within 7 months	441,831	305,638
More than 7 months but within 13 months	672,977	233,098
More than 13 months	<u>1,032,004</u>	<u>420,826</u>
	<u>6,192,604</u>	<u>3,566,305</u>

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

Included in “Debtors, other receivables, deposits and prepayments” of the Group are debtors of HK\$6,192,604,000 (2019: HK\$3,566,305,000), of which HK\$16,940,000 (2019: HK\$151,337,000), HK\$33,895,000 (2019: HK\$83,698,000), HK\$25,068,000 (2019: HK\$70,615,000) and HK\$13,596,000 (2019: HK\$11,072,000) are due from the Group’s joint ventures, associates, a non-controlling shareholder of a non wholly-owned subsidiary and a related company of a non wholly-owned subsidiary, respectively. Debtors mainly represent revenue from the provision of operation services for environmental energy projects, greentech projects, environmental water projects and the provision of environmental protection project equipment construction and installation services and sales of related equipment and the billed amounts of the service concession assets.

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

Included in “Debtors, other receivables, deposits and prepayments” at 31 December 2020 are advances made to local government authorities in relation to service concession arrangements amounting to HK\$46,155,000 (2019: HK\$51,752,000) which are unsecured, interest-bearing at rates ranging from the rates announced by the People’s Bank of China to 110% of the rates announced by the People’s Bank of China, and will be settled by instalments from 2021 to 2026.

Included in “Debtors, other receivables, deposits and prepayments” under non-current assets at 31 December 2020 is other receivable of HK\$25,021,000 (2019: HK\$22,180,000) due from the Group’s non-controlling shareholder of a non wholly-owned subsidiary, which is secured, interest-bearing at 110% of the rates announced by the People’s Bank of China and repayable by December 2022.

Included in “Debtors, other receivables, deposits and prepayments” under current assets at 31 December 2020 are advances of HK\$17,614,000 (2019: HK\$15,768,000) to the Group’s associate for daily operation, which are unsecured and interest-bearing at a rate of 4.75% per annum.

Included in “Debtors, other receivables, deposits and prepayments” under current assets at 31 December 2020 are loans to the Group’s joint ventures of HK\$17,768,000 (2019: Nil), which are unsecured, interest-bearing at rates ranging from 4.35% per annum to 125% of the rates announced by the People’s Bank of China and repayable in 2021, and advance and other receivables of HK\$194,995,000 (2019: Nil) to the Group’s joint ventures, which are unsecured, interest-free and repayable within one year.

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

	2020	2019
	<i>HK\$’000</i>	<i>HK\$’000</i>
Contingent consideration receivable		
At beginning of year	7,708	8,541
Fair value adjustment recognised in profit or loss (<i>note 5</i>)	(7,814)	(646)
Exchange realignment	106	(187)
At end of year	–	7,708

During the year ended 31 December 2020, HK\$3,342,000 (2019: Nil) was recognised as an allowance for expected credit losses on other receivables.

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

13. CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Creditors	13,935,970	11,147,856
Other payables, accrued expenses and deferred income – government grants	<u>5,175,222</u>	<u>3,567,745</u>
	19,111,192	14,715,601
Less: Non-current portion – other payables, accrued expenses and deferred income – government grants	<u>(917,536)</u>	<u>(703,702)</u>
Current portion	<u>18,193,656</u>	<u>14,011,899</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 6 months	11,978,444	9,608,132
Over 6 months	<u>1,957,526</u>	<u>1,539,724</u>
	<u>13,935,970</u>	<u>11,147,856</u>

Creditors totalling HK\$9,481,997,000 (2019: HK\$8,059,785,000) represent construction payables for the Group’s BOT, BOO and TOT arrangements. The construction payables are not yet due for payment.

Included in “Creditors, other payables and accrued expenses” are creditors of HK\$6,962,000 (2019: HK\$8,361,000) and HK\$1,355,000 (2019: HK\$2,218,000) due to the Group’s associate and a non-controlling shareholder of a non wholly-owned subsidiary, respectively, which are unsecured, interest-free and repayable on credit terms similar to those offered by the associate or the non-controlling shareholder to its major customers.

13. CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES *(continued)*

Included in “Other payables, accrued expenses and deferred income – government grants” at 31 December 2020 are other payables of HK\$21,241,000 (2019: HK\$3,005,000) and HK\$17,025,000 (2019: HK\$20,931,000) due to the Group’s associate and a non-controlling shareholder of a non wholly-owned subsidiary, respectively, which are unsecured, interest-free and repayable on demand. Included in “Other payables, accrued expenses and deferred income – government grants” at 31 December 2020 are other payables of HK\$1,273,000 (2019: HK\$16,635,000) due to non-controlling shareholders of non wholly-owned subsidiaries, which are unsecured, interest-free (2019: interest-bearing at the rates announced by the People’s Bank of China) and repayable within one year.

SCOPE OF WORK OF ERNST & YOUNG ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group’s consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Company’s auditor, Ernst & Young, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

BUSINESS REVIEW AND PROSPECTS

OPERATING RESULTS

Business Overview

In 2020, the COVID-19 pandemic (the “Pandemic”) swept the world and brought negative impacts on sustainable development worldwide. Facing the unprecedented changes and challenges in the external environment, the Company as China’s largest environmental protection enterprise, an industry leader in Asia and a world-renowned environmental group, adhered to the “Four Three Three” strategic deployment and the work requirements of “pursuing progress while ensuring stability, seeking opportunities through changes, and pursuing innovation in growth”, as advised by China Everbright Group Ltd. (“China Everbright Group”). With a focus on value creation, together with commitment to seeking further transformation and steady development, the Group continued to forge ahead with its corporate mission of being “Devoted to Ecology and Environment for a Beautiful China” and the corporate pursuit of “Creating Better Investment Value and Undertaking More Social Responsibility”. It faced up to challenges with courage and strong team cohesion, and therefore won the battles for the Pandemic prevention and control, business growth and enhancement of its industry position, achieving outstanding results in both business scale and operational efficiency. At the same time, the Company officially completed the change of its company name to further cement its original aspiration and mission to the ecological environment, and to enhance the brand value. By closely following the national strategies, monitoring market trends, nurturing new business areas, and carrying out the strategic transformation, the Group reaped the fruits from its effort, increased its comprehensive competitiveness, and solidified its industry-leading position.

In terms of operating results, during the year under review, the Group focused on the three major areas of environment, resources and energy, implemented strategic transformation steadily, made effort in face of adversity, carefully nurtured new sources of business growth, increased its business scale progressively, and achieved high-quality development. Each of the Group’s business sectors continued to achieve stable progress; while revenue, profit before tax and profit attributable to equity holders of the Company also recorded steady growth. The rapid progress of construction projects continued to drive the growth of construction service revenue; while operation service revenue saw a significant increase due to measures such as expanding revenue streams, reducing expenditure and improving efficiency, in addition to the increase in the number of operating projects. In 2020, the Group has smooth and diverse access to financing channels, with abundant capital and good results across all financial indicators.

Major operating indicators in 2020 are summarised in the table below:

	2020	2019	Percentage
	HK\$'000	HK\$'000	Change
Revenue	42,926,426	37,557,635	14%
EBITDA	12,851,501	10,957,474	17%
Profit attributable to equity holders of the Company	6,015,863	5,203,291	16%
Basic earnings per share (<i>HK cents</i>)	97.93	84.70	16%

During the year under review, the Group recorded a total revenue of HK\$41,622,047,000 from its environmental energy, greentech and environmental water sectors, of which revenue from construction services increased by 7% from 2019 to HK\$25,493,014,000 and revenue from operation services increased by 30% from 2019 to HK\$12,286,022,000. The revenue from construction services, operation services and finance income accounts for 61%, 30% and 9% of the total.

During the year under review, with an aim to maintain its sustainable development and meet the capital demands in support of the mid- to long-term growth, the Group actively explored and expanded its financing channels and strengthened its capital structure, in order to develop a diverse, long-term and stable capital reserve. In the meantime, the Group responded to and made adjustments for the fluctuation of the Renminbi exchange rate. During the year under review, the Company, through its wholly-owned subsidiary, entered into a limited partnership agreement with China Everbright Group and wholly-owned subsidiaries of China Everbright Limited to participate in the Everbright Belt And Road Green Equity Investment Fund (the “Fund”). With a contribution of RMB500 million to the Fund, the Group would further diversify its investing and financing channels and enrich its market expansion strategies. In addition, the Group signed a five-year HK\$2 billion green loan facility with Bank of China (Hong Kong) Limited, which is used for the Group’s environmental energy business. During the year under review, China Everbright Water Limited (“Everbright Water”), a subsidiary of the Company, issued asset-backed securities to qualified investors in mainland China (the “Mainland”) with an issue size of RMB300 million, followed by the issuance of its first tranche of medium-term notes (“MTN”) to institutional investors in the national inter-bank bond market in the Mainland with an issue size of RMB1 billion. The proceeds from the issuances were used to replenish the working capital of Everbright Water and its subsidiaries. China Everbright Greentech Limited (“Everbright Greentech”), a subsidiary of the Company, also issued its first tranche of MTN in the national inter-bank bond market in the Mainland with an issue size of RMB1 billion. The proceeds from the issuance were used for the replenishment of the working capital of Everbright Greentech and its loan repayments. During the year under

review, the Group actively collected account receivables, negotiated with banks to secure additional facility support, and obtained various subsidies worth RMB647 million in total. As of 31 December 2020, the Group had cash on hand amounting to HK\$11.706 billion, with a reasonable gearing level and healthy financial position.

The Group remains dedicated to creating value for and sharing development returns with the shareholders of the Company (the “Shareholders”). To reward the Shareholders for their support and taking into account the Group’s long-term development, the Board has proposed to pay a final dividend of HK16.0 cents per share as of 31 December 2020 to the Shareholders (2019: HK13.0 cents per share). The total dividends for the year are to be HK30.0 cents per share (2019: HK26.0 cents per share).

As of 31 December 2020, the Group had a business presence in over 200 locations across 23 provinces, municipalities and autonomous regions in China, with overseas business markets in Germany, Poland and Vietnam. The Group secured a total of 458 environmental protection projects, with an aggregated investment of approximately RMB140.386 billion; it also undertook 36 environmental remediation services, 14 engineering procurement and construction (“EPC”) projects, 4 energy management contract (“EMC”) projects and 4 operation and management (“O&M”) projects. As the world’s largest waste-to-energy investor and operator, the Group had a total of 161 waste-to-energy projects under its environmental energy and greentech sectors, with an aggregated designed daily household waste processing capacity of 139,200 tonnes.

During the year under review, in response to the fierce market competition, the Group focused on the quality development of its waste-to-energy business and others. In the meantime, it proactively expanded its presence in new business areas such as waste sorting, resource recycling and energy-saving lighting. In 2020, the Group secured 56 new projects and signed 2 supplementary agreements for the existing projects, commanding a total investment of approximately RMB16.500 billion. It also signed 4 equity acquisition agreements for the existing project companies, at a total consideration of RMB64 million. In addition, it undertook 9 environmental remediation services, 2 supplementary agreements for the existing environmental remediation services, 3 EPC projects, 2 EMC projects and 1 O&M project, with an aggregate contract value of approximately RMB610 million. During the year under review, the Group managed to foray into new geographical markets like the Xiongan New Area, Zhangjiakou, Ji’an, Jinzhong, Zhangjiajie, Xiangtan and Xinyang, which further bolstered the development of its traditional businesses, such as waste-to-energy, hazardous and solid waste treatment and waste water treatment, while achieving solid progress in the development of the new businesses.

The designed treatment and supply capacities of the new projects secured in 2020 are summarised as below:

Project Category	Designed Treatment/Supply Capacity
Household waste	16,000 tonnes/day
Food and kitchen waste	1,920 tonnes/day
Hazardous and solid waste	612,500 tonnes/year
Steam supply	1,340,000 tonnes/year
Water treatment*	320,000 m ³ /day

* *including various types of water business, such as water supply, waste water treatment and reusable water*

During the year under review, facing the Pandemic, the Group actively followed relevant requirements of government authorities at all levels, took a positive attitude and made the best effort to deploy relevant work. By ensuring the health and safety of its staff in the first place, the Group carried out the Pandemic control for its construction sites and resumption of construction work in an orderly manner. In the meantime, the Group adhered to the seven principles of “productivity, efficiency, quality, cost-effectiveness, legitimacy, safety and integrity”, enhanced dynamic management of all construction work, and therefore carried out construction work with high quality, which brought an increase in construction service revenue. In 2020, 43 projects completed construction and commenced operation, 80 projects commenced construction; and 5 environmental remediation services, 2 EPC projects and 1 EMC project were completed and delivered.

In terms of operations management, during the year under review, the Group upheld the highest standards to manage its operating projects. By improving relevant rules and regulations, holding relevant activities like training and contests, developing a digital management platform, the Group strived to ensure safety and environmental management proficiency, operating costs of projects under proper control, and the projects’ operating efficiency continuously on the rise. In order to cope with the difficult situations brought about by the Pandemic in 2020, the Group took quick actions, and adopted scientific prevention and control measures, resulting in zero infection cases in the workplace. The Group’s staff performed their duties with firm dedication to ensure full-speed operations of more than 200 environmental protection projects in operation, which are located in over 100 cities across China. These projects safeguarded the environmental safety and public health of the local communities, by treating household waste and waste water, as well as enhancing the treatment and disposal of medical waste. Many environmental protection projects of the Group volunteered to facilitate the local authorities and institutions to conduct safe treatment of medical waste, waste water, as well as waste from hospitals and quarantine areas.

As an environmental protection enterprise, the Group firmly believes that efficient environmental management and timely disclosure of environmental information are the incentives for businesses to fulfill their responsibilities of pollution control, and also represent the basic rights of the public in pursuing a high-quality living environment. During the year under review, the Group continuously and firmly promoted the opening up of its environmental protection facilities, boosting its effort to improve the standards of the opening up work in a routine manner. In July 2020, the Group’s Jiangsu Changzhou Waste-to-energy Project (“Changzhou Project”) completed its opening-up and upgrading work, making it China’s first fenceless community-friendly plant and a “living room for the city”, which is equipped with public amenities and complies with the ultra-low emission standards. The project was shortlisted among the first batch of the “Primary Contact Points of the Key Projects of the Central Commission for Guiding Cultural and Ethical Progress”, and is the only one from China’s ecological environment system to be included among the 15 primary contact points. It demonstrates once again the Group’s leading role in setting industry benchmarks in terms of opening up work and social responsibility. This has further boosted the Group’s confidence in its effort to pursue shared interests among the government authorities, enterprises and residents. During the year under review, the Group’s environment protection projects received more than 110,000 local and foreign visitors from all social circles.

The Group upholds the philosophy of protecting the environment with social responsibility, proactively promoting energy conservation, as well as reduction of emissions, pollution and carbon footprint, to foster the concurrent improvement of social, economic and environmental efficiencies. During the year under review, the Group’s major environmental contribution is summarised as below:

	Treatment Capacity	Environmental Contribution
Household waste processed	31,545,000 tonnes	Generating green electricity of 17,078,231,000 kWh. This output could support the annual electricity consumption needs of 14,232,000 households, equivalent to saving 6,831,000 tonnes of standard coal, while reducing carbon dioxide (CO ₂) emissions by 14,235,000 tonnes.
Hazardous and solid waste processed	182,000 tonnes	
Agricultural and forestry waste processed	6,708,000 tonnes	
Waste water treated	1,559,096,000 m ³	Reducing Chemical Oxygen Demand (“COD”) discharge of 579,000 tonnes.
Waste-to-energy plants’ leachate treated	7,094,000 m ³	

Since the Group’s first environmental protection project commenced operation in 2005, its aggregated major environmental contribution is summarised as below:

	Aggregated Treatment Capacity	Aggregated Environmental Contribution
Household waste processed	125,505,000 tonnes	Generating green electricity of 58,452,427,000 kWh. This output could support the annual electricity consumption needs of 48,711,000 households, equivalent to saving 23,381,000 tonnes of standard coal, while reducing carbon dioxide (CO ₂) emissions by 58,462,000 tonnes.
Hazardous and solid waste processed	1,071,000 tonnes	
Agricultural and forestry waste processed	18,639,000 tonnes	
Waste water treated	11,263,592,000 m ³	Reducing COD discharge of 4,212,000 tonnes.
Waste-to-energy plants’ leachate treated	26,237,000 m ³	

During the year under review, Everbright Environment Charitable Foundation (formerly known as “Everbright International Environmental Charitable Foundation”) continued to fully support and participate in various philanthropic activities in environmental education, energy conservation and emission reduction, ecological conservation and community care. Among which, the foundation supported the Earth Hour campaign in Hong Kong hosted by the World Wide Fund (WWF) Hong Kong as the lead sponsor for the seventh consecutive year. At the project company level, the Group’s employees continued to voluntarily organise various activities relating to environmental protection promotion, charity and public welfare. Due to the Pandemic impact, certain opening up activities were postponed or cancelled, but the Group made flexible arrangements with innovative incentives, such as shifting the offline opening up activities into online events. This helped to effectively eliminate the impact of the Pandemic, and enabled the Group to continue to promote its ecological and environmental protection philosophies to the public, further enhancing the ties and mutual support between the projects and the local communities. Despite the severe Pandemic, people showed love and care for each other. The Group actively donated money and relief supplies through relevant domestic authorities and institutions, which fully supported the local effort to combat the Pandemic. Meanwhile, the Group also proactively supported “anti-pandemic” work overseas where its businesses are located. For example, it donated Pandemic prevention goods to multiple places in Poland through its subsidiary in Poland, NOVAGO Sp. z o.o., which was praised by the government authorities, institutions, the public and mainstream media in Poland.

In 2020, the Group received numerous honors in recognition of its effort in different aspects including corporate governance, sustainability and technology research and development (“R&D”). The major awards and honors are summarised as below:

Recognition Category	Award/Certificate	Issuance Organisation
Business Performance	The Most Honored Company in the All-Asia Executive Team ranking (the fourth consecutive year)	<i>Institutional Investor</i>
	First place in the 2020 Top 50 Environmental Protection Enterprises in China (the second consecutive year)	China Environment Chamber of Commerce
	First place in the Top 10 Influential Solid Waste Treatment Enterprises in China (the tenth consecutive year)	2020 Annual Solid Waste Enterprises Ranking
Management & Governance	Mr. Wang Tianyi, Chairman of the Board and Chief Executive Officer (“CEO”) of the Company, named the 2018-2019 Green China Person of the Year	Six Chinese government authorities, including the Environmental Protection and Resources Conservation Committee of the National People Congress
	Mr. Wang Tianyi awarded the Asia’s Best CEO (the second consecutive year)	<i>Institutional Investor</i>
	Mr. Wang Tianyi awarded the Asia’s Best CEO (the third consecutive year)	<i>Corporate Governance Asia</i>
	Shortlisted in the Top 10 Firms with Highest Corporate Governance Index Scores	The Hong Kong Institute of Directors

Recognition Category	Award/Certificate	Issuance Organisation
Sustainable Development	A constituent of the Dow Jones Sustainability Indices (the fifth consecutive year)	Dow Jones and RobecoSAM
	A constituent of the Hang Seng Corporate Sustainability Index (also included in Hang Seng (Mainland and Hong Kong) Corporate Sustainability Index) (the seventh consecutive year)	Hang Seng Indexes Company Limited
	A constituent of the Hang Seng Corporate Sustainability Benchmark Index (the tenth consecutive year)	Hang Seng Indexes Company Limited
	A constituent of the CITI Green Chain Index (the third consecutive year)	Institute of Public and Environmental Affairs
Technology R&D	Everbright-Qingdao University of Technology Research Institute of Environmental Technology recognised as the “Laboratory of Excellence” for its excellent water dioxin testing capability in the international proficiency testing	Environmental Resources Association
	The technologies and application in relation to the efficient incineration of large household waste and control of sensitive secondary pollutants awarded the first prize of the Tianjin Technology Invention	Tianjin Municipal People’s Government
	The technologies and application in relation to ecological recycling of urban reusable water awarded the first prize of the China Construction Science and Technology Award	China Construction Science and Technology Award Committee

Recognition Category	Award/Certificate	Issuance Organisation
Social Responsibility	A constituent of the FTSE4Good Index (the fourth consecutive year)	FTSE Russell
	Outstanding Enterprise Award in Response to Climate Change	CDP
	Best Environmental Responsibility	<i>Corporate Governance Asia</i>
	Recognition logo of Caring Company (the fifth consecutive year)	The Hong Kong Council of Social Service
	InnoESG Prize 2020	UNESCO HK Association Glocal Peace Centre and other institutes
	Social Responsibility Brand of the Year (the sixth consecutive year)	China Charity Festival

I. ENVIRONMENTAL ENERGY

As the Group's core business sector with the largest scale and highest business proportion, the environmental energy sector covers waste-to-energy, food and kitchen waste treatment, sludge treatment and disposal, leachate treatment, fly ash treatment, methane-to-energy, construction and decoration waste treatment, and the development of environmental protection industrial parks, etc.

As of 31 December 2020, environmental energy had invested in 193 projects with a total investment of approximately RMB83.126 billion, and undertook 2 O&M projects. These projects are designed to have an annual household waste processing capacity of approximately 47,212,750 tonnes, which is expected to generate an annual on-grid electricity of approximately 15,767,363,800 kWh, an annual food and kitchen waste processing capacity of approximately 1,543,950 tonnes, and an annual sludge treatment capacity of approximately 248,200 tonnes.

As of 31 December 2020, environmental energy's waste-to-energy projects are summarised as follows:

Project Status	Number of Projects	Designed Processing Capacity (tonnes/year)
In operation*	87	27,721,750
Under construction	43	16,498,000

* *including O&M projects*

In terms of market development, in 2020, environmental energy fully adjusted its market development strategies in response to changes in industry policies and trends. It adhered to the principle of “Three Priorities and One Clarification” and prioritised quality rather than speed in terms of the waste-to-energy business development. By promoting the synergistic business development relating to the waste-to-energy business, environmental energy leveraged on the Group's “Five Points in One Line” process model for waste sorting, which includes sorting, transferring, selecting, recycling and incinerating of waste, to access the upstream business of the waste-to-energy industry, and took over several waste sorting projects from the Group's eco-recycling sector. During the year under review, environmental energy secured 38 new projects, involving a total investment of approximately RMB12.447 billion. The newly secured projects cover waste-to-energy, food and kitchen waste treatment, sludge treatment and disposal, waste sorting, and construction and decoration waste treatment, contributing a designed daily household waste processing capacity of 15,000 tonnes and a designed daily food and kitchen waste processing capacity of 1,860 tonnes. Among the newly secured projects, the securing of Thua Thien Hue Waste-to-energy Project and Da Nang Waste-to-energy Project in Vietnam marks the significant increase of the Group's market share in the Vietnamese waste-to-energy market.

In terms of project construction, during the year under review, environmental energy had 20 projects that completed construction and commenced operation, with a designed daily household waste processing capacity of 10,500 tonnes and a designed daily food waste processing capacity of 190 tonnes; 47 projects commenced construction, with a designed daily household waste processing capacity of 29,050 tonnes and a designed daily food and kitchen waste processing capacity of 1,055 tonnes.

In relation to operations management, all projects under environmental energy strictly followed relevant emission standards, prioritised and optimised the safety and environmental management system, implemented a regular project inspection mechanism, promoted the development of a digitalised platform, and refined its management through internal reforms. In 2020, the average electricity generated per tonne of waste incinerated of environmental energy's waste-to-energy projects exceeded 460 kWh, with an integrated power consumption ratio of approximately 15%.

During the year under review, the Group's environmental energy sector contributed an EBITDA of HK\$7,999,370,000, an increase of 20% as compared with 2019. Environmental energy contributed a net profit attributable to the Group of HK\$4,838,411,000, an increase of 17% as compared with 2019. The increase in profit was mainly attributable to the growth in the number of construction projects, and the continuing increase in the aggregate processing capacity of the operating projects, driving an increase in construction service revenue and operation service revenue.

Major operating data relating to environmental energy during 2020 are summarised in the table below:

	2020	2019	Percentage Change
Waste processing volume (<i>tonnes</i>)	29,273,000	21,515,000	36%
Food waste, sludge and other waste processing volume (<i>tonnes</i>)	1,795,000	1,232,000	46%
On-grid electricity (<i>MWh</i>)	9,380,822	6,617,870	42%

II. GREENTECH

As of 31 December 2020, the Group held a 69.7% stake in Everbright Greentech, which is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Everbright Greentech's main businesses cover integrated biomass utilisation, hazardous and solid waste treatment, and environmental remediation, etc.

As of 31 December 2020, Everbright Greentech had invested in 120 projects with a total investment of approximately RMB31.690 billion. These projects are designed to have an annual biomass raw material processing capacity of approximately 8,089,800 tonnes, an annual household waste processing capacity of approximately 3,595,250 tonnes, and an annual hazardous and solid waste processing capacity of approximately 2,841,900 tonnes, which are expected to generate an annual on-grid electricity of approximately 6,774,374,700 kWh and an annual steam supply of approximately 4,519,000 tonnes.

As of 31 December 2020, Everbright Greentech's hazardous and solid waste treatment projects are summarised as follows:

Project Status	Number of Projects	Designed Processing Capacity (tonnes/year)
In operation	23	468,600
Under construction	15	873,800

With respect to market development, in 2020, Everbright Greentech actively screened high-quality projects and vigorously developed the heat supply business, with an emphasis on the development of integrated hazardous waste utilisation business and making progress on this track. During the year under review, Everbright Greentech secured 8 new projects and signed 2 supplementary agreements for the existing projects, commanding a total investment of approximately RMB2.560 billion. It also undertook 9 environmental remediation services and signed 2 supplementary agreements for the existing services, with a total contract value of approximately RMB289 million. These new projects are designed to have an annual household waste processing capacity of approximately 365,000 tonnes, an annual hazardous and solid waste processing capacity of approximately 612,500 tonnes, and an annual steam supply capacity of approximately 1,340,000 tonnes.

In respect to project construction, during the year under review, Everbright Greentech had 15 projects that completed construction and commenced operation, contributing a designed annual biomass raw material processing capacity of approximately 1,870,000 tonnes, a designed annual household waste processing capacity of approximately 930,750 tonnes, a designed annual hazardous and solid waste processing capacity of approximately 65,000 tonnes, and a designed annual steam supply of approximately 960,000 tonnes. 5 environmental remediation services were completed and delivered in 2020. In addition, 18 projects commenced construction, with a designed annual household waste processing capacity of approximately 839,500 tonnes and a designed annual hazardous and solid waste processing capacity of approximately 778,800 tonnes. 9 environmental remediation services started respective remediation work.

During the year under review, the Group's greentech sector contributed an EBITDA of HK\$3,113,428,000, an increase of 8% as compared with 2019. Greentech contributed a net profit attributable to the Group of HK\$1,102,598,000, a decrease of 4% as compared with 2019. The profit change was mainly due to an impairment loss of HK\$163 million (net of tax) on intangible assets made on the concession rights for certain integrated biomass utilisation projects.

Major operating data relating to greentech during 2020 are summarised in the table below:

	2020	2019	Percentage Change
Waste processing volume (<i>tonnes</i>)	2,272,000	1,440,000	58%
Biomass raw material processing volume (<i>tonnes</i>)	6,708,000	4,636,000	45%
Hazardous and solid waste processing volume (<i>tonnes</i>)	182,000	198,000	(8%)
On-grid electricity (<i>MWh</i>)	5,623,505	4,095,179	37%

III. ENVIRONMENTAL WATER

As of 31 December 2020, the Group had a 72.87% stake in Everbright Water, which is listed on the Mainboard of the Singapore Exchange Securities Trading Limited and the Main Board of the Stock Exchange. Everbright Water has developed a fully-fledged business coverage, which includes raw water protection, water supply, municipal waste water treatment, industrial waste water treatment, reusable water, river-basin ecological restoration, and sludge treatment and disposal. It has also formed a full industry chain in the water business, including project investment, planning and design, technology R&D, engineering and construction, operations management, among others.

As of 31 December 2020, Everbright Water had invested in and held 138 water projects, commanding a total investment of approximately RMB24.678 billion. It also secured 3 EPC projects and 2 O&M projects. These projects are designed to have an annual waste water treatment capacity of approximately 1,997,134,000 m³, an annual reusable water supply capacity of approximately 71,759,000 m³, and an annual water supply capacity of approximately 310,250,000 m³. The waste water source heat pump projects provide heating and cooling services to an area of 295,000 m².

As of 31 December 2020, Everbright Water's water projects are summarised as follows:

Project Status	Number of Projects	Designed Treatment Capacity (m³/year)
In operation*	112	1,869,603,000
Under construction	18	393,835,000

* including O&M projects

In terms of market development, during the year under review, Everbright Water secured 9 new projects with a total investment of approximately RMB1.192 billion, and also undertook 1 O&M project and 1 EPC project. The new projects are designed to have a daily waste water treatment capacity of 290,000 m³ and a daily reusable water supply of 30,000 m³.

In terms of project construction, Everbright Water continued to carry out its project construction work in an orderly manner. During the year under review, 15 projects (inclusive of 1 EPC project) commenced construction, with a designed daily water treatment capacity of 1,023,000 m³. 8 projects completed construction and commenced operation, with a designed daily water treatment capacity of 270,000 m³.

In terms of operations management, during the year under review, Everbright Water continued to promote the implementation of its “Intelligent Water” management system. It issued the China Everbright Water Limited Intelligent Water Whitepaper to analyse and discuss the application scenarios, technical options and implementation methods relating to intelligent water in the future. In 2020, a total of 3 waste water treatment plants of Everbright Water received regulatory approval for tariff hikes, ranging from 9% to 26%.

During the year under review, the Group’s environmental water sector contributed an EBITDA of HK\$1,908,304,000, a 16% increase compared with 2019. Environmental water contributed a net profit attributable to the Group of HK\$736,035,000, a 19% increase compared with 2019. The increase in profit was mainly due to the improvement of operation and the expansion of operational business driving the increase in gross margin.

Major operating data relating to environmental water during 2020 are summarised in the table below:

	2020	2019	Percentage Change
Waste water treatment volume (<i>'000 m³</i>)	1,559,096	1,433,805	9%

IV. EQUIPMENT MANUFACTURING

As China's backbone environmental protection equipment R&D and manufacturing provider, the Group's equipment manufacturing sector rode on the philosophy of "accelerating marketisation and satisfying market demands" during the year under review. It focused on promoting its brand image, strengthening its full-process service system that covers R&D, manufacturing and maintenance, and improving its sustainability.

In terms of market expansion, during the year under review, equipment manufacturing signed 24 external sales contracts; and sold 49 sets of equipment to the external markets, including 27 sets of grate furnaces, 16 sets of flue gas purification systems and 6 sets of leachate treatment systems. In 2020, it secured a set of contracts relating to external equipment sales and EPC contracts, worth a total contract value of approximately RMB935 million. In addition, equipment manufacturing steadily explored business transformation, including water purification and other consumer business opportunities.

In terms of equipment supply and services, during the year under review, equipment manufacturing commenced 59 service items, spanning across 19 provinces and municipalities in China. It provided 97 sets of grate furnaces to projects of the Group and external customers, which have a designed daily waste processing capacity of 50,880 tonnes. In addition, it sold 224 sets of equipment, covering grate furnaces, gas purification systems and leachate treatment systems.

In terms of after-sales service, during the year under review, equipment manufacturing signed 171 contracts in relation to external after-sales services, worth a total contract value of approximately RMB108 million. Throughout 2020, equipment manufacturing provided 159 after-sales service projects, including 75 internal ones and 84 external ones.

During the year under review, the Group's self-developed 1,000 tonnes/day grate furnace completed assembly and got off the production line, showcasing the Group's further advancement on its grate furnace series. This also shows that the Group's self-developed grate furnace with large processing capacity has reached new highs in terms of R&D, design and manufacturing. In addition, equipment manufacturing completed the research, development and testing of the highly efficient air pre-heater system, as well as testing of the pre-heater system through direct combustion of methane and atomising disk with new materials. In addition, the set of plasma melting technologies for industrial purposes was assessed by the Chinese Society for Environmental Sciences as having reached the world-leading level.

During the year under review, phase III of the Group’s equipment manufacturing centre in Changzhou City commenced operation, effectively expanding the Group’s equipment manufacturing capacity and serving as a resilient infrastructure safeguard for the rapid development of the Group’s equipment manufacturing services.

V. ECO-RECYCLING

The Group’s eco-recycling sector rides on the “Five Points in One Line” process model for waste sorting, focusing on three main business areas, namely waste sorting and zero-waste cities, environmental sanitation integration, and resource recycling. It has positioned itself as a leading investor and operator in waste sorting and resource recycling across China.

In terms of strategic layout, during the year under review, based on its three major business focuses, eco-recycling improved the intelligence level of the waste sorting system and optimised the waste sorting categories at the front-end; integrated the waste collection, transferring and transporting processes at the middle-end, in order to connect waste sorting business at the front-end with the waste incineration and resource recycling at the back-end; developed resource recycling centers at the back-end, and put into practice the philosophy of “Sorting for Utilisation and Utilising after Sorting”, with the aim to improve the proficiencies of resource recycling and integrated utilisation, as well as the profitability of waste sorting business.

During the year under review, eco-recycling proactively responded to the Group’s adjustments to its strategic planning. It handed over several waste sorting projects, for which it had won the bids, to the Group’s environmental energy sector. In the meantime, it leveraged on the Group’s “Five Points in One Line” process model, to explore synergistic opportunities with other business sectors of the Group. In addition, eco-recycling was active in market expansion, with focuses on the three major business areas, and had reached the intention of cooperation with some cities and regions. In 2020, eco-recycling won the bid for a kitchen waste treatment project in Ji’nan City of Shandong Province.

VI. GREENERGY

The Group's greenergy sector adheres to the development philosophy of "Healthy, Energy-saving and Intelligent Lighting", leverages on its core product Everbright New Sodium Lamp (the "Lamp"), and focuses on building a full industry chain that includes the R&D and manufacturing of energy-saving street lamps, urban outdoor lighting projects and other types of energy-saving lighting products. Greenergy provides integrated lighting solutions to users based on three major business models, namely EMC, EPC and direct sales.

In terms of market expansion, during the year under review, greenergy won the bids, based on an EMC model, for Shandong Tengzhou Urban District Streetlight Retrofitting Project ("Tengzhou EMC Project") and Tianjin Jinghai District Streetlight Retrofitting Project. The two projects are expected to retrofit approximately 15,900 streetlights in total. Greenergy also undertook Ji'nan Jiyang Sungeng Streetlight Retrofitting Project based on an EPC model, with a contract value of approximately RMB1.50 million. It also signed 85 contracts for the internal and external direct sales of the Lamps, with a contract value of approximately RMB8.89 million in total. During the year under review, greenergy established the Greenergy Intelligent Industrial Park ("Greenergy Industrial Park") in Ji'nan City, Shandong Province, which will be responsible for manufacturing the Lamps and other products, with the aim to become a national technological innovation base.

In terms of project construction, greenergy's Shandong Rizhao Streetlight Retrofitting EMC Project completed construction during the year under review; Shandong Ji'nan Streetlight Retrofitting EMC Project, Tengzhou EMC Project and Greenergy Industrial Park commenced construction in succession with steady progress.

During the year under review, greenergy aimed to enhance its competitiveness in the industry. It actively applied and obtained multiple technology certificates, qualifications and patents, including China Quality Certificate by China Quality Certification Centre (CQC), China Energy Saving Certificate, Accreditation of Energy-saving Technology Achievement in Hunan Province, Grade 1 Qualification of Urban and Streetlight Construction, in addition to the inclusion of the Jiangsu Province Energy-saving Product Promotion Catalog and the National Industrial Energy-saving Technology and Equipment Recommendation Catalog.

VII. ENVIROTECH

Being the technology R&D innovation engine of the Group, the envirotech sector substantially established the “Four-in-One” technological innovation and R&D layout with platforms in Hong Kong, Shenzhen, Nanjing and Qingdao cities, in order to build a global platform dedicated to green technological innovation and technology conversion, and to better promote the Group’s strategic plan of pursuing development that is driven by technology and innovation.

The Group’s major R&D progress and results in 2020 are summarised as follows:

Business Area	Research Results/Topics
Solid Waste Treatment	<ul style="list-style-type: none">• Completed R&D, system development and equipment design relating to the 60 tonnes/day ash plasma melting furnace• Applied optimised anti-coking design for small-scale waste incinerators at the Group’s Shandong Ju County Waste-to-energy Project, with good operational outcome• Completed coupled preparation of active carbon at biomass plants, with relevant demonstration project entering trial run upon completion of construction
Flue Gas Treatment	<ul style="list-style-type: none">• Completed R&D and optimisation of a large-capacity waste incineration wet deacidification system, which has been in stable operation at Changzhou Project• Completed R&D of the high-temperature metal pre-cleaner technology for waste incineration, first of this type at home and abroad
Water Treatment	<ul style="list-style-type: none">• Conducted research of direct contact evaporation technology relating to leachate concentrate, which has been commissioned in the Group’s Jiangxi Ji’an Waste-to-energy Project

Business Area	Research Results/Topics
Intelligent Control	<ul style="list-style-type: none"> • Applied the intelligent technologies that could start or stop relevant equipment with one single click at the Group's Jiangsu Jiangyin Waste-to-energy Project Phase III, enhancing the automatic operation efficiency and reliability of the relevant system • Applied intelligent automatic combustion control (ACC) system with independent intellectual property rights at the Group's waste-to-energy projects in Boluo County of Guangdong Province and Lantian County of Shaanxi Province • Completed development of software and hardware in relation to intelligent waste sorting equipment, including waste sorting learning machine system, waste sorting bin system, big data platform and others • Completed development of the Group's first-generation self-developed smart light pole products and the supporting system

As of 31 December 2020, patents that were granted to the Group are summarised in the table below:

	2020	As of 31 December 2020 (Accumulated)
Granted Patents	235	1,008
Invention patents	11	116
Utility patents	208	796
Software copyright licenses	15	91
Appearance patents	1	5
Major scientific essays	17	N/A

VIII. ENVIRONMENTAL PLANNING

The Group's environmental planning sector leverages on Everbright Ecological and Environmental Planning and Design Institute ("Environmental Planning and Design Institute") as the main platform, with a focus on the fields of environmental protection and energy. It strives to build core technological capabilities, expand the business scope and achieve technological strength, to become a first-class planning and design institute in China.

During the year under review, Environmental Planning and Design Institute accomplished design works of the Group's Jiangsu Wujiang Waste-to-energy Project, involving the 1,000 tonnes/day waste incineration treatment line, and integrated treatment of industrial waste, household waste and sludge. So far, it has developed the design capacity of a full range of waste incineration treatment lines, with capacity ranging from 300 tonnes/day to 1,000 tonnes/day; it partnered with the Group's environmental energy sector to develop economic models relating to food and kitchen waste treatment projects and heat supply projects, which facilitated the Group to win bids for multiple food and kitchen waste treatment projects. During the year under review, the institute also expanded its design and consulting services to the fields of food and kitchen waste treatment, waste landfill, sludge treatment and disposal, integrated slag utilisation, and medical waste treatment, strongly supporting the development of the Group's other business sectors. The design and consulting services contributed a total contract value of approximately RMB118 million. During the year under review, the construction work of the 2 EPC projects of Environmental Planning and Design Institute progressed smoothly. Among these, Jiangsu Gaoyou EPC project had passed its trial run.

Environmental Planning and Design Institute possesses a set of design and consultancy qualifications in areas such as electric power, municipal administration and environment, as well as the national qualification for pressure pipeline design. During the year under review, Environmental Planning and Design Institute obtained Credit Grade A Qualification (directions of ecological construction and environmental engineering) and Grade B Design Qualification of environmental projects (Water pollution prevention), as well as steadily prepared for applications of design qualifications in areas such as environmental sanitation project and environmental solid waste treatment.

EVENTS AFTER THE END OF REPORTING PERIOD

On 15 January 2021, Everbright Water announced its completion of the issuance of the second tranche of MTN to institutional investors in the national inter-bank bond market in the Mainland, with a principal amount of RMB1 billion, a maturity period of 3 years and an interest rate of 3.75% per annum. The proceeds from such issuance will be used to replenish working capital of Everbright Water's subsidiaries.

On 28 January 2021, Everbright Greentech received the notice of registration acceptance issued by the National Association of Financial Market Institutional Investors in respect of the application for the proposed issue of asset-backed notes (the "ABN") with the maximum registered principal amount of RMB2 billion to institutional investors in the national inter-bank bond market in the Mainland. The registered principal amount shall be valid for 2 years from the date of the notice of registration acceptance, being 27 January 2021. The ABN shall be traded in the national inter-bank bond market. As at the date of this announcement, Everbright Greentech has not issued any ABN.

BUSINESS PROSPECTS

Over time, China has fully leveraged its institutional advantages and science-based control measures to effectively control the Pandemic and rapidly reinvigorate its economy amid the regular pandemic prevention and control. The country is expected to maintain strong momentum in 2021. Following the success of its targeted poverty alleviation effort in 2020, China has speeded up breaking new ground for high-quality growth on the back of the accomplishment of the 13th Five-Year Plan and the full development of the 14th Five-Year Plan. As a result, China will soon embark on a new journey of building a modern socialist country in all respects.

Winter will eventually pass, and spring is sure to come. After the vicissitudes of the previous year, we have deeply appreciated the significance of building a community of common purpose for mankind more than ever before. This is especially true for ecological and environmental protection, as the green recovery has become a global consensus. Having set out specific guidelines and overall requirements for ecological and environmental protection in its 14th Five-Year Plan and Vision 2035, China prioritised works relating to peak carbon dioxide emissions and carbon neutrality for 2021, for the first time, at the country's Central Economic Working Conference at the end of 2020. The country is also proceeding with the development of a plan on ecological and environmental protection for the 14th Five-Year Plan period in an orderly manner. The plan, which will uphold President Xi Jinping's thoughts on ecological civilisation and the spirit of the Second, Third, Fourth and Fifth Plenary Sessions of the 19th Central Committee of the Communist Party of China, will align with the goal of building a Beautiful China by 2035. By taking into practice the country's new development philosophy based on a new development stage, the plan will open up new horizons and promote high-

quality development, in order to propel the sophisticated protection and effective management of the ecosystem and environment. The 14th Five-Year Plan period is considered crucial for China's economy and society to transform from green recovery to green prosperity. Meanwhile, the goal of pursuing high-quality green development will provide a strong thrust for the ecological and environmental protection industry, offering additional room for the industry to grow and underline its value.

Facing regular pandemic prevention and control, the Group will keep a close eye on the development of the Pandemic, and pay attention to both pandemic control and business operation. It will strictly implement pandemic control measures at all levels, to make sure the safety and health of its employees and the smooth operation of its projects, to provide high-quality, uninterrupted environmental services to the local communities and residents. In the meantime, the Group will continue to fulfill the responsibility as a corporate citizen, and strive to facilitate the local pandemic prevention and control practices through its business platforms and project companies, working hand in hand with all social circles to dispel the gloom of the Pandemic.

Looking back at the uphill journey over the past 17 years, thanks to the long-term care and support from all social circles, and backed by the hard work, the Group has made a great effort to grow into China's largest environmental protection enterprise and the world's largest waste-to-energy investor and operator, accomplishing the "Two Largest". It was recognised by *Institutional Investor*, an internationally renowned finance magazine, as The Most Honored Company for the fourth consecutive year, as well as shortlisted in the Hong Kong Institute of Directors' Top 10 Firms with Highest Corporate Governance Index Scores for the first time, achieving the "Two Bests". During the year under review, the Group officially changed its name to "Everbright Environment", further cementing its aspiration and mission to concentrate on the ecological and environmental area. Guided by the new name, the Group will continue to follow its aspiration and mission, improve its business planning by focusing on the three areas of environment, resources and energy, reinforce five major capabilities of market expansion, project construction, project operation, equipment manufacturing and technological innovation, in order to strengthen its eight business sectors. It will also firmly safeguard finance, bidding and procurement, budget, safety and environmental management, human resources, efficiency and corporate culture, comprehensively implementing its "Three Five Eight Seven" development strategy. In response to the requirements of relevant national policies and the country's call for environmental protection, the Group will take on the mission of being "Devoted to Ecology and Environment for a Beautiful China", as a leading state-owned environmental enterprise in China; make contributions to the stability and prosperity of Hong Kong, as a Hong Kong-listed company; and contribute its wisdom for the green development in the global and regional areas, such as the Green "Belt and Road" and the Yangtze River Economic Belt, as the strategic partners of the International Coalition for Green Development on the Belt and Road and the Ecological Protection and Green Development of the Yangtze River Economic Belt.

Visions for the Group's Eight Business Sectors

<p>Environmental Energy</p> <p>To become the world's largest, technologically-advanced and high-efficiency waste-to-energy investor and operator</p>	<p>Greentech</p> <p>To become China's leading investor and operator dedicated to green and low carbon businesses</p>	<p>Environmental Water</p> <p>To become China's first-class full-chain water treatment investor and operator</p>	<p>Equipment Manufacturing</p> <p>To become Asia's largest environmental protection equipment manufacturer and industrial service provider</p>
<p>Eco-recycling</p> <p>To become China's top investor and operator specialised in full-process waste sorting and resource recycling, with the "Five Points in One Line" business model</p>	<p>Greenenergy</p> <p>To become China's leading provider dedicated to integrated environmental lighting solutions</p>	<p>Envirotech</p> <p>To become a world-class center dedicated to green technology innovation and commercialisation of research results</p>	<p>Environmental Planning</p> <p>To become China's top planning and design institute</p>

The year 2021 represents a crucial year for the Group to move towards the goal of becoming a world-leading ecological and environmental group. Far is the journey towards the goal, and only through perseverance could one reach the end. As such, the Group will closely follow the country's relevant policies and guidance, further implement China Everbright Group's "Four Three Three" strategic deployment and the general requirements, which requires to pursue progress while ensuring stability, improve management proficiency, emphasise innovation and transformation as engines, facilitate economic circulation, and pursue high-quality development. With the focus on value creation, the Group will further promote its "Three Five Eight Seven" development strategy, and accelerate the strategic transformation and high-quality development, in a bid to "Create Better Investment Value" and spontaneously "Undertake More Social Responsibility". It will also bravely step outside of its comfort zone and forge ahead more aggressively through innovation, while playing its dual role as being a state-owned and a foreign company at the same time to expand footprints in both domestic and international markets. Moreover, it will strike a balance between asset-light and asset-heavy models when making investments, as well as develop municipal facilities and consumer products. Last but not least, the Group will appropriately handle the relationship between collective and individual interest and capitalise on growth opportunities arising from the 14th Five-Year Plan to enter into a new stage of development and scale new heights!

FINANCIAL REVIEW

Financial Results

In 2020, the Group's consolidated revenue amounted to HK\$42,926,426,000, an increase of 14% over HK\$37,557,635,000 in 2019. The increase in revenue was mainly attributable to the construction of a record-high number of projects bringing a higher construction service revenue and a rise in operation service revenue as a result of the continuous increment of operating capacity during the year. Consolidated gross profit was HK\$14,103,833,000, an increase of 23% over HK\$11,457,901,000 in 2019. The Group's consolidated gross margin increased by 2 percentage points to 33% as compared with last year. The EBITDA amounted to HK\$12,851,501,000, an increase of 17% over HK\$10,957,474,000 in 2019. Profit attributable to equity holders of the Company for 2020 was HK\$6,015,863,000, 16% more than HK\$5,203,291,000 as compared with last year. Basic earnings per share for 2020 were HK97.93 cents, HK13.23 cents more than the amount of HK84.70 cents in last year.

Financial Position

As of 31 December 2020, the Group's total assets approximately amounted to HK\$158,187,110,000 with net assets amounting to HK\$55,544,604,000. Net asset value per share attributable to equity holders of the Company was HK\$7.336 per share, representing an increase of 24% as compared to HK\$5.917 per share as at the end of 2019. As of 31 December 2020, the gearing ratio (total liabilities over total assets) of the Group was 65%, an increase of 2 percentage points as compared with that of 63% as at the end of 2019.

Financial Resources

The Group adopts a prudent approach on cash and financial management to ensure proper risk control and low cost of funds. It finances its operations primarily with internally generated cash flow and loan facilities from banks. As of 31 December 2020, the Group had cash and bank balances of HK\$11,706,048,000, representing a decrease of HK\$596,940,000 as compared to HK\$12,302,988,000 at the end of 2019. Most of the Group's cash and bank balance, representing approximately 99%, was denominated in Hong Kong dollars and Renminbi.

Borrowings

The Group is dedicated to enhancing the ways of financing and improving banking facilities to reserve funding to support the development of the environmental protection business. As of 31 December 2020, the Group had outstanding borrowings of HK\$74,978,910,000, representing an increase of HK\$21,799,037,000 as compared to HK\$53,179,873,000 at the end of 2019. The borrowings included secured interest-bearing borrowings of HK\$34,410,104,000 and unsecured interest-bearing borrowings of HK\$40,568,806,000. The borrowings are mainly denominated in Renminbi, representing approximately 61% of the total, and the remainder is denominated in Hong Kong dollars, US dollars and Polish zloty. Most of the borrowings are at floating rates. As of 31 December 2020, the Group had banking facilities of HK\$107,783,416,000, of which HK\$40,523,067,000 have not been utilised. The banking facilities are of 1 to 20 years terms.

Foreign Exchange Risks

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

Pledge of Assets

Certain banking facilities, lease liabilities and asset-backed securities of the Group were secured by revenue and receivables in connection with the Group's service concession arrangements, bank deposits, mortgages over property, plants and equipment, right-of-use assets and the equity interests of certain subsidiaries of the Company. As of 31 December 2020, the aggregate net book value of assets and equity interests in subsidiaries pledged amounted to approximately HK\$76,803,665,000.

Commitments

As of 31 December 2020, the Group had purchase commitments of HK\$12,035,924,000 outstanding in connection with the construction contracts.

Contingent Liabilities

As of 31 December 2020, the Company granted financial guarantees to a subsidiary. The Board does not consider it probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as of 31 December 2020 for the provision of the guarantees was HK\$19,402,000.

INTERNAL MANAGEMENT

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

The Group is committed to building a comprehensive risk management culture. It implements the risk management model of “Integration of Policy, Procedure and System with Risk-oriented” to comprehensively strengthen its risk control. During the year under review, the Group amended the Risk Management Practice Handbook and the Annual Risk Management Instructions according to the progress of the implementation of risk management system. The Group’s electronic transaction platform for tendering and procurement received “Triple Stars” certification, the highest level, issued by the China Cybersecurity Review Technology and Certification Center, and realised real-time connection with the China Tendering and Bidding Public Services Platform. During the outbreak of the Pandemic, the Group was the first company to launch “contact-free tendering and evaluation” in the national environmental protection industry, bringing new prospects for the electronic tendering and procurement of Everbright Environment with increased transparency of its procurement process as well as enhanced ability to avoid and eliminate procurement compliance risk.

HUMAN RESOURCES

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

During the year under review, to adopt the prevention measures of the Pandemic, the Group has executed shift working roster and work at home arrangements. Besides, to cope with the need of its business development, the Group has arranged for appropriate trainings centrally with a combination of physical and online trainings. Training programmes included the information security awareness, the cybersecurity management training for information technology colleagues, the remote video conferencing training in relation to use and operation of e-tendering system platform, the analysis on procurement price and cost management. All these can enhance management's and staff's professional and general competence through continuous education. Employees of the Group are all along provided with a platform for personal development. During the year under review, the Group conducted mid-level management personnel exchanges between different districts to provide opportunities for them to fully understand the different business environments. Besides, the Group conducted internal selection and recruitment for vacancies in headquarters. Employees with ambition and confidence are encouraged to apply for internal transfer so that they can unleash their full potential in their favorite job positions. In order to ensure the effectiveness of prevention of Pandemic, enhance the standard of business ethics and the efficiency of human resources management, the Group issued a series of management measures for human resources, which included "Management Measures for Pandemic Prevention and Control and Case Reporting", "Management Measures for Pandemic Prevention and Control and Resumption of Normal Operations", "Notice of Requirements on the Safety and Environmental Management Professional Registration and Strengthen of Safety Training", "20 Guidelines for Anti-Corruption" and the "Key Points of Anti-Corruption Work for the year 2020".

As at 31 December 2020, the Group had approximately 12,700 employees. Employees within the Group are remunerated according to their qualifications, experience, job nature, performance and with reference to market conditions. Apart from a discretionary performance bonus, the Group also provides other benefits such as medical insurance and a mandatory provident fund scheme to employees in Hong Kong.

PRINCIPAL RISKS AND UNCERTAINTIES

During the year under review, the Group continued to implement the relevant work of the risk management system. The principal risks faced by the Group during the year were adequately identified and assessed, which included policy changing risk, environmental compliance and safety management risk, construction project management risk, accounts receivable risk, procurement compliance risk, staff assignment risk, investment and market competitive risk and not-in-my-backyard risk, the details of which are set out in the 2020 annual report.

THE IMPACT OF THE PANDEMIC

During the early stage, the Group's project construction and operation have been inevitably affected by the Pandemic outbreak. Upstream and downstream enterprises have suspended operation and production. Project companies encountered shortage of materials due to interruption of raw material transportation. Waste production was less than normal and project companies faced insufficiency of processing capacity. Meanwhile, higher emission standards and the stringent infection prevention and control measures exerted greater pressure on the Group. Routine work was affected by the Pandemic restrictions while the construction of new projects was delayed. Given the Pandemic prevention and control requirements across provinces, market expansion, tendering and procurement and business negotiation were interrupted. As longer processing time was required for the application for commencement of new construction projects, coupled with the addition of new requirements, project construction fell behind schedule. In view of the abovementioned, the Group established "Joint Prevention and Control of the Pandemic and Stabilisation of Production Coordinating Group" in its headquarters, business sectors, and project companies, forming a three-level management system for Pandemic prevention and control. In addition to the implementation of pandemic prevention and control system for project construction, the Group issued guidelines on resumption of work and formulated emergency plans. Through strengthening communication and coordination with the government, the Group helped suppliers to get permits to resume work. The Group coordinated the sharing of green material supply information among regions and has made application for entry permit to ensure smooth transportation. Besides, it actively reviewed construction drawings, as well as improving construction designs. In addition to strengthening communication and coordination with construction companies, it managed the risk over contract in a timely manner.

With the Pandemic gradually under control in the second half of 2020, the Group continued to adopt the pandemic prevention measures and at the same time put great effort to accelerate the implementation of different business targets and hence the annual overall performance still maintained substantial growth.

ENVIRONMENTAL AND SOCIAL MANAGEMENT

The Group pays close attention to the operational impacts brought to the environment and society. The Environmental and Social Management System (“ESMS”) has been established in accordance with the Safeguard Policy Statement of Asian Development Bank and other best practices worldwide. The ESMS covers the entire cycle of projects from early-stage planning and design till the final-stage operation and management, with specific requirements in relation to environmental and social impact screening and categorisation, resettlement, indigenous people, environmental impact assessment, information disclosure, consultation and participation, gender equality, grievance redress mechanism, due diligence and review, and monitoring and reporting in place. The system ensures the Group’s operational activities comply with the environmental and social safeguard principles and requirements internationally. Meanwhile, the Group is also committed to maintaining a close relationship with its key stakeholders, including investors, Shareholders, governments, employees, local communities, suppliers and non-governmental organisations, through various communication channels.

The Group has fully implemented the Environmental, Safety, Health and Social Responsibility (“ESHS”) Management System since 2016, with an aim to further integrate the system requirements into operational practices. The system comprises management standards to provide procedural guidelines on the identification of significant environmental, safety, health and social issues, auditing, incident investigation and reporting, work injury treatment and contractor ESHS management. Implementation of the system has not only promoted sustainable development within the Group, but also extended its safety culture and relevant policies to the supply chain.

The operating and environmental performance of the Group’s projects strictly adheres to the applicable environmental protection standards and requirements. The key regulations and standards which are applicable to the Group’s business include the Environmental Protection Law of the PRC, Production Safety Law of the PRC, Labour Law of the PRC, the Standard for Pollution Control on Municipal Solid Waste Incineration (GB18485-2014) and the Industrial Emissions Directive (2010/75/EU) and its relevant annexes and amendments (for environmental energy projects), the Emission Standard for Air Pollutants of Thermal Power Plants (GB13223-2011) (for biomass power generation projects under greentech sector), and the Discharge Standard for Pollutants of Municipal Wastewater Treatment Plants (GB18918-2002) (for environmental water projects), etc. No significant loss or impact to the Group caused by breach of these regulations and environmental protection standards were recorded in 2020.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

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

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

The Company complied with all Code Provisions as set out in the CG Code throughout the year ended 31 December 2020 with the exception of Code Provision A.2.1 due to the overlapping roles of Chairman of the Board and CEO of the Company performed by Mr. Wang Tianyi since 25 September 2020. The Board believes that the balance of power and authority for the present arrangement will not be impaired and this arrangement will enable the Company to make and implement decisions promptly and efficiently. The Board shall nevertheless review this arrangement from time to time.

The Company will continue to commit itself to enhancing its corporate governance appropriate to the conduct and growth of its business, and from time to time, to reviewing its corporate governance practices to ensure the same compliance with the CG Code and align with the latest developments.

The details of the Company's corporate governance practices are set out in the 2020 annual report.

The Board

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

Board Committees

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

1. Audit Committee

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

2. Risk Management Committee

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

3. *Nomination Committee*

The Nomination Committee currently comprises Mr. Wang Tianyi (Chairman), the executive Director, the Chairman of the Board and the CEO, and all the 4 INEDs, namely Mr. Fan Yan Hok, Philip, Mr. Mar Selwyn, Mr. Zhai Haitao and Mr. Suo Xuquan. Its primary responsibilities include but not limited to reviewing annually the structure, size and composition (including the skills, knowledge and experience) of the Board, reviewing and reporting the Board diversity to the Board, assessing the independence of the INEDs, making recommendations to the Board, by taking into account the Board Diversity Policy and the Nomination Policy (please refer to the sections headed “Board Diversity Policy” and “Nomination Policy” in the 2020 annual report for more details), on appointment or re-appointment or re-designation of Directors and assessing the qualifications and competencies of the candidates, so as to ensure that all nominations are fair and transparent. The terms of reference of the Nomination Committee are available on the websites of the Company and HKEx.

4. *Remuneration Committee*

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

5. *Disclosure Committee*

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

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

Model Code for Securities Transactions by Directors

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct for Directors' transactions in securities of the Company. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code during the year ended 31 December 2020.

FINAL DIVIDEND

The Board has proposed to pay a final dividend of HK16.0 cents per share (2019: HK13.0 cents per share) for the year ended 31 December 2020, payable to the Shareholders whose names appear on the register of members of the Company (the "Register of Members") on Friday, 28 May 2021. Subject to approval by the Shareholders of the payment of final dividend at the forthcoming annual general meeting of the Company to be held on Tuesday, 18 May 2021 (the "AGM"), the final dividend will be paid to the Shareholders on or around Friday, 18 June 2021.

ANNUAL GENERAL MEETING

The AGM is expected to be held on Tuesday, 18 May 2021 and the notice of the AGM will be published and dispatched in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

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

- (i) For determining the Shareholders' eligibility to attend and vote at the AGM:
 - (a) Latest time to lodge transfer documents for registration 4:30 pm on Wednesday, 12 May 2021
 - (b) Closure of Register of Members Thursday, 13 May 2021 to Tuesday, 18 May 2021 (both dates inclusive)

- (ii) For determining entitlement to the final dividend:
 - (a) Latest time to lodge transfer documents for registration 4:30 pm on Tuesday, 25 May 2021
 - (b) Closure of Register of Members Wednesday, 26 May 2021 to Friday, 28 May 2021 (both dates inclusive)
 - (c) Record date Friday, 28 May 2021

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

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

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

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.cebenvironment.com/en/ir/announcements.php) and HKEx (www.hkexnews.hk). The 2020 annual report containing all the information required by the Listing Rules will be published on the websites of the Company and HKEx and dispatched to the Shareholders in due course.

By Order of the Board
China Everbright Environment Group Limited
Wang Tianyi
Chairman and Chief Executive Officer

Hong Kong, 11 March 2021

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