



雲南水務投資股份有限公司

YUNNAN WATER INVESTMENT CO., LIMITED*

(於中華人民共和國註冊成立的股份有限公司)

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

股份代號 Stock Code : 06839

年度報告
ANNUAL REPORT
2018

Contents

目錄

Corporate Information 公司資料	2
Definitions 釋義	5
Financial Highlights 業績摘要	9
Chairman's Statement 主席報告	10
Chief Executive Officer's Report 行政總裁報告	13
Management Discussion and Analysis 管理層討論及分析	18
Directors, Supervisors and Senior Management 董事、監事及高級管理人員	37
Directors' Report 董事會報告	47
Corporate Governance Report 企業管治報告	67
Independent Auditor's Report 獨立核數師報告	86
Consolidated Statement of Profit or Loss and Other Comprehensive Income 合併損益及其他綜合收益表	94
Consolidated Balance Sheet 合併資產負債表	96
Consolidated Statement of Changes in Equity 合併權益變動表	99
Consolidated Statement of Cash Flows 合併現金流量表	101
Notes to the Consolidated Financial Statements 合併財務報表附註	103
Five-year Financial Summary 五年財務概要	222
Environmental, Social & Governance Report 環境、社會及管治報告	223

Corporate Information

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Yu Long (*Vice-chairman, Chief Executive Officer*)
Mr. Yang Fang (*Deputy Chief Executive Officer*)

Non-executive Directors

Mr. Yang Tao (*Chairman*)
Mr. He Yuanping
Ms. Li Bo
Mr. Feng Zhuangzhi

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPLIANCE COMMITTEE

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

COMPANY SECRETARY

Mr. Li Bo

董事會

執行董事

于龍先生(*副主席·行政總裁*)
楊方先生(*副總裁*)

非執行董事

楊濤先生(*主席*)
何願平先生
李波女士
馮壯志先生

獨立非執行董事

廖船江先生
胡松先生
馬世豪先生

審核委員會

廖船江先生(*主席*)
胡松先生
馬世豪先生

薪酬委員會

胡松先生(*主席*)
楊方先生
馬世豪先生

提名委員會

楊濤先生(*主席*)
胡松先生
馬世豪先生

合規委員會

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

公司秘書

李博先生

AUTHORISED REPRESENTATIVES

Mr. Yu Long
Mr. Yang Fang

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

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISERS

As to Hong Kong law:

L&C Legal LLP
Suites 3205-3207, 32/F., Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law:

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

授權代表

于龍先生
楊方先生

總部及中華人民共和國主要營業地址

中國
雲南昆明
高新技術開發區
海源北路2089號
雲南水務

香港主要營業地點

香港
九龍
尖沙咀廣東道21號
海港城港威大廈第1座31樓
3110-11室

香港股份過戶登記分處

卓佳證券登記有限公司
香港
灣仔
皇后大道東183號
合和中心22樓

法律顧問

有關香港法律：

羅陳律師事務所有限法律責任合夥
香港
皇后大道中15號
置地廣場公爵大廈32樓
3205-3207室

有關中國法律：

嘉源律師事務所
中國
北京西城區
復興門內大街158號
遠洋大廈4層

Corporate Information

公司資料

COMPLIANCE ADVISER

Somerley Capital Limited
20/F, China Building
29 Queen's Road Central
Hong Kong

PRINCIPAL BANKERS

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

AUDITOR

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

STOCK CODE

6839

COMPANY'S WEBSITE

<http://www.yunnanwater.cn>

合規顧問

新百利融資有限公司
香港
皇后大道中29號
華人行20樓

主要往來銀行

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

核數師

羅兵咸永道會計師事務所
執業會計師
香港
中環
太子大廈22樓

股份代號

6839

公司網址

<http://www.yunnanwater.cn>

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

於本年報內，除文義另有所指外，下列詞彙具有以下涵義：

“Acting in Concert Parties”	Mr. Liu Xujun, Mr. Huang Yunjian and Mr. Wang Yong, members of the senior management of the Company
「一致行動人士」	本公司高級管理層成員劉旭軍先生、黃雲建先生及本公司高級管理層成員王勇先生
“AGM”	the annual general meeting of the Company to be convened and held on 13 June 2019, or any adjournment thereof
「股東週年大會」	本公司將於二零一九年六月十三日舉行股東週年大會或其任何續會
“Articles of Association”	the articles of association of the Company
「公司章程」	本公司的組織章程細則
“associate(s)”	has the meaning ascribed to it under the Listing Rules
「聯繫人」	具有上市規則賦予該詞的涵義
“Beijing OriginWater”	Beijing OriginWater Technology Co., Ltd.* (北京碧水源科技股份有限公司), a joint stock limited liability company established in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300070)
「北京碧水源」	北京碧水源科技股份有限公司，於中國成立的股份有限公司，其股份在深圳證券交易所上市（股份代號：300070）
“Board” or “Board of Directors”	the Board of Directors of the Company
「董事會」	本公司的董事會
“Chairman”	the Chairman of the Board
「主席」	董事會主席
“Company”, “our Company” or “Yunnan Water”	Yunnan Water Investment Co., Limited* (雲南水務投資股份有限公司), a joint stock limited liability company established in the PRC, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6839)
「本公司」或「雲南水務」	雲南水務投資股份有限公司，於中國註冊成立的股份有限公司，其H股在聯交所主板上市（股份代號：6839）
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
「關連人士」	具有上市規則賦予該詞的涵義

Definitions

釋義

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

“IPO”	the initial public offering of the Company’s Shares through the Stock Exchange in May 2015
「首次公開發售」	二零一五年五月本公司股份通過聯交所成功首次公開發售
“Listing Date”	27 May 2015, being the date on which the H Shares were listed and from which dealings in the H Shares of the Company commenced on the Stock Exchange
「上市日期」	二零一五年五月二十七日，即H股於聯交所上市及開始買賣的日期
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
「上市規則」	聯交所證券上市規則
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
「標準守則」	上市規則附錄十所載的上市發行人董事進行證券交易的標準守則
“PPP Project”	the public-private-partnership project
「PPP項目」	政府和社會資本合作項目
“PRC” or “China”	the People’s Republic of China, and for the purpose of this annual report only, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
「中國」	中華人民共和國，僅本報告而言，不包括香港、中華人民共和國澳門特別行政區及台灣
“Prospectus”	the prospectus of the Company dated 13 May 2015, issued in relation to the IPO and listing of H Shares on the Stock Exchange
「招股章程」	日期為二零一五年五月十三日有關首次公開發售及H股於聯交所上市的本公司招股章程
“Reporting Period”	the 12-month period from 1 January 2018 to 31 December 2018
「報告期」	由二零一八年一月一日起至二零一八年十二月三十一日止十二個月期間
“RMB”	Renminbi, the lawful currency of the PRC
「人民幣」	中國的法定貨幣人民幣
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
「證券及期貨條例」	香港法例第571章《證券及期貨條例》
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, including the H Share(s) and Domestic Share(s)
「股份」	本公司股本中每股面值人民幣1.00元的普通股，包括H股及內資股

Definitions 釋義

“Shareholder(s)”	the holder(s) of the Share(s)
「股東」	股份持有人
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
「聯交所」	香港聯合交易所有限公司
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
「附屬公司」	具有上市規則賦予該詞的涵義
“Supervisor(s)”	supervisor(s) of the Company
「監事」	本公司的監事
“Supervisory Committee”	the supervisory committee of the Company
「監事委員會」	本公司的監事委員會
“THB”	Thailand Baht(s), the lawful currency of Thailand
「泰銖」	泰國法定貨幣泰銖
“Undertaking Shareholders”	namely YMCI, Yunnan Province Water and Beijing OriginWater
「有承諾的股東」	即雲南城投集團、雲南省水務及北京碧水源
“YMCI”	Yunnan Metropolitan Construction Investment Co., Ltd.* (雲南省城市建設投資集團有限公司), a limited liability company established in the PRC and is the sole shareholder of Yunnan Province Water, the Company’s controlling shareholder and one of the Undertaking Shareholders
「雲南城投集團」	雲南省城市建設投資集團有限公司，於中國成立的有限責任公司及雲南省水務的唯一股東，為本公司控股股東及其中一名有承諾的股東
“Yunnan Province Water”	Yunnan Province Water Industry Investment Co., Ltd.* (雲南省水務產業投資有限公司), a limited liability company incorporated in the PRC
「雲南省水務」	雲南省水務產業投資有限公司，於中國註冊成立的有限責任公司
“%”	per cent
「%」	百分比

* For identification purposes only
* 僅供識別

Financial Highlights

業績摘要

The Board is pleased to announce the following financial highlights:

董事會欣然宣佈下列財務摘要：

		Year ended 31 December 截至十二月三十一日止年度		
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	Percentage Change 變動
Revenue	收益	6,255,628	5,142,242	21.7%
Gross profit	毛利	1,498,009	1,304,724	14.8%
Profit before income tax	所得稅前溢利	644,226	702,244	-8.3%
Core business profit (Note 1)	核心業務利潤(附註1)	496,715	414,757	19.7%
EBITDA (Note 2)	除利息、稅項、折舊及攤銷前盈利(附註2)	1,693,610	1,664,973	1.72%
Profit for the year	年內溢利	496,715	544,000	-8.7%
Return on shareholders' equity (%)	股東資金回報率(%)	7.16%	8.14%	N/A 不適用
Basic earnings per share (RMB)	每股基本盈利(人民幣元)	0.333	0.354	-5.9%

Note 1: Core business profit represents profit for the year excluding fair value gains or losses on the remeasurement of investments accounted for using the equity method and one-off recovery of other receivables.

附註1：核心業務利潤指年內溢利扣除重新計量以權益法入賬投資的公允價值的損益及一次性轉回的其他應收款。

Note 2: EBITDA is the profit for the year before deduction of finance cost – net, income taxation, depreciation and amortisation.

附註2：除融資成本淨額、所得稅、折舊及攤銷前盈利為扣除利息、稅項、折舊及攤銷前之本年度盈利。

During the Reporting Period, the Group's audited profit attributable to ordinary shareholders of the Company amounted to approximately RMB397.8 million (for the year ended 31 December 2017: approximately RMB422.8 million).

於本報告期內，本集團經審核本公司普通股股東應佔溢利約為人民幣397.8百萬元(截至二零一七年十二月三十一日止年度：約人民幣422.8百萬元)。

Basic earnings per share for the Reporting Period was approximately RMB0.333 per share (for the year ended 31 December 2017: basic earnings approximately RMB0.354 per share), the calculation of such basic earnings per share amount is based on the profit attributable to ordinary shareholders of the Company, and the weighted average number of Shares of approximately 1,193,213,000 (2017: 1,193,213,000) in issue during the Reporting Period.

報告期內每股基本盈利約為人民幣0.333元(截至二零一七年十二月三十一日止年度：每股盈利約為人民幣0.354元)，該每股基本盈利金額乃按本公司普通股股東應佔溢利及報告期內已發行的加權平均股份約1,193,213,000股(二零一七年：1,193,213,000股)股份為基準計算。

The Board recommended the payment of the final dividend of RMB0.15 per ordinary share for the year ended 31 December 2018 (for the year ended 31 December 2017: RMB0.13 per ordinary share). The Company did not declare or pay any interim dividend or special dividend for the year ended 31 December 2018.

董事會建議派發截至二零一八年十二月三十一日止年度的末期股息每股普通股人民幣0.15元(截至二零一七年十二月三十一日止年度：每股普通股人民幣0.13元)。截至二零一八年十二月三十一日止年度，本公司未宣派或支付任何中期股息或特別股息。

The AGM will be held at 10:00 a.m. on Thursday, 13 June 2019 at conference room, 5th Floor, Yunnan Water, 2089 Haiyuan Bei Road, Gaoxin District, Kunming, Yunnan Province, the PRC. The proposed final dividend is subject to consideration and approval by the Shareholders at the AGM.

股東週年大會將於二零一九年六月十三日(星期四)上午十時正假座中國雲南省昆明市高新技術開發區海源北路2089號雲南水務5樓會議室舉行。建議末期股息須獲股東於股東週年大會審議通過後始可作實。

Chairman's statement 主席報告



Chairman 主席
Yang Tao 楊濤

Dear Shareholders:

On behalf of the Board, I am pleased to present the annual report of the Group for the financial year ended 31 December 2018.

In 2018, the world economy saw ups and downs including decline in global investment and the prevailing trade protectionism and unilateralism. Despite the complicated and severe external environment, China's economic operation remained at a reasonable level and continuously presented the trend of steady progress amidst stability. As the State further intensified emphasis on environmental protection, the top-level design of ecological civilization has gradually improved, and major policies for environmental protection sub-industries have been successively introduced. While environmental protection inspection is becoming normal, the State emphasized the importance of overall planning and avoiding "non-discretionary treatment". In the face of financing difficulties in the context of deleveraging, it was proposed at the Central Working Conference to increase the proportion of direct financing to improve the financing environment for private enterprises. In 2018, the environmental protection industry underwent test. The Group conducted continuous improvement and exploration, laying a new foundation for future development.

列位股東：

本人謹代表董事會，欣然提呈本集團截至二零一八年十二月三十一日止財政年度之年報。

二零一八年，世界經濟起伏跌宕，全球投資下滑、貿易保護主義及單邊主義盛行。儘管外部環境複雜嚴峻，中國經濟運行依然保持在合理區間，穩中有進態勢持續顯現。國家對環保事業的重視程度繼續加強，生態文明頂層設計逐步完善，環境保護子行業重大政策相繼出台。在環保督察趨於常態化的同時，國家強調統籌兼顧、避免“一刀切”的重要性；面對去槓桿大背景下融資難的問題，中央工作會議提出要提高直接融資比重，改善民營企業融資環境。二零一八年是環保行業的考驗之年，本集團不斷完善、不斷探索，為今後的發展奠定新的基礎。

Chairman's statement 主席報告

The Board thoroughly analysed the domestic and international economic situation and, following the principle of adaptability and forward-looking, proactively leveraged on favorable policies to overcome challenges continuously. Centering on the positioning of “first-rate urban environmental protection integrated services provider”, the Board led the Group to prudently develop the key regional markets at home and abroad, comprehensively improved the management level of existing operating assets, and proactively promoted technology research, development and innovation and quality and efficiency enhancement for projects. In the midst of severe external environment and fierce market competition, the Group's performance remained stable with healthy growth and the management standard was further improved.

During the Reporting Period, under the leadership of the Board, the Group, in the face of difficulties, proactively adjusted its asset structure and continuously improved its project operation management, resulting in the steady and healthy growth of operating results. During the Reporting Period, the Group recognized a total annual revenue of approximately RMB6,255.6 million, representing an increase of approximately 21.7% as compared to approximately RMB5,142.2 million of last year. Profit for the year was approximately RMB496.7 million, representing a decrease of approximately 8.7% as compared to approximately RMB544.0 million of last year. Through investments in new construction and equity acquisition, the Group has owned 208 water treatment projects with a total treatment volume of approximately 5,627,000 tonnes per day. The Group's business segment of solid waste treatment, an important focus of strategic development of the Group, continued rapid development during the year. As of 31 December 2018, the Group owned 20 solid waste treatment projects with treatment capacity of approximately 3,673,500 tonnes per year.

On the basis of the Group's good operating results and financial position, and considering the long-term sustainable development of the Group, the Board proposes to distribute a final dividend of RMB0.15 to Shareholders to repay their long-term support and contribution to the Group. The distribution of final dividend shall be subject to approval by Shareholders at the forthcoming AGM. The final dividend is expected to be paid on or about 30 July 2019 (Tuesday).

董事會深入分析國內外經濟形勢，以適應性和前瞻性為原則，積極把握政策利好，不斷克服各項挑戰，帶領本集團圍繞“一流城鎮環境綜合服務商”的定位，審慎拓展國內外重點區域市場，全面提升存量運營資產管理水準，積極推動技術研發創新及項目提質增效。在嚴峻的外部環境和激烈的市場競爭中，本集團業績穩定健康增長，管理水準進一步完善。

於報告期內，本集團在董事會的領導下迎難而上，積極調整資產結構，持續提升項目運營管理水準，經營業績呈現穩定健康增長。本集團於報告期內實現全年總收益約人民幣6,255.6百萬元，較上一年度業績約人民幣5,142.2百萬元增長約21.7%；年內溢利約496.7百萬元，較上一年度業績約人民幣544.0百萬元減少約8.7%。本集團通過投資新建和股權收購等方式，已擁有水處理項目208個，合計處理量約達5,627,000噸／日。本集團作為戰略發展重點培育的固體廢棄物處理業務板塊，在本年度亦繼續快速發展，截止二零一八年十二月三十一日止，已擁有固廢處理項目約20個，處理規模約為3,673,500噸／年。

基於本集團良好的經營業績以及財務狀況，考慮到本集團的長期可持續發展，董事會擬向股東派發末期股息每股人民幣0.15元，以回報彼等長期對本集團的支持和貢獻。末期股息的派發將於即將召開的股東週年大會上經股東批准，末期股息預期將於二零一九年七月三十日（星期二）前獲派付。

Chairman's statement 主席報告

In 2019, the Group will continue to pay great efforts in two principal businesses of water and solid waste treatment, prudently conduct market development and project investment, and continue to improve project construction and all stages of project operation. In addition, the Group will practically adjust and optimize the income and profit structure and promote comprehensive and extensive reform to lay a solid foundation for its future development.

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

Yang Tao
Chairman



Kunming, the PRC
27 March 2019

二零一九年，本集團將繼續抓好水務和固廢兩大主業，審慎做好市場開拓、項目投資，不斷完善項目建設、項目運營各階段工作，切實調整和優化收入和利潤結構，推進全面深化改革，為企業未來的發展奠定堅實的基礎。

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

楊濤
主席



中國·昆明
二零一九年三月二十七日

Chief Executive Officer's Report 行政總裁報告



Vice Chairman,
Chief Executive Officer
Mr. Yu Long

副主席，
行政總裁
于龍

In 2018, China's ecological civilization construction was fully promoted and the ecological civilization was historically included in the Constitution. With the establishment of the Ministry of Ecology and Environment, the State implemented various policies and further intensified law enforcement. In addition, environmental protection supervision has become a normal practice and the role of market in the allocation of environmental governance resources is increasingly apparent. At the same time, in light of the de-leveraging in the field of finance, the tightening of financing has caused pressure to environmental enterprises. The division of labor in the environmental industry tended to be refined and deep integration was carried out one after another. In the second half of 2018, policies including the Action Plan on Pollution Control for Agriculture and Rural Areas* (《農業農村污染治理攻堅戰行動計劃》) was successively promulgated. Rural environmental governance received attention and has become legal. With the steady growth of the country, the implementation of the policy of the ease of credit, and the improvement of the financing environment, the environmental industry will usher in new opportunities.

二零一八年是我國生態文明建設全面推進的一年，生態文明歷史性寫入憲法，生態環境部應運而生，國家層面各項政策緊密實施，執法力度繼續加大，環保督查常態化，市場配置環境治理資源的作用日益顯現。與此同時，金融領域去槓桿背景下，融資收緊給環保企業帶來壓力，環保行業分工趨於精細化，深度整合此起彼伏。二零一八年下半年，《農業農村污染治理攻堅戰行動計劃》等政策相繼出台，農村環境治理受到關注，農村環境治理走向法制化，隨著國家穩增長、寬信用政策的實施以及融資環境的改善，環保行業將迎來新的機遇。

Chief Executive Officer's Report

行政總裁報告

PROJECT DEVELOPMENT

In 2018, given the liquidity crunch, the Group adopted the strategy of prudent investment and efficiency improvement, relied on resource advantages in key areas, and strictly reviewed investment boundary conditions and investment exit mechanisms. While increasing investment in projects with good short-term operating efficiency and stable positive cash flow the Group strengthened control over investment in PPP projects by placing the focus on high-quality projects and paid close attention to the proportion of operating assets in the PPP project package and the financial capacity of the local governments.

The Group achieved significant breakthroughs in key regional markets including Guangdong and Xinjiang. In particular, the Group successively won the bids of 5 PPP projects with operating assets in Guangdong and 1 PPP project for solid waste treatment in Xinjiang. The implementation of the abovementioned projects will lay a good foundation for the sustainable development of the Group.

TECHNOLOGY RESEARCH AND DEVELOPMENT

The Group adheres to a technology-driven development model and values the importance of the role of core technologies for the long-term development of enterprises. In 2018, the Group successfully promoted the research, development and design of devices for sludge carbonization treatment, waste pyrolysis gasification treatment, integrated treatment for villages, hydrolytic acidification pilot test, integrated treatment of membrane process, integrated treatment of non-membrane process and MBR tank aeration, and applied the same in a number of projects, which achieved good results; in 2018, the Group applied for 5 utility patents and was awarded 1 utility patent and 1 invention patent. Through the research, development and application of a series of new technologies, the Group further enhanced the standard of services of core technology output and system integration, and enhanced market competitiveness and project profitability.

FINANCING

In 2018, in view of the severe situation of tightened financing, the Group continued to strengthen its cooperation with financial institutions and expanded its financing size through multiple channels, including successful issuance of medium-term notes and ultra-short-term financing bonds with a total amount of RMB2.0 billion; the Group proactively expanded overseas financing channels, in particular, the Group was granted a loan in an amount of US\$17.2 million to the Group by way of financial guarantee. In reliance of a project currently in operation in Thailand, the Group further obtained an operating loan in an amount of THB460.0 million, which effectively solved the overseas funding needs of the Company. Due to the gradual adjustment of the long-term and short-term debt structure, the Group matched financing with business development to properly alleviate its funding problem.

項目拓展

二零一八年，在市場資金面緊縮的前提下，本集團採取審慎投資、提升效率的策略，依託重點片區資源優勢，嚴格審核投資邊界條件及投資退出機制，增加對短期經營效益較好、具有穩定正現金流支撐項目的投資，加強對PPP項目的投資控制，擇優而入，高度關注經營性資產在PPP項目包中的比例和項目所在地政府的財政支付能力。

本集團在廣東、新疆等重點區域市場取得明顯突破，其中廣東區域連續中標5個具有經營性資產的PPP項目，新疆區域順利中標一個固廢處置PPP項目。上述項目的實施，將為集團可持續發展奠定良好的基礎。

技術研發

本集團堅持以技術為主驅動的發展模式，重視核心技術對企業長遠發展的重要作用。二零一八年，本集團順利推進污泥炭化處理、垃圾熱解氣化處理、村落一體化處理、水解酸化中試、膜工藝集成處理、非膜工藝集成處理和MBR槽式曝氣等裝置的研發、設計工作，並在多個項目中推廣運用，效果良好；二零一八年本集團新增5項實用新型專利申請，1項實用新型專利授權，1項發明專利授權。通過一系列新技術的研發及應用，本集團進一步提升核心技術輸出與系統集成等服務水準，增強了市場競爭力和項目盈利能力。

融資

二零一八年，面對融資收緊的嚴峻形勢，本集團繼續深化與金融機構的合作，多渠道擴大融資規模，成功發行中期票據、超短期融資債券產品，合計金額人民幣20億元；本集團積極拓展境外融資渠道，採用融資性保函方式，獲得17.2百萬美元貸款，依託泰國已運營項目，取得了460.0百萬泰銖經營性貸款，有效解決境外公司資金需求。集團通過逐步調整長短期負債結構，使融資工作與經營業務發展相匹配，妥善緩解資金問題。

Riding on the resource advantages of projects in various regions, the Group fully played its financing function in key projects in Shandong, Wuxi, Xinjiang, Harbin, Fujian, Guangdong, Hong Kong and Thailand, and unwaveringly promoted project loans and operating loans to avoid the risk of excessive financing costs caused by concentrated financing and single financing channel.

PROJECT CONSTRUCTION AND OPERATION

In 2018, the Group accelerated the construction progress of projects under construction. Being profit-oriented, it focused on the direction of asset structure alteration, to reduce unnecessary resource occupation and consumption and improve the efficiency of operational assets, and strictly controlled costs and construction period. It is expected that operating income will increase significantly in 2019.

In 2018, relying on its existing operating assets, the Group comprehensively improved its operation management capabilities and continuously improved its operational efficiency and cash generating capacity of existing projects. At the same time, the Group proactively promoted the quality and efficiency enhancement of projects in operation. With the advancement of quality and efficiency enhancement, the Group will further expand the follow-up space in the existing business market and obtain positive economies of scale.

With the development of intelligent water projects, the Group thoroughly promoted the construction of the operation center management and control platform, proactively explored the grading operation management model which is in line with the Group's project characteristics of "small scale and cross-region", and built an operation management model with the Group's characteristics. On the other hand, the Group continued to strengthen its own team and talent team construction, pooled superior resources, and enhanced management output and technical support capabilities.

SUSTAINABLE DEVELOPMENT AND FUTURE PROSPECT

Going forward in 2019, upholding the positioning of "first-rate urban environmental protection integrated services provider", the Group will continue to pay great effort on two principal businesses of water and solid waste treatment and perform well in all stages of project investment, construction and operation. It will continue to adjust and optimize the income and profit structure and promote comprehensive and intensify reforms to achieve new results, to achieve stable operation and sustainable development of the Group.

本集團結合各區項目資源優勢，充分發揮山東、無錫、新疆、哈爾濱、福建、廣東、香港及泰國等地重點項目自身的融資造血功能，堅定不移的推進項目貸和經營貸，避免由於集中融資、渠道單一所帶來的融資成本過高的風險。

項目建設與運營

二零一八年，本集團加快推動在建項目的建設進度，以盈利為導向，關注資產結構的變化方向，減少不必要的資源佔用和消耗，提升經營性資產的使用效率，並嚴格控制成本及工期。預計二零一九年運營收入將會明顯提高。

二零一八年，依託存量運營資產，本集團全面提升運營管理能力，持續提升已有項目的經營效益和經營獲現能力；同時，集團積極推動在運項目的提質增效工作，隨著提質增效工作的推進，集團將進一步拓展既有業務市場的後續空間，獲取可觀的規模效益。

本集團結合智慧水務項目的開展，全面推進運營中心管控平台建設，積極探索適應集團項目“小規模、跨區域”特點的分級運管模式，構建具有集團特色的運管模式。另一方面，集團不斷加強自身團隊和人才梯隊建設，匯集優勢資源，增強管理輸出和技術支援能力。

可持續發展及未來展望

展望二零一九年，本集團將繼續立足於“一流城鎮環境綜合服務商”的定位，抓好水務和固廢兩大主業，做好項目投資、建設、運營各個階段工作，繼續調整和優化收入和利潤結構，推進全面深化改革取得新成效，實現企業穩健經營和可持續發展。

Chief Executive Officer's Report 行政總裁報告

In terms of new businesses, the Group will continue to implement the regional management model to consolidate and expand the results of the original business segments provided that the government's various stimulus policies will be implemented as scheduled and the external financing environment of environmental enterprises will be marginally improved. The off-balance sheet financing refers to industrial M&A funds and financial leasing will be adopted to accelerate the cultivation of key businesses including industrial hazardous waste, medical hazardous waste, and garbage incineration-power generation. Relying on its advantageous resources in the key regions, the Group will proactively expand the financing channels, and prudently select and develop high-quality businesses in the market. In particular, it will strengthen the control over investment in PPP projects. Besides, the Group will continue to acquire high-quality water and solid waste treatment operating assets in the PRC and abroad, to further increase the market share of the Group's business segments, intensify the development of the overseas Blue Ocean market, and vigorously set its presence in emerging market segments including soil remediation and improvement based on its existing technology accumulation and outreach cooperation.

In terms of new technologies, the Group will increase investment in technology research and development to solve engineering construction problems, improve operational quality, and maintain core technological competitiveness. It will promote a number of technical research and development projects and continuously increase efforts on talent introduction and personnel training to lay a foundation for the Group's soft power reserves.

In terms of financing and operations, the Group will continue to strengthen centralized management of funds and internal fund arrangements, to improve the Group's capital usage efficiency. The Group will fully tap the financing functions of projects in each region to solve the funding needs in the regions. At the same time, project management and operation management will be reinforced to further enhance the operational efficiency and cash generating capacity of existing projects, and more investment will be made in projects with good short-term operating efficiency and stable positive cash flow.

In 2019, the Group will continue to integrate resources and prudently proceed with development as a urban environmental protection integrated services provider. It will make scientific investments in water, solid waste treatment and other segments and provide local governments with urgent one-stop solutions, with a view to further enhance the Group's market competitiveness and strive for the sustainable development of the Group.

新業務方面，在政府各項刺激政策如期落地、環保企業外部融資環境得到邊際改善的情況下，本集團將持續推行大區化管理模式，鞏固擴大原有業務分部取得的成果，並通過借助產業併購基金、融資租賃等表外融資的手段，加快培育工業危廢、醫療危廢、垃圾焚燒發電等重點業務。依託重點片區的優勢資源，積極拓展資金融通渠道，謹慎擇優拓展市場業務，特別是加強對PPP類項目的投資控制。另外，集團將繼續對國內外優質的水務、固廢經營性資產收購，進一步提高集團業務分部的市場佔有率，並加大海外藍海市場的開拓力度，利用自身已有的技術積累和外延合作積極介入土壤修復與改良等新興細分市場。

新技術方面，本集團將加大技術研發投入解決工程建設問題，提升運營品質，保持技術核心競爭力，推進多項技術研發專題，並不斷在人才引進、人員培訓方面加大力度，為集團軟實力儲備打下基礎。

融資與運營方面，本集團將繼續加強資金集中管理，強化內部資金融通，提高集團資金使用效率。集團將充分挖掘各片區項目自身的融資造血功能，解決各片區資金需求問題。同時，加強項目管理與運營管理工作，進一步提升已有項目的經營效益和獲現能力，增加對短期經營效益較好、具有穩定正現金流支撐項目的投資。

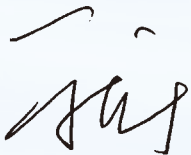
二零一九年，本集團將繼續以城鎮環境綜合服務商的角色，整合資源，審慎開拓，對區域內的水務、固廢及其他細分領域進行科學投資，向地方政府提供急需的一站式解決方案，以此進一步提升集團的市場競爭力，為集團可持續發展不懈奮鬥。

ACKNOWLEDGEMENTS

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

Yu Long

Vice-Chairman, Chief Executive Officer



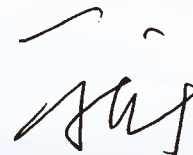
Kunming, the PRC
27 March 2019

致謝

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

于龍

副主席，行政總裁



中國·昆明
二零一九年三月二十七日

Management Discussion and Analysis

管理層討論及分析

INDUSTRY OVERVIEW

With the increasing emphasis on the environmental protection from the Party and the State, along with the gradual improving top-level design of ecological civilization in recent years, the environmental protection industry is forming a new development pattern. In 2018, the inclusion of “ecological civilization” into the Constitution of the PRC and establishment of the Ministry of Ecology and Environment *(生態環境部) and the Ministry of Natural Resources *(自然資源部) strengthened the integrated management of ecology and environment. The environmental protection supervision “review” was officially launched and supervision was completed at the grassroots level during the year. The long-term mechanism for environmental protection supervision has become more standardized. The official release of the Three-Year Action Plan for Ecological Environment Monitoring Quality Supervision and Inspection* (《生態環境監測質量監督檢查三年行動計劃》) marked government’s increasing emphasis on the quality of environmental monitoring. The Action Plan on Pollution Prevention and Control Campaign for Agriculture and Rural Areas*《農業農村污染防治攻堅戰行動計劃》 clarified the overall requirements, action objectives, main tasks and safeguard measures as well as deployment for the pollution governance for agriculture and rural areas. At the end of the year, the State Council conducted the special action to solve the problem of payments to enterprises in arrears, which is of great significance for the improvement of cash flow in the environmental industry, and it was proposed at the Central Economic Working Conference *(中央經濟工作會議) to improve the monetary policy transmission mechanism, resulting in improved financing environment and stronger confidence of enterprises. In the new circumstances, the environmental protection segment market has shown vigorous vitality, and rural environmental protection, hazardous waste treatment, soil remediation, environmental monitoring and other fields have become popular aspects for future development.

Under the background of ecological civilization construction and environmental protection supervision, the operational pressure of the water business industry has become more prominent. On one hand, under the requirements of enhancement, reconstruction and standardization of operation, the industry construction and operation capacity does not match with the high standard operation requirements; on the other hand, the below-standard water inflow, aging of pipe network and other problems also restrict the further development of certain enterprises’ water business segments. However, the water business industry still has demands in many segments — the industrial wastewater treatment still has a vast market. The wastewater treatment in villages and towns is also in urgent need to be resolved under the support of relevant national policies; the municipal pipe network is the “shortcoming” of the industry which needs to be further improved and constructed; the treatment of black and odorous water needs to be upgraded from quantity to quality.

行業概覽

近年來，黨和國家對環境保護的重視程度不斷加強，生態文明頂層設計逐步完善，環保行業邁向新的發展格局。二零一八年，「生態文明」被寫入憲法，生態環境部、自然資源部同期組建，強化了生態與環境的統籌管理；環境保護督查「回頭看」正式啓動並在年內完成了基層督查任務，環保監管長效機制愈加規範；《生態環境監測質量監督檢查三年行動計劃》正式出台，標誌著政府對環境監測質量的重視程度進一步提升；《農業農村污染防治攻堅戰行動計劃》印發，明確了農村農業污染治理的總體要求、行動目標、主要任務和保障措施，對農業農村污染治理攻堅戰做出部署；年末，國務院開展解決拖欠企業賬款專項行動，對改善環保行業現金流具有重大意義；中央經濟工作會議提出要改善貨幣政策傳導機制，環保企業融資環境改善信心增強。新的格局下，環保細分市場表現出蓬勃的生命力，農村環保、危廢處理、土壤修復、環境監測等領域成為未來發展的熱點。

在生態文明建設及環境保護督查的大背景下，水務行業運營壓力凸顯。一方面，在提標改造及規範化運營要求下，行業建設運營能力與高標準運營要求不匹配；另一方面，進水超標、管網老化等問題，也制約著部分企業水務板塊的進一步發展。但是，水務行業在多個細分領域需求仍在——工業污水處置尚有廣闊市場；村鎮污水治理在國家相關政策支持下也亟待進入解決；市政管網是行業「短板」，有待進一步完善建設；黑臭水治理需要從數量到質量升級。

Management Discussion and Analysis 管理層討論及分析

Attributing to the increasingly stringent national policies, solid waste treatment, an indispensable part of ecological civilization construction, has become one of the fastest growing areas among China's environmental industry. In 2018, despite the overall downturn in the environmental industry, the solid waste treatment markets including garbage incineration power generation and hazardous waste treatment developed at a strong pace. In particular, hazardous waste treatment is in a growing period, featured by high profitability and strong demands. The production capacity will develop at a faster pace in the future.

In terms of soil remediation, the promulgation of the Law of the People's Republic of China on Soil Pollution Prevention and Control* (《中華人民共和國土壤污染防治法》) filled a gap in respect of laws on soil pollution prevention and control in China and also brought new development opportunities for the soil pollution prevention and control market. At present, the soil remediation industry is still in its infancy, and the industry's output value accounts for a small proportion of the total output value of the environmental protection industry. There is still a large gap as compared with developed countries. As the national macro-control and industrial policies pay more attention to soil remediation, the market demand will gradually increase and the scale of the industry will usher in a huge room for improvement.

As a key part in the industry chain of environmental governance, environmental monitoring will become the internal driving force for the transformation and upgrading of the environmental industry. Environmental enterprises that master the intelligent environmental protection data and technologies will enjoy advantages in the future development of environmental protection intelligence and realize the transition from equipment suppliers to system integrators and platform operators.

2018 is the 40th anniversary of reform and opening up of the PRC with its ecological civilization construction has entered into a new era of development. Meanwhile, the concept of "Lucid waters and lush mountains are invaluable assets"* (綠水青山就是金山銀山) has gradually been in place, and the country's determination in the treatment of the ecological environment is unprecedentedly strong. With the implementation of various policies, the market potential for environmental treatment will be continuously released, which will generate more opportunities and greater potential for development in the environmental industry.

固廢處理是生態文明建設不可缺少的重要內容，近年來，隨著國家在政策上仍愈加嚴格，固廢處理已成為中國環保行業中增速最快的領域之一。二零一八年，儘管環保行業總體態勢低迷，但垃圾焚燒發電、危廢處置等固廢市場仍然保持著強有力的發展速度，其中危廢處理具備處於成長期、盈利水平高、處置需求旺盛的特點，未來產能還將提速釋放。

土壤修復方面，《中華人民共和國土壤污染防治法》的出台，彌補了我國土壤污染防治法律的缺失，也為土壤污染防治市場帶來新的發展契機。目前，土壤修復行業尚處起步階段，行業產值佔環保產業總產值的比例很小，較發達國家尚有較大差距。隨著國家宏觀調控和行業政策對土壤修復重視度的提高，其市場需求將逐步擴張，行業規模亦將迎來巨大的提升空間。

環境監測作為環保治理產業鏈裏的關鍵環節，將成為環保行業轉型升級的內在動力，掌握智慧環保數據端技術的環境監測企業，將在未來的智慧環保的發展過程中具備優勢，實現從設備商向系統集成商、平台運營服務商的轉變。

2018年正逢改革開放40年，中國生態文明建設進入新的發展時期，「綠水青山就是金山銀山」從理念階段逐漸落實，國家對生態環境治理的決心空前強大。隨著各項政策的貫徹落實，環境治理的市場將不斷釋放，環保行業將迎來更大的市場機遇與發展潛力。

Management Discussion and Analysis

管理層討論及分析

DEVELOPMENT STRATEGIES AND PROSPECT

In 2018, under the backdrop of “de-leverage”*(去槓桿) in the macro environment and strict supervision of the environmental protection industry, opportunities and challenges coexisted in the environmental protection industry. The Group paid close attention to the changes in the external business environment, timely adjusted the asset structure, and proactively expanded domestic and international key regional markets. Through continuous improvement of the operational management of projects, the Group overcame many difficulties and achieved certain operational benefits and stable development.

The Group strengthened project collaboration and business synergy by actively promoting a new model of regional management. On one hand, the Group continued to expand the market size of the water business segment through proactive participation in market bidding, investment in new construction and equity acquisition; on the other hand, the solid waste treatment business segment, as the cultivation focus in the Group’s business strategy, also realized rapid growth of scale in 2018, laying a solid foundation for future development. In the future, the Group will pay close attention to the impacts on its business operation of the policies and regulations as well as the change in interest rate, and focus on improving its operational management level and quality. Meanwhile, on the basis of consolidating and expanding the scale of water business, the Group will accelerate the development of solid waste treatment business, and proactively engage in emerging environmental protection fields by virtue of its existing technology accumulation and outreach cooperation, while continually consolidating and developing the Group’s market competitiveness among the industry.

In terms of financing, against the backdrop of credit scale getting tighter and capital cost rising gradually in 2018, the Group made over arrangements for financing. First, it continued to deepen cooperation with financial institutions and expand the scale of financing through multiple channels. Second, it proactively expanded the overseas financing channels. Third, based on the project resource advantages of different projects, the Group give full play to the financing function of key projects to enrich the capital needs of the Group. In the future, in the external environment where the financing environment recovers and on the premise of control of liability ratio, the Group will continue to strengthen centralized management of funds and internal and external funds accommodation, and solve fund demand by making full use of the financing functions of the regions.

In terms of investment, the Group will uphold the efficiency principle for external investment projects and equity mergers and acquisitions, and will give priority to the operational projects which are supported by stable cash flow and with reasonable gain; for operation management, the Group will speed up the pace of quality improvement and efficiency enhancement for the existing operating projects to reduce operating costs and relevant expenses, while continuously improving the operational efficiency of existing projects, to increase the positive

發展策略及前景

二零一八年，在宏觀環境「去槓桿」、環保行業嚴監管的大背景下，環保行業機遇與挑戰並存。本集團密切關注外部經營環境的變化，及時調整資產結構，積極拓展國內外重點區域市場，並通過持續提升項目運營管理水平，克服重重困難，取得了一定的經營效益，實現了集團的平穩發展。

本集團通過積極推行大區化管理的新模式，增強項目協作與業務合力。一方面，集團通過積極參與市場投標、投資新建和股權收購的方式繼續擴大水務業務板塊的市場規模；另一方面，作為集團經營戰略重點培育的固廢處理業務板塊，二零一八年也實現了規模的快速增長，為今後的發展打下堅實的基礎。未來，本集團將密切關注政策法規與利率變化對企業經營活動的影響，提升運營管理水平和經營質量，在鞏固及擴大水務業務規模的基礎上，加快培育固廢處理業務，利用自身已有的技術積累和外延合作積極介入環保新興領域，不斷鞏固和發展本集團在行業中的市場競爭力。

融資方面，在二零一八年信貸規模趨緊且資金成本逐步上升的大環境下，本集團統籌做好融資工作，一是繼續深化與金融機構合作，多渠道擴大融資規模；二是積極拓展境外融資渠道；三是結合各片區項目資源優勢，充分發揮重點項目自身融資功能，充實集團資金需求。未來在融資環境回暖的外部環境下，集團將在控制負債率的前提下繼續加強資金集中管理，強化內外部資金融通，充分利用各片區自身融資功能解決資金需求問題。

投資方面，本集團對外投資項目和股權併購活動秉承效率原則，優先考慮具有穩定現金流支撐及具有合理收益的經營性項目；運營管理方面，加快推動已運營項目的提質增效工作，降低運營成本和相關費用，持續提升已有項目的經營效益，增加集團經營活動正

Management Discussion and Analysis

管理層討論及分析

cash flow of the Group's operating activities. Meanwhile, the Group will strictly control the financial costs, strengthen management of funds to further improve the efficiency of the use of internal funds of the Group, and reinforce overall arrangement to prevent liquidity risks. In 2019, with the implementation of government's various stimulus policies on schedule and the marginal improvement of the external financing environment of environmental protection enterprises, the Group will accelerate the cultivation of industrial hazardous waste, medical hazardous waste, and garbage incineration while consolidating and expanding its existing businesses, and proactively engage in emerging fields including soil remediation and improvement and smart environmental protection by leveraging on its existing technology accumulation and outreach cooperation.

Looking forward, the Group will continue to adhere to the development goal of "based in Yunnan, covering the country and going global, striving to be a leading integrated service provider of municipal environment" * (立足雲南、面向全國、走向國際、致力成為領先的城鎮環境綜合服務商), and to seize more market opportunities in the environmental protection industry. Meanwhile, by taking advantage of new environmental protection policies, the Group will further enhance its technological capabilities, innovation capabilities, investment and financing capabilities, core competitiveness and social influence, thereby continuously creating greater value for shareholders.

BUSINESS REVIEW

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

As at 31 December 2018, the Group's water related projects (including the following wastewater treatment projects, water supply projects and all water related projects under other business segments) had the total daily treatment capacity of approximately 5,627,000 tonnes, representing an increase of approximately 19.4% as compared to the total daily treatment capacity of 4,712,700 tonnes as at 31 December 2017. As at 31 December 2018, the Group's solid waste treatment related projects (including the following solid waste treatment projects and all solid waste treatment related projects under other business segments) had the total annual treatment capacity of approximately 3,673,500 tonnes, representing an increase of approximately 66.1% as compared to the total annual capacity of 2,211,000 tonnes as at 31 December 2017.

現金流的規模。同時，集團嚴格控制財務成本，加強資金管理，進一步提高本集團內部資金使用效率，加強資金的統籌安排，防範流動性風險。二零一九年，在政府各項刺激政策如期落地、環保企業外部融資環境得到邊際改善的情況下，集團將在鞏固擴大原有業務的同時，加快培育工業危廢、醫療危廢、垃圾焚燒發電等重點業務，利用自身已有的技術積累和外延合作積極介入土壤修復與改良、智慧環保等新興領域。

未來，本集團將繼續本著「立足雲南、面向全國、走向國際，致力成為領先的城鎮環境綜合服務商」的發展目標，抓住更多環保行業市場機遇，利用環保行業新政策帶來的契機，進一步提升本集團的技術能力、創新能力、投融資能力、核心競爭力及社會影響力，不斷為股東創造更大的價值。

業務回顧

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

截至二零一八年十二月三十一日，本集團水務相關項目(包含以下污水處理項目、供水項目及其他業務分部中的所有水務處理相關項目)的日處理總量約為5,627,000噸，較截至二零一七年十二月三十一日日處理總量4,712,700噸增長約19.4%。截至二零一八年十二月三十一日，本集團固廢處理相關項目(包含以下固廢處理項目及其他業務分部中的所有固廢處理相關項目)的年處理總量約為3,673,500噸，較截至二零一七年十二月三十一日年處理總量2,211,000噸增長約66.1%。

Management Discussion and Analysis

管理層討論及分析

Meanwhile, the Group has been closely following the policies introduced by the Chinese government, and actively capturing the market opportunities to expand its footage in the municipal environment comprehensive treatment projects. During the Reporting Period, the Group had obtained 12 main relevant projects including “urban water comprehensive treatment works” in Qinyang City, Henan Province, “construction of wastewater treatment facilities” in the entire Xuwen County, Zhanjiang City, Guangdong Province, “urban water transformation and upgrading works” in Wuzhi County, Jiaozuo City, Henan Province, “the integration of water supply and drainage” in Shuangcheng District, Harbin City, Heilongjiang Province, “the wastewater treatment system” in Xianmei Area, Rongcheng District, Jieyang City, Guangdong Province, “the integrated treatment of solid wastes” for the Venous Industrial Park in Ganquanpu Economic Development Zone in Urumqi and etc., The total investment amount of the abovementioned 12 projects was approximately RMB9 billion with business involving wastewater treatment, the integration of water supply and solid waste treatment and etc., among which most of the projects are carried out by way of service concession arrangement (eg. BOT model). As at 31 December 2018, the Group had 26 projects in relation to the municipal environment comprehensive treatment under construction.

Wastewater Treatment Projects

As at 31 December 2018, the Group had a total of 115 concession wastewater treatment projects under construction and in operation, including 7 BOO projects, 68 BOT projects, 2 TOO projects, 20 TOT projects, 1 ROT project and 17 municipal environment comprehensive treatment projects, with total daily treatment capacity of approximately 3,027,200 tonnes, representing an addition of 2 BOO projects, 2 BOT projects, 6 TOT projects, 1 ROT project and 7 municipal environment comprehensive treatment projects year-on-year, and an increase in the total daily wastewater treatment capacity of approximately 508,200 tonnes or a growth rate of approximately 20.2% as compared with the year ended 31 December 2017.

As at 31 December 2018, 83 concession projects with total daily treatment capacity of approximately 2,352,000 tonnes had commenced commercial operation, representing an addition of 6 TOT projects year-on-year which commenced commercial operation and an increase in total daily treatment capacity of approximately 168,000 tonnes compared with the year ended 31 December 2017. During the Reporting Period, the Group's effective wastewater treatment utilization rate was approximately 75.51%, and the average unit charge of wastewater treatment was approximately RMB1.35 per tonne.

As at 31 December 2018, 32 concession projects with total daily treatment capacity of approximately 675,200 tonnes (including 17 municipal environment comprehensive treatment projects with total daily treatment capacity of approximately 294,700 tonnes) had not commenced commercial operation, representing an addition of 2 BOT projects, 2 BOO project, 1 ROT project and 7 municipal environment comprehensive treatment projects and an increase in total daily treatment capacity of approximately 340,200 tonnes as compared with 31 December 2017.

同時，本集團緊跟國家政策，抓住市場機遇，繼續積極推進市政環境綜合治理項目。於報告期內，本集團先後獲得河南省沁陽市城區水系綜合治理工程、廣東省湛江市徐聞縣整縣推進污水處理設施建設項目、河南省焦作武陟縣城區水系提升項目、黑龍江省哈爾濱市雙城區供排水一體化項目、廣東省揭陽市榕城區仙梅片區污水處理系統建設工程項目、烏魯木齊市甘泉堡開發區固廢綜合處置靜脈產業園等十二個主要的相關項目，上述12個項目涉及總投資額約為人民幣90億元，業務覆蓋污水處理、供排水一體化及固廢處理等多個方面，其中大部分項目以服務特許經營權安排(例如BOT模式)進行。於二零一八年十二月三十一日，本集團擁有26個在建的市政環境綜合治理項目。

污水處理項目

截至二零一八年十二月三十一日，本集團在建和運營的特許經營污水項目共115個，包括7個BOO項目、68個BOT項目、2個TOO項目、20個TOT項目、1個ROT項目及17個市政環境綜合治理項目，日處理總量約為3,027,200噸，與截至二零一七年十二月三十一日止年度同比新增2個BOO項目、2個BOT項目、6個TOT項目、1個ROT項目及7個市政環境綜合治理項目，日污水處理量增加約508,200噸，增長率約為20.2%。

截至二零一八年十二月三十一日，日處理總量約為2,352,000噸的83個特許經營項目已投入商業運營，與截至二零一七年十二月三十一日止年度同比新增6個TOT項目投入商業運營，日處理總量增加約168,000噸。於報告期內，本集團的實際污水處理利用率約75.51%，平均污水處理收費單價約為每噸人民幣1.35元。

截至二零一八年十二月三十一日，日處理總量為約675,200噸的32個特許經營項目尚未投入商業運營(包括17個日污水處理總量約294,700噸的市政環境綜合治理項目)，與截至二零一七年十二月三十一日同比新增2個BOT項目、2個BOO項目、1個ROT項目及7個市政環境綜合治理項目，日污水處理量增加約340,200噸。

Management Discussion and Analysis

管理層討論及分析

Water Supply Projects

As at 31 December 2018, the Group had a total of 62 concession water supply projects with total daily treatment capacity of approximately 2,221,000 tonnes under construction or in operation, including 15 BOO projects, 31 BOT projects, 11 TOT projects and 5 municipal environment comprehensive treatment projects, representing an addition of 7 BOT projects, 2 BOO projects and 3 municipal environment comprehensive treatment projects year-on-year, and an increase in total daily capacity of approximately 354,000 tonnes compared with 31 December 2017, representing a growth rate of approximately 19%.

As at 31 December 2018, 32 concession projects with total daily capacity of approximately 1,285,000 tonnes had commenced commercial operation. During the Reporting Period, the Group's effective water supply utilization rate was approximately 70.18%, and the average unit charge of water supply was approximately RMB2.39 per tonne.

As at 31 December 2018, 30 concession projects with total daily capacity of approximately 936,000 tonnes had not commenced commercial operation (including 5 municipal environment comprehensive treatment projects with total daily treatment capacity of approximately 332,000 tonnes), representing an addition of 7 BOT projects, 2 BOO projects and 3 municipal environment comprehensive treatment projects year-on-year and an increase in total daily capacity of approximately 354,000 tonnes.

Solid Waste Treatment Projects

As at 31 December 2018, the Group had 19 solid waste treatment projects with total annual treatment capacity of 3,527,500 tonnes, 8 of which with an annual treatment capacity of 1,168,000 tonnes had commenced commercial operation and 11 of them with an annual treatment capacity of 2,359,500 tonnes was under construction (including 4 municipal environment comprehensive treatment projects with total annual treatment capacity of approximately 1,243,000 tonnes). As compared to 31 December 2017, 7 additional solid waste treatment projects were under construction and the total annual treatment capacity increased by 1,480,500 tonnes. During the Reporting Period, the Group's effective solid waste treatment utilization rate was approximately 87.6%.

Construction and Sales of Equipment

The Group's construction and sales of equipment segment comprises BT projects, EPC projects and sales of equipment. As at 31 December 2018, the Group had a total of 11 BT projects, which were either under construction and/or completed, among which income of 10 BT projects were recognised during the Reporting Period.

During the Reporting Period, the Group had a total of 10 EPC projects.

供水項目

截至二零一八年十二月三十一日，本集團擁有62個日處理總量約2,221,000噸的在建或運營中的供水特許經營項目，其中包括15個BOO項目、31個BOT項目、11個TOT項目及5個市政環境綜合治理項目，與截至二零一七年十二月三十一日同比新增7個BOT項目、2個BOO項目及3個市政環境綜合治理項目，日處理總量增加約354,000噸，增長率約為19%。

截至二零一八年十二月三十一日，日處理總量約1,285,000噸的32個特許經營項目已投入商業運營。於報告期內，本集團的實際供水利用率約為70.18%，平均供水收費單價約為每噸人民幣2.39元。

截至二零一八年十二月三十一日，日處理總量約936,000噸的30個特許經營項目尚未投入商業運營（包括5個日處理總量約332,000噸的市政環境綜合治理項目），同比新增7個BOT項目、2個BOO項目及3個市政環境綜合治理項目，日處理總量增加約354,000噸。

固廢處理項目

截至二零一八年十二月三十一日，本集團擁有19個固廢處理項目，年處理總量為3,527,500噸，其中年處理量為1,168,000噸的8個項目已經投入商業運營，年處理量為2,359,500噸的11個項目正在建設（包括4個年處理量約1,243,000噸的市政環境綜合治理項目）。與二零一七年十二月三十一日相比，新增7個在建的固廢處理項目，年處理總量增加1,480,500噸。於報告期內，本集團的實際固廢處理利用率約為87.6%。

建造及設備銷售

本集團的建造及設備銷售分部包括BT項目、EPC項目及設備銷售。截至二零一八年十二月三十一日，本集團在建設及／或已完工的BT項目共11個，其中於報告期內確認收益的BT項目共10個。

於報告期內，本集團EPC項目共10個。

Management Discussion and Analysis

管理層討論及分析

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

Others

During the Reporting Period, the Group also undertook O&M projects for wastewater treatment, water supply and solid waste treatment facilities owned by third parties as well as provision of technical and consultancy services in relation to environmental protection. As at 31 December 2018, the Group had 32 O&M projects, including 30 wastewater treatment projects with total daily treatment capacity of approximately 373,800 tonnes (including the capacity of wastewater treatment projects adopting O&M model within municipal environment comprehensive treatment projects), 1 water supply project with daily capacity of approximately 5,000 tonnes and 1 solid waste treatment project with annual capacity of approximately 146,000 tonnes.

FINANCIAL REVIEW

Results of Operation

During the Reporting Period, the Group recorded revenue of approximately RMB6,255.6 million, representing an increase of approximately 21.7% compared with the year ended 31 December 2017. During the Reporting Period, the Group realized core business profit of approximately RMB496.7 million, representing an increase of approximately 19.7% as compared with the year ended 31 December 2017. Core business profit represents profit for the year excluding fair value gains or losses on the remeasurement of investments accounted for using the equity method and one-off recovery of other receivables. During the Reporting Period, the Group realized a net profit of approximately RMB496.7 million, representing a decrease of approximately 8.7% compared with the year ended 31 December 2017. Profit attributable to the ordinary shareholders of the Company was approximately RMB397.8 million, representing a decrease of approximately 5.9% as compared with 31 December 2017. Earnings per share for the year ended 31 December 2018 was approximately RMB0.333.

Revenue

Revenue of the Group increased from approximately RMB5,142.2 million for the year ended 31 December 2017 to approximately RMB6,255.6 million for the Reporting Period, representing an increase of approximately 21.7%.

In respect of the business segments of the Group, revenue from wastewater treatment tremendously increased from approximately RMB1,683.5 million for the year ended 31 December 2017 to approximately RMB3,295.0 million for the Reporting Period. Revenue from water supply decreased by approximately 1.9% from approximately RMB1,194.2 million for the year ended 31 December 2017 to approximately RMB1,171.8 million for the Reporting Period. Revenue from solid waste treatment increased by approximately 30.6% from RMB573.5 million for

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

其他

本集團在報告期內也就第三方擁有的污水處理、供水及固廢處理設施開展O&M項目，並提供了與環境保護相關的技術及諮詢服務。截至二零一八年十二月三十一日，本集團擁有32個O&M項目。其中，30個日處理總量約為373,800噸的污水處理項目（包括市政環境綜合治理項目中以O&M模式運營的污水處理項目的規模），1個日處理量約為5,000噸的供水項目，1個年處理量約為146,000的固廢處理項目。

財務回顧

經營業績

本集團於報告期內錄得收益約人民幣6,255.6百萬元，相較截至二零一七年十二月三十一日止年度增長約21.7%。本集團報告期內實現核心業務利潤約為人民幣496.7百萬元，與截至二零一七年十二月三十一日止年度同比增長約19.7%。核心業務利潤指年內溢利扣除重新計量以權益法入賬投資的公允價值的損益及一次性轉回的其他應收款。於報告期內本集團實現淨溢利約人民幣496.7百萬元，相較截至二零一七年十二月三十一日止年度減少約8.7%。本公司普通股股東應佔溢利約為人民幣397.8百萬元，相較截至二零一七年十二月三十一日降低約5.9%，截至二零一八年十二月三十一日止年度的每股盈利約為人民幣0.333元。

收益

本集團的收益由截至二零一七年十二月三十一日止年度約人民幣5,142.2百萬元增長至報告期內約人民幣6,255.6百萬元，增幅約21.7%。

就本集團的業務分部而言，污水處理的收益由截至二零一七年十二月三十一日止年度的約人民幣1,683.5百萬元大幅增長至報告期約人民幣3,295.0百萬元。供水業務的收益由截至二零一七年十二月三十一日止年度約人民幣1,194.2百萬元基減少約1.9%至報告期的約人民幣1,171.8百萬元。固廢處理業務的收益由截

Management Discussion and Analysis 管理層討論及分析

the year ended 31 December 2017 to approximately RMB749.0 million for the Reporting Period. Revenue from construction and sales of equipment decreased by approximately 17.7% from approximately RMB1,175.8 million for the year ended 31 December 2017 to approximately RMB967.9 million for the Reporting Period. Revenue from other business decreased from approximately RMB515.3 million for the year ended 31 December 2017 to approximately RMB71.9 million for the Reporting Period.

The increase in revenue from the wastewater treatment segment was mainly attributable to (i) an increase in construction revenue generated by the large-scale construction investments of certain municipal environment comprehensive treatment projects during the Reporting Period; (ii) certain wastewater projects acquired and recorded less than 12 months' revenue in 2017, realized full year revenue during the Reporting Period; and (iii) certain wastewater treatment projects newly acquired by the Group in 2018 which generated operating revenue during the Reporting Period.

The decrease in revenue from the water supply segment was mainly attributable to (i) a decrease in construction revenue due to several main water supply projects were nearly completed during the Reporting Period; and (ii) the increase in operating revenue is less than the decrease in construction revenue.

The increase in revenue from the solid waste treatment segment was mainly attributable to (i) an increase in construction revenue generated by certain solid waste treatment projects under construction; (ii) certain solid waste projects which acquired at the second half of 2017 recorded a full year revenue during the Reporting Period; and (iii) existing solid waste treatment projects recorded an increase in revenue which credit to the successful market exploration.

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

Cost of Sales

Cost of sales of the Group for the Reporting Period was approximately RMB4,757.6 million, representing an increase of approximately 24.0% as compared with approximately RMB3,837.5 million for the year ended 31 December 2017. The increase was primarily due to (i) an increase in construction costs due to the constructions of several ongoing and newly-gained wastewater treatment and solid waste treatment projects; (ii) certain solid waste treatment projects acquired in 2017 achieved full year operation during the Reporting Period; (iii) certain wastewater and water supply projects acquired in 2018 had commenced commercial operation, resulting in an increase in operating costs; and (iv) the operating expansion of the existing water supply and wastewater treatment projects.

至二零一七年十二月三十一日止年度的人民幣573.5百萬元增加約30.6%至報告期約人民幣749.0百萬元。建造及設備銷售的收益由截至二零一七年十二月三十一日止年度的約人民幣1,175.8百萬元減少約17.7%至報告期約人民幣967.9百萬元。其他業務的收益由截至二零一七年十二月三十一日止年度的約人民幣515.3百萬元降低至報告期約人民幣71.9百萬元。

污水處理分部收益增加主要由於(i)報告期內若干市政環境綜合治理處理項目的大規模建造投資使建造收入增加；(ii)二零一七年上半年收購未完整錄得整年收入的若干污水項目，於報告期實現全年收益；及(iii)於二零一八年收購的若干污水處理廠在報告期內產生經營收益所致。

供水分部收益減少主要由於(i)由於報告期內多項主要的供水項目建設接近完工，建造收入減少；及(ii)經營收益的增加少於建造收入的減少所致。

固廢處理分部收益增加主要由於(i)若干固廢項目於報告期內持續建設所產生的的建造收入增加；(ii)二零一七年下半年收購的若干固廢項目於報告期內錄得全年收益；及(iii)現有固廢項目因成功市場擴張導致收入增加所致。

建造及設備銷售分部收益減少主要由於(i)原有BT項目逐漸完工且新增BT項目減少；及(ii)於報告期內EPC項目的建設及設備銷售減少所致。

銷售成本

本集團於報告期內的銷售成本約人民幣4,757.6百萬元，較截至二零一七年十二月三十一日止年度的約人民幣3,837.5百萬元增加約24.0%。該增加主要由於(i)多項已有及新增的污水及固廢項目建設導致建造成本上升；(ii)二零一七年收購的若干供水、污水及固廢項目於報告期內實現全年運營；(iii)二零一八年新收購的污水及供水項目，導致運營成本增加；及(iv)現有污水及供水項目經營擴張所致。

Management Discussion and Analysis

管理層討論及分析

Gross Profit Margin

During the Reporting Period, gross profit margin of the Group was approximately 23.9%, representing a slight decrease of approximately 1.5% as compared with approximately 25.4% for the year ended 31 December 2017.

Other Income

During the Reporting Period, the Group recorded other income of approximately RMB144.7 million as compared with approximately RMB309.6 million for the year ended 31 December 2017, representing a decrease of approximately 53.3%. The decrease in other income during the Reporting Period was mainly due to (i) the recovery of certain other receivables in the first half of 2017, which return to normal during the Reporting Period; and (ii) a decrease in government grants during the Reporting Period.

Other Gains — net

During the Reporting Period, the Group recorded other net gains of approximately RMB10.5 million, representing a decrease of approximately 81.7% as compared with approximately RMB57.4 million for the year ended 31 December 2017. The decrease was mainly due to fair value gains on the remeasurement of a joint venture and an associate for the year ended 31 December 2017, whereas there was no such remeasurement during the Reporting Period.

Selling Expenses

During the Reporting Period, selling expenses of the Group was approximately RMB43.9 million, representing an increase of approximately 11.1% from approximately RMB39.5 million for the year ended 31 December 2017. The increase was due to selling development of water supply and waste treatment businesses which led to an increase in employee benefit expenses and vehicle costs.

Administrative Expenses

Administrative expenses of the Group decreased by RMB36.4 million from approximately RMB431.5 million for the year ended 31 December 2017 to approximately RMB395.1 million for the Reporting Period, representing a decrease of approximately 8.4%. The decrease in administrative expenses was primarily due to a decrease in legal and professional fees which was led by slowing-down business acquisitions during the Reporting Period.

Finance Costs — net

Net finance costs increased by RMB57.0 million from approximately RMB521.5 million for the year ended 31 December 2017 to approximately RMB578.5 million for the Reporting Period, representing an increase of approximately 10.9%. The increase in net finance costs was primarily due to an increase of bank borrowings and the issuance of debt instruments.

毛利率

於報告期內，本集團的毛利率約23.9%，較截至二零一七年十二月三十一日止年度約25.4%微弱降低約1.5%。

其他收入

於報告期內，本集團錄得其他收入約人民幣144.7百萬元，而截至二零一七年十二月三十一日止年度錄得約人民幣309.6百萬元，降幅約為53.3%。其他收入減少主要是由於(i)二零一七年上半年其他收入由於收回若干其他應收款大幅上升，於報告期內回落至以往水準；及(ii)於報告期內政府補助收入下降所致。

其他收益淨額

於報告期內，本集團錄得其他收益淨額約人民幣10.5百萬元，較截至二零一七年十二月三十一日止年度約人民幣57.4百萬元降低約為81.7%。其他收益減少主要是由於截至二零一七年十二月三十一日止年度錄由於收購重新計量公允價值收益導致其他收益上升，而報告期內無類似重新計量所致。

銷售開支

於報告期內，本集團的銷售開支約人民幣43.9百萬元，較截至二零一七年十二月三十一日止年度約人民幣39.5百萬元增加約11.1%。該增加乃由於供水及固廢業務的銷售拓展導致人員福利和車輛費用上升所致。

行政開支

本集團行政開支由截至二零一七年十二月三十一日止年度的約人民幣431.5百萬元減少人民幣36.4百萬元至報告期內約人民幣395.1百萬元，降幅約為8.4%。行政開支減少主要由於報告期內業務收購速度減慢導致收購相關的法律及專業費用降低所致。

融資成本淨額

融資成本淨額由截至二零一七年十二月三十一日止年度約人民幣521.5百萬元增加人民幣57.0百萬元至報告期內約人民幣578.5百萬元，增幅為約10.9%。融資成本淨額增加主要是由於銀行借款增加及債務工具的發行所致。

Management Discussion and Analysis

管理層討論及分析

The average interest rate on borrowings of the Group for the Reporting Period was approximately 4.86% per annum, representing an increase compared with approximately 4.27% per annum for the year ended 31 December 2017 due to the increase in market interest rate and diversified financing channels.

Profit Before Income Tax

As a result of the above factors, the Group recorded profit before income tax of approximately RMB644.2 million for the Reporting Period, representing a decrease of approximately 8.3% as compared with approximately RMB702.2 million recorded for the year ended 31 December 2017.

Income Tax Expenses

Income tax expenses decreased by RMB10.7 million from approximately RMB158.2 million for the year ended 31 December 2017 to approximately RMB147.5 million for the Reporting Period, representing a decrease of approximately 6.8%. The weighted average effective tax rate was approximately 20.1% (2017: 20.1%).

Profit and Net Profit Margin for the Reporting Period

As a result of the foregoing, profit for the Reporting Period decreased by RMB47.3 million from approximately RMB544.0 million for the year ended 31 December 2017 to approximately RMB496.7 million for the Reporting Period, representing a decrease of approximately 8.7%. Net profit margin decreased from approximately 10.6% for the year ended 31 December 2017 to approximately 7.9% for the Reporting Period.

Receivables under Service Concession Arrangements

The Group's receivables under service concession arrangements decreased by RMB888.0 million from approximately RMB5,111.1 million as at 31 December 2017 to approximately RMB4,223.1 million as at 31 December 2018, representing a decrease of approximately 17.4%. Such decrease was primarily due to the Group's adoption of HK(IFRIC) 12 (Amendments) "Service concession arrangements", which led to reclassifying certain receivables under service concession arrangements as contract assets during the Reporting Period.

Trade and Other Receivables and Prepayments

The Group's trade and other receivables and prepayments increased by RMB1,211.0 million from approximately RMB6,205.0 million as at 31 December 2017 to approximately RMB7,416.0 million as at 31 December 2018, representing an increase of approximately 19.5%. Such increase was primarily due to a continuous operation of EPC construction and sales of equipment business.

本集團報告期內平均借款利率約為每年4.86%，與截至二零一七年十二月三十一日止年度的每年約4.27%相比增長乃由於市場利率水平上升融資渠道多樣化所致。

所得稅前溢利

由於上述因素，本集團於報告期內錄得所得稅前溢利約人民幣644.2百萬元，相對於截至二零一七年十二月三十一日止年度錄得約人民幣702.2百萬元，降幅約為8.3%。

所得稅開支

所得稅開支由截至二零一七年十二月三十一日止年度的約人民幣158.2百萬元減少人民幣10.7百萬元至報告期內的約人民幣147.5百萬元，降幅約6.8%。加權平均有效稅率約為20.1%（二零一七年：20.1%）。

報告期內溢利及純利率

由於上述各項，報告期內溢利由截至二零一七年十二月三十一日止年度的約人民幣544.0百萬元減少人民幣47.3百萬元至報告期內約人民幣496.7百萬元，降幅約8.7%。純利率由截至二零一七年十二月三十一日止年度約10.6%降低至報告期內約7.9%。

服務特許經營安排下的應收款項

本集團服務特許經營權安排下的應收款項由二零一七年十二月三十一日約人民幣5,111.1百萬元減少人民幣888.0百萬元至二零一八年十二月三十一日的約人民幣4,223.1百萬元，降幅約17.4%。該減少主要由於本集團採納香港（國際財務報告詮釋委員會）詮釋第12號（修訂本）「服務特許權安排」，導致於報告期內部分服務特許經營安排下的應收款項重分類至合同資產所致。

貿易及其他應收款項以及預付款項

本集團的貿易及其他應收款項以及預付款項由二零一七年十二月三十一日的約人民幣6,205.0百萬元增加人民幣1,211.0百萬元至二零一八年十二月三十一日的約人民幣7,416.0百萬元，增長約19.5%。該增長主要是由於EPC建造及設備銷售業務的持續經營所致。

Management Discussion and Analysis

管理層討論及分析

Cash and Cash Equivalents

The Group's total cash balance decreased by RMB682.5 million from approximately RMB2,896.9 million as at 31 December 2017 to approximately RMB2,214.4 million as at 31 December 2018, representing a decrease of approximately 23.6%. Such decrease was primarily due to an increase of the payment of construction cost of existing and newly acquired municipal environment comprehensive treatment projects.

Trade and Other Payables

The Group's trade and other payables increased by RMB1,746.4 million from approximately RMB4,528.7 million as at 31 December 2017 to approximately RMB6,275.1 million as at 31 December 2018, representing an increase of approximately 38.6%. Such increase was primarily due to an increase in construction services payable due to the continuous investments in municipal environment comprehensive treatment projects under construction.

Borrowings and Pledge of Assets

As at 31 December 2018, the Group had borrowings of approximately RMB16,934.5 million of which approximately RMB5,232.2 million secured by the Group's shares of subsidiaries, property, plant and equipment, intangible assets, land use right, rights of charges from concession projects of water supply and wastewater treatment and BT projects of approximately RMB5,278.6 million.

Capital Commitments

The Group's capital commitments increased by RMB2,225.8 million from approximately RMB7,949.7 million as at 31 December 2017 to approximately RMB10,175.5 million as at 31 December 2018, representing an increase of approximately 28.0%. Such increase was primarily due to the Group's increased investments in several municipal environment comprehensive treatment projects.

Gearing Ratio

The Group's gearing ratio (calculated as net debt divided by total capital) increased from approximately 61.96% as at 31 December 2017 to approximately 67.98% as at 31 December 2018. The increase in gearing ratio was mainly due to the increased scale of debt financing during the Reporting Period.

現金及現金等價物

本集團的現金結餘總額由二零一七年十二月三十一日的約人民幣2,896.9百萬元減少至二零一八年十二月三十一日的約人民幣2,214.4百萬元，減少約23.6%。該減少主要是由於已有及新增在建的市政環境綜合治理項目持續建設投資，導致報告期內付款所致。

貿易及其他應付款項

本集團的貿易及其他應付款項由二零一七年十二月三十一日的約人民幣4,528.7百萬元增長至二零一八年十二月三十一日的約人民幣6,275.1百萬元，增長約38.6%。該增長主要是由於對在建的市政環境綜合治理項目的持續投資，增加購買應付建築服務所致。

借款及資產抵押

截至二零一八年十二月三十一日，本集團借款約人民幣16,934.5百萬元，其中約人民幣5,232.2百萬元由本集團的應佔附屬公司股份、廠房及設備、無形資產、土地使用權、供水、污水處理及BT項目的收費權約人民幣5,278.6百萬元作擔保。

資本承擔

本集團的資本承擔由二零一七年十二月三十一日約人民幣7,949.7百萬元增加至二零一八年十二月三十一日約人民幣10,175.5百萬元，增幅約28.0%。該項增加主要由於該本集團增加多個市政環境綜合治理項目的投資所致。

資產與負債的比率

本集團資產與負債的比率(按淨債務除以總資本計算)由二零一七年十二月三十一日的約61.96%增至二零一八年十二月三十一日的約67.98%。資產與負債的比率的增加主要乃由於報告期內債務融資規模持續增加所致。

Management Discussion and Analysis

管理層討論及分析

Employees and Remuneration Policy

As at 31 December 2018, the Group employed 6,207 employees (31 December 2017: 5,302). During the Reporting Period, staff cost was approximately RMB549.4 million (for the year ended 31 December 2017: RMB411.4 million). The Group will strive to ensure that the remuneration level of employees is in line with industry practices and prevailing market conditions, and remunerations of employees will be determined based on their performance. The remuneration package provided to employees also includes basic and floating salaries, discretionary bonus and staff benefits. The Group also provides external and internal training programs for its employees.

The Group did not experience any significant labour disputes causing any material impact on its normal business operations.

Foreign Exchange Risk

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

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

Contingent Liabilities

As at 31 December 2018, the Group did not have any significant contingent liabilities.

Final Dividend

The Board has resolved to declare a final dividend of RMB0.15 per share (tax included) for the year ended 31 December 2018. The proposed distribution of final dividend by the Company is subject to approval at the forthcoming annual general meeting. Upon approval, the final dividend will be paid on or before Tuesday, 30 July 2019.

僱員及薪酬政策

於二零一八年十二月三十一日，本集團聘用6,207名僱員(二零一七年十二月三十一日：5,302名)。報告期內，員工成本約為人民幣549.4百萬元(截至二零一七年十二月三十一日止年度：人民幣411.4百萬元)。本集團將致力確保僱員薪酬水準符合行業慣例及現行市場情況，而僱員薪酬乃基於彼等的表現釐定。為僱員提供的薪酬待遇亦包括基本及浮動薪資、酌情花紅及員工福利。本集團亦為僱員提供外部及內部培訓計劃。

本集團並無任何重大勞務糾紛對本集團正常業務營運產生重大影響。

外匯風險

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

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

或然負債

截至二零一八年十二月三十一日，本集團並無任何重大或然負債。

末期股息

董事會議決宣派截至二零一八年十二月三十一日止年度的末期股息，每股人民幣0.15元(含稅)。建議派發末期股息須待本公司應屆股東週年大會批准後，方可作實。經批准後，末期股息將於二零一九年七月三十日(星期二)或之前派發。

Management Discussion and Analysis

管理層討論及分析

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

- On 10 December 2018, the Company together with Yunnan Construction and Investment Holding Group Co., Ltd. were formally awarded the PPP project in relation to the rural domestic wastewater treatment facilities in Yanliang District, which is granted by Yanliang County Water Authority* (閩良縣水務局) authorized by the People's Government of Yanliang District, Xi'an City, Shaanxi Province, the PRC by way of public tender. The total estimated investment of the Project amounted to approximately RMB385,973,700.
- On 3 December 2018, the Company together with Guangzhou Engineering Contractor Group Co., Ltd.* (廣州工程總承包集團有限公司) and Zhongdu Engineering Design Co., Ltd.* (中都工程設計有限公司) were formally awarded the PPP project in relation to construction of wastewater treatment facilities in the entire Luoding City, which was granted by Environmental Protection Bureau of Luoding City, Guangdong Province* (廣東省羅定市環境保護局), the PRC by way of public tender. The total estimated investment of the Project amounted to approximately RMB732,882,600.
- On 21 November 2018, the Company entered into joint venture agreements with Maoming Jianjiang River Basin Water Conservancy and Hydropower Construction and Installation Engineering Co., Ltd.* (茂名市鑿江流域水利水電建築安裝工程有限公司) and Guangzhou Environmental Protection Engineering Co., Ltd.* (廣州市環境保護工程設計院有限公司) in relation to establishment of joint venture company I and joint venture company II in Xinyi City, Maoming City, Guangdong Province, the PRC, respectively. The total investment in joint venture company I: Xinyi City Yunshui Environmental Protection Co., Ltd.* (信宜市雲水環保有限公司) was RMB168,750,000 and the total investment in joint venture company II: Xinyi City Yunshui Water Co., Ltd.* (信宜市雲水水務有限公司) was RMB192,890,000.
- On 2 November 2018, the Company together with Guangzhou Engineering Contractor Group Co., Ltd.* (廣州工程總承包集團有限公司) were formally awarded the PPP project in relation to the rural domestic wastewater treatment facilities in three towns including Yamen town, which is granted by Agriculture and Forestry Bureau of Xinhui District, Jiangmen City, Guangdong Province* (廣東省江門市新會區農林局), the PRC by way of public tender. The total estimated investment of the Project amounted to approximately RMB149,000,000.
- On 18 October 2018, the Company and Xinjiang Derun Economic Construction and Development Co., Ltd.* (新疆德潤經濟建設發展有限公司) entered into the shareholders' agreement in relation to establishment of Xinjiang Yunrun Recycling Economy Co., Ltd.* (新疆雲潤循環經濟有限公司) as a joint venture company in Ganquanpu Economic Development Zone in Urumqi City, Xinjiang Uygur Autonomous Region, the PRC with a total investment amount of RMB132,917,600.

重大投資及收購

- 於二零一八年十二月十日，本公司聯同雲南省建設投資控股集團有限公司正式中標由中國陝西省西安市閩良區人民政府授權的閩良縣水務局通過公開招標方式授予的閩良區農村生活污水治理工程PPP項目。該項目估算總投資額約為人民幣385,973,700元。
- 於二零一八年十二月三日，本公司聯同廣州工程總承包集團有限公司及中都工程設計有限公司正式中標由中國廣東省羅定市環境保護局通過公開招標方式授予的羅定市整市拖進污水處理設施建設PPP項目。該項目估算總投資額約為人民幣732,882,600元。
- 於二零一八年十一月二十一日，本公司與茂名市鑿江流域水利水電建築安裝工程有限公司及廣州市環境保護工程設計院有限公司就於中國廣東省茂名市信宜市成立合資公司I及合資公司II分別訂立合資協議。合資公司I：信宜市雲水環保有限公司總投資額為人民幣168,750,000元，合資公司II：信宜市雲水水務有限公司總投資額為人民幣192,890,000元。
- 於二零一八年十一月二日，本公司聯同廣州工程總承包集團有限公司正式中標由中國廣東省江門市新會區農林局通過公開招標方式授予的崖門鎮等三鎮農村生活污水處理設施PPP項目。該項目估算總投資額約為人民幣149,000,000元。
- 於二零一八年十月十八日，本公司與新疆德潤經濟建設發展有限公司就於中國新疆維吾爾自治區烏魯木齊市甘泉堡成立合資公司：新疆雲潤循環經濟有限公司訂立股東協議，總投資額為人民幣132,917,600元。

Management Discussion and Analysis 管理層討論及分析

- On 12 October 2018, the Company, Funan Huai'an Water Co., Ltd.* (阜南縣淮岸水務有限公司), Yunnan Railway General Corporation* (雲南省鐵路總公司) and Fuyang Urban and Rural Planning and Design Institute* (阜陽市城鄉規劃設計研究院) entered into a joint venture agreement in relation to establishment of Funan Yunshui Urban and Rural Environmental Protection Technology Co., Ltd.* (阜南雲水城鄉環保科技有限公司) as a joint venture company in Funan County, Fuyang City, Anhui Province, the PRC with a total investment amount of RMB180,000,000.
- On 27 September 2018, the Company together with Yunnan Railway General Corporation* (雲南省鐵路總公司) and Fuyang Urban and Rural Planning and Design Institute* (阜陽市城鄉規劃設計研究院) were formally awarded the PPP project in relation to the domestic wastewater treatment for the government locations of townships and towns in Funan County, which is granted by Funan County Housing and Urban-Rural Construction Bureau* (阜南縣住房和城鄉建設局) by way of public tender and is authorized by the People's Government of Fuyang City (阜陽市人民政府), Anhui Province, the PRC. The total estimated investment amount of the Project is approximately RMB929,223,400.
- On 19 September 2018, the PPP project in relation to the whole package of water purification facilities of Xinyi City, which is granted by Xinyi City Housing and Urban-Rural Construction Bureau* (信宜市住房和城鄉規劃建設局) of Guangdong Province, the PRC, was been formally awarded to the Company together with Maoming Jianjiang River Basin Water Conservancy and Hydropower Construction and Installation Engineering Co., Ltd.* (茂名市鑿江流域水利水電建築安裝工程有限公司) and Guangzhou Environmental Protection Engineering Co., Ltd.* (廣州市環境保護工程設計院有限公司). The total estimated investment amount of the Project is approximately RMB1,053,690,000.
- On 6 September 2018, the Company and Guangzhou Engineering Contractor Group Co., Ltd.* (廣州工程總承包集團有限公司) entered into a joint venture agreement in relation to the establishment of Jiexi Yunshuiqing Environmental Protection Co., Ltd.* (揭西縣雲水清環保有限公司) as a joint venture company in Jiexi County, Jieyang City, Guangdong Province, the PRC with a total investment amount of RMB176,000,000.
- On 16 August 2018, the PPP project in relation to the integrated treatment of solid wastes for the Venous Industrial Park in Ganquanpu Economic Development Zone in Urumqi, which is granted by Management Center for Construction and Development of Service Industries of Ganquanpu Industrial Zone in Urumqi by way of public tender and is authorized by the People's Government of Urumqi City, Xinjiang Uygur Autonomous Region (新疆維吾爾自治區烏魯木齊市人民政府), the PRC, was formally awarded to the Company. The total estimated construction investment amount of the Project is approximately RMB398,529,000.
- 於二零一八年十月十二日，本公司與阜南縣淮岸水務有限公司、雲南省鐵路總公司及阜陽市城鄉規劃設計研究院就於中國安徽省阜陽市阜南縣成立合資公司：阜南雲水城鄉環保科技有限公司訂立合資協議，總投資額為人民幣180,000,000元。
- 於二零一八年九月二十七日，本公司聯同雲南省鐵路總公司和阜陽市城鄉規劃設計研究院正式中國安徽省阜陽市人民政府授權的阜南縣住房和城鄉建設局通過公開招標方式授予的阜南縣鄉鎮政府駐地生活污水處理PPP項目。該項目估算總投資額約為人民幣929,223,400元。
- 於二零一八年九月十九日，本公司聯同茂名市鑿江流域水利水電建築安裝工程有限公司和廣州市環境保護工程設計院有限公司正式中標由中國廣東省信宜市住房和城鄉規劃建設局通過公開招標方式授予的信宜市水質淨化設施整體打包PPP項目。該項目估算總投資額約為人民幣1,053,690,000元。
- 於二零一八年九月六日，本公司與廣州工程總承包集團有限公司就於中國廣東省揭陽市揭西縣成立合資公司：揭西縣雲水清環保有限公司訂立合資協議，總投資額為人民幣176,000,000元。
- 於二零一八年八月十六日，本公司正式中標由中國新疆維吾爾自治區烏魯木齊市人民政府授權的烏魯木齊市甘泉堡工業區建設發展服務產業管理中心通過公開招標方式授予的烏魯木齊市甘泉堡開發區固廢綜合處置靜脈產業園PPP項目。該項目估算建設總投資額約為人民幣398,529,000元。

Management Discussion and Analysis

管理層討論及分析

- On 24 July 2018, the PPP project in relation to the whole package of domestic wastewater treatment facilities in Jiexi County, which is granted by Jieyang City Jiexi County Housing and Urban-Rural Construction Bureau* (揭陽市揭西縣住房和城鄉建設局) by way of public tender and is authorized by the People's Government of Jieyang City, Guangdong Province (廣東省揭陽市人民政府), the PRC, was formally awarded to the Company together with Guangzhou Engineering Contractor Group Co., Ltd.* (廣州工程總承包集團有限公司). The total estimated investment amount of the Project is approximately RMB726,709,300.
- On 12 June 2018, the Company, Wuzhi County Investment Group Co., Ltd.* (武陟縣投資集團有限公司) and YCIH No.5 Construction Co., Ltd.* (雲南建投第五建設有限公司) entered into a joint venture agreement in relation to establishment of Wuzhi Yunshui Ecological Development Co., Ltd.* (武陟雲水生態發展有限公司) as a joint venture company in Wuzhi County, Jiaozuo City, Henan Province, the PRC with a total investment amount of RMB260,997,600.
- On 25 May 2018, the PPP project in relation to the wastewater treatment system construction project in Xianmei Area, Rongcheng District, Jieyang City, Guangdong Province, the PRC, which is granted by Jieyang City Rongcheng District Construction Bureau* (揭陽市榕城區建設局) by way of public tender and is authorized by the People's Government of Jieyang City, Guangdong Province (廣東省揭陽市人民政府), was formally awarded to the Company together with Guangzhou Engineering Contractor Group Co., Ltd.* (廣州工程總承包集團有限公司) and Anhui Urban Construction Design Institute Corp., Ltd.* (安徽省城建設設計研究總院股份有限公司). The total estimated investment amount of the Project is approximately RMB287,892,900.
- On 4 May 2018, the Company, Guangdong Yixin Great Wall Construction Group Co., Ltd.* (廣東一新長城建築集團有限公司) and Zhongdu Engineering Design Co., Ltd.* (中都工程設計有限公司) entered into a joint venture agreement in relation to establishment of Xuwen Yunshui Environmental Protection Management Co., Ltd.* (徐聞縣雲水環保管理有限公司) as a joint venture company in Xuwen County, Zhanjiang City, Guangdong Province, the PRC with a total investment amount of RMB380,000,000.
- 於二零一八年七月二十四日，本公司聯同廣州工程總承包集團有限公司正式中標由中國廣東省揭陽市人民政府授權的揭陽市揭西縣住房和城鄉建設局通過公開招標方式授予的揭西縣生活污水處理設施整縣打包PPP項目。該項目估算總投資額約為人民幣726,709,300元。
- 於二零一八年六月十二日，本公司、武陟縣投資集團有限公司及雲南建投第五建設有限公司就於中國河南省焦作市武陟縣成立合資公司：武陟雲水生態發展有限公司訂立合資協議，項目總投資額為人民幣260,997,600元。
- 於二零一八年五月二十五日，本公司聯同廣州工程總承包集團有限公司及安徽省城建設設計研究總院股份有限公司正式中標由中國廣東省揭陽市人民政府授權的揭陽市榕城區建設局通過公開招標方式授予的揭陽市榕城區仙梅片區污水處理系統建設工程PPP項目。該項目估算總投資額約為人民幣287,892,900元。
- 於二零一八年五月四日，本公司、廣東一新長城建築集團有限公司及中都工程設計有限公司就於中國廣東省湛江市徐聞縣成立合資公司：徐聞縣雲水環保管理有限公司訂立合資協議，總投資額為人民幣380,000,000元。

Management Discussion and Analysis 管理層討論及分析

- On 3 May 2018, the PPP project in relation to the integration of water supply and drainage in Shuangcheng District, Harbin City, Heilongjiang Province, the PRC, which is granted by Harbin Shuangcheng Water Supply and Drainage Group Co., Ltd.* (哈爾濱市雙城區供排水集團公司) by way of public tender and is authorized by the People's Government of Harbin City, Heilongjiang Province (黑龍江省哈爾濱市人民政府), has been formally awarded to the Company together with Heilongjiang Shuangxing Municipal Engineering Co., Ltd.* (黑龍江雙興市政工程有限責任公司). The total estimated investment amount of the Project is approximately RMB1,260,669,800.
- On 4 April 2018, the PPP project in relation to Wuzhi County urban water transformation and upgrading works in Wuzhi County, Jiaozuo City, Henan Province, the PRC, which is granted by Wuzhi County Water Resources Bureau* (武陟縣水利局) by way of public tender and is authorized by the People's Government of Wuzhi County (武陟縣人民政府), was formally awarded to the Company together with YCIH No.5 Construction Co., Ltd.* (雲南建投第五建設有限公司). The total estimated investment amount of the Project is approximately RMB1,103,097,800.
- On 21 March 2018, the Company together with Guangdong Yixin Great Wall Construction Group Co., Ltd.* (廣東一新長城建築集團有限公司) and Zhongdu Engineering Design Co., Ltd.* (中都工程設計有限公司) were formally awarded the PPP project in relation to the construction of wastewater treatment facilities in the entire Xu Wen County in Zhanjiang City, Guangdong Province, the PRC through public tender by the Housing and Urban-Rural Development Bureau of Xu Wen County* (徐聞縣住房和城鄉建設局) authorized by the People's Government of Xu Wen County, Zhanjiang City, Guangdong Province, the PRC. The total estimated investment amount of the project is approximately RMB1,249,740,000.
- On 13 February 2018, Yunnan Water (Hong Kong) Company Limited, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Mr. Wang Zhi in relation to acquisition of the 35% equity interests in Future International Group Co., Limited at a consideration of RMB200,000,000.
- On 24 January 2018, the Company entered into a joint venture agreement with Qinyang Qinbei Construction Investment Co., Ltd.* (沁陽市沁北建設投資有限公司) (“**Qinbei Construction Investment**”) and YCIH No.5 Construction Co., Ltd.* (雲南建投第五建設有限公司) (“**YCIH No.5 Construction**”) in relation to the establishment of Qinyang Yunhuai Water Co., Ltd. Ltd.* (沁陽市雲懷水務有限公司) (“**Qinyang Yunhuai Water**”) as a joint venture company in Qinyang, Henan Province, the PRC, with a total investment amount of RMB442,003,000.
- 於二零一八年五月三日，本公司聯同黑龍江雙興市政工程有限責任公司正式中標由中國黑龍江省哈爾濱市人民政府授權的哈爾濱市雙城區供排水集團公司通過公開招標方式授予的黑龍江省哈爾濱市雙城區供排水一體化PPP項目。該項目估算總投資額約為人民幣1,260,669,800元。
- 於二零一八年四月四日，本公司聯同雲南建投第五建設有限公司正式中標由中國河南省焦作市武陟縣人民政府授權的武陟縣水利局通過公開招標方式授予的武陟縣城區水系改造提升工程PPP項目。該項目估算總投資額約為人民幣1,103,097,800元。
- 於二零一八年三月二十一日，本公司聯同廣東一新長城建築集團有限公司及中都工程設計有限公司正式中標由中國廣東省湛江市徐聞縣人民政府授權的徐聞縣住房和城鄉建設局通過公開招標方式授予的徐聞縣PPP模式整縣推進污水處理設施建設項目。該項目估算總投資額約為人民幣1,249,740,000元。
- 於二零一八年二月十三日，本公司之全資附屬公司雲南水務(香港)股份有限公司與王志先生就以代價人民幣200,000,000元收購暉澤集團有限公司的35%股權訂立股份收購協議。
- 於二零一八年一月二十四日，本公司、沁陽市沁北建設投資有限公司(「**沁北建設**」)及雲南建投第五建設有限公司(「**雲南建設五建**」)就於中國河南省沁陽市成立合資公司：沁陽市雲懷水務有限公司(「**沁陽雲懷水務**」)訂立合資協議，總投資額為人民幣442,003,000元。

Management Discussion and Analysis

管理層討論及分析

- On 11 January 2018, the Company together with YCIH No.5 Construction were formally awarded a PPP project in relation to Qinyang urban water comprehensive treatment works in Qinyang City, Henan Province, the PRC through public tender by Qinyang Housing and Urban-Rural Development Bureau* (沁陽市住房和城鄉建設局) authorized by the People's Government of Qinyang City. The total estimated investment amount of the Project is approximately RMB1,767,973,000.

For details of the abovementioned significant investments and acquisitions, please refer to the announcements of the Company dated 10 December 2018, 3 December 2018, 21 November 2018, 2 November 2018, 18 October 2018, 12 October 2018, 27 September 2018, 19 September 2018, 6 September 2018, 16 August 2018, 24 July 2018, 12 June 2018, 25 May 2018, 4 May 2018, 3 May 2018, 4 April 2018, 21 March 2018, 13 February 2018, 24 January 2018, and 11 January 2018, respectively.

Subsequent Events:

- On 29 March 2019, the Board received a resignation letter from Mr. Feng Zhuangzhi stating that due to his other work commitments, Mr. Feng Zhuangzhi resigned as a non-executive Director of the second session of the Board, with effective upon the conclusion of the AGM. In the meantime, the Board proposed to nominate Mr. Chen Yong to be the non-executive Director candidate of the second session of the Board.
- On 8 March 2019, Qinyang Yunhuai Water has received the Notice on Alteration of Qinyang Urban Water System Comprehensive Treatment Works PPP Project* (《關於沁陽市城區水系綜合治理工程PPP項目變更的通知》) issued by Qinyang Housing and Urban-Rural Development Bureau* (沁陽市住房和城鄉建設局) that the cooperation content of the PPP project in relation to Qinyang urban water comprehensive treatment works in Qinyang City was reduced from eight sub-projects to three sub-projects due to the adjustment to the implementation plan of the project. The total budget investment amount of the project was then reduced from RMB1,767,973,000 to RMB737,847,500 and the registered capital of Qinyang Yunhuai Water was adjusted from RMB442,003,000 to RMB184,467,500 accordingly. The Company, Qinbei Construction and YCIH No.5 Construction entered into the Supplemental Agreement afresh according to the Notices, pursuant to which, the parties agreed to amend their respective amount of capital contribution in accordance with their respective shareholdings as stipulated in the Joint Venture Agreement based on the adjusted total investment amount and registered capital.

- 於二零一八年一月十一日，本公司聯同雲南建投五建正式中標由中國河南省沁陽市人民政府授權的沁陽市住房和城鄉建設局通過公開招標方式授予的沁陽市城區水系綜合治理工程PPP項目。該項目估算總投資額約為人民幣1,767,973,000元。

有關上述重大投資及收購事項的詳情，請參閱本公司分別於二零一八年十二月十日、二零一八年十二月三日、二零一八年十一月二十一日、二零一八年十一月二日、二零一八年十月十八日、二零一八年十月十二日、二零一八年九月二十七日、二零一八年九月十九日、二零一八年九月六日、二零一八年八月十六日、二零一八年七月二十四日、二零一八年六月十二日、二零一八年五月二十五日、二零一八年五月四日、二零一八年五月三日、二零一八年四月四日、二零一八年三月二十一日、二零一八年二月十三日、二零一八年一月二十四日、二零一八年一月十一日刊發的公告。

報告期後事項：

- 於二零一九年三月二十九日，董事會接獲馮壯志先生的辭任書，表示由於承擔其他職務，故此馮壯志先生辭任第二屆董事會的非執行董事職務，並將於股東週年大會結束時生效。與此同時，董事會建議提名陳勇先生為第二屆董事會非執行董事候選人。
- 於二零一九年三月八日，沁陽云懷水務收悉沁陽市住房和城鄉建設局發出的《關於沁陽市城區水系綜合治理工程PPP項目變更的通知》，由於項目實施規劃的調整，沁陽市城區水系綜合治理工程PPP項目的合作內容由原來的八個子項目削減至三個子項目，項目的預算總投資總額由人民幣1,767,973,000元削減至人民幣737,847,500元，因此，沁陽云懷水務的註冊資本由人民幣442,003,000元調整為人民幣184,467,500元。本公司、沁北建設及雲南建投根據該等通知，重新訂立補充協議，據此訂約各方同意根據調整後的投資總額及註冊資本，按照合資協議約定各自持股比例修訂各方之出資額。

Management Discussion and Analysis 管理層討論及分析

- On 29 January 2019, the Company, Guangzhou Engineering Contractor Group Co., Ltd.* (廣州工程總承包集團有限公司) and Zhongdu Engineering Design Co., Ltd.* (中都工程設計有限公司) entered into the joint venture agreement in relation to establishment of Luoding City Yunshui Environmental Protection Co., Ltd.* (羅定市雲水環保有限公司) as a joint venture company in Luoding (a county-level city), Yunfu City, Guangdong Province, the PRC with a total investment amount of RMB219,864,800.
- On 25 January 2019, the Company entered into an investment agreement with Waytop Investment Group Limited (滙鼎投資集團有限公司), Xinde Investment Limited (鑫德投資有限公司), Mr. Wang Xinyan, Mr. Chenjian and Fujian Dongfei Environment Group Co., Ltd.* (福建東飛環境集團有限公司), pursuant to which (i) the Company has conditionally agreed to acquire the 20% equity interests in Fujian Dongfei Environment Group Co., Ltd.* (福建東飛環境集團有限公司) at a consideration of RMB120,000,000; and (ii) the Company has conditionally agreed to subscribe for 20% equity interests in Fujian Dongfei Environment Group Co., Ltd.* (福建東飛環境集團有限公司) at a consideration of RMB200,000,000. On 8 February 2019, the parties to the investment agreement entered into a supplemental agreement to the effect that instead of the Chairman, the General Manager will be the legal representative who, subject to the approval of the Chairman, will be responsible for attending to the external affairs of the target company and representing the target company in execution of commercial and other corporate documents.
- On 31 December 2018, Finergy Development, a substantial shareholder of the Company, and Yantai Xinzhen Tianying Equity Investment Center (Limited Partnership)*(煙台信貞添盈股權投資中心(有限合夥)) (“**Xinzhen Tianying**”) entered into a share transfer agreement, pursuant to which Finergy Development has agreed to dispose of and Xinzhen Tianying has agreed to purchase the 124,754,169 domestic shares of the Company, representing approximately 10.4553% of the issued shares of the Company (the “**Transfer**”). As at 23 January 2019, the Transfer had been completed. After the completion, Finergy Development directly holds 13,125,831 domestic shares of the Company, representing approximately 1.1000% of the issued shares of the Company, and ceases to be a substantial shareholder of the Company. Xinzhen Tianying directly holds 124,754,169 domestic shares of the Company, representing approximately 10.4553% of the issued shares of the Company, and becomes a substantial shareholder of the Company.
- 於二零一九年一月二十九日，本公司、廣州工程總承包集團有限公司及中都工程設計有限公司就於中國廣東省雲浮市羅定市(縣級市)成立合資公司：羅定市雲水環保有限公司訂立合資協議，總投資額為人民幣219,864,800元。
- 於二零一九年一月二十五日，本公司與滙頂投資集團有限公司、鑫德投資有限公司、王新顏先生、陳建先生、及福建東飛環境集團有限公司訂立投資協議，(i)以代價人民幣120,000,000元有條件收購福建東飛環境集團有限公司20%股權；及(ii)以代價人民幣200,000,000元有條件認購福建東飛環境集團有限公司20%權益。於二零一九年二月八日，投資協議的各訂約方訂立補充協議以使總經理(而非主席)將成為法人代表且(經主席批准)將負責參與目標公司的對外事務及代表目標公司簽立商業及其他公司文件。
- 於二零一八年十二月三十一日，本公司主要股東融源成長與煙台信貞添盈股權投資中心(有限合夥)(「**信貞添盈**」)簽訂股份轉讓協議，據此，融源成長已同意出售，而信貞添盈已同意購買124,754,169股本公司內資股，相當於本公司已發行股份約10.4553% (「**該轉讓**」)。截至二零一九年一月二十三日，該轉讓已獲完成。完成后，融源成長直接持有本公司13,125,831股內資股，相當於本公司已發行股份約1.1000%，且不再為本公司主要股東。信貞添盈直接持有本公司124,754,169股內資股，相當於本公司已發行股份約10.4553%，成為本公司主要股東。

Management Discussion and Analysis

管理層討論及分析

- On 4 January 2019, the State-owned Assets Supervision and Administration Commission of the Yunnan Provincial People's Government* (雲南省人民政府國有資產監督管理委員會) (the "Yunnan SASAC") transferred 10% of the entire equity interests in YMCI directly held by it (being 5.62% equity interests in YMCI directly held by the Yunnan SASAC with a carrying amount of approximately RMB232,832,900) to the Yunnan Provincial Department of Finance for free. The Equity Interests are held by the Yunnan Provincial Department of Finance on behalf of the Yunnan Provincial People's Government and are used exclusively to fortify the social security funds. After the transfer, the Yunnan SASAC directly holds 2,095,495,776 shares of YMCI, representing 50.59% of the total share capital of YMCI; Yunnan Provincial Department of Finance holds 232,832,864 shares of YMCI, representing 5.62% of the total share capital of YMCI. As at 4 January 2019, the registration of equity changes of the Transfer has been completed. There were no changes to the controlling shareholder and de facto controller of the Company.
- On 2 January 2019, the Company together with YCIH No.1 Water Resources and Hydropower Construction Co., Ltd.* (雲南建投第一水利水電建設有限公司) were formally awarded the PPP project in relation to the phase II drainage reconstruction and expansion project in Hetian City, which is granted by Bureau of Housing and Urban Rural Construction of Hetian City, Xinjiang Uygur Autonomous Region* (新疆維吾爾自治區和田市住房和城鄉建設局), the PRC by way of public tender. The total estimated investment of the Project amounted to approximately RMB326,581,500.
- 於二零一九年一月四日，雲南省人民政府國有資產監督管理委員會（「雲南省國資委」）將其所直接持有的雲南城投全部股權的10%（即雲南省國資委直接持有雲南城投的5.62%股權，賬面價值約為人民幣232,832,900元），無償劃轉至雲南省財政廳。該股權由雲南省財政廳代雲南省人民政府持有，專門用於充實社保基金。本次劃轉後，雲南省國資委直接持有雲南城投集團2,095,495,776股股份，佔雲南城投集團總股本的50.59%；雲南省財政廳持有雲南城投集團232,832,864股股份，佔雲南城投集團總股本的5.62%。截至二零一九年一月四日，本次劃轉已完成股權變更登記。本公司控股股東及實際控制人均未發生任何變化。
- 於二零一九年一月二日，本公司聯同雲南建投第一水利水電建設有限公司接正式中標由中國新疆維吾爾自治區和田市住房和城鄉建設局通過公開招標方式授予的和田市排水改擴建二期工程PPP項目。該項目估算總投資額約為人民幣326,581,500元。

For details of the above-mentioned subsequent events, please refer to the announcements published by the Company on 29 March 2019, 8 March 2019, 29 January 2019, 25 January 2019, 8 February 2019, 23 January 2019, 4 January 2019 and 2 January 2019, respectively.

有關上述期後事項的詳情，請參閱本公司分別於二零一九年三月二十九日、二零一九年三月八日、二零一九年一月二十九日、二零一九年一月二十五日、二零一九年二月八日、二零一九年一月二十三日、二零一九年一月四日、二零一九年一月二日刊發的公告。

Directors, Supervisors and Senior Management

董事、監事及高級管理人員

EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTORS

Mr. Yang Tao, aged 43, joined the Group in August 2017 as non-executive Director of the Company and the Chairman of the Board. Mr. Yang Tao obtained a master's degree in business administration from Guanghua School of Management, Peking University in July 2007. He was qualified as a senior engineer in August 2006. Mr. Yang Tao has extensive senior management experience in architectural engineering, urban development and cultural tourism. Mr. Yang Tao served as vice general manager of Yunnan Construction Engineering Group Co., Ltd.* (雲南建工集團有限公司) from April 2009 to April 2011. Mr. Yang Tao has been appointed as a member of the Standing Committee, deputy secretary of the Standing Committee and head of the united front work department of the Standing Committee of the Communist Party of China of Xishuangbanna Autonomous Prefecture between April 2011 and August 2014. Mr. Yang Tao was appointed as party secretary and vice chairman of the board YMCI between August 2014 and December 2016. Since December 2016, Mr. Yang Tao was appointed as vice party secretary, vice chairman of the board and Chief Executive Officer of YMCI.

Mr. Yu Long ("Mr. Yu"), aged 47. Mr. Yu joined the Group in June 2011, and currently serves as an executive Director, vice chairman and the Chief Executive Officer of the Company. Mr. Yu obtained a MBA degree from Guanghua School of Management, Peking University in July 2013, and is now studying as a doctor at the School of Economics and Management at University of Chinese Academy of Sciences. Mr. Yu has more than 17 years of experience in environmental and water works industry, market development, project management, investment capital management, and risk control management, and he is mainly responsible for the overall operation and management, strategic planning and business development of the Company. Mr. Yu was appointed as general manager of water works division and deputy general manager of Beijing Tsinghua Novel Environmental Protection Company Limited between July 2003 and August 2007. Mr. Yu was appointed as project management director of Kardan Water Group Limited* (凱丹水務國際有限集團) between August 2007 and July 2008. Between July 2008 and April 2009, Mr. Yu was appointed as the deputy general manager of Ruoshi (Beijing) Investment Co., Ltd.* (若石(北京)投資有限公司) Between May 2009 and October 2012, Mr. Yu was appointed as the sales director and the deputy general manager of Beijing OriginWater. Between June 2011 and August 2017, Mr. Yu served as Chief Executive Officer and executive Director of the Company, and as Chief Executive Officer of the Company between August 2017 and December 2018. Mr. Yu has served as an executive Director, vice chairman and Chief Executive Officer of the Company from December 2018 till now. In addition, Mr. Yu has been appointed as chairman or director of various subsidiaries of our Group since January 2011.

執行董事及非執行董事

楊濤先生，43歲，於二零一七年八月加入本集團擔任本公司非執行董事及董事會主席。楊濤先生於二零零七年七月獲北京大學光華管理學院授予工商管理碩士學位，於二零零六年八月獲得高級工程師。楊濤先生於建築工程、城市開發、文化旅遊等業務方面擁有豐富的高級管理層經驗。於二零零九年四月至二零一一年四月期間，楊濤先生在雲南建工集團有限公司擔任副總經理。於二零一一年四月至二零一四年八月期間，楊濤先生歷任中共西雙版納州委常委、州委秘書長、州委統戰部部長。於二零一四年八月至二零一六年十二月期間，楊濤先生任雲南城投集團黨委書記、董事會副主席。自二零一六年十二月至今，楊濤先生任雲南城投集團黨委副書記、董事會副主席、行政總裁。

于龍先生(「于先生」)，47歲，于先生於二零一一年六月加入本集團，現擔任本公司執行董事，副主席及行政總裁。于先生於二零一三年七月取得北京大學光華管理學院工商管理碩士學位，現於中國科學院大學經濟與管理學院博士在讀。于先生於環保及水務行業、市場開發、項目管理、投資資本管理及風險控制管理擁有逾17年經驗，主要負責本公司的整體運營及管理、策略規劃及業務發展。於二零零三年七月至二零零七年八月期間，于先生擔任北京清華永新環保有限公司的副總經理及水務部門的總經理。於二零零七年八月至二零零八年七月期間，于先生擔任凱丹水務國際有限集團的項目管理總監。於二零零八年七月至二零零九年四月期間，于先生擔任若石(北京)投資有限公司的副總經理。於二零零九年五月至二零一二年十月期間，于先生擔任北京碧水源的銷售總監及副總經理。於二零一一年六月至二零一七年八月期間，于先生擔任本公司行政總裁及執行董事，自二零一七年八月起至二零一八年十二月期間，于先生擔任本公司行政總裁，自二零一八年十二月至今，于先生擔任本公司執行董事，副主席及行政總裁。此外，自二零一一年一月起于先生於本集團之多家附屬公司擔任主席或董事。

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

Mr. He Yuanping (“Mr. He”), aged 52, joined our Group in June 2011 as a non-executive Director of the Company. Mr. He obtained a bachelor’s degree in engineering from Nanjing University of Science and Technology in July 1987. He also completed a master’s degree in mechanical engineering in Beijing University of Science and Technology in February 1992 and obtained a master’s degree in financial mathematics from the Victoria University of Wellington in New Zealand in July 2000. Mr. He was appointed as director, deputy general manager and chief financial officer of Beijing OriginWater Science and Technology Development Co., Ltd.* (北京碧水源科技發展有限公司) (predecessor of Beijing OriginWater) from September 2005 to June 2007. From June 2007 to March 2018, he has been the director, deputy general manager, chief financial officer and board secretary of Beijing OriginWater. Mr. He was re-designated from a non-executive Director to an executive Director of the Company on 30 August 2018 and re-designated from an executive Director to a non-executive Director of the Company on 16 October 2018. Mr. He has also assumed positions such as member of fixed income professional committee of the Securities Association of China, expert in the PPP expert database of the National Development and Reform Commission, business mentor of Beijing Fourth Board* (北京四板), committee member of the Beijing Haidian District Chinese People’s Political Consultative Conference* (北京市海淀區政協委員), vice-chairman of Hydraulics Committee of the Chinese Hydraulic Science Society* (中國水利科學會), guest teacher of the School of Accountancy of Central University of Finance and Economics, guest teacher of University of Science and Technology Beijing, vice president of Western Returned Scholars Association ANZ branch, deputy secretary-general of The Listed Companies Association of Beijing. He has been appointed as chairman and director of a number of subsidiaries of Beijing OriginWater since May 2011, and has managerial experience of over 11 years in large-scale enterprises and the water works industry. In addition, Mr. He has been appointed as director of Wuhan Sanzhen Industry Holding Co., Ltd.* (武漢三鎮實業控股股份有限公司) (the shares of which are listed on the Shanghai Stock Exchange, stock code: 600168) since November 2013. Mr. He has served as the general manager of Beijing DQY Agricultural Technology Co. Ltd.* (北京德青源農業科技股份有限公司) from March 2018 till now.

Ms. Li Bo (“Ms. Li”), aged 42, joined the Group in August 2014, and currently serves as non-executive Director of the Company. Ms. Li obtained a master’s degree in business administration from Dalian University of Technology in Dalian in June 2008. Ms. Li has more than 12 years of senior management experience in water works industry. From August 2014 to August 2017, Ms. Li acted as shareholder representative Supervisor of the Company, and from August 2017 till now, she has been the non-executive Director of the Company. Ms. Li was appointed as the deputy manager of the investment and financing department of YMCI between April 2005 and May 2010, and was promoted as manager of the investment and financing department between May 2010 and May 2012. Ms. Li acted as the board office director of YMCI from May 2012 to December 2017,

何願平先生(「何先生」)，52歲，於二零一一年六月加入本集團，現擔任本公司非執行董事。何先生於一九八七年七月取得南京理工大學工程學學士學位。於一九九二年二月完成北京科技大學的機械工程碩士學位，並於二零零零年七月取得紐西蘭威靈頓維多利亞大學的金融數學碩士學位。於二零零五年九月至二零零七年六月期間，何先生擔任北京碧水源科技發展有限公司(北京碧水源的前身)的董事、副總經理兼財務總監。於二零零七年六月起至二零一八年三月期間，擔任北京碧水源的董事、副總經理、財務總監兼董事會秘書。何先生於二零一八年八月三十日由本公司非執行董事調任為執行董事，並於二零一八年十月十六日由本公司執行董事調任為非執行董事。何先生現兼任中國證券業協會固定收益專業委員會委員、國家發展改革委PPP專家庫專家、北京四板創業導師、北京市海淀區政協委員、中國水利科學會水力學專業委員會副主任委員、中央財經大學會計學院客座導師、北京科技大學客座導師、歐美同學會澳新分會副會長、北京上市公司協會副秘書長等職務，並自二零一一年五月起擔任北京碧水源多間附屬公司的主席及董事，擁有逾十年的大型企業及水務行業管理經驗。此外，何先生於二零一三年十一月起擔任武漢三鎮實業控股股份有限公司(其股份於上海證券交易所上市，股份代號：600168)的董事。二零一八年三月至今，擔任北京德青源農業科技股份有限公司總經理。

李波女士(「李女士」)，42歲，於二零一四年八月加入本集團，現擔任本公司非執行董事。李女士於二零零八年六月於大連理工大學取得工商管理碩士學位。李女士擁有逾12年在水務行業擔任高級管理層的經驗。於二零一四年八月至二零一七年八月期間，李女士任本公司股東代表監事，自二零一七年八月起至今擔任本公司非執行董事。於二零零五年四月至二零一零年五月期間，李女士擔任雲南城投集團的投資及融資部副經理，於二零一零年五月至二零一二年五月期間晉升為投資及融資部經理。於二零一二年五月至二零一七年十二月期間，李女士擔任雲南城投集團董

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

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

Mr. Feng Zhuangzhi (“Mr. Feng”), aged 43, joined our Group in June 2013 as non-executive Director of the Company. Mr. Feng obtained a bachelor’s degree in economics from the Central University of Finance and Economics in July 1997 and a master’s degree in business administration from a joint university programme organized by the Chinese University of Hong Kong and Tsinghua University in December 2005. Mr. Feng has more than 17 years of senior management experience in large-scale enterprises and the water works industry. Mr. Feng has been appointed as managing director of Finergy Guangda (Tianjin) Capital Partners (Limited Partnership)* (融源廣達(天津)股權投資管理合夥企業(有限合夥)) since May 2011. Mr. Feng has been appointed as general manager and managing director of Yunnan Finergy Tongda Investment Fund Management Co. Ltd.* (雲南融源通達股權投資基金管理有限公司) since March 2012. Mr. Feng has been appointed as a member of the investment management committee of Yunnan Energy-saving Environmental Protection Venture Capital Fund Partnership (Limited Partnership)* (雲南融源節能環保創業投資基金合夥企業(有限合夥)) since December 2012. In addition, Mr. Feng has been appointed as director of Shandong Higer Information Technology Co., Limited* (山東海格爾信息技術股份有限公司) (the shares of which are listed on the National Equities Exchange and Quotation (also known as the “NEEQ”), stock code: 834482) since August 2017. On 29 March 2019, due to his other work commitments, Mr. Feng resigned as a non-executive Director of the second session of the Board, with effect upon the conclusion of the AGM.

Mr. Yang Fang, aged 45, joined the Group in March 2013, and currently serves as the executive Director, deputy chief executive officer and party secretary of the Company. Mr. Yang Fang obtained a bachelor’s degree in accounting and statistics from Yunnan University of Finance and Economics in July 1998, and further obtained an executive master’s degree in business administration from Dalian University of Technology in June 2008. Mr. Yang Fang was qualified as a first-class enterprise human resources managing personnel in March 2009 certified by the Ministry of Labor and Social Security. Mr. Yang Fang served as party secretary of the Company in March 2013, and he was subsequently appointed as deputy chief executive officer of the Company in November 2014, and was appointed as the executive Director of the Company in August 2017. Mr. Yang Fang has more than 11 years of senior management experience in water works related companies, and is mainly responsible for party building work, disciplinary inspection and supervision work of the Company, coordinating water projects in Inner Mongolia region, and market development and managerial work in Central China. Mr. Yang Fang served in various positions in YMCI, including manager of personnel and organization department, manager of the human resources department.

事會辦公室主任。自二零一七年十二月起擔任雲南城投集團董事會秘書、總裁助理。此外，自二零一四年一月起亦擔任雲南城投集團多間附屬公司的董事。

馮壯志先生(「馮先生」)，43歲，於二零一三年六月加入本集團擔任本公司非執行董事。馮先生於一九九七年七月取得中央財經大學經濟學學士學位，並於二零零五年十二月取得香港中文大學與清華大學的聯合大學計劃工商管理碩士學位。馮先生擁有逾17年在大型企業及水務行業擔任高級管理層的經驗。於二零一一年五月起，馮先生擔任融源廣達(天津)股權投資管理合夥企業(有限合夥)的董事總經理。於二零一二年三月起，馮先生歷任雲南融源通達股權投資基金管理有限公司的總經理及董事總經理。於二零一二年十二月起，馮先生擔任雲南融源節能環保創業投資基金合夥企業(有限合夥)的投資管理委員會成員。此外，於二零一七年八月起，馮先生擔任山東海格爾資訊技術股份有限公司(其股份於全國中小企業股份轉讓系統(亦稱為「新三板」)上市，股份代號：834482)的董事。於二零一九年三月二十九日，由於承擔其他職務，馮先生辭任第二屆董事會的非執行董事職務，並將於股東週年大會結束時生效。

楊方先生，45歲，於二零一三年三月加入本集團，現擔任本公司執行董事、副總裁兼黨委書記。楊方先生於一九九八年七月取得雲南財經大學會計與統計學學士學位，並於二零零八年六月取得大連理工大學高級工商管理碩士學位。楊方先生於二零零九年三月獲勞動和社會保障部認證為一級企業人力資源管理師。楊方先生於二零一三年三月擔任本公司黨委書記，其後於二零一四年十一月獲委任為本公司副總裁，並於二零一七年八月獲委任為本公司執行董事。楊方先生於水務相關公司擁有逾11年的高級管理層經驗，主要負責公司黨建、紀檢監察工作、負責中南片區的市場開發和管理工作。楊方先生曾於雲南城投集團擔任多個職務，包括組織人事部经理，人力資源部经理等職務。

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hu Song (“Mr. Hu”), aged 57, joined the Group in August 2014 as an independent non-executive Director of the Company. Mr. Hu obtained a master’s degree in western economics from Huazhong University of Science and Technology in December 2002. Mr. Hu is mainly participating in making significant business decisions and providing independent advice on corporate governance, connected transactions, various matters of directors and scale management. Mr. Hu has 15 years of experience as senior management in enterprises, and has successively served as director of companies such as Shenzhen Rihai Communications Equipment Company Limited* (深圳市日海通訊設備有限公司) and Shenzhen Yungong Investment Co., Ltd.* (深圳市允公投資有限公司) as well as the consultant of Mission Hills Group.

Mr. Ma Shihao (“Mr. Ma”), aged 80, joined the Group in August 2014 as independent non-executive Director of the Company. Mr. Ma obtained a bachelor’s degree in water supply and drainage study of civil engineering from Tsinghua University in January 1963. Mr. Ma was qualified as an engineer specializing in radioactive wastewater treatment in December 1979 by the National Cadre Bureau of Science and Technology, and qualified as a senior engineer specializing in wastewater treatment in August 1987 and as a senior engineer (professor level) specializing in environmental engineering in November 1995 by the Beijing Senior Professional and Technical Personnel Certifying Committee. Mr. Ma is mainly participating in making significant decisions and providing independent advice on corporate governance, connected transactions and matters of corporate operations. Mr. Ma has more than 52 years of working experience in the water industry. He worked in Beijing Municipal Research Institute of Environmental Protection* (北京市環境保護科學研究院) between January 1963 and January 1999, and was subsequently appointed as a member of the Shandong Xiaoqinghe Wastewater Treatment Construction Technology Advisory Committee* (山東小清河污水治理工程技術顧問委員會). Mr. Ma was appointed as independent director of Beijing OriginWater between September 2007 and April 2014. Mr. Ma is the author of the Beijing discharge standard of water pollutants for municipal wastewater treatment plants (DB11/890-2012) promulgated by Beijing People’s Government in May 2012 and the second amendment of the Beijing integrated discharge standard of water pollutants (DB11/307-2013) promulgated by Beijing People’s Government in December 2013. Mr. Ma was awarded by the Ministry of Environmental Protection and the Beijing Municipal Management Committee for preparing various feasibility reports on wastewater treatment. Mr. Ma was awarded for his book, “The Book of Practical Water Treatment Technology” (《實用水處理技術叢書》) in September 2002 published by China Petroleum & Chemical Industry Federation.

獨立非執行董事

胡松先生(「胡先生」)，57歲，於二零一四年八月加入本集團擔任本公司獨立非執行董事。胡先生於二零零二年十二月取得華中科技大學西方經濟學碩士學位。胡先生主要參與本集團重大業務決策，並就企業管治、關連交易以及董事及規模經營的多項事宜提出獨立意見。胡先生擁有十五年的企業高級管理層的經驗，先後擔任深圳市日海通訊設備有限公司、深圳市允公投資有限公司等公司的董事和觀瀾湖集團發展顧問。

馬世豪先生(「馬先生」)，80歲，於二零一四年八月加入本集團擔任本公司獨立非執行董事。馬先生於一九六三年一月取得清華大學土木工程給水排水研究學士學位，於一九七九年十二月考獲國家科學技術幹部局所授放射性污水處理工程師資格，並於一九八七年八月及一九九五年十一月先後取得北京市高級專業技術職務評審委員會頒發的污水處理高級工程師資格及環境工程高級工程師(教授級)資格。馬先生主要參與本集團重大決策，並就企業管治、關連交易及公司運營事宜提出獨立意見。馬先生擁有逾52年的水務行業工作經驗，曾於一九六三年一月至一九九九年一月期間就職於北京市環境保護科學研究院，其後獲委任為山東小清河污水治理工程技術顧問委員會委員。馬先生於二零零七年九月至二零一四年四月擔任北京碧水源的獨立董事。馬先生為北京市人民政府於二零一二年五月頒佈的北京市城鎮污水處理廠水污染物排放標準(DB11/890-2012)及北京市人民政府於二零一三年十二月頒佈的北京市水污染物綜合排放標準(DB11/307-2013)二次修訂的作者。馬先生因曾編製多份有關污水治理的可行性報告而獲得環保部獎勵及北京市市容管理委員會的獎勵。馬先生曾因其於二零零二年九月由中國石油和化學工業聯合會刊發的《實用水處理技術叢書》一書而獲得獎勵。

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

Mr. Liu Shuen Kong (“Mr. Liu”), aged 47, joined the Group in June 2018 as independent non-executive Director of the Company. Mr. Liu obtained a bachelor’s degree in accounting and a master’s degree in accounting from RMIT University of Australia in 1996 and 2002, respectively. He subsequently obtained a master’s degree in business administration from Deakin University of Australia in 2004 and is now studying as a doctor majoring in management at Newcastle University of Australia. Mr. Liu has more than 20 years of experience in accounting, auditing and management and is a qualified accountant of CPA Australia and Hong Kong Institute of Certified Public Accountants. Mr. Liu has worked at KPMG since 1996 as a manager, senior manager and supervisor. From 1996 to 1999, he worked in the audit department of the Hong Kong office of KPMG. From 1999 to 2010, he worked in the financial advisory service department of the Guangzhou office and Shenzhen office of KPMG. From October 2010 to December 2013, Mr. Liu was chief financial officer and company secretary of Leoch International Technology Limited (a company listed on the Stock Exchange, stock code: 842). From December 2013 to May 2017, Mr. Liu was executive director, chief financial officer and company secretary of Yestock Car Rental Company Limited. Since May 2017, Mr. Liu has been the managing director of Heungkong Financial Group Limited.

SUPERVISORS

Mr. Long Limin (“Mr. Long”), aged 50, joined the Group in August 2017 as a shareholder representative Supervisor of the Company and Chairman of the Supervisory Committee. Mr. Long obtained a bachelor’s degree in engineering from Chongqing University in 1991 and a master’s degree in business administration from Tsinghua University in 2004. Between 1991 and 2000, Mr. Long successively acted as workshop director, assistant to factory director and deputy factory director of BBMG Group Co. Ltd* (北京金隅集團有限責任公司). Between 2000 and 2010, Mr. Long served as vice general manager of TsingHua TongFang Artificial Environment Co., Ltd* (清華同方人工環境有限公司). Between 2010 and 2011, Mr. Long was the director of operation and the manager of procurement department of Beijing OriginWater. Between 2011 and 2013, Mr. Long served as the general manager of Shandong Yashi Co., Ltd.* (山東雅士股份有限公司). Between 2013 and 2016, Mr. Long was the director of enquiry and procurement department of Beijing OriginWater. From 2016 to March 2018, Mr. Long was the director of operation planning centre of Beijing OriginWater, and he has been the director and deputy general manager of Beijing OriginWater since March 2018.

廖船江先生(「廖先生」)，47歲，於二零一八年六月加入本集團擔任本公司獨立非執行董事。廖先生分別於一九九六年和二零零二年取得澳大利亞皇家墨爾本理工大學會計學士學位及會計碩士學位，其後於二零零四年獲得澳大利亞迪肯大學授予工商管理碩士學位，現於澳洲Newcastle university管理學博士在讀。廖先生在會計、審計及管理方面擁有逾二十年豐富經驗，是澳洲會計師公會及香港會計師公會的合資格會計師。廖先生自一九九六年起歷任畢馬威會計事務所經理、高級經理及主任等職務，其中：一九九六年至一九九九年，於畢馬威會計事務所香港辦事處的審計部工作；一九九九年至二零一零年，於畢馬威會計事務所廣州辦事處及深圳辦事處的財務顧問服務部工作。於二零一零年十月至二零一三年十二月期間，廖先生任理士國際技術有限公司(於聯交所上市之公司，股份代號：842)財務總監兼公司秘書。於二零一三年十二月至二零一七年五月期間，廖先生任贏時通汽車租賃有限公司執行董事、財務總監、公司秘書。自二零一七年五月起至今廖先生擔任香江金融集團有限公司董事總經理。

監事

龍利民先生(「龍先生」)，50歲，於二零一七年八月加入本集團擔任本公司股東代表監事及監事會主席。龍先生於一九九一年獲重慶大學授予工學學士學位，於二零零四年獲清華大學授予工商管理碩士學位。於一九九一年至二零零零年期間，龍先生歷任北京金隅集團有限責任公司車間主任、廠長助理及副廠長；於二零零零年至二零一零年期間，龍先生擔任清華同方人工環境有限公司副總經理職務。於二零一零年至二零一一年期間，龍先生擔任北京碧水源運營總監兼採購部經理。於二零一一年至二零一三年期間，龍先生擔任山東雅士股份有限公司總經理。於二零一三年至二零一六年期間，龍先生擔任北京碧水源詢價採購部總監。於二零一六年至二零一八年三月期間，龍先生擔任北京碧水源經營計劃中心總監，自二零一八年三月起龍先生擔任北京碧水源董事、副總經理。

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

Mr. Zhu Zhen (“Mr. Zhu”), aged 34, joined the Group in August 2017 as a shareholder representative Supervisor. Mr. Zhu obtained his master’s degree in law from Tsinghua University in September 2009. Mr. Zhu has almost 9 years of experience in law and investment related industries. Mr. Zhu was the deputy general manager of the auditing and legal department of YMCI from October 2013 to September 2016, and he was promoted as the general manager of the legal department of YMCI in September 2016. In addition, Mr. Zhu has served as director and supervisor in various subsidiaries of YMCI since September 2014.

Mr. Huang Yi, aged 42, joined the Group in June 2011, and he is currently an employee representative supervisor and the deputy general manager of the Company’s market and investment center. Mr. Huang Yi obtained a bachelor’s degree in Computer and Application from Yunnan University in July 1998 and a master’s degree in Business Administration from Nanjing Normal University in July 2001. From July 2001 to November 2003, Mr. Huang Yi served as a principal staff member of the economic and trade division in the Kunming Resident Office of the National Audit Office. From November 2003 to May 2009, Mr. Huang Yi served successively as senior analyst in the planning and development department, assistant to the director of the audit department and deputy director of the discipline inspection office of Yunnan Malong Industry Group Company Limited* (雲南馬龍產業集團股份有限公司). Since June 2011, Mr. Huang Yi has served successively as deputy manager of the investment development department, manager of the investment development department, and deputy general manager of the market and investment center of the Company. In addition, since August 2007, Mr. Huang Yi has served as chairman or general manager of certain subsidiaries of the Group.

Ms. Tang Shuang (“Ms. Tang”), aged 34, joined the Group in January 2015 as an employee representative Supervisor of the Company. Ms. Tang obtained a bachelor’s degree in management from Yunnan University in Yunnan in July 2007, and she obtained the qualification as an accountant in May 2006 awarded by the Ministry of Finance. Ms. Tang is mainly responsible for supervising the Directors, managers and other management personnel to ensure compliance with laws and regulations, the Articles of Association and the resolutions of Shareholders’ meetings. Ms. Tang has more than 10 years of working experience in large-scale enterprises. Ms. Tang was an employee of the Yunnan branch office of Ping An Life Insurance Limited between July 2007 and June 2008, later she served as the accountant for the Beijing branch office of Ping An Property & Casualty Insurance Company of China Limited from July 2008 to March 2010. From March 2010 to February 2015, Ms. Tang served in the business department of Yunnan OriginWater Technology Company Limited. Ms. Tang served as the deputy manager in the bidding and procurement department of our Company from March 2015 to November 2015. Since December 2015, she has been the deputy manager in the business department of our Company.

朱振先生(「朱先生」)，34歲，於二零一七年八月加入本集團擔任股東代表監事。朱先生於二零零九年九月於清華大學取得法律碩士學位。朱先生擁有近9年的法律及投資從業經驗。於二零一三年十月至二零一六年九月期間擔任雲南城投集團審計與法律事務部副總經理，於二零一六年九月晉升為雲南城投集團法務部總經理。此外，自二零一四年九月起朱先生擔任雲南城投集團多家附屬公司的董事、監事。

黃軼先生，42歲，於二零一一年六月加入本集團，現擔任本公司職工代表監事及市場與投資中心副總經理。黃軼先生於一九九八年七月取得雲南大學計算機及應用學士學位，並於二零零一年七月取得南京師範大學企業管理碩士學位。黃軼先生於二零零一年七月至二零零三年十一月期間擔任國家審計署駐昆明特派員辦事處經貿處主任科員。於二零零三年十一月至二零零九年五月期間，黃軼先生歷任雲南馬龍產業集團股份有限公司計劃發展部高級分析師，審計部主任助理及紀檢審辦公室副主任。自二零一一年六月起至今，黃軼先生歷任本公司投資發展部副經理，投資發展部經理，市場與投資中心副總經理。此外，自二零零七年八月起，黃軼先生於本集團之多家附屬公司擔任主席或總經理。

唐爽女士(「唐女士」)，34歲，於二零一五年一月加入本集團擔任本公司職工代表監事。唐女士於二零零七年七月在雲南取得雲南大學管理學學士學位，於二零零六年五月獲財政部授予會計師資格。唐女士主要負責監督董事、經理及其他管理層人員，以確保遵守法律及法規、公司章程及股東會議的決議。唐女士擁有逾十年在大型企業工作的經驗。於二零零七年七月至二零零八年六月期間，唐女士在中國平安人壽保險股份有限公司雲南分行任職，其後於二零零八年七月至二零一零年三月期間在中國平安財產保險股份有限公司北京分行擔任會計師。於二零一零年三月至二零一五年二月期間，唐女士在雲南城投碧水源水務科技有限責任公司商務部任職。二零一五年三月至二零一五年十一月期間，唐女士任本公司招標採購部副經理，自二零一五年十二月起任本公司商務部副經理。

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

Mr. Tan Hairui (“Mr. Tan”), aged 48, joined the Group in January 2015 as an independent Supervisor of the Company. Mr. Tan obtained a bachelor’s degree in economics from Yunnan Finance and Trade College (now known as Yunnan University of Finance and Economics) in July 1993. Mr. Tan obtained the certificate as a registered accountant issued by Accountant Examination Committee of Ministry of Finance of the PRC in April 1999 and a Lawyer’s License in August 2004. Mr. Tan has more than 18 years of working experience in large-scale enterprises, and he is mainly responsible for supervising the Directors, managers and other management personnel to ensure compliance with laws and regulations, the Articles of Association and the resolutions of Shareholders’ meetings. Mr. Tan was the deputy manager of the financial department of Yunda Science & Technology Industry Company from 2000 to December 2001. Mr. Tan joined Yunnan Hengxin Law Firm as trainee solicitor and lawyer from January 2002 to August 2007. Mr. Tan joined the Yunnan Quzhi Law Firm as lawyer between September 2007 and March 2009. Mr. Tan worked in Yunnan Geyuan Law Firm as a lawyer from March 2009 to January 2018. Since January 2018, Mr. Tan has been working in Beijing Yingke (Kunming) Law Firm (北京盈科(昆明)律師事務所) as a lawyer.

Ms. Zhang Ling (“Ms. Zhang”), aged 43, joined the Group in January 2018 as an Independent Supervisor of the Company. Ms. Zhang Ling is the deputy professor and Master’s tutor of law school of Yunnan University of Finance and Economics and director of the collaborated regional resources law research center of law school of Yunnan University of Finance and Economics. Ms. Zhang obtained her law degree in July 1997 at Wuhan University and master degree in international business law and European Union law at University of Sheffield in November 2004. Since September 2005, Ms. Zhang has been working at the law school of Yunnan University of Finance and Economics, responsible for teaching, research and application of law. Ms. Zhang had published dozens of professional academic papers on law, held discussions on national social topics and research on provincial laws. She was invited by the Legal Affairs Office of the State Council* (國務院法制辦), the Ministry of Civil Affairs* (民政部) and the Ministry of Foreign Affairs* (外交部) to participate in the amendments of two laws and regulations and legislative consultation. She has received the research award of Yunnan Philosophical Social Science Society* (雲南省哲學社會科學研究獎勵) twice. In addition, Ms. Zhang had approximately twenty years of solid experience in the legal field. Since she was qualified as a practicing lawyer in November 1999, Ms. Zhang had worked in five different law firms in Yunnan Province and is currently working on or part-time basis at Yunnan Baqian Law Firm* (雲南八謙律師事務所).

譚海銳先生(「譚先生」)，48歲，於二零一五年一月加入本集團擔任本公司獨立監事。譚先生於一九九三年七月取得雲南財貿學院(現稱雲南財經大學)經濟學學士學位，於一九九九年四月取得中國財政部會計師考試委員會頒發的註冊會計師證書，於二零零四年八月取得律師執業資格證。譚先生擁有逾18年在大型企業工作的經驗，主要負責監督董事、經理及其他管理層人員，以確保遵守法律及法規、公司章程及股東會議的決議。於二零零零年至二零零一年十二月期間，譚先生在雲大科技產業股份有限公司擔任財務部副經理。於二零零二年一月至二零零七年八月期間，譚先生加入雲南恒鑫律師事務所擔任實習律師和律師。於二零零七年九月至二零零九年三月期間，譚先生在雲南曲直律師事務所擔任律師。自二零零九年三月至二零一八年一月，譚先生在雲南格元律師事務所擔任律師，自二零一八年一月至今，譚先生在北京盈科(昆明)律師事務所擔任律師。

張玲女士(「張女士」)，43歲，於二零一八年一月加入本集團擔任本公司獨立監事。張玲女士現擔任雲南財經大學法學院副教授、碩士生導師，雲南財經大學法學院區域能源合作法律研究中心主任。張女士於一九九七年七月獲武漢大學授予法學學士學位，其後於二零零四年十一月獲英國謝菲爾德大學授予的國際商事法及歐盟法專業法學碩士學位。張女士自二零零五年九月起任職於雲南財經大學法學院，從事法律的教學、科研及實踐工作。張女士曾先後發表數十篇高級別法學專業學術論文，主持國家社科課題及數項省部級法學研究課題，受國務院法制辦、民政部及外交部邀請參加兩部法規及條例的修訂及立法諮詢工作，曾兩次榮獲雲南省哲學社會科學研究獎勵。此外，張女士擁有近二十年涉外法律服務的豐富經驗，其自一九九九年十一月獲得中國執業律師資格證以來，先後於雲南省內五家不同律師事務所執業，現兼職於雲南八謙律師事務所。

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

SENIOR MANAGEMENT

Mr. Liu Xujun (“Mr. Liu”), aged 46, joined our Group in June 2011 and currently serves Deputy Chief Executive Officer of the Company. Mr. Liu obtained a bachelor’s degree in water supply and drainage engineering from Tongji University in Shanghai in July 1995. Later, he further obtained a master’s degree in environmental engineering from Kunming University of Science & Technology in Kunming in June 2009, and he obtained a doctorate degree in environment engineering at Tongji University in Shanghai in September 2017. Mr. Liu was qualified as a senior engineer specialized in water supply and drainage in September 2006 by the Kunming Architecture Senior Engineer Certifying Committee (昆明市建築工程高級工程師評審委). He was also qualified as a professional manager in June 2007 by the Human Resources and Social Security Bureau of Yunnan Province of the PRC. Mr. Liu has become a member of the International Water Association (IWA) (國際水協) since January 2013. He was subsequently qualified as a professorate senior engineer specialized in water supply and drainage in November 2014 by the Yunnan Professorate Senior Engineer Certifying Committee (雲南省正高級工程師評審委員會). Mr. Liu has more than 22 years of technical experience in the water works industry, including 9 years of senior management experience in water works enterprises, mainly responsible for the technical management, research and development, and services of the Company. Mr. Liu served as engineering staff in Kunming Municipal Sewerage Co., Ltd., a deputy director and later a director of World Bank project office between July 1995 and October 2005. Mr. Liu worked as a procurement specialist for the World Bank Resident Mission from December 2007 to October 2009. He served as chief engineer and deputy general manager of Yunnan Province Water from January 2010 to June 2011. Mr. Liu served as executive director and deputy chief executive officer of the Company from June 2011 to August 2017. He has been the deputy chief executive officer since August 2017.

Mr. Huang Yunjian (“Mr. Huang”), aged 53, joined our Group in December 2011 as Deputy Chief Executive Officer of the Company, and currently serves as the deputy chief executive officer of the Company. Mr. Huang obtained a degree in environment engineering from Kunming University of Science and Technology in Kunming in July 1988. He obtained a certificate for senior research studies on modern economics management in 2005 and a certificate for the “Western China Environmental Infrastructure Technologies and Projects” course in December 2005. Mr. Huang subsequently obtained the qualification of a Chinese professional manager in June 2006 awarded by Chinese Professional Manager Coalition. Mr. Huang has more than 19 years of experience in operation management and senior

高級管理人員

劉旭軍先生(「劉先生」)，46歲，於二零一一年六月加入本集團，現擔任本公司副總裁，劉先生於一九九五年七月取得上海同濟大學給水排水工程專業學士學位。於二零零九年六月取得昆明市昆明理工大學環境工程碩士學位，其後於二零一七年九月取得上海同濟大學環境工程學博士學位。二零零六年九月劉先生取得昆明市建築工程高級工程師評審委頒發的給排水高級工程師資格。二零零七年六月取得中國雲南省人力資源和社會保障廳頒發的職業經理人資格。劉先生自二零一三年一月起成為IWA國際水協的會員。其後於二零一四年十一月取得雲南省正高級工程師評審委員會頒發的給排水正高級工程師資格。劉先生在水務行業擁有逾22年的技術經驗，其中包括9年在水務企業擔任高級管理層的經驗，主要負責本公司技術管理、技術研發和技術服務。於一九九五年七月至二零零五年十月期間，劉先生在昆明市城市排水公司擔任工程人員、世界銀行項目辦事處副主任，其後升任為主任。於二零零七年十二月至二零零九年十月期間，劉先生擔任世界銀行中國代表處的採購專家。於二零一零年一月至二零一一年六月期間，劉先生擔任雲南省水務的總工程師及副總經理。於二零一一年六月至二零一七年八月，劉先生擔任本公司執行董事及副總裁，自二零一七年八月起至今劉先生擔任本公司副總裁。

黃雲建先生(「黃先生」)，53歲，於二零一一年十二月加入本集團，現擔任本公司副總裁，黃先生於一九八八年七月取得昆明市昆明理工大學環境工程學位。於二零零五年取得現代經濟管理高級研修班證書，於二零零五年十二月取得「華西環保基建技術及項目(Western China Environmental Infrastructure Technologies and Projects)」課程證書。其後於二零零六年六月黃先生取得中國職業經理聯合會頒發的中國職業經理資格。黃先生在營運管理及擔任水務相關公司高級管理層方面擁有逾19年的經驗，主要負責本公司的管理、策略規劃及業務發展。於一九九八年四月至二零零五年六月期間，黃先生擔任昆明市城市排水公司第四污水廠的工程師及工廠經理。於二零零五年六月至二零零八年七月期間，黃先生擔任

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

management in companies related to water works, and he is mainly responsible for management, strategic planning and business development of our Group. Mr. Huang was appointed as engineer and plant manager of the 4th sewage plant of Kunming Municipal Sewerage Co., Ltd. from April 1998 to June 2005. Mr. Huang was appointed as the legal representative, executive director and general manager of Kunming Wastewater Treatment Co. Ltd. between June 2005 and July 2008. Mr. Huang served as assistant to the general manager and deputy general manager of Yunnan Province Water, our controlling shareholder, between January 2010 and June 2011. Mr. Huang served as executive director and deputy chief executive officer of the Company from December 2011 to August 2017. He has been the deputy chief executive officer since August 2017. Mr. Huang also served as legal representative and director in a number of subsidiaries of the Company. In addition, Mr. Huang has also been a part-time professor of Kunming University of Science and Technology since January 2013.

Mr. Wang Yong (“Mr. Wang”), aged 47, joined the Group in January 2013 and is currently the financial controller of the Company. Mr. Wang obtained a bachelor’s degree in economics in July 1993 from Yunnan Finance and Trade College (now known as Yunnan University of Finance and Economics) and a master’s degree in business administration in January 2009 from the Yunnan University. He was qualified as an accountant in the PRC in May 1996, and also qualified as a registered tax agent in the PRC in October 2000, later he was promoted to a senior accountant in October 2004. From April 2002 to January 2013, Mr. Wang was appointed as the manager of finance department of Kunming Sino-Platinum Metals Catalyst Co., Ltd* (昆明貴研催化劑有限公司). Mr. Wang joined the Group in January 2013 as manager of finance department of the Company, subsequently he was appointed as financial controller of the Company in November 2013. Mr. Wang has more than 15 years of senior management experience in large-scale enterprises and extensive experience in accounting, and he is mainly responsible for the finance, financing, internal control, securities and project investment risk control of the Company.

Mr. Zhang Song (“Mr. Zhang”), aged 45, joined the Group as the investment director in October 2015 and was appointed as a deputy general manager of the Company by the second session of the Board. Mr. Zhang obtained a master’s degree in business administration from Tongji University in 2005. Mr. Zhang has over 24 years of rich experience in environmental protection and relevant industries. Mr. Zhang served as a member and representative of the preparatory group of Hedong Sewage Treatment Plant at the construction committee of Urumqi from 1995 to 2002 and as the president of China region of Salcon Berhad, Malaysia from 2004 to 2015.

昆明城市污水處理運營有限責任公司的法定代表、執行董事兼總經理。於二零一零年一月至二零一一年六月期間，黃先生擔任本公司控股股東雲南省水務的總經理助理及副總經理。於二零一一年十二月至二零一七年八月期間，黃先生擔任本公司執行董事及副總裁，自二零一七年八月起至今黃先生擔任本公司副總裁。黃先生亦擔任本集團多間附屬公司的法定代表人兼董事。另外，黃先生自二零一三年一月起，擔任昆明理工大學的兼職教授。

王勇先生(「王先生」)，47歲，於二零一三年一月加入本集團現擔任本公司財務總監。王先生於一九九三年七月取得雲南財貿學院(現稱雲南財經大學)經濟學學士學位，於二零零九年一月取得雲南大學工商管理碩士學位。一九九六年五月成為合資格中國會計師，於二零零零年十月成為合資格中國註冊稅務師，其後於二零零四年十月晉升為高級會計師。二零零二年四月至二零一三年一月期間王先生擔任昆明貴研催化劑有限公司的財務部經理，二零一三年一月王先生加入本集團擔任本公司財務部經理，其後於二零一三年十一月獲委任為本公司財務總監。王先生擁有逾15年的大型企業高級管理層經驗並於會計方面擁有豐富經驗，主要負責本公司財務、融資、內控、證券及項目投資風險控制工作。

張松先生(「張先生」)，45歲，於二零一五年十月加入本集團擔任投資總監，並由第二屆董事會聘任為本公司副總經理。張先生於二零零五年獲得同濟大學工商管理碩士學歷和學位。張先生於環保及相關行業擁有逾二十四年的豐富經驗。張先生於一九九五年至二零零二年期間在烏魯木齊市建委任河東污水處理廠籌建組成員及代表，其後於二零零四年至二零一五年期間，於馬來西亞實康集團擔任中國區總裁。

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

Mr. Zhao Peng (“Mr. Zhao”), aged 39, joined the Group as the general manager assistant and general manager of the marketing and investment centre of the Group in June 2011 and was appointed as a deputy general manager of the Company by the second session of the Board. Mr. Zhao obtained a bachelor’s degree in law from Hebei University of Economics and Business in July 2003. Mr. Zhao has approximately 16 years of rich experience in the environmental protection industry. Mr. Zhao served as the business manager of Beijing Novel Environmental Protection Co., Ltd.* (北京永新環保有限公司) from September 2003 to April 2004 and subsequently as the marketing director for North China area of Veolia Water Solutions & Technologies (Beijing) Co., Ltd.* (威立雅水務工程(北京)有限公司) from May 2005 to June 2011.

Mr. Ma Xiangyi, aged 44, joined the Group in February 2016, successively served as the deputy general manager and general manager of the project management center and was appointed as a deputy general manager of the Company by the second session of the Board. Mr. Ma Xiangyi obtained a bachelor’s degree in industrial and civil construction from Yunnan Polytechnic University in July 1997 and the qualification of intermediate engineer (in water supply and drainage) in August 2002. Mr. Ma Xiangyi has over 22 years of rich experience in water and relevant industries. Mr. Ma Xiangyi served as an engineer at the infrastructure construction division of Kunming Municipal Water Discharge Company* (昆明市城市排水公司) from August 1997 to August 2005, a deputy general manager of Kunming Dianchi Project Management Company* (昆明滇池建設管理公司) from September 2005 to October 2012 and a standing deputy general manager of Kunming Dianchi Construction Management Company from November 2012 to February 2016. In addition, Mr. Ma Xiangyi served as the chairman or a senior management member of a number of subsidiaries of the Group since September 2016.

COMPANY SECRETARY

Mr. Li Bo (“Mr. Li”), aged 40, joined the Group in May 2013 as company secretary of the Company and was appointed as Secretary to the Board since August 2013. Mr. Li graduated from Capital University of Economics and Business in Beijing with a bachelor’s degree in economics in July 2001 and obtained a master’s degree in accounting from Macquarie University in Australia in April 2006. Mr. Li is currently a member of the Hong Kong Institute of Certified Public Accountants and a member of the Certified Public Accountants of Australia. He is mainly responsible for assisting with the operation of our Company and the operation of the Board. Mr. Li has more than 9 years of experience in finance-related senior positions. Mr. Li was engaged by Audit Office of New South Wales as an auditor since August 2007 and was later promoted to senior auditor. From March 2011 to June 2013, Mr. Li served as the financial controller and the company secretary of Beijing Jingkelong Company Limited, a company listed on the Stock Exchange (stock code: 814).

趙鵬先生(「趙先生」)，39歲，於二零一一年六月加入本集團擔任本公司總經理助理兼市場與投資中心總經理，並由第二屆董事會聘任為本公司副總經理。趙先生於二零零三年七月獲得河北經貿大學授予法學專業學士學位。趙先生於環保行業擁有約十六年的豐富經驗。趙先生於二零零三年九月至二零零四年四月期間在北京永新環保有限公司擔任商務經理。其後於二零零五年五月至二零一一年六月期間，於威立雅水務工程(北京)有限公司擔任華北片區市場總監。

馬祥迺先生，44歲，二零一六年二月加入本集團歷任項目管理中心副總經理、總經理，由公司第二屆董事會聘任為本公司副總經理。馬祥迺先生於一九九七年七月取得雲南工業大學工民建專業學士學位，並於二零零二年八月取得中級工程師(給排水)資格。馬祥迺先生於水務及相關行業擁有逾二十年的豐富經驗。馬祥迺先生於一九九七年八月至二零零五年八月期間任昆明市城市排水公司基建處工程師。二零零五年九月至二零一二年十月期間，馬祥迺先生擔任昆明滇池項目管理公司副總經理。二零一二年十一月至二零一六年二月期間，馬祥迺先生擔任昆明滇池建設管理公司常務副總經理。此外，自二零一六年九月起馬祥迺先生於本集團之多家附屬公司擔任主席或高級管理人員。

公司秘書

李博先生(「李先生」)，40歲，於二零一三年五月加入本集團擔任本公司公司秘書，並於二零一三年八月起擔任本公司董事會秘書。李先生於二零零一年七月取得北京市首都經貿大學並取得經濟學學士學位，於二零零六年四月取得澳大利亞麥考瑞大學(Macquarie University)會計學碩士學位。李先生現時為香港會計師公會會員及澳大利亞會計師公會會員，主要負責協助本公司營運及董事會運作。李先生於財務相關高級職位擁有逾9年經驗。李先生於二零零七年八月起獲聘為Audit Office of New South Wales的核數師，其後於屆升為高級核數師。於二零一一年三月至二零一三年六月期間，李先生擔任北京市京客隆商業集團(於聯交所上市的公司，股份代號：814)的財務總監兼公司秘書。

The Board is pleased to present the annual report and the audited financial statements of the Group (the “**Financial Statements**”) for the year ended 31 December 2018 to the Shareholders.

SHARE CAPITAL

As at 31 December 2018, the total share capital of the Company was RMB1,193,213,457, divided into 1,193,213,457 Shares of RMB1.00 each. Details of changes in share capital of the Company during the year are set out in note 26 to the Consolidated Financial Statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

PRE-EMPTIVE RIGHTS

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

PRINCIPAL BUSINESS

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

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

董事會謹此向股東提呈本集團截至二零一八年十二月三十一日止年度的年報及經審計財務報表（「**財務報表**」）。

股本

截至二零一八年十二月三十一日，本公司股本總額為人民幣1,193,213,457元，分為1,193,213,457股每股面值人民幣1.00元的股份。年內本公司股本變動的詳情載於合併財務報表附註26。

購買、出售或贖回本公司上市證券

於報告期內，本公司或其任何附屬公司概無購買、出售或贖回任何本公司上市證券。

優先購買權

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

主要業務

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

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

Directors' Report

董事會報告

RESULTS

The audited results of operations of the Group for the year ended 31 December 2018 are set out in the consolidated statement of comprehensive income on page 94 to 95. The financial position of the Group as at 31 December 2018 is set out in the consolidated balance sheet on page 96 to 98. The consolidated cash flow of the Group for the year ended 31 December 2018 is set out in the consolidated statement of cash flows on page 101 to 102.

Discussion and analysis about the operating performance and significant elements affecting the results of operations and financial condition of the Company during the Reporting Period are set out in the chapter headed "Management Discussion and Analysis" in this annual report from page 18 to 36.

DISTRIBUTIONS AND DIVIDENDS

The Board has resolved to declare the final dividend of RMB0.15 per Share (tax included) for the year ended 31 December 2018. The proposed final dividend is subject to the consideration and approval by the Shareholders at the AGM. The final dividend is payable to the Shareholders whose names are listed in the register of members of the Company on 25 June 2019, in an aggregate amount of approximately RMB179.0 million.

Pursuant to the requirements of the Articles of Association, the final dividend will be denominated and declared in RMB. The final dividend on Domestic Share will be paid in RMB and on H Share will be paid in Hong Kong dollars. The relevant exchange rate for conversion shall be calculated by the average median exchange rate for converting RMB into Hong Kong dollar as quoted by the China Foreign Exchange Trading Centre for the week immediately before the date on which the dividend was declared (i.e. Wednesday, 13 June 2019). The final dividend is expected to be distributed on or before Tuesday, 30 July 2019.

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

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

業績

本集團截至二零一八年十二月三十一日止年度的經審計經營業績載於第94至95頁的合併綜合收益表。本集團於二零一八年十二月三十一日的財務狀況載於第96至98頁的合併資產負債表。本集團截至二零一八年十二月三十一日止年度的合併現金流量載於第101至102頁的合併現金流量表。

對於經營表現及影響報告期內本公司經營業績及財務狀況的重大因素的論述及分析，載於本年報第18至36頁的「管理層討論及分析」章節內。

分派及股息

董事會議決宣派截至二零一八年十二月三十一日止年度末期股息每股人民幣0.15元(含稅)。建議末期股息須待股東於股東週年大會上審議及批准後始可作實。末期股息應支付予二零一九年六月二十五日名列本公司股東名冊的股東，合計金額約人民幣179.0百萬元。

根據公司章程規定，末期股息將以人民幣計值及宣派。內資股的末期股息將以人民幣支付，而H股的末期股息則將以港元支付。相關折算匯率將以宣佈派息當日(即二零一九年六月十三日(星期三))前一個星期中國外匯交易中心公佈的港幣兌人民幣的匯率中間價的平均值計算。末期股息預計於二零一九年七月三十日(星期二)或之前派發。

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

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

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

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

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

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

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

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

Directors' Report

董事會報告

CLOSURE OF REGISTER OF MEMBERS

In order to determine the list of Shareholders who are entitled to attend and vote at the AGM, the register of holders of H Shares of the Company will be closed from 14 May 2019 to 13 June 2019 (both dates inclusive), during which period no transfer of Shares will be registered. Holders of H Shares whose names appear on the register of holders of H Shares of the Company at the close of business on 10 May 2019 are entitled to attend and vote at the AGM.

In order to attend and vote at the AGM, any holder of H Shares whose transfer has not been registered shall lodge the transfer documents together with the relevant share certificates with the Company's H Share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on 10 May 2019.

For the purpose of determining entitlement for the final dividend for the year ended 31 December 2018, the register of members of the Company will be closed from Thursday, 20 June 2019 to Tuesday, 25 June 2019 (both dates inclusive) during which registration of transfer of Shares will be suspended.

To be eligible to receive the final dividend, all transfer documents must be lodged with the Company's H Share registrar in Hong Kong, Tricor Investor Services Limited, at 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares), or the secretariat of the Board, located at 5th Floor, Yunnan Water, 2089 Haiyuan Bei Road, Gaoxin District, Kunming, Yunnan Province, the PRC (for holders of Domestic Shares), by no later than 4:30 p.m. on Wednesday, 19 June 2019.

PROPERTY, PLANT AND EQUIPMENT

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

RESERVES

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

DONATIONS

During the Reporting Period, the Group made external donations of approximately RMB2.9 million (contractual value) (excluding personal donations by employees).

暫停辦理過戶登記

為確定符合資格出席股東週年大會及於會上投票的股東名單，本公司的H股持有人登記冊將由二零一九年五月十四日起至二零一九年六月十三日止(包括首尾兩天)暫停辦理股份過戶登記手續。於二零一九年五月十日營業時間結束時名列本公司H股持有人登記冊的H股持有人，將符合資格出席股東週年大會並於會上投票。

為符合資格出席股東週年大會及於會上投票，任何H股持有人若仍未辦理股份轉讓登記，最遲須於二零一九年五月十日下午四時三十分前將股份轉讓文件連同相關股票提交本公司的H股股份登記分處卓佳證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心22樓，以辦理登記。

就釐定享有截至二零一八年十二月三十一日止年度之末期股息權利，本公司之股份過戶登記處將於二零一九年六月二十日(星期四)至二零一九年六月二十五日(星期二)(包括首尾兩日)暫停辦理股份過戶登記手續。

為符合資格收取末期股息，所有過戶文件必須於二零一九年六月十九日(星期三)下午四時三十分前交回本公司之香港H股股份過戶登記處(如屬H股持有人)，地址為香港皇后大道東183號合和中心22樓，或董事會秘書處(如屬內資股持有人)，地址為中國雲南省昆明市高新技術開發區海源北路2089號雲南水務5樓。

物業、廠房及設備

報告期內本集團物業、廠房及設備變動的詳情載於財務報表附註17。

儲備

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

捐款

於報告期內，本集團的對外捐款為約人民幣2.9百萬元(合同價值)(不包括僱員的個人捐款)。

BANK AND OTHER BORROWINGS

Details of bank and other borrowings of the Group as of 31 December 2018 are set out in note 29 to the Financial Statements in this annual report.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Directors

Name 姓名	Title in the Company 於本公司的職銜
Executive Directors 執行董事	
Mr. Dai Richeng (Resigned from executive Director and vice chairman on 12 December 2018) 戴日成先生 (於二零一八年十二月十二日離任執行董事、副主席)	Executive Director, vice-chairman 執行董事、副主席
Mr. Yu Long 于龍先生	Executive Director, vice-chairman, chief executive officer 執行董事、副主席、行政總裁
Mr. Yang Fang 楊方先生	Executive Director, deputy chief executive officer 執行董事、副總裁

銀行借款及其他借款

本集團於二零一八年十二月三十一日的銀行借款及其他借款的詳情載於本年報財務報表附註29。

董事、監事及高級管理層

下表載列本公司於報告期內及截至本年報日期董事、監事和高級管理層的部份數據。

董事

Date of Appointment for the Current Term 現行任期的委任日期

28 August 2017 二零一七年八月二十八日
Appointed as the Chief Executive Officer on 28 August 2017 and appointed as an executive Director and Vice-chairman on 12 December 2018 二零一七年八月二十八日 獲委任為行政總裁，二零一八年十二月十二日獲委任為執行董事及副主席
28 August 2017 二零一七年八月二十八日

Directors' Report

董事會報告

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

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

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

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

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

BIOGRAPHIES OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of Directors, Supervisors and senior management of the Company are set out on page 37 to 46 of this annual report. There are no relationships among the Directors, Supervisors and senior management of the Company, including financial, business, family or other material relationships as defined in Appendix 14 to the Listing Rules.

董事、監事及高級管理層簡歷

本公司董事、監事及高級管理層簡歷的詳情載於本年報第37至46頁。根據上市規則附錄十四本公司董事、監事及高級管理層彼此間概無財務、業務、家族等關連或其他重大關連。

Name 姓名	Title in the Company 於本公司的職銜	Date of Appointment for the Current Term 現行任期的委任日期
Supervisors 監事		
Mr. Long Limin 龍利民先生	Chairman of the Supervisory Committee, shareholder representative Supervisor 監事會主席、股東代表監事	28 August 2017 二零一七年八月二十八日
Mr. Zhu Zhen 朱振先生	Shareholder representative Supervisor 股東代表監事	28 August 2017 二零一七年八月二十八日
Mr. Tan Hairui 譚海銳先生	Independent Supervisor 獨立監事	28 August 2017 二零一七年八月二十八日
Ms. Zhang Ling 張玲女士	Independent Supervisor 獨立監事	5 January 2018 二零一八年一月五日
Ms. Yang Chuanyun (resigned on 21 May 2018) 楊川雲女士 (於二零一八年 五月二十一日離任)	Employee representative Supervisor 職工代表監事	28 August 2017 二零一七年八月二十八日
Ms. Tang Shuang 唐爽女士	Employee representative Supervisor 職工代表監事	28 August 2017 二零一七年八月二十八日
Mr. Huang Yi 黃軼先生	Employee representative Supervisor 職工代表監事	21 May 2018 二零一八年五月二十一日
Senior management 高級管理層		
Mr. Liu Xujun 劉旭軍先生	Deputy chief executive officer 副總裁	28 August 2017 二零一七年八月二十八日
Mr. Huang Yunjian 黃雲建先生	Deputy chief executive officer 副總裁	28 August 2017 二零一七年八月二十八日
Mr. Wang Yong 王勇先生	Chief financial controller 財務總監	28 August 2017 二零一七年八月二十八日
Mr. Zhang Song 張松先生	Deputy Chief Executive Officer 副總裁	31 October 2017 二零一七年十月三十一日
Mr. Zhao Peng 趙鵬先生	Deputy Chief Executive Officer 副總裁	31 October 2017 二零一七年十月三十一日
Mr. Ma Xiangyi 馬祥迺先生	Deputy Chief Executive Officer 副總裁	31 October 2017 二零一七年十月三十一日
Mr. Li Bo 李博先生	Company Secretary, Secretary to the Board 公司秘書、董事會秘書	31 October 2017 二零一七年十月三十一日

Directors' Report 董事會報告

SERVICE CONTRACTS OF THE DIRECTORS AND SUPERVISORS

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

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

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

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

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

EMOLUMENTS OF DIRECTORS AND SUPERVISORS

Details of the emoluments of the Directors and Supervisors of the Company are set out in note 39 to the Financial Statements.

DIRECTORS' AND SUPERVISORS' INTERESTS TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

CONTRACT OF SIGNIFICANCE

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

董事及監事服務合約

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

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

董事、監事及高級管理人員的薪酬釐定及釐定基準

董事、監事及高級管理人員的薪酬須由薪酬委員會作出建議及董事會釐定。

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

董事及監事薪酬

本公司董事及監事薪酬的詳情載於財務報表附註39。

董事及監事於交易、安排或合約中的權益

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

重大合約

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

DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESS

In the period from the Listing Date to the date of this report, to the best knowledge of the Board, none of the Directors and Supervisors and their respective associates has any business or interest that competes or may compete with the business of the Group or have or may have any conflict of interest with the Group.

EQUITY-LINKED AGREEMENTS

Apart from the IPO, the Company has not entered into any equity-linked agreement during the Reporting Period.

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

As at 31 December 2018, the Directors, Supervisors and chief executives of the Company had the following interest in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to Section 352 of the SFO or otherwise, to be entered in the register maintained thereunder, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, or held interest in the Company as follows:

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

Notes:

(L) refers to long position

董事及監事於競爭業務的權益

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

股票掛鈎協議

除首次公開發售外，本公司於報告期內並未訂立任何股票掛鈎協議。

董事、監事及最高行政人員在股份、相關股份及債券之權益及淡倉

於二零一八年十二月三十一日，本公司董事、監事及最高行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份及債券中，擁有根據證券及期貨條例第352條或以其他方式須載入本公司根據該條文所存置的登記名冊的權益，或根據標準守則須知會本公司及聯交所的權益，或已持有的本公司權益如下：

附註：

(L) 代表好倉

Directors' Report 董事會報告

Save as disclosed above, to the best knowledge of the Company, as at 31 December 2018, none of the Directors, Supervisors and the chief executives of the Company had any interests and short positions in the Shares, underlying Shares or debentures of the Company or its associated corporation which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

To the Company's best knowledge, as at 31 December 2018, the following persons (other than Directors or Supervisors whose interests are disclosed in the section headed "Interests and Short Positions of Directors, Supervisors and Chief Executives in Shares, Underlying Shares and Debentures" above) had interests or short positions in the Shares, underlying Shares or debentures of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the respective type of share capital in issue of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

除上文披露者外，據本公司所深知，於二零一八年十二月三十一日，概無董事、監事及本公司最高行政人員於本公司或其相聯法團的任何股份、相關股份及債券中，擁有根據證券及期貨條例第352條須載入本公司登記名冊的權益及淡倉或根據標準守則須另行知會本公司及聯交所的權益。

主要股東於股份中的權益及淡倉

據本公司所深知，於二零一八年十二月三十一日，下列人士(本公司的董事及監事除外，彼等之權益於上文「董事、監事及最高行政人員在股份、相關股份及債券之權益及淡倉」一節披露)於本公司股份、相關股份及債券中擁有根據《證券及期貨條例》第XV部第2及第3分部須向本公司披露權益或淡倉或根據證券及期貨條例第336條須存置在本公司登記冊中記錄的權益或淡倉，擁有佔本公司類別已發行股本5%或以上的權益或淡倉：

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

Name of Shareholder 股東名稱	Capacity 持股身份	Type of Shares 股份類別	Number of Shares 股份數目	Percentage of the respective type of Shares in issue (%) 佔已發行類別股份的比例(%)	Percentage of the total number of Shares in issue (%) 佔已發行總股份的比例(%)
王勇 ¹	實益擁有人，與另一名人 士共同持有權益	內資股	361,487,162 (L)	43.58	30.30
YMCI ¹	Interests in controlled corporation, interests held jointly with another person	Domestic Shares	361,487,162 (L)	43.58	30.30
雲南城投集團 ¹	於受控法團的權益，與另 一名人士共同持有權益	內資股	361,487,162 (L)	43.58	30.30
Beijing OriginWater 北京碧水源	Beneficial owner 實益擁有人	Domestic Shares 內資股	286,650,000 (L)	34.56	24.02
CNPC Assets Management Co., Ltd.* ²	Interests in controlled corporation	Domestic Shares	137,880,000 (L)	16.62	11.56
中油資產管理有限公司 ²	於受控法團的權益	內資股	137,880,000 (L)	16.62	11.56
China National Petroleum Corporation ²	Interests in controlled corporation	Domestic Shares	137,880,000 (L)	16.62	11.56
中國石油天然氣集團有限公司 ²	於受控法團的權益	內資股	137,880,000 (L)	16.62	11.56
Kunlun Trust Co. Ltd. ²	Interests in controlled corporation	Domestic Shares	137,880,000 (L)	16.62	11.56
昆侖信託有限責任公司 ²	於受控法團的權益	內資股	137,880,000 (L)	16.62	11.56
Finergy Development (Tianjin) Equity Investment Partnership (Limited Partnership)* ²	Beneficial owner	Domestic Shares	137,880,000 (L)	16.62	11.56
融源成長（天津）股權投資 合夥企業（有限合夥） ²	實益擁有人	內資股	137,880,000 (L)	16.62	11.56
The National Council for Social Security Fund of the PRC*	Beneficial owner	H Shares	30,454,900 (L)	8.37	2.55
全國社會保障基金理事會	實益擁有人	H股	30,454,900 (L)	8.37	2.55
Caiyun International Investment Limited ¹	Beneficial owner	H Shares	8,449,000 (L)	2.32	0.71
彩雲國際投資有限公司 ¹	實益擁有人	H股	8,449,000 (L)	2.32	0.71
YMCI ¹	Interests in controlled corporation	H Shares	8,449,000 (L)	2.32	0.71
雲南城投集團 ¹	於受控法團的權益	H股	8,449,000 (L)	2.32	0.71

Directors' Report

董事會報告

Notes:

(L) refers to long position

(1) Yunnan Province Water is wholly owned by YMCI and is the beneficial owner of 361,487,162 Domestic Shares. Caiyun International Investment Limited is wholly owned by YMCI and is the beneficial owner of 8,449,000 H Shares. YMCI is deemed to be interested in all the Domestic Shares held by Yunnan Province Water and H Shares held by Caiyun International Investment Limited pursuant to the SFO which representing approximately 31.01% of total issued Shares. By virtue of the Acting in Concert Agreement, each of Yunnan Province Water and YMCI is deemed to be interested in all the Domestic Shares held by Huang Yunjian, Liu Xujun, Wang Yong and each of Yunnan Province Water and YMCI in aggregate pursuant to the SFO.

Huang Yunjian is the beneficial owner of 1,950,000 Domestic Shares. By virtue of the acting in concert agreement (the "Acting in Concert Agreement") dated 24 July 2014 entered into between Yunnan Province Water Industry Investment Co., Ltd.* ("Yunnan Province Water"), Liu Xujun, Huang Yunjian and Wang Yong, pursuant to which each of Liu Xujun, Huang Yunjian and Wang Yong agreed to act in concert with Yunnan Province Water in exercising their voting rights in the Shareholders' meeting of the Company. Mr. Huang is deemed to be interested in all the Domestic Shares held by Yunnan Province Water, Liu Xujun, Wang Yong and Mr. Huang himself in aggregate pursuant to the SFO.

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

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

(2) Finergy Development is controlled as to 84.86% by Kunlun Trust Co., Ltd., its general partner, and the beneficial owner of 137,880,000 Domestic Shares; Kunlun Trust Co., Ltd. is owned as to 82.18% by CNPC Assets Management Co., Ltd., which in turn is wholly-owned by China National Petroleum Corporation. Under the SFO, each of Kunlun Trust Co., Ltd., CNPC Assets Management Co., Ltd. and China National Petroleum Corporation is deemed to be interested in all the Domestic Shares held by Finergy Development (Tianjin) Equity Investment Partnership (Limited Partnership).

On 31 December 2018, Finergy Development entered into a share transfer agreement with Yantai Xinzhen Tianying Equity Investment Center (Limited Partnership)* (煙台信真添盈股權投資中心(有限合夥)) ("Yantai Xinzhen"), pursuant to which Finergy Development agreed to dispose of and Yantai Xinzhen agreed to purchase the 124,754,169 domestic shares of the Company, representing approximately 10.46% of the issued shares of the Company (the "Transfer"). As at 23 January 2019, the Transfer had been completed. After the completion, Finergy Development directly holds 13,125,831 domestic shares of the Company, representing approximately 1.10% of the issued shares of the Company, and ceases to be a substantial shareholder of the Company. Xinzhen Tianying directly holds 124,754,169 domestic shares of the Company, representing approximately 10.46% of the issued shares of the Company, and becomes a substantial shareholder of the Company.

Save as disclosed above, to the best knowledge of the Company, as at 31 December 2018, no person (other than the Directors, Supervisors and chief executives) had informed the Company that he had interests or short positions in the Shares or underlying Shares of equity derivatives of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or held any interests or short positions in 5% or more of the respective types of capital in issue of the Company.

附註：

(L) 代表好倉

(1) 雲南省水務由雲南城投集團全資擁有並為361,487,162股內資股的實益擁有人。彩雲國際投資有限公司由雲南城投集團全資擁有並為8,449,000股H股的實益擁有人。根據證券及期貨條例，雲南城投集團被視為於雲南省水務及彩雲國際投資有限公司持有的所有股份中擁有權益佔所有已發行股份約31.01%。憑藉一致行動協議，根據證券及期貨條例，雲南省水務及雲南城投集團均被視為於黃雲建、劉旭軍、王勇及其合共持有的所有內資股中擁有權益。

黃雲建為1,950,000股內資股的實益擁有人。憑藉雲南省水務產業投資有限公司(「雲南省水務」)、劉旭軍、黃雲建與王勇簽訂的日期為二零一四年七月二十四日的一致行動協議(「一致行動協議」)，劉旭軍、黃雲建與王勇分別同意就在本公司股東大會上行使投票權與雲南省水務一致行動。根據證券及期貨條例，黃先生被視為於雲南省水務、劉旭軍、王勇及其合共持有的所有內資股中持有權益。

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

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

(2) 融源成長由其一般合夥人昆侖信託有限責任公司控制84.86%並為137,880,000股內資股的實益擁有人；昆侖信託有限責任公司由中油資產管理有限公司擁有82.18%；而中油資產管理有限公司由中國石油天然氣集團有限公司全資擁有。根據證券及期貨條例，昆侖信託有限責任公司、中油資產管理有限公司及中國石油天然氣集團有限公司各自被視為於融源成長(天津)股權投資合夥企業(有限合夥)持有的所有內資股中擁有權益。

於二零一八年十二月三十一日，融源成長與煙台信真添盈股權投資中心(有限合夥)(「信真添盈」)簽訂股份轉讓協議，據此，融源成長已同意出售，而信真添盈已同意購買124,754,169股本公司內資股，相當於本公司已發行股份約10.46%(「該轉讓」)。截至二零一九年一月二十三日，該轉讓已獲完成。完成后，融源成長直接持有本公司13,125,831股內資股，相當於本公司已發行股份約1.10%，且不再為本公司主要股東。信真添盈直接持有本公司124,754,169股內資股，相當於本公司已發行股份約為10.46%，成為本公司主要股東。

除上文披露者外，據本公司所深知，於二零一八年十二月三十一日，本公司並無獲任何人士(董事、監事或最高行政人員除外)告知，彼於本公司股份或股票衍生工具的相關股份中，擁有根據證券及期貨條例第XV部第2及3分部有關條文須向本公司披露的權益或淡倉或根據證券及期貨條例第336條須存置在本公司登記冊中記錄的權益或淡倉，擁有佔本公司類別已發行股本5%或以上的權益或淡倉。

MANAGEMENT CONTRACT

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

CONTINUING CONNECTED TRANSACTIONS

In the period from the Listing Date to 31 December 2018, the Group conducted a number of non-exempt continuing connected transactions. The annual caps for the non-exempt continuing connected transactions conducted by the Company after IPO have been approved by the Stock Exchange and are exempted from the independent Shareholders' approval requirement. The table below shows the annual caps and actual transaction value of such continuing connected transactions for the period from the Listing Date to 31 December 2018:

管理合約

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

持續關連交易

由上市日期起至二零一八年十二月三十一日止，本集團曾進行多項不獲豁免持續關連交易。本公司已獲聯交所批准首次公開發售後不獲豁免持續關連交易的年度上限，並獲豁免遵守獨立股東批准的規定。下表載列該等持續關連交易於上市日期起至二零一八年十二月三十一日止期間內的年度上限及實際交易價值：

Name, date and term of the agreement 協議名稱、日期及期限	Connected Persons 關連人士	Nature and description of the transaction 交易性質及概況	Basis for determining the consideration 定價基礎	Annual cap for 2018 二零一八年度 上限 RMB'000 人民幣千元	Actual transaction amount in 2018 二零一八年 實際交易價值 RMB'000 人民幣千元
Membrane Ancillary Material Procurement Master Agreement 膜輔料採購總協議	Beijing OriginWater and its subsidiaries 北京碧水源及其附屬公司	Yunnan Water purchases membrane ancillary materials from Beijing OriginWater 雲南水務向北京碧水源採購膜輔料	On an arm's length basis and on normal commercial terms 公平原則及一般商業條款	30,000	20,540
It was entered into on 22 December 2017 to set the annual cap of transaction for 3 years from 2018 to 2020. 於二零一七年十二月二十二日訂立，以設定二零一八年至二零二零年三年年度交易上限。					
Master Sale and Purchase Agreement for Engineering Services 工程服務總協議	YMCI and its subsidiaries 雲南城投集團及其附屬公司	Yunnan Water provides Engineering Services to YMCI 雲南水務為雲南城投集團提供工程服務	On an arm's length basis and on normal commercial terms 公平原則及一般商業條款	54,000	3,971
It was entered into on 29 December 2017 to set the annual cap of transaction for 3 years from 2018 to 2020. 於二零一七年十二月二十九日訂立，以設定二零一八年至二零二零年三年年度交易上限。					

Directors' Report 董事會報告

Several related-party transactions as disclosed in Note 37 to the Financial Statements prepared in accordance with HKFRS fall under the definition of "continuing connected transaction" in Chapter 14A of the Listing Rules. The Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules.

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

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

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

Auditor's Confirmation

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

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

財務報告準則編製的財務報表附註37所披露的若干關連方交易符合上市規則第十四A章對「持續關連交易」的定義。本公司已遵守根據上市規則第十四A章的規定。

本公司獨立非執行董事審閱及確認

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

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

核數師確認

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

董事確認本公司已就上述持續關連交易遵守上市規則第14A章項下相關規定。

COMPLIANCE WITH THE NON-COMPETITION UNDERTAKING

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

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

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

COMPLIANCE WITH NON-COMPETITION AGREEMENTS

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

遵守不競爭承諾

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

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

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

遵守不競爭協議

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

Directors' Report 董事會報告

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

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

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period the total amount of procurement from the five largest suppliers of the Group accounted for 58.6% of the total amount of procurement for the year ended 31 December 2018. The procurement from the largest supplier accounted for 49.9% of the total amount of procurement for the year ended 31 December 2018.

During the Reporting Period, the total amount of sales for the year ended 31 December 2018 to the five largest customers of the Group accounted for 19.0% of the total amount of revenue, and the total amount of sales to the largest customer accounted for 12.8% of the total amount of revenue of the Group for the year ended 31 December 2018.

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

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

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

BUSINESS REVIEW

The Company's business review and the discussion and analysis of the Group's performance for the year and material factors relating to its results and financial conditions are respectively set out in the chapter headed "Chief Executive Officer's Report" from page 13 to 17 and the chapter headed "Management Discussion and Analysis" from page 18 to 36 in this annual report. Such discussions constitute an integral part of this annual report.

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

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

主要客戶及供應商

報告期內本集團向五大供應商的採購總額佔截至二零一八年十二月三十一日止年度採購總額的58.6%，而向最大供貨商的採購額佔截至二零一八年十二月三十一日止年度採購總額的49.9%。

報告期內本集團向五大客戶的銷售總額佔截至二零一八年十二月三十一日止年度收益總額的19.0%，而向最大的客戶的銷售總額佔集團截至二零一八年十二月三十一日止年度收益的12.8%。

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

退休及僱員福利計劃

有關本公司退休及僱員福利計劃的詳情，請參閱財務報表附註2.27。

業務回顧

本年度本公司業務回顧及本集團表現之討論及分析以及與其業績及財務狀況相關之重大因素，分別載於本年報第13及17頁之「行政總裁報告」以及第18至36頁之「管理層討論及分析」章節內。該等討論構成本報告之一部分。

ENVIRONMENTAL POLICY

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

COMPLIANCE WITH LAWS AND REGULATIONS

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

RISKS AND UNCERTAINTIES

The Group's business, future results of operations and prospects could be affected by certain risks and uncertainties. Please refer to the chapter headed "Chief Executive Officer's Report" from page 13 to 17 in this annual report for detail analysis of the relevant risks and uncertainties.

PERMITTED INDEMNITY PROVISIONS

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

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

環境政策

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

遵守法律及法規

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

風險及不確定性

本集團的業務、未來經營業績及前景可能會因該等風險及不確定性而受到重大且不利的影響。本年報第13至17頁之「行政總裁報告」章節內列出本集團現時面對的主要風險及不確定性。

獲准許的彌償條文

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

董事及監事購買股份或債券之權利

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

Directors' Report

董事會報告

DEBT AND PERPETUAL INSTRUMENTS ISSUANCE

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

- On 23 July 2018, the Company issued the first tranche of super short term financing bonds with an principal amount of RMB600,000,000 in a public way for a term of one hundred days at an interest rate per annum of 4.86%;
- On 22 October 2018, the Company issued medium term notes with an principal amount of RMB1,000,000,000 in a public way for a term of three years at an interest rate per annum of 7.00%;
- On 26 November 2018, the Company issued the second tranche of super short term financing bonds with an principal amount of RMB400,000,000 in a public way for a term of one hundred and eighty days at an interest rate per annum of 4.95%.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

During the Reporting Period, the Company has complied with all code provisions as set out in the Corporate Governance Code. Details of the corporate governance practice of the Company are set out in the Corporate Governance Report from page 67 to 85 in this annual report.

SUFFICIENCY OF PUBLIC FLOAT

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

發行債務融資工具

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

- 於二零一八年七月二十三日，本公司公開發行本金為人民幣600,000,000元的超短期融資債券一期，該超短期融資債券期限為一百天，年利率為4.86%；
- 於二零一八年十月二十二日，本公司公開發行本金為人民幣1,000,000,000元的中期票據，該中期票據期限為三年，年利率為7.00%；
- 於二零一八年十一月二十六日，本公司公開發行本金為人民幣400,000,000元的超短期融資債券二期，該超短期融資債券期限為一百八十天，年利率為4.95%。

遵守企業管治守則

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

於報告期內，本公司已遵守企業管治守則所載的所有守則條文。本公司企業管治常規之詳情載於本年報第67頁至85頁之企業管治報告內。

公眾持股量的足夠性

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

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 December 2018, the Group had not been involved in any material litigation nor arbitration and the Directors are not aware of any litigation or claims of material importance pending or threatened against the Group.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the Reporting Period of the Company are set out in the chapter headed "Management Discussion and Analysis" from page 18 to 36 in this annual report.

DIVIDEND POLICY

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

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

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

AUDIT COMMITTEE

The audit committee of the Company has reviewed the annual results and the Financial Statements of the Company for the year ended 31 December 2018.

重大訴訟

截至二零一八年十二月三十一日止年度，本公司並無涉及任何重大法律訴訟或仲裁。就董事所知，亦無任何尚未了結或本集團可能面臨的重大法律訴訟或索賠。

期後事項

本公司期後事項之詳情載於本年報第18頁至36頁之「管理層討論及分析」章節內。

股息政策

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

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

派付股息亦須受任何適用法律及公司章程的規限。

審核委員會

本公司審核委員會已審閱本公司截至二零一八年十二月三十一日止年度的全年業績及財務報表。

Directors' Report

董事會報告

AUDITOR

PricewaterhouseCoopers was appointed as auditor of the Company for the consolidated financial statements prepared in accordance with HKFRS for the year ended 31 December 2018. The Group's consolidated financial statements for the year ended 31 December 2018 prepared in accordance with HKFRS have been audited by PricewaterhouseCoopers. The Company has retained the services of PricewaterhouseCoopers since 2013.

A resolution to re-appoint PricewaterhouseCoopers as the auditor of the Company for the year of 2019 will be proposed at the AGM.

FINANCIAL HIGHLIGHTS

Summary of results of operation and the position of assets and liabilities of the Group for the recent five financial years is set out on page 222 in this annual report.

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

Yang Tao
Chairman

Kunming, the PRC
27 March 2019

核數師

羅兵咸永道會計師事務所獲委聘為本公司截至二零一八年十二月三十一日止年度就根據香港財務報告準則編製合併財務報表的核數師。本集團根據香港財務報告準則編製的截至二零一八年十二月三十一日止年度合併財務報表已經羅兵咸永道會計師事務所審計。本公司自二零一三年起委聘羅兵咸永道會計師事務所提供審計服務。

本公司將於股東週年大會上提呈再次委任羅兵咸永道會計師事務所為二零一九年度本公司核數師的決議案。

財務摘要

本集團於過往五個財政年度的經營業績及資產及負債載於本年報第222頁。

代表董事會
雲南水務投資股份有限公司

主席
楊濤

中國·昆明
二零一九年三月二十七日

Corporate Governance Report

企業管治報告

The Board is pleased to present this corporate governance report of the Company from the Listing Date to 31 December 2018.

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

董事會欣然提呈載自上市日至本公司截至二零一八年十二月三十一日止的企業管治報告。

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

遵守企業管治守則

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

於報告期內，本公司已遵守企業管治守則所載的所有守則條文。

董事及監事進行證券交易的標準守則

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

Corporate Governance Report

企業管治報告

BOARD OF DIRECTORS	董事會
Board composition	董事會的組成
The Directors who held office during the Reporting Period are:	於報告期內任職的董事為：
Executive Directors	執行董事
Mr. Dai Richeng (<i>Vice-chairman</i>) (<i>resigned on 12 December 2018</i>)	戴日成先生 (<i>副主席</i>) (<i>於二零一八年十二月十二日辭任</i>)
Mr. Yu Long (<i>Vice-chairman, Chief Executive Officer</i>)	于龍先生 (<i>副主席，行政總裁</i>)
Mr. Yang Fang (<i>Deputy chief executive officer</i>)	楊方先生 (<i>副總裁</i>)
Mr. He Yuanping (<i>re-designated from a non-executive Director to an executive Director with effect from 30 August 2018 and re-designated from an executive Director to a non-executive Director with effect from 16 October 2018</i>)	何願平先生 (<i>於二零一八年八月三十日由非執行董事調任為執行董事，並於二零一八年十月十六日由執行董事調任為非執行董事</i>)
Non-executive Directors	非執行董事
Mr. Yang Tao (<i>Chairman</i>)	楊濤先生 (<i>主席</i>)
Ms. Li Bo	李波女士
Mr. He Yuanping (<i>re-designated from a non-executive Director to an executive Director with effect from 30 August 2018 and re-designated from an executive Director to a non-executive Director with effect from 16 October 2018</i>)	何願平先生 (<i>於二零一八年八月三十日由非執行董事調任為執行董事，並於二零一八年十月十六日由執行董事調任為非執行董事</i>)
Mr. Feng Zhuangzhi (<i>resigned on 29 March 2019, with effect from conclusion of the AGM</i>)	馮壯志先生 (<i>於二零一九年三月二十九日辭任，並將於股東週年大會結束時生效</i>)
Independent Non-executive Directors	獨立非執行董事
Mr. Kwok For Chi (<i>resigned on 13 June 2018</i>)	郭科志先生 (<i>於二零一八年六月十三日辭任</i>)
Mr. Hu Song	胡松先生
Mr. Ma Shihao	馬世豪先生
Mr. Liu Shuen Kong	廖船江先生

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

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

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

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

董事簡歷載於本年報「董事、監事及高級管理人員」章節內。

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

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

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

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

Responsibilities of the Board

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

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

- (1) to be responsible for convening general meetings, to propose at a general meeting to pass the relevant matters and to report on its work to the general meeting and to implement the resolutions of the general meetings;
- (2) to decide on the Company's business plans and investment plans;
- (3) to formulate the Company's proposed annual preliminary and final financial budgets and profit distribution plans and plans for recovery of losses;
- (4) to draw up plans for the material asset acquisition or disposal, repurchase of shares of the Company or merger, division, dissolution and alteration of corporate form of the Company;

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

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

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

董事會的職責

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

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

- (1) 召集股東大會會議，提請股東大會通過有關事項，並向股東大會報告工作及執行股東大會的決議；
- (2) 決定公司的經營計劃和投資方案；
- (3) 制訂公司的年度財務預算方案和決算方案及利潤分配方案和彌補虧損方案；
- (4) 擬訂公司重大資產收購和出售、回購本公司股票或合併、分立、解散及變更公司形式的方案；

Corporate Governance Report

企業管治報告

- | | |
|---|--------------------------------------|
| (5) to decide on the proposals for salaries, incentives and punishments of the Company's staff; | (5) 決定公司職工的工資、福利及獎懲方案； |
| (6) to decide on the establishment of special committees under the Board and to appoint or remove its person-in-charge; | (6) 決定董事會專門委員會的設置和任免專門委員會負責人； |
| (7) to propose at general meetings for the appointment, renewal or remove of accountants' firm conducting auditing for the Company; and | (7) 向股東大會提請聘任、續聘或解聘承辦公司審計業務的會計師事務所；及 |
| (8) to review and supervise the policies and practices of the Company in compliance with legal and regulatory requirements. | (8) 檢討及監察公司在遵守法律及監管規定方面的政策及常規。 |

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

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

Corporate Governance Functions of the Board

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

董事會企業管治功能

董事會負責制訂企業管治政策及履行企業管治責任其中包括：

- | | |
|--|---|
| (1) to develop and review the policies and practices of the Company on corporate governance and make recommendations; | (1) 發展並檢討本公司的企業管治制度及慣例，並依此提出建議； |
| (2) to review and monitor the training and continuous professional development of the Directors and Senior management; | (2) 審核及監察董事及高級管理人員的培訓及持續專業發展； |
| (3) to review and monitor the policies and practices of the Company on compliance with legal and regulatory requirements; | (3) 審閱並監督有關本公司遵守法律法規相關要求的制度及慣例； |
| (4) to review and supervise the compliance of the Directors and employees of the Company and its subsidiaries with the required standards as set out in the Model Code; and | (4) 審閱並監督本公司及其附屬公司的董事及僱員遵守標準守則所載的規定標準；以及 |
| (5) to review the compliance of the Company with relevant code provisions as set out in the Corporate Governance Code and make its disclosure in the corporate governance report prepared under the Listing Rules. | (5) 檢討本公司遵守企業管制守則的守則條文規定的情況，並將其披露於按照上市規則規定籌備的企業管治報告中。 |

Operation of the Board

Regular meetings of the Board shall be held at least four times a year. Meetings shall be convened by the Chairman and notice of and documents for such meetings shall be sent to all Directors and Supervisors 14 days before the meeting is held. The Chairman, any Shareholder(s) representing more than one-tenth voting rights, more than one-third of the Directors, or the Supervisory committee or more than one-half of the independent non-executive Directors or the chief executive officer may propose the holding of an extraordinary meeting of the Board. The chairman shall convene and preside over the extraordinary meeting of the Board within ten days upon receipt of the proposal, and shall give written notice to all Directors and Supervisors five days before the meeting is held. During the Reporting Period, the Board held 32 Board meetings, one annual general meeting and two extraordinary general meetings.

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

Nomination, Appointment and Removal of Directors

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

董事會的運作

董事會每年至少召開四次定期會議，由主席召集，會議通知及會議文件應於會議舉行十四日以前送達全體董事和監事。主席、代表十分之一以上表決權的股東、三分之一以上董事或者監事會、半數以上獨立非執行董事、行政總裁可以提議召開董事會臨時會議。主席應當自接到提議後十日內，召集和主持董事會臨時會議，並於會議召開五日以前書面通知全體董事和監事。於報告期內，董事會共召開了三十二次董事會會議，一次股東週年大會及二次臨時股東大會。

遇緊急情況時，經主席批准，董事會臨時會議的召開不受章程所載會議通知的限制，但應當給予董事、監事和行政總裁合理通知。

董事的提名及任免

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

Corporate Governance Report

企業管治報告

Attendance of Board Meetings and General Meetings

During the Reporting Period, the Board held 32 Board meetings. All Directors duly performed their duties and attended the meetings in person or by electronic communication means. They made informed decisions to safeguard the interests of the Company and the Shareholders as a whole. The attendance of Directors is as follows:

Name of Director	董事姓名	Attendance/ Number of Board Meetings 董事會出席次數/ 舉行次數
Mr. Yang Tao	楊濤先生	32/32
Mr. Dai Richeng (resigned on 12 December 2018)	戴日成先生(於二零一八年十二月十二日辭任)	30/30
Mr. Yu Long (appointed on 12 December 2018)	于龍先生(於二零一八年十二月十二日獲委任)	2/2
Ms. Li Bo	李波女士	32/32
Mr. He Yuanping	何願平先生	32/32
Mr. Yang Fang	楊方先生	32/32
Mr. Feng Zhuangzhi	馮壯志先生	32/32
Mr. Kwok For Chi (resigned on 13 June 2018)	郭科志先生(於二零一八年六月十三日辭任)	14/14
Mr. Hu Song	胡松先生	32/32
Mr. Ma Shihao	馬世豪先生	32/32
Mr. Liu Shuen Kong (appointed on 13 June 2018)	廖船江先生(於二零一八年六月十三日獲委任)	18/18

Apart from regular Board meetings, the Chairman also held a meeting with the independent non-executive Directors without the presence of executive Directors during the year ended 31 December 2018.

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

- Proposal in respect of the amendment to the Articles of Association of the Company;
- Proposal in respect of the approval of the 2017 annual report of the Company;
- Proposal in respect of the approval of the 2017 profit distribution plan of the Company;
- Proposal in respect of the approval of the 2017 financial statements and the 2018 financial budget report of the Company;

董事出席董事會及股東大會情況

於報告期內，董事會舉行了三十二次董事會議。所有董事均妥善履行其責任親自或通過電子通訊方式出席會議。彼等作出知情決定保障本公司及股東的整體利益。董事的出席率如下：

除定期董事會會議外，於截至二零一八年十二月三十一日止年度，主席亦曾在執行董事不在場之情況下與獨立非執行董事舉行一次會議。

本報告期內，董事會審議並通過的重要議案主要包括：

- 關於批准本公司修訂公司章程的議案；
- 關於批准本公司二零一七年度報告的議案；
- 關於批准本公司二零一七年度利潤分配方案的議案；
- 關於批准本公司二零一七年度財務決算及二零一八年財務預算報告的議案；

Corporate Governance Report 企業管治報告

- Proposal in respect of the approval of the re-appointment of PricewaterhouseCoopers Zhong Tian LLP as the PRC auditors and PricewaterhouseCoopers as the international auditors of the Company;
 - Proposal in respect of the approval of the changes in the composition of the second session of the Board;
 - Proposal in respect of the approval of the change of members and chairman of the Audit Committee of the Company;
 - Proposal in respect of the approval of the amendments to the rules of procedure of the Strategy and Investment Committee;
 - Proposal in respect of the approval of the election of candidates for independent non-executive Directors of the second session of the Board by the Company;
 - Proposal in respect of the approval of the 2018 interim results report of the Company;
 - Proposal in respect of official launch of IPO of A shares; and
 - Proposal in respect of the approval of the election of the vice chairman of the second session of the Board by the Company.
- 關於批准續聘普華永道中天會計師事務所為中國核數師及續聘羅兵咸永道會計師(特殊普通合伙)事務所為本公司的國際核數師的議案；
 - 關於批准本公司第二屆董事會成員變更的議案；
 - 關於批准本公司變更審核委員會委員及主席的議案；
 - 關於批准本公司修改公司戰略與投資委員會議事規則的議案；
 - 關於批准本公司選舉第二屆董事會獨立非執行董事人選的議案；
 - 關於批准本公司二零一八年中期業績報告的議案；
 - 關於正式啟動A股IPO工作的議案；及
 - 關於批准本公司選舉第二屆董事會副董事長的議案。

Corporate Governance Report 企業管治報告

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

根據《公司章程》，股東大會分為股東週年大會和臨時股東大會。股東週年大會每年召開一次，並應於上一個財務年度結束後的六個月內舉行。於報告期內，我們共召開了三次股東大會，其中有二次為臨時股東大會。董事的出席率如下：

Name of Director	董事姓名	Attendance/ Number of annual general meeting 股東週年大會 出席次數/ 會議次數	Attendance/ Number of extraordinary general meeting 臨時股東大會 出席次數/ 會議次數
Mr. Yang Tao	楊濤先生	1/1	2/2
Mr. Yu Long (appointed on 12 December 2018)	于龍先生 (於二零一八年十二月十二日獲委任)	N/A 不適用	N/A 不適用
Mr. Dai Richeng (resigned on 12 December 2018)	戴日成先生 (於二零一八年十二月十二日辭任)	1/1	2/2
Ms. Li Bo	李波女士	1/1	2/2
Mr. He Yuanping	何願平先生	1/1	2/2
Mr. Yang Fang	楊方先生	1/1	2/2
Mr. Feng Zhuangzhi	馮壯志先生	1/1	2/2
Mr. Kwok For Chi (resigned on 13 June 2018)	郭科志先生 (於二零一八年六月十三日辭任)	1/1	1/1
Mr. Hu Song	胡松先生	1/1	2/2
Mr. Ma Shihao	馬世豪先生	1/1	2/2
Mr. Liu Shuen Kong (appointed on 13 June 2018)	廖船江先生 (於二零一八年六月十三日獲委任)	N/A 不適用	1/1

Continuous Professional Development of Directors and Supervisors

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

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

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

During the year ended 31 December 2018, apart from provision of general introduction for newly appointed Directors, the Company also arranged the Directors, Supervisors and relevant senior management members to participate in a training seminar on “Duties of Directors of Companies Listed in Hong Kong” on 13 June 2018 hosted by the Company’s legal adviser, with a view to raise the level of standard operations among the Board and senior management of the Company.

Mr. Yang Tao, Ms. Li Bo, Mr. Liu Shuen Kong, Mr. Hu Song, Mr. Ma Shihao, Mr. Zhu Zhen, Mr. Tan Hairui, Ms. Zhang Ling, Mr. Liu Xujun and Mr. Wang Yong have participated in relevant training programs and have provided the relevant records to the Company. The Directors develop and update their knowledge and skills through participation in the training programs, which in turn ensure that they could make suitable contribution to the Board.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

董事及監事之持續專業發展

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

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

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

截至二零一八年十二月三十一日止年度，除為新任董事提供入職介紹外，本公司亦已安排董事、監事及相關高級管理人員於二零一八年六月十三日參加由境外律師主持的有關「香港上市公司董事責任」的培訓講座，藉此提高本公司董事會和管理層對規範運作水平。

楊濤先生，李波女士，廖船江先生，胡松先生，馬世豪先生，朱振先生，譚海銳先生，張玲女士，劉旭軍先生及王勇先生均已參與有關培訓，並已向本公司提供有關記錄。董事透過參與培訓課程發展及提升自身知識及技能，從而保證自己可為董事會作出合適的貢獻。

主席及行政總裁

主席及行政總裁的職責有所區分，並由不同人士擔任，且於公司章程明確界定。第二屆董事會楊濤先生擔任主席，于龍先生擔任行政總裁。主席由全體董事過半數選舉產生。行政總裁由董事會提名並聘任。

Corporate Governance Report

企業管治報告

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

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

BOARD COMMITTEES

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

(1). Nomination Committee

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

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

During the Reporting Period, the Nomination Committee of the Company had held three meetings, to discuss the nomination and appointment matters of Directors of the second session of the Board of the Company, and review the structure, size and composition of the Board and the independence of the independent non-executive Directors. At such meetings, Mr. Liu Shuen Kong was nominated as a candidate for an independent non-executive Director of the second session of the Board, Mr. Huang Yi, an employee representative of the Company, was nominated as a candidate for a member of the Compliance Committee of the second session of the Board, and Mr. Yu Long was nominated as a candidate for an executive Director of the second session of the Board.

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

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

董事委員會

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

(1). 提名委員會

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

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

於報告期內，本公司提名委員會共舉行了三次會議，以討論本公司第二屆董事會董事之提名委任事宜，並檢討董事會架構、人數及組成以及獨立非執行董事之獨立性。會議提名廖船江先生為第二屆董事會獨立非執行董事候選人、提名公司職工代表黃軼先生為第二屆董事會合規委員會委員候選人、提名于龍先生為第二屆董事會執行董事候選人。

The attendance record of the committee members are as follows:

委員會之成員出席記錄如下：

Name of Director	董事姓名	Attendance/ Number of Meetings 出席次數/ 會議次數
Mr. Yang Tao	楊濤先生	3/3
Mr. Hu Song	胡松先生	3/3
Mr. Ma Shihao	馬世豪先生	3/3

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

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

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

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

(2). Remuneration Committee

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

(2). 薪酬委員會

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

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

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

Corporate Governance Report

企業管治報告

In 2018, the Remuneration Committee provided recommendations to the Board on the remuneration and performance management policy and framework for the Directors and senior management. Meanwhile, it inspected and assessed the performance of duties by the Directors and senior management and the annual performance. During the Reporting Period, the Remuneration Committee of the Company had held the meeting once. The attendance record of the committee members are as follows:

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

(3). Compliance Committee

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

During the Reporting Period, the former Compliance Committee was consisted of two executive Directors, Mr. Dai Richeng (as chairman) and Mr. Yang Fang, three independent non-executive Directors, Mr. Kwok For Chi, Mr. Hu Song and Mr. Ma Shihao, and one employee representative Supervisor, Ms. Yang Chuanyun. Pursuant to the announcement dated 13 June 2018 in relation to, among others, the appointment of Director and changes in composition of the Board committees and the announcement dated 12 December 2018 in relation to, among others, the appointment of Director and changes in composition of the Board committees, upon the changes, the Compliance Committee of the Board comprises two executive Directors, Mr. Yu Long (as chairman) and Mr. Yang Fang, three independent non-executive Directors, Mr. Liu Shuen Kong, Mr. Hu Song and Mr. Ma Shihao, and one employee representative Supervisor, Mr. Huang Yi, with effect from 12 December 2018.

於二零一八年，薪酬委員會對就董事和高級管理人員的薪酬和績效管理政策、架構向董事會提供建議。同時，對董事和高級管理人員的履行職責情況及年度績效進行檢查及評估。於報告期內，本公司薪酬委員會共舉行一次會議，委員之成員之出席記錄如下：

(3). 合規委員會

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

於報告期內，原合規委員會由由兩名執行董事戴日成先生(作為主席)及楊方先生，三名獨立非執行董事郭科志先生、胡松先生及馬世豪先生，以及一名職工代表監事楊川云女士組成。根據本公司於二零一八年六月十三日刊載的有關(其中包括)委任董事，以及變更董事委員會之組成的公告及二零一八年十二月十二日刊載的有關(其中包括)委任董事，以及變更董事委員會之組成的公告，變更後的董事會合規委員會由兩名執行董事于龍先生(作為主席)及楊方先生，三名獨立非執行董事廖船江先生、胡松先生及馬世豪先生，以及一名職工代表監事黃軼先生組成，自二零一八年十二月十二日起生效。

(4). Audit Committee

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

During the Reporting Period, the former Audit Committee was consisted of three independent non-executive Directors, Mr. Kwok For Chi (as chairman), Mr. Hu Song and Mr. Ma Shihao. The former Audit Committee has reviewed the audited financial information of 2017 of the Group for the Reporting Period. The former Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company. Pursuant to the announcement dated 13 June 2018 in relation to, among others, the appointment of Director and changes in composition of the Board committees, upon the changes, the Audit Committee of the second session of the Board comprised three independent non-executive Directors, Mr. Liu Shuen Kong (as chairman), Mr. Hu Song and Mr. Ma Shihao, with effect from 13 June 2018. Upon the changes, the Audit Committee reviewed the unaudited interim condensed financial information of 2018 of the Group.

(4). 審核委員會

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

於報告期內，原審計委員會由三名獨立非執行董事郭科志先生(作為主席)、胡松先生及馬世豪先生組成。原審核委員會已審閱本集團於報告期內之二零一七年度審核財務信息。原審核委員會亦已就有關公司所採納的會計政策及常規以及內部控制事宜與本公司高級管理層進行討論。根據本公司於二零一八年六月十三日刊載的有關(其中包括)委任董事，以及變更董事委員會之組成的公告，變更後的第二屆董事會審核委員會由三名獨立非執行董事廖船江先生(作為主席)、胡松先生及馬世豪先生組成，自二零一八年六月十三日起生效。變更後審核委員會已審閱本集團未經審核二零一八年中簡明財務信息。

Corporate Governance Report

企業管治報告

In 2018, the Audit Committee of the Company had held the meeting twice, to review the annual report 2017, interim report 2018 of the Company, to propose the payment of dividends, and to discuss and make recommendations on matters such as internal control and internal audit procedures. During the Reporting Period, the attendance of the committee members are as follows:

於二零一八年，本公司審核委員會共舉行了兩次會議，會議審閱了公司二零一七年度報告、二零一八年半年度報告、建議派發股息及對內部監控、內部審計程序等進行討論及提出建議。報告期內，委員會之成員出席記錄如下：

Name of Director	董事姓名	Attendance/ Number of Meetings 出席次數/ 會議次數
Mr. Kwok For Chi (resigned on 13 June 2018)	郭科志先生 (於二零一八年六月十三日辭任)	1/1
Mr. Hu Song	胡松先生	2/2
Mr. Ma Shihao	馬世豪先生	2/2
Mr. Liu Shuen Kong (appointed on 13 June 2018)	廖船江先生 (於二零一八年六月十三日獲委任)	1/1

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration of senior management of the Group. Details of the remuneration of each of the Directors for the year ended 31 December 2018 are set out in Note 39 to the Financial Statements.

Pursuant to paragraph B.1.5 of the Corporate Governance Code, the remuneration paid to the senior management (excluding the Directors) by bands for the year ended 31 December 2018 is set out below:

董事及高級管理人員的薪酬

本公司已就制訂本集團高級管理人員的薪酬政策建立正式及具透明度的程序。截至二零一八年十二月三十一日止年度各董事薪酬的詳情載於財務報表附註39。

根據企業管治守則第B.1.5段，下表載列截至二零一八年十二月三十一日止年度按區間劃分支付予高級管理人員(不包括董事)的薪酬：

Remuneration bands (RMB)	薪酬區間(人民幣)	Number of individuals 人數
Nil to 1,000,000	零至1,000,000元	2
1,000,001 to 1,500,000	1,000,001元至1,500,000元	2
1,500,001 and above	1,500,001元及以上	3

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the Financial Statements of the Company for the year ended 31 December 2018. The Directors consider that the Group has adequate resources to continue in business for the foreseeable future and are not aware of material uncertainties that may cast significant doubt on the Company's ability to continue its operation as a going concern.

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

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

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

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

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

An ESG report (the "ESG Report") has been prepared with reference to Appendix 27 ESG report Guide to the Listing Rules. The report presents our contributions to sustainable development during the Reporting Period, and covers the major environmental and social policies, environmental indicators of our Group, measures adopted for reducing emissions by the Group and the relevant achievements of the Group. The ESG Report is set out on page 223 to 240 in this annual report.

問責及審計

董事確認知悉編製本公司截至二零一八年十二月三十一日止年度的財務報表之責任。董事認為本集團擁有充足資源以在可見將來繼續經營業務，而且並不知悉可能引致本公司能否持續經營業務成為重大疑問的重大不明朗因素。

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

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

環境、社會及企業管治

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

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

本公司現已參照上市規則附錄二十七ESG報告指引編製一份環境、社會及管治報告。該報告呈列我們於報告期內對可持續發展的貢獻，並涵蓋了本集團的主要環境及社會政策、環境指標、所採取的減低排放量措施以及相關的成果。該環境、社會及管治報告載於本年報第223至240頁。

Corporate Governance Report

企業管治報告

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

AUDITOR AND AUDITOR'S REMUNERATION

The statement of the auditor of the Company about its reporting responsibilities for the Financial Statements is set out in the "Independent Auditor's Report" from page 86 to 93 of this annual report.

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

		Amount 金額 RMB'000 人民幣千元
Fee for audit services	審計服務收費	7,250
Fee for non-audit services	非審計服務收費	700
Total fees	費用總額	7,950

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

風險管理與內部監控

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

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

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

核數師及核數師酬金

本公司核數師有關其就合併財務報表須承擔的申報責任的聲明載於本年報第86至93頁的「獨立核數師報告」內。

下表載列本報告期內支付／應付予本公司核數師羅兵咸永道的薪酬：

本集團於報告期內亦聘請了其他核數師提供核數服務及非核數服務。

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

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

SHAREHOLDER'S RIGHTS

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

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

與股東及投資者的溝通／投資者關係

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

股東的權利

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

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

Corporate Governance Report 企業管治報告

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

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

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

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

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

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

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

本公司現載列下列通訊資料，以便股東與本公司溝通：

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

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

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On 13 June 2018, the Company passed a resolution at the 2018 annual general meeting to approve the amendments to Articles of Association, which was effective on 13 June 2018. On 12 December 2018, the Company passed a resolution at the 2018 second extraordinary general meeting to approve the amendments to Articles of Association, which was effective on 12 December 2018. The amended Articles of Association was published on the website of the Stock Exchange.

COMPANY SECRETARY

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

公司章程的修改

於二零一八年六月十三日，本公司二零一八年週年股東大會通過決議案批准公司章程修訂，經修訂公司章程於二零一八年六月十三日生效。於二零一八年十二月十二日，本公司二零一八年第二次臨時股東大會通過決議案批准公司章程修訂，經修訂公司章程於二零一八年十二月十二日生效。經修訂公司章程已刊載於聯交所網站。

公司秘書

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

Independent Auditor's Report

獨立核數師報告



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

OPINION

What we have audited

The consolidated financial statements of Yunnan Water Investment Co., Limited (the "Company") and its subsidiaries (the "Group") set out on pages 94 to 221, which comprise:

- the consolidated balance sheet as at 31 December 2018;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- The notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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

Independence

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

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

羅兵咸永道

致雲南水務投資股份有限公司股東
(於中華人民共和國註冊成立的有限公司)

意見

我們已審計的內容

雲南水務投資股份有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第94至221頁的合併財務報表，包括：

- 於二零一八年十二月三十一日的合併資產負債表；
- 截至該日止年度的合併損益及其他綜合收益表；
- 截至該日止年度的合併權益變動表；
- 截至該日止年度的合併現金流量表；及
- 合併財務報表附註，包括主要會計政策概要。

我們的意見

我們認為，該等合併財務報表已根據香港會計師公會頒佈的《香港財務報告準則》真實而中肯地反映了貴集團於二零一八年十二月三十一日的合併財務狀況及其截至該日止年度的合併財務表現及合併現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

意見的基礎

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

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

獨立性

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

羅兵咸永道會計師事務所，香港中環太子大廈廿二樓
總機：+852 2289 8888，傳真：+852 2810 9888，www.pwchk.com

KEY AUDIT MATTERS

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

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

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

關鍵審計事項

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

我們在審計中識別的關鍵審計事項概述如下：

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

Key Audit Matter 關鍵審計事項	How our audit addressed the Key Audit Matter 我們的審計如何處理關鍵審計事項
<p>Receivables and revenue recognised for service concession arrangements under financial asset model 服務特許經營安排下的金融資產模型的應收款項和收入的確認和計量</p> <p>Refer to note 2.12(a)(i) for the accounting policy of service concession arrangements under financial asset model, note 4(a) for the critical accounting estimates and judgements involved, and note 20 to the consolidated financial statements for the receivables under service concession arrangements. 服務特許經營安排下的金融資產模型的相關會計政策請參閱合併財務報表附註2.12(a)(i)，重要會計估計和判斷請參閱附註4(a)，以及服務特許經營安排下的應收款項請參閱附註20。</p> <p>The Group has entered into a number of service concession arrangements with certain governmental authorities or their designators (the "Grantors") under Build-Operate-Transfer arrangements and Transfer-Operate-Transfer arrangements in respect of its wastewater treatment, water supply and solid waste treatment services. Certain of these service concession arrangements are accounted for using "financial asset" model while others are accounted for using "intangible asset" model. For the Group's service concession arrangements under financial asset model, the fair value of receivables and revenue recognised are derived from valuation in which a number of critical assumptions were used. As at 31 December 2018, the carrying amount of receivables under service concession arrangements amounted to RMB4,223.1 million, which accounted for 13% of the Group's total assets. 貴集團與某些政府機關或其指定方（「授予人」）就提供污水處理/供水及固廢處理服務的「建設—運營—移交」安排及「移交—運營—移交」安排，訂立了多項服務特許經營安排。貴集團的一部分服務特許經營安排按照金融資產模型核算，其餘的服務特許經營安排按照無形資產模型核算。貴集團的服務特許經營安排下的金融資產模型的應收款項及收入，其公平值由估值得出，該等估值運用了多項關鍵假設。於二零一八年十二月三十一日，貴集團服務特許經營安排下的應收款項賬面金額為人民幣4,223.1百萬元，佔資產總額的13%。</p>	<p>With respect to valuation and revaluation for the service concession arrangements under financial asset model undertaken during the year, we assessed the methodologies used by the external valuer and evaluated the independence, competence and capabilities of the external valuer. 關於本年度對服務特許經營安排下的金融資產模型進行的估值及重估，我們評估了外部評估師使用的方法以及外部評估師的獨立性和專業勝任能力。</p> <p>We selected samples of service concession arrangements under financial asset model for testing. The key procedures included: 我們對服務特許經營安排下的金融資產模型進行了抽樣測試。主要程序包括：</p> <ol style="list-style-type: none"> 1. Examining the agreements between the Group and the Grantors. 檢查貴集團與授予人簽署的合約。

Independent Auditor's Report

獨立核數師報告

Key Audit Matter 關鍵審計事項	How our audit addressed the Key Audit Matter 我們的審計如何處理關鍵審計事項
<p>Receivables and revenue recognised for service concession arrangements under financial asset model (Cont'd) 服務特許經營安排下的金融資產模型的應收款項和收入的確認和計量(續)</p> <p>Management has engaged an external valuer to perform the valuation for those service concession arrangements under financial asset model at initial recognition, and to perform revaluation when there were indicators that the critical assumptions in the initial valuation have been significantly affected and deviated subsequent to initial recognition. Such valuation and revaluation were determined based on the forecasted cash flows to be derived from the related projects which involved critical judgements and assumptions including but not limited to the effective interest rate, forecasted unit price of service fee, operating costs and profit margins of the operating services. With reference to the valuation and revaluation performed by the external valuer, management determined the amount of receivables and revenue to be recognised for service concession arrangements under financial asset model during the year, and the subsequent measurement of receivables and revenue.</p> <p>管理層聘請了外部評估師對服務特許經營安排下的金融資產模型在初始確認時進行估值，若有跡象表明初始確認時的估值所採用的關鍵假設發生重大變化，則進行重估。該等估值及重估主要基於服務特許經營安排的現金流預測，所涉及的重要判斷及關鍵假設包括但不限於有效折現率、服務費的預測單價、運營成本及運營服務的毛利率。根據外部評估師的估值及重估，管理層確定應於當年確認的服務特許經營安排下的金融資產模型的應收款項及收入，以及相關的後續計量金額。</p> <p>We paid significant attention to this area due to the significance of receivables and revenue recognised for service concession arrangements under financial asset model and critical judgement involved in determining the critical assumptions used in the valuation and revaluation.</p> <p>我們著重關注該領域，主要由於服務特許經營安排下的金融資產模型的應收款項和收入金額較為重大，以及貴集團在初始評估及後續的重估中運用的關鍵假設涉及重大判斷。</p>	<p>2. Testing the reasonableness and appropriateness of critical assumptions adopted in the cash flow forecasts, mainly in relation to:</p> <p>對現金流預測所使用的關鍵假設的合理性及恰當性進行測試，主要包括：</p> <ul style="list-style-type: none"> — sending confirmations to the Grantors to confirm the current unit price and the future price incremental rate; 向授予人發送函證，核實服務費的現時單價及未來價格的增長幅度； — assessing and analysing the reasonableness of the operating costs by comparing to the actual costs of other existing service concession arrangements of the Group; 對比貴集團其他現有的服務特許經營權安排的實際成本，評估並分析運營成本的合理性； — assessing and analysing the profit margins of the operating services by comparing with the average profit margin of the operating services of the industry; and 對比同行業運營服務的平均毛利率，評估並分析運營服務的毛利率的合理性；及 — assessing the effective interest rate by reference to our knowledge of the industry and independent research on external evidence. 結合同行業的服務特許經營權安排下的金融資產模型所使用的有效折現率及其他外部信息，評估並分析有效折現率的合理性。

Independent Auditor's Report

獨立核數師報告

Key Audit Matter 關鍵審計事項	How our audit addressed the Key Audit Matter 我們的審計如何處理關鍵審計事項
<p>Receivables and revenue recognised for service concession arrangements under financial asset model (Cont'd) 服務特許經營安排下的金融資產模型的應收款項和收入的確認和計量(續)</p>	<p>We also challenged management's assessment of whether the subsequent measurement of receivables and revenue recognised for the service concession arrangements under financial asset model should be subject to revaluation by comparing the actual outcome, if available, with the critical assumptions applied in the valuation in previous years and assessing the potential impact of reasonably possible changes in the critical assumptions.</p> <p>我們關注了管理層關於服務特許經營安排下的金融資產模型是否需要進行重評的判斷，我們實施的程序包括將可獲取的關鍵假設的實際結果與以前年度估值所使用的資料進行對比，並評估可能會對關鍵假設產生潛在影響的事項。</p> <p>Based on our audit work, we found the critical assumptions used by management on the service concession arrangements under financial asset model to be consistent with the evidence that we obtained.</p> <p>根據我們的審計工作，我們認為管理層就服務特許經營安排下的金融資產模型所使用的關鍵假設與我們取得的審計證據一致。</p>

Independent Auditor's Report

獨立核數師報告

Key Audit Matter 關鍵審計事項	How our audit addressed the Key Audit Matter 我們的審計如何處理關鍵審計事項
<p>Recoverability of trade receivables 應收賬款的可回收性</p> <p>Refer to note 4(b) for the critical accounting estimates and judgements involved, and note 23 to the consolidated financial statements for trade receivables. 相關重要會計估計和判斷請參閱合併財務報表附註4(b)與附註23。</p> <p>As at 31 December 2018, the carrying amount of trade receivables amounted to RMB4,494.9 million, which accounted for 14% of the Group's total assets. 於二零一八年十二月三十一日，貴集團應收賬款的賬面金額為人民幣4,494.9百萬元，佔資產總額的14%。</p> <p>The identification of impairment events and the determination of the impairment provision of trade receivables require the application of critical judgement by management. 管理層對應收賬款減值事件的識別以及減值準備的計提需要運用重大判斷。</p> <p>Management recognised the impairment provisions based on expected credit losses rather than only incurred credit losses. These evaluations focused on the customers' settlement history and current ability to pay, and took into account information specific to the customers as well as pertaining to the economic environment in which the customers operated. 管理層基於預期信貸虧損而非僅基於產生的信貸虧損確認減值撥備。該等評估重點關注客戶的歷史結算記錄及當前支付能力，並考慮客戶自身及其經營所處的經濟環境的特定信息。</p> <p>We paid significant attention to this area because management made critical judgements over both timing of recognition of impairment and the estimation of the amount of any such impairment. 我們著重關注該領域主要由於管理層對應收賬款減值準備確認的時點及減值金額的估計作出了重大判斷。</p>	<p>We obtained an understanding of management's processes and controls over credit risk management. This included the identification of which receivables were impaired and estimation of the impairment provisions. We determined that we could rely on these controls for the purposes of our audit. 我們針對管理層對應收賬款信用風險管理的流程和內部控制進行了解。該等流程和內部控制主要包括對應收賬款減值事項的識別及減值金額的估計。我們認為就審計工作而言可依賴該等內部控制。</p> <p>In addition, we selected samples to inquire management for the details of their evaluations and tested the underlying information referenced by management, which included comparing with external evidence obtained from our independent research on public available information of the customers, performing ageing analysis, examining the historical transactions and settlement records of the customers, sending confirmations to the customers and testing of the subsequent settlements. 此外，我們抽取應收賬款樣本，向管理層瞭解及獲取對該等應收賬款可回收性評估的具體信息，我們實施的測試工作包括：結合我們從外部獲取的應收賬款客戶的公開信息評估其信用風險，執行應收賬款賬齡分析，檢查應收賬款客戶的歷史交易及結算記錄，向應收賬款客戶發送函證以及對期後收款執行測試。</p> <p>Based on the above, we found that the judgement applied by management on their assessment of the recoverability of trade receivables was consistent with the evidence we obtained. 根據上述的工作，我們認為管理層對應收賬款的可回收性作出評估所使用的判斷，與我們取得的審計證據一致。</p>

Independent Auditor's Report

獨立核數師報告

OTHER INFORMATION

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

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

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

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

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

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

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

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

其他信息

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

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

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

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

董事及治理層就合併財務報表須承擔的責任

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

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

治理層須負責監督貴集團的財務報告過程。

Independent Auditor's Report

獨立核數師報告

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

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

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

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

核數師就審計合併財務報表承擔的責任

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

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

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

Independent Auditor's Report

獨立核數師報告

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

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

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

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

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

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

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

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

出具本獨立核數師報告的審計項目合夥人是彭浩賢。

PricewaterhouseCoopers
Certified Public Accountants

羅兵咸永道會計師事務所
執業會計師

Hong Kong, 27 March 2019

香港，二零一九年三月二十七日

Consolidated Statement of Profit or Loss and Other Comprehensive Income

合併損益及其他綜合收益表

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
		Note 附註	
Revenue	收益	5	6,255,628
Cost of sales	銷售成本	8	(4,757,619)
Gross profit	毛利		1,498,009
Other income	其他收入	6	144,668
Other gains – net	其他收益淨額	7	10,541
Selling expenses	銷售開支	8	(43,884)
Administrative expenses	行政開支	8	(395,120)
Impairment losses on financial assets	金融資產減值虧損		(25,510)
Operating profit	經營溢利		1,188,704
Finance income	融資收入	10	99,616
Finance expenses	財務開支	10	(678,128)
Finance costs – net	融資成本淨額	10	(578,512)
Share of profit of investments accounted for using the equity method	以權益法入賬的應佔投資溢利	16	34,034
Profit before income tax	所得稅前溢利		644,226
Income tax expenses	所得稅開支	11	(147,511)
Profit for the year	年內溢利		496,715
Other comprehensive income	其他綜合收益		
<i>Items that may be reclassified to profit or loss</i>	<i>可能重新分類至損益的項目</i>		
– Exchange differences on translation of foreign operations	– 換算海外業務的貨幣換算差額		(172,741)
– Share of other comprehensive income of a joint venture accounted for using the equity method	– 以權益會計法入賬應佔一家合營企業的其他綜合收益		3,731
			(172,741)
Total comprehensive income for the year, net of tax	除稅後年內綜合收益總額		323,974
			151,742
			695,742

Consolidated Statement of Profit or Loss and Other Comprehensive Income

合併損益及其他綜合收益表

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
		Note 附註	
Profit attributable to:	以下人士應佔溢利：		
– Ordinary shareholders of the Company	– 本公司普通股股東		397,753
– Holders of perpetual capital instruments	– 永久資本工具持有人		422,812
– Non-controlling interests	– 非控股權益		83,194
			15,768
			496,715
			544,000
Total comprehensive income attributable to:	以下人士應佔綜合收益總額：		
– Ordinary shareholders of the Company	– 本公司普通股股東		225,012
– Holders of perpetual capital instruments	– 永久資本工具持有人		574,554
– Non-controlling interests	– 非控股權益		83,194
			15,768
			323,974
			695,742
Earnings per share for profit attributable to ordinary shareholders of the Company (expressed in RMB per share)	本公司普通股股東應佔溢利的每股盈利 (以每股人民幣元表示)		
– Basic and diluted	– 基本及攤薄	12	0.333
			0.354

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

上述合併損益及其他綜合收益表應與相關附註一併閱讀。

Consolidated Balance Sheet

合併資產負債表

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
	Note 附註		
ASSETS			
Non-current assets			
Property, plant and equipment	17	2,622,288	2,379,444
Investment properties	18	25,779	26,692
Land use rights	19	182,831	189,751
Receivables under service concession arrangements	20	4,165,248	5,058,220
Amounts due from customers for contract works		—	260,694
Contract assets	5	4,277,955	—
Intangible assets	21	10,153,155	8,508,853
Investments accounted for using the equity method	16	661,042	623,028
Available-for-sale financial assets		—	4,675
Financial asset at fair value through other comprehensive income		4,675	—
Trade and other receivables	23	13,771	30,214
Prepayments	23	942,875	1,695,626
Deferred income tax assets	32	314,132	314,869
		23,363,751	19,092,066
Current assets			
Receivables under service concession arrangements	20	57,852	52,928
Inventories	22	102,089	45,630
Amounts due from customers for contract works		—	405,060
Contract assets	5	338,197	—
Trade and other receivables	23	5,763,860	4,350,247
Prepayments	23	695,498	128,899
Restricted cash	24	123,043	124,292
Cash and cash equivalents	25	2,214,352	2,896,927
Financial assets at fair value through profit or loss		4,320	—
Derivative financial instruments		10,884	—
		9,310,095	8,003,983
Total assets		32,673,846	27,096,049

Consolidated Balance Sheet

合併資產負債表

		As at 31 December	
		於十二月三十一日	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Note			
附註			
Current liabilities	流動負債		
Borrowings	借款	29	5,755,534
Trade and other payables	貿易及其他應付款項	30	3,017,220
Amounts due to customers for contract works	合約工程應付客戶款項		—
Contract liabilities	合約負債	5	119,409
Current income tax liabilities	流動所得稅負債	32	317,748
Derivative financial instruments	衍生金融工具		2,500
			9,212,411
			7,919,529
Total liabilities	總負債		25,739,574
			20,410,100
Total equity and liabilities	權益和負債總額		32,673,846
			27,096,049

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

上述合併資產負債表應與相關附註一併閱讀。

The financial statements on pages 94 to 221 were approved by the Board of Directors of the Company on 27 March 2019 and were signed on its behalf.

第94頁至第221頁的財務報表已於二零一九年三月二十七日經本公司董事會批准，並由下列人士代表簽發。

Yu Long
于龍

Director
董事

Yang Fang
楊方

Director
董事

Consolidated Statement of Changes in Equity

合併權益變動表

		Attributable to ordinary shareholders of the Company 本公司普通股股東應佔				Holders of perpetual capital		Non-	Total
		Share capital 股本	Other reserves 其他儲備	Retained earnings 保留盈利	Total 總計	instruments 永久資本 工具持有人	controlling interests 非控股權益	equity 總權益	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	
		(note 26) (附註26)	(note 27) (附註27)			(note 28) (附註28)			
Balance at 1 January 2018	於二零一八年 一月一日的結餘	1,193,213	2,331,308	1,012,044	4,536,565	1,200,000	949,384	6,685,949	
Total comprehensive income for the year	年內綜合收益總額								
Profit for the year	年內溢利	—	—	397,753	397,753	83,194	15,768	496,715	
Currency translation differences	貨幣換算差額	—	(172,741)	—	(172,741)	—	—	(172,741)	
		—	(172,741)	397,753	225,012	83,194	15,768	323,974	
Transactions with owners in their capacity as owners	以擁有人身份與擁有人進行的交易								
Acquisition of subsidiaries	收購附屬公司	—	—	—	—	—	189,018	189,018	
Capital contribution by non-controlling interests	非控股權益出資	—	—	—	—	—	199,984	199,984	
Acquisition of additional interests in subsidiaries (note 15)	收購附屬公司的額外權益(附註15)	—	(49,637)	—	(49,637)	—	(152,204)	(201,841)	
Transfer to statutory reserve	轉至法定儲備	—	88,085	(88,085)	—	—	—	—	
Dividends for the year ended 31 December 2017	截至二零一七年十二月三十一日止年度股息	—	—	(155,118)	(155,118)	—	—	(155,118)	
Distribution to holders of perpetual capital instruments	分派予永久資本工具持有人	—	—	—	—	(83,194)	—	(83,194)	
Distribution to non-controlling interests	分派予非控股權益	—	—	—	—	—	(24,500)	(24,500)	
		—	38,448	(243,203)	(204,755)	(83,194)	212,298	(75,651)	
Balance at 31 December 2018	於二零一八年 十二月三十一日的結餘	1,193,213	2,197,015	1,166,594	4,556,822	1,200,000	1,177,450	6,934,272	

Consolidated Statement of Changes in Equity

合併權益變動表

		Attributable to ordinary shareholders of the Company 本公司普通股股東應佔				Holders of perpetual capital 永久資本 工具持有人		Non- controlling interests 非控股權益	Total equity 總權益
		Share capital 股本 RMB'000 人民幣千元 (note 26) (附註26)	Other reserves 其他儲備 RMB'000 人民幣千元 (note 27) (附註27)	Retained earnings 保留盈利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	RMB'000 人民幣千元 (note 28) (附註28)	RMB'000 人民幣千元		
Balance at 1 January 2017	於二零一七年 一月一日的結餘	1,193,213	2,247,305	800,051	4,240,569	2,000,000	1,005,890	7,246,459	
Total comprehensive income for the year	年內綜合收益總額								
Profit for the year	年內溢利	—	—	422,812	422,812	85,444	35,744	544,000	
Share of other comprehensive income of investments accounted for using the equity method	以權益法入賬的應佔投資其 他綜合收益	—	3,731	—	3,731	—	—	3,731	
Currency translation differences	貨幣換算差額	—	148,011	—	148,011	—	—	148,011	
		—	151,742	422,812	574,554	85,444	35,744	695,742	
Transactions with owners in their capacity as owners	以擁有人身份與擁有人 進行的交易								
Acquisition of subsidiaries	收購附屬公司	—	—	—	—	—	91,451	91,451	
Capital contribution by non-controlling interests	非控股權益出資	—	—	—	—	—	143,000	143,000	
Acquisition of additional interests in subsidiaries (note 15)	收購附屬公司的額外權益 (附註15)	—	(159,237)	—	(159,237)	—	(305,367)	(464,604)	
Issuance of perpetual capital instruments	發行永久資本工具	—	—	—	—	1,200,000	—	1,200,000	
Redemption of perpetual capital instruments	贖回永久資本工具	—	—	—	—	(2,000,000)	—	(2,000,000)	
Transfer to statutory reserve	轉至法定儲備	—	91,498	(91,498)	—	—	—	—	
Dividends for the year ended 31 December 2016	截至二零一六年 十二月三十一日止年度的 股息	—	—	(119,321)	(119,321)	—	—	(119,321)	
Distribution to holders of perpetual capital instruments	分派予永久資本工具 持有人	—	—	—	—	(85,444)	—	(85,444)	
Distribution to non-controlling interests	分派予非控股權益	—	—	—	—	—	(21,334)	(21,334)	
		—	(67,739)	(210,819)	(278,558)	(885,444)	(92,250)	(1,256,252)	
Balance at 31 December 2017	於二零一七年 十二月三十一日的結餘	1,193,213	2,331,308	1,012,044	4,536,565	1,200,000	949,384	6,685,949	

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes. 上述合併權益變動表應與相關附註一併閱讀。

Consolidated Statement of Cash Flows

合併現金流量表

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
	Note 附註		
Cash flows from operating activities			
		經營活動的現金流量	
Cash used in operations	34	(2,438,495)	(1,256,945)
Income tax paid		(103,338)	(170,954)
Interest paid		(742,802)	(563,828)
Net cash outflow from operating activities		(3,284,635)	(1,991,727)
Cash flows from investing activities			
		投資活動的現金流量	
Payments for property, plant and equipment, land use rights and other intangible assets		(312,241)	(167,501)
Payments for acquisition of subsidiaries, net of cash acquired		(277,705)	(1,416,335)
Prepayments for acquisition of subsidiaries		(49,000)	(530,600)
Refund of prepayments for acquisition of subsidiaries		149,800	91,700
Capital injection to an associate		—	(49,000)
Capital injection to a joint venture		—	(539,000)
Payments for funds granted to a joint venture		—	(687,100)
Proceeds from disposal of subsidiaries		—	130,000
Others — net		17,853	20,827
Net cash outflow from investing activities		(471,293)	(3,147,009)

Consolidated Statement of Cash Flows

合併現金流量表

		Year ended 31 December	
		截至十二月三十一日止年度	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cash flows from financing activities	融資活動的現金流量		
Capital injections by non-controlling interests	非控股權益注資	199,984	143,000
Proceeds from borrowings	借款所得款項	9,576,917	11,570,189
Repayments of borrowings	償還借款	(6,454,737)	(6,330,805)
Distributions paid to holders of perpetual capital instruments	向永久資本工具持有人支付的分派	(84,001)	(42,638)
Dividends paid	已付股息	(155,118)	(119,321)
Dividends paid to the non-controlling interests	向非控股權益支付的分派	(24,500)	(21,334)
Proceeds from issuance of perpetual capital instruments	發行永久資本工具所得款項	—	1,200,000
Repayments of a perpetual capital instrument	償還永久資本工具	—	(2,000,000)
Payments for acquisition of additional interests in subsidiaries	收購附屬公司的額外權益的付款	—	(464,604)
Net cash inflow from financing activities	融資活動現金流入淨額	3,058,545	3,934,487
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(697,383)	(1,204,249)
Cash and cash equivalents at beginning of the financial year	財政年度年初現金及現金等價物	2,896,927	4,129,921
Exchange gains/(losses) on cash and cash equivalents	現金及現金等價物匯兌收益/(虧損)	14,808	(28,745)
Cash and cash equivalents at end of year	年末現金及現金等價物	2,214,352	2,896,927

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

上述合併現金流量表應與相關附註一併閱讀。

Notes to the Consolidated Financial Statements

合併財務報表附註

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

1.1 General information

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

1. 一般資料及呈列基準

1.1 一般資料

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

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

該等財務報表以人民幣(「人民幣»)呈列，除非另有說明則另當別論。

2. 主要會計政策概要

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

2.1 呈列基準

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

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.1 Basis of preparation (Cont'd)

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

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

The Group has applied the following new standards, amendments to standards and interpretations for the first time for their annual reporting period commencing 1 January 2018.

HKFRS 9
香港財務報告準則第9號
HKFRS 15
香港財務報告準則第15號
HK (IFRIC) 12 (Amendments)
香港(國際財務報告詮釋委員會)第12號(修訂本)
HKAS 28 (Amendments)
香港會計準則第28號(修訂本)
HKAS 40 (Amendments)
香港會計準則第40號(修訂本)
HK (IFRIC) 22
香港(國際財務報告詮釋委員會)第22號
Improvements to HKFRSs
香港財務報告準則的改進

Financial instruments
金融工具
Revenue from contracts with customers
來自與客戶訂立合約的收入
Service concession arrangements
服務特許經營安排
Investments in associates and joint ventures
於聯營公司及合營公司的投資
Transfers to investment property
轉讓投資物業
Foreign currency transactions and advance consideration
外幣交易及預付代價
Annual improvements to HKFRSs 2014–2016 cycle
香港財務報告準則二零一四年至二零一六年週期的年度改進

2. 主要會計政策概要(續)

2.1 編製基準(續)

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

(a) *本集團採納的新訂、經修訂準則及準則詮釋*

本集團自二零一八年一月一日開始的年度報告期首次應用下列新訂準則、準則修訂及詮釋：

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.1 Basis of preparation (Cont'd)

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

Certain new standards, amendments to standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group.

Amendments to HKFRS 9
香港財務報告準則第9號(修訂本)

Amendments to HKAS 19
香港會計準則第19號(修訂本)

HKFRS 16
香港財務報告準則第16號

HK (IFRIC) Int 23
香港(國際財務報告詮釋委員會)一 詮釋第23號

HKAS 28 (Amendment)
香港會計準則第28號(修訂本)

Improvements to HKFRSs
香港財務報告準則的改進

HKAS 1 and HKAS 8 (Amendments)
香港會計準則第1號及香港會計準則第8號(修訂本)

HKFRS 3 (Amendments)
香港財務報告準則第3號(修訂本)

HKFRS 10 and HKAS 28 (Amendments)
香港財務報告準則第10號及香港會計準則第28號(修訂本)

1. Effective for annual periods beginning on or after 1 January 2019.
2. Effective for annual periods beginning on or after 1 January 2020.
3. Effective date to be determined.

2. 主要會計政策概要(續)

2.1 編製基準(續)

(b) 本集團尚未採納的新訂、經修訂準則及準則詮釋

於二零一八年十二月三十一日報告期間本集團未應用多項非必須應用的新訂準則，準則的修訂及詮釋。

Prepayment features with negative compensation¹
具有負補償之提前還款特性¹

Plan amendment, curtailment or settlement¹
計劃修正、縮減或清償¹

Leases¹
租賃¹

Uncertainty over income tax treatments¹
所得稅處理的不確定性¹

Long-term interests in associates and joint ventures¹
於聯營公司或合營企業之長期權益¹

Annual improvements to HKFRSs 2015–2017 cycle¹
香港財務報告準則二零一五年至二零一七年週期的年度改進¹

Definition of Material²
重要性定義²

Definition of a Business²
業務的定義²

Sale or contribution of assets between an investor and its associate or joint venture³
投資者與其聯營企業及合營企業之間的資產出售或注資³

1. 於二零一九年一月一日或之後開始之年度期間生效。
2. 於二零二零年一月一日或之後開始之年度期間生效。
3. 生效日期待定。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.1 Basis of preparation (Cont'd)

(c) *The Group's assessment of the impact about below new standards and interpretations that are expected to be applicable to the Group is as follows:*

(i) *HKFRS 16 Leases*

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at 31 December 2018, the Group has non-cancellable operating lease commitments of RMB32,733,000 representing 0.36% of the Group's current liabilities.

The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

2. 主要會計政策概要(續)

2.1 編製基準(續)

(c) *本集團評估預計本集團適用的下列新訂準則及詮釋的相關影響如下:*

(i) *香港財務報告準則第16號租賃變動性質*

香港財務報告準則第16號於二零一六年一月頒佈，其將導致幾乎所有租賃於資產負債表內確認，此乃由於經營與融資租賃的劃分已被刪除。根據新準則，資產(該租賃項目的使用權)與支付租金的金融負債被確認，惟短期及低價值租賃除外。

對出租人的會計處理將不會受到重大影響。

影響

該準則將主要影響本集團經營租賃的會計處理。於二零一八年十二月三十一日，本集團有不可撤銷的經營租賃承擔人民幣32,733,000元，約佔本集團流動負債的0.36%。

本集團作為出租人的業務並不重大，因此本集團預期不會對財務報表產生任何重大影響。然而，下一年度將須作出若干額外披露。

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

2.1 Basis of preparation (Cont'd)

(c) **The Group's assessment of the impact about below new standards and interpretations that are expected to be applicable to the Group is as follows: (Cont'd)**

(i) **HKFRS 16 Leases (Cont'd)**

Date of adoption by the Group

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

- (ii) There are no other standards and interpretations that are not yet effective and would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 Financial Instruments, HKFRS 15 Revenue from contracts with customers and HK (IFRIC) 12 (Amendments) Service concession arrangements on the Group's financial statements.

(a) **Impact on the financial statements**

HKFRS 9, HKFRS 15 and HK(IFRIC) 12 (Amendments) were generally adopted by the Group by the modified retrospective approach without restating comparative information. As a result of the changes in the Group's accounting policies, certain reclassifications and adjustments are therefore not reflected in the consolidated balance sheet as at 31 December 2017, but are recognised in the opening balance of the consolidated balance sheet on 1 January 2018.

2. 主要會計政策概要(續)

2.1 編製基準(續)

(c) **本集團評估預計本集團適用的下列新訂準則及詮釋的相關影響如下：(續)**

(i) **香港財務報告準則第16號租賃(續)**

本集團的採納日期

本集團將自該準則強制採納日期二零一九年一月一日起應用該準則。本集團有意採用簡化的過渡方法，且不會重述首次採納前的年度比較數字。使用權資產將於過渡時計量並假設一直應用該新準則。所有其他使用權資產將按採納時的租賃負債金額計量(就預付或應計租賃開支進行調整)。

- (ii) 概無其他尚未生效的準則預期會對本集團現時或未來之報告期，以及可預見未來之交易產生重大影響。

2.2 會計政策變動

本附註說明採納香港財務報告準則第9號金融工具、香港財務報告準則第15號來自與客戶訂立合約的收入及香港(國際財務報告詮釋委員會)第12號(修訂本)服務特許經營安排對本集團財務資料的影響。

(a) **對財務報表的影響**

本集團於使用經修訂追溯方式採納港財務報告準則第9號、香港財務報告準則第15號及香港(國際財務報告詮釋委員會)第12號(修訂本)時通常不會重列可比較資料。由於本集團會計政策變動，若干重分類及調整並無於二零一七年十二月三十一日的合併資產負債表反映，惟於二零一八年一月一日的合併資產負債表中確認為期初結餘。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.2 Changes in accounting policies (Cont'd) (a) Impact on the financial statements (Cont'd)

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

		31 December 2017				1 January 2018
		As originally presented	HKFRS 9	HKFRS 15	HK (IFRIC) 12 (Amendments)	Restated
		二零一七年 十二月三十一日 (初始呈列)	香港財務 報告準則 第9號	香港財務 報告準則 第15號	香港 (國際財務報告 詮釋委員會) 第12號(修訂本)	二零一八年 一月一日 (經重列)
Consolidated balance sheet (extract)	合併資產負債表 (摘錄)	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Non-current assets	非流動資產					
- Financial assets at fair value through other comprehensive income ("FVOCI")	- 以公平值計量且其變動計入其他綜合收益的金融資產	—	4,675	—	—	4,675
- Available-for-sale financial assets	- 可供出售金融資產	4,675	(4,675)	—	—	—
- Contract assets	- 合約資產	—	—	260,694	1,729,534	1,990,228
- Amounts due from customers for contract works	- 合約工程應收客戶款項	260,694	—	(260,694)	—	—
- Receivables under service concession arrangements	- 服務特許經營安排下的應收款項	5,058,220	—	—	(1,729,534)	3,328,686
Current assets	流動資產					
- Contract assets	- 合約資產	—	—	405,060	15,703	420,763
- Amounts due from customers for contract works	- 合約工程應收客戶款項	405,060	—	(405,060)	—	—
- Receivables under service concession arrangements	- 服務特許經營安排下的應收款項	52,928	—	—	(15,703)	37,225
Total assets	總資產	27,096,049	—	—	—	27,096,049
Current liabilities	流動負債					
- Amounts due to customers for contract works	- 合約工程應付客戶款項	5,023	—	(5,023)	—	—
- Trade and other payables - advances from customers	- 貿易及其他應付款項 - 客戶墊款	52,531	—	(52,531)	—	—
- Contract liabilities	- 合約負債	—	—	57,554	—	57,554
Total liabilities	總負債	20,410,100	—	—	—	20,410,100

2. 主要會計政策概要(續)

2.2 會計政策變動(續) (a) 對財務報表的影響(續)

下表列示就各單獨項目確認的調整。並無載列不受有關變動影響的項目。因此，已披露的小計及總計不得按所列數字重新計算。有關調整根據準則於下文詳細闡述。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.2 Changes in accounting policies (Cont'd) (b) Adoption of HKFRS 9

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 by the Group resulted in changes in accounting policies and classification of financial assets. In accordance with the transitional provisions in HKFRS 9, comparative figures of the Group have not been restated. The new accounting policies are set out in note 2.15 below.

(i) Classification and measurement

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories.

Reclassification from available-for-sale financial assets to FVOCI

The Group elected to present in other comprehensive income ("OCI") changes in the fair value of its equity investments previously classified as available-for-sale financial assets, because the equity investments are held as long-term strategic investments that are not expected to be sold in the short to medium term.

Other than that, there were no changes to the classification and measurement of financial instruments.

2. 主要會計政策概要(續)

2.2 會計政策變動(續) (b) 採納香港財務報告準則第9號

香港財務報告準則第9號取代香港會計準則第39號有關金融資產及金融負債確認、分類及計量、終止確認金融工具、金融資產減值及對沖會計處理的條文。

本集團採納香港財務報告準則第9號導致會計政策及金融資產分類變動。根據香港財務報告準則第9號之過渡條文，本集團未有重列比較數字。新會計政策載於下文附註2.15。

(i) 分類及計量

於二零一八年一月一日(首次應用香港財務報告準則第9號之日期)，本集團管理層已評估應用於本集團所持金融資產之業務模式，並將其金融工具分類為適當香港財務報告準則第9號類別。

重新分類可供出售金融資產至以公平值計量且其變動計入其他綜合收益的金融資產

本集團選擇於其他綜合收益呈列先前分類為可供出售金融資產之股權投資之公平值變動，原因為該等投資乃持作長期策略投資且預期不會於中短期內出售。

除此之外，金融工具的分類及計量概無變動。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.2 Changes in accounting policies (Cont'd)

(b) Adoption of HKFRS 9 (Cont'd)

(ii) Impairment of financial assets and contract assets

The new impairment model requires the recognition of impairment provisions based on expected credit losses (“ECL”) rather than only incurred credit losses as is the case under HKAS 39. The Group has two types of financial assets measured at amortised cost and contract assets that are subject to HKFRS 9’s new ECL model:

- receivables under service concession arrangements;
- trade and other receivables; and
- contract assets.

While cash and cash equivalents and restricted cash are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(c) Adoption of HKFRS 15

HKFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 “Revenue” and HKAS 11 “Construction contracts” and related interpretations. The new accounting policies are set out in Note 2.30 below.

2. 主要會計政策概要(續)

2.2 會計政策變動(續)

(b) 採納香港財務報告準則第9號(續)

(ii) 金融資產及合約資產減值

新減值模式要求按預期信貸虧損(「預期信貸虧損」)確認減值撥備，而非僅按香港會計準則第39號所規定的經產生後的信貸虧損確認減值撥備。本集團擁有兩類須遵守香港財務報告準則第9號項下新訂的預期信貸虧損模型的按攤銷成本計量的金融資產及合約資產：

- 服務特許經營安排下的應收款項；
- 貿易及其他應收款項；及
- 合約資產。

雖然現金及現金等價物以及受限制現金亦須遵守香港財務報告準則第9號的減值規定，但已識別減值虧損並不重大。

(c) 採納香港財務報告準則第15號

香港財務報告準則第15號處理收入確認及確立向財務報表使用者報告有用資訊之原則，內容關於一個實體與客戶訂立之合約產生之收入及現金流之性質、金額、時間及不確定性。倘一名客戶取得貨品或服務之控制權及因而有能力控制貨品或服務之用途及由此取得利益，則確認收入。該準則取代香港會計準則第18號「收入」及香港會計準則第11號「建築合約」及相關詮釋。新會計政策載於下文附註2.30。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.2 Changes in accounting policies (Cont'd) (c) Adoption of HKFRS 15 (Cont'd)

(i) Impact of adoption

The Group elected to use a modified retrospective approach for transition which allows the Group to recognise the cumulative effects of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings in the 2018 financial year. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 January 2018, referred to as open contracts, thus the comparative figures have not been restated.

Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

- Contract assets recognised in relation to construction services were previously presented as amounts due from customers for contract work;
- Contract liabilities for progress billing recognised in relation to construction services were previously presented as amounts due to customers to contract work; and
- Contract liabilities for advances from customers in relation to water supply services and solid waste treatment services were previously presented as trade and other payables – advance from customers.

Following the adoption of HKFRS 15, costs incurred directly attributable to obtaining a contract, if recoverable, are capitalised and recorded in contract assets.

For contracts where the period between the payment by the customer and the transfer of the promised facilities or service exceeds one year, the transaction price is adjusted for the effects of a financing component, if significant.

2. 主要會計政策概要(續)

2.2 會計政策變動(續) (c) 採納香港財務報告準則第15號(續)

(i) 採納的影響

本集團選擇使用經修訂追溯法以作過渡，此法讓本集團確認首次應用香港財務報告準則第15號作為二零一八年財政年度保留盈利的年初結餘的調整的累計效用。本集團選擇應用已完成合約的可行權宜之法，並無對於二零一八年一月一日前已完成的合約(即開放合約)進行重列，因此比較數字並無予以重列。

重新分類於二零一八年一月一日起進行，以符合香港財務報告準則第15號要求：

- 就建造服務確認的合約資產，過往呈列為就合約工程應收客戶款項；
- 就建造服務確認的進度付款合約負債，過往呈列為就合約工程應付客戶款項；及
- 就供水服務及固廢處理服務的客戶墊款的合約負債，過往呈列為貿易及其他應付款項 — 客戶墊款。

於採納香港財務報告準則第15號後，為獲得合約而直接產生的成本，如預計可收回，則資本化並入賬為合約資產。

對於客戶付款與承諾設施或服務轉讓之間的期限超過一年的合約，如果有重大影響，需調整交易價格以反映融資部分的影響。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.2 Changes in accounting policies (Cont'd) (d) Adoption of HK (IFRIC) 12 (Amendments)

The adoption of HK (IFRIC) 12 (Amendments) by the Group resulted in changes in accounting policies and classification of receivables under a service concession arrangement.

For service concession arrangement under financial asset model

During the construction periods, the Group recognises a contract asset (note 2.13) and accounts for the significant financing component in the arrangement. When the construction services are completed, the contract asset would be classified and measured as receivables under a service concession arrangement accordingly.

For service concession arrangement under hybrid model

The operator's contract asset during the construction period was divided into two components, a financial asset component based on the guaranteed amount and an intangible asset for the remainder. When the construction services are completed, the two components of the contract asset would be classified and measured as a financial asset and an intangible asset accordingly.

2.3 Principles of consolidation and equity accounting

2.3.1 Subsidiaries

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

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

2. 主要會計政策概要(續)

2.2 會計政策變動(續) (d) 採納香港(國際財務報告詮釋委員會)第12號(修訂本)

本集團採納香港(國際財務報告詮釋委員會)第12號(修訂本)導致會計政策及服務特許經營權安排下的應收款項分類變動。

就金融資產模型項下服務特許經營安排而言

於建設期間，本集團確認合約資產(附註2.13)並對安排中的重大融資成分進行會計處理。建造服務完成時，合約資產將相應按服務特許經營安排項下應收款項分類及計量。

就混合模型項下服務特許經營安排而言

運營商於建設期間的合約資產分為兩部分，基於擔保金額的金融資產及無形資產。建造服務完成時，合約資產的兩個組成部分將相應按金融資產及無形資產分類和計量。

2.3 綜合入賬及權益會計處理的原則

2.3.1 附屬公司

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

本集團採用收購會計法將業務合併入賬載於附註2.4。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

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

2.3.1 Subsidiaries (Cont'd)

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

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

2.3.2 Associates

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

2.3.3 Joint arrangements

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

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

2. 主要會計政策概要(續)

2.3 綜合入賬及權益會計處理的原則(續)

2.3.1 附屬公司(續)

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

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

2.3.2 聯營公司

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

2.3.3 合營安排

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

於合營公司的權益乃於合併資產負債表初步按成本確認後使用權益法入賬。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

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

2.3.4 Equity method

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

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

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

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

2. 主要會計政策概要(續)

2.3 綜合入賬及權益會計處理的原則(續)

2.3.4 權益會計法

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

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

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

按權益法入賬投資的賬面值根據附註2.14所述政策進行減值測試。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

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

2.3.5 Changes in ownership interests

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

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

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

2. 主要會計政策概要(續)

2.3 綜合入賬及權益會計處理的原則(續)

2.3.5 擁有權權益變動

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

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

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

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.4 Business combinations

(a) Business combinations not under common control

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

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

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

Acquisition-related costs are expensed as incurred.

2. 主要會計政策概要(續)

2.4 業務合併

(a) 非共同控制下的業務合併

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

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

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

收購相關成本於產生時支銷。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.4 Business combinations (Cont'd)

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

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

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

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

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

2. 主要會計政策概要(續)

2.4 業務合併(續)

(a) 非共同控制下的業務合併(續)

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

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

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

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

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.5 Separate financial statements

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

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

2.6 Segment reporting

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

2.7 Foreign currency translation

(a) Functional and presentation currency

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

2. 主要會計政策概要(續)

2.5 獨立財務報表

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

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

2.6 分部報告

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

2.7 外幣換算

(a) 功能及呈列貨幣

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

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.7 Foreign currency translation (Cont'd)

(b) Transactions and balances

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

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

(c) Group companies

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

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

2. 主要會計政策概要(續)

2.7 外幣換算(續)

(b) 交易及餘額

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

與借款及現金及現金等價物有關的匯兌收益及虧損乃於合併損益表「融資成本」內呈列，所有其他匯兌收益及虧損按淨額基準乃於合併損益表其他收益／(虧損)內呈列。

(c) 集團公司

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

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

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.7 Foreign currency translation (Cont'd)

(c) Group companies (Cont'd)

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

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

2.8 Property, plant and equipment

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

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

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

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

2. 主要會計政策概要(續)

2.7 外幣換算(續)

(c) 集團公司(續)

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

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

2.8 物業、廠房及設備

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

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

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

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

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.8 Property, plant and equipment (Cont'd)

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

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

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

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

2.9 Investment properties

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

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

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

Plants and buildings	30–50 years
----------------------	-------------

2. 主要會計政策概要(續)

2.8 物業、廠房及設備(續)

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

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

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

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

2.9 投資物業

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

初步確認之後，投資物業以成本扣除累計折舊及任何減值虧損入賬。

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

廠房及樓宇	30–50年
-------	--------

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.10 Intangible assets

(a) Goodwill

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

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

(b) Development expenditure

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

(c) Operating concessions

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

2. 主要會計政策概要(續)

2.10 無形資產

(a) 商譽

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

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

(b) 開發費用

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

(c) 特許經營權

特許經營權的詳細會計政策列述於附註2.12。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.10 Intangible assets (Cont'd)

(d) Unfulfilled contract rights

Unfulfilled contract rights represent the fair value of unfulfilled contracts in excess of the carrying value for unfulfilled construction contracts acquired through business combination.

(e) Licenses

Licenses represent the fair value of the operating permits of solid waste treatment plants and water supply facilities acquired through business combination.

(f) Technical know-how and software

Acquired technical know-how and software are capitalised on the basis of the costs incurred to acquire or through business combination.

(g) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Operating concessions	16–30 years
Unfulfilled contract rights	30 years
Licenses	5–54 years
Technical know-how and software	5–47 years

2.11 Land use rights

Land use rights represent prepaid operating lease payments for land less accumulated amortisation and any impairment losses. Amortisation is calculated using the straight-line method to allocate the prepaid operating lease payments for land over the remaining lease term or the operating period, whichever is shorter.

Land use rights	40–50 years
-----------------	-------------

2. 主要會計政策概要(續)

2.10 無形資產(續)

(d) 未履行合約權利

未履行合約權利指未履行合約的公平值超過透過業務合併所取得的未履行建造合約的賬面值。

(e) 牌照

牌照指固廢處理廠及供水設施透過業務合併所取得的營業執照的公平值。

(f) 專有技術及軟件

所收購的專有技術及軟件乃按收購或透過業務合併產生的成本予以資本化。

(g) 攤銷方法及年期

本集團於以下期間採用直線法攤銷具有有限使用期的無形資產：

特許經營權	16–30年
未履行合約權利	30年
牌照	5–54年
專有技術及軟件	5–47年

2.11 土地使用權

土地使用權指土地的預付經營租賃付款減累計攤銷及任何減值虧損。攤銷乃採用直線法將土地的預付經營租賃付款分攤至剩餘租賃期限或經營租賃期間(以較短者為準)計算。

土地使用權	40–50年
-------	--------

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.12 Service concession arrangements

The Group has entered into a number of service concession arrangements with certain governmental authorities or their designators (the "Grantors"). The service concession arrangements consist of Build-Operate-Transfer (the "BOT") arrangements and Transfer-Operate-Transfer (the "TOT") arrangements. Under the BOT arrangements, the Group carries out construction work of the facilities of the sewage and reclaimed water treatment, water supply or solid waste treatment for the Grantors and receives in return a right to operate the facilities of service project concerned for a specified period of time (the "Service Concession Period") in accordance with the pre-established conditions set by the Grantors, the service project should be transferred to the Grantors with nil consideration at the end of the operation period. A TOT arrangement is similar to a BOT arrangement, except that the Group pays consideration for the right to operate the facilities of the wastewater treatment, water supply and solid waste treatment that has been built.

The Group is generally entitled to use all the property, plant and equipment of the facilities, however, the relevant governmental authorities as Grantors will control and regulate the scope of service that the Group must provide with the facilities, and retain the beneficial entitlement to any residual interest in the facilities at the end of the Service Concession Period. Each of these service concession arrangements is governed by a contract and, where applicable, supplementary agreements entered into between the Group and the relevant governmental authority that set out, inter alia, performance standards, mechanisms for adjusting prices for the services rendered by the Group, and specific obligations levied on the Group to restore the facilities to a specified level of serviceability at the end of the Service Concession Period and arrangements for arbitrating disputes.

2. 主要會計政策概要(續)

2.12 服務特許經營安排

本集團與若干政府機關或其指定人(「授予人」)訂立多項服務特許經營安排。服務特許經營安排包括建設 — 經營 — 移交(「BOT」)安排及移交 — 經營 — 移交(「TOT」)安排。根據BOT安排，本集團為授予人進行污水及再生水處理、供水或固廢處理設施的建設工程，因而根據授予人預先設定的條件獲得服務項目設施於指定期間的經營權(「服務特許經營期間」)，服務項目須於經營期間結束時以零代價移交予授予人。TOT安排類似於BOT安排，惟本集團須就經營已建設的污水處理、供水或固廢處理設施的權利支付代價。

本集團一般有關使用該等設施的所有物業、廠房及設備，然而，有關政府機構作為授予人將控制及監管本集團利用該等設施須提供的服務範圍，並於服務特許經營期間結束時保留其於該等設施任何餘下權益的實益權利。該等服務特許經營安排受本集團與有關政府機構訂立的合約及(倘適用)補充協議的規限，當中載明(其中包括)執行標準、本集團所提供服務的調價機制、本集團於服務特許經營期間結束時為將該等設施恢復到規定服務水平而承擔的特定責任，以及仲裁糾紛的安排。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.12 Service concession arrangements (Cont'd)

(a) Consideration given by the Grantor

(i) Service concession arrangements under financial asset model

A financial asset (receivables under a service concession arrangement) is recognised to the extent that the Group has an unconditional right to receive cash or another financial asset from the Grantor for the construction services rendered and/or the consideration paid and payable by the Group to the Grantor during the Service Concession Period. The Group has an unconditional right to receive cash if the Grantor contractually guarantees to pay the Group specified or determinable amounts or the shortfall, if any, between amounts received from the users of the public service and the specified or determinable amounts. The financial asset (receivable under a service concession arrangement) is accounted for in accordance with the policy set out for financial assets measured at amortised cost under note 2.15.

During the construction periods, the Group recognises a contract asset (note 2.13) and accounts for the significant financing component in the arrangement. When the construction services are completed, the contract asset would be classified and measured as receivables under a service concession arrangement accordingly.

When the Group receives a payment during the concession period, it will apportion such payment between (i) a repayment of the financial asset (if any), which will be used to reduce the carrying amount of financial receivables on the consolidated Balance sheet, (ii) interest income, will be recognised as revenue in profit or loss and (iii) revenue from operating service in the profit or loss. Revenue from operating service is calculated based on cost plus a profit margin.

2. 主要會計政策概要(續)

2.12 服務特許經營安排(續)

(a) 授予人給予的代價

(i) 金融資產模式下的服務特許經營安排

於服務特許經營期間，所確認金融資產(服務特許經營安排下的應收款項)以下列者為限：本集團有無條件權利就所提供建築服務向授予人收取現金或其他金融資產及/或本集團支付及應付授予人的代價。倘授予人以合約方式擔保向本集團支付指定或待定金額或已收公共服務用戶的款項與指定或待定金額兩者間的差額(如有)，本集團仍擁有無條件權利收取現金。金融資產(服務特許經營安排下的應收款項)根據附註2.15的按攤銷成本計量的金融資產所載的政策列賬。

於建設期間，本集團確認合約資產(附註2.13)並對安排中的重大融資成分進行會計處理。建造服務完成時，合約資產將相應按服務特許經營安排項下應收款項分類及計量。

本集團於特許經營期內收到款項時，會將有關款項分配至(i)償還金融資產(如有)，用以減少合併資產負債表金融應收款項的賬面值，(ii)利息收入(將於損益確認為收入)及(iii)經營服務的收入(於損益確認)。經營服務的收入按成本加溢利率計算。

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

2.12 Service concession arrangements (Cont'd)

(a) Consideration given by the Grantor (Cont'd)

(ii) Service concession arrangements under intangible asset model

An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge users of public service, which is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses and service. The intangible asset (operating concession) is accounted for in accordance with the policy set out for "intangible assets" in note 2.10 above, which is amortised on a straight-line basis over the Service Concession Period.

Revenue relating to operating service are accounted for in accordance with the policy for note 2.30 "revenue recognition" below. Costs for operating services are expensed in the period in which they are incurred.

(iii) Service concession arrangements under hybrid model

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is recognised initially at the fair value of the consideration.

Therefore in this arrangement it is necessary to divide the operator's contract asset during the construction period into two components, a financial asset component based on the guaranteed amount and an intangible asset for the remainder. When the construction services are completed, the two components of the contract asset would be classified and measured as a financial asset and an intangible asset accordingly.

2. 主要會計政策概要(續)

2.12 服務特許經營安排(續)

(a) 授予人給予的代價(續)

(ii) 無形資產模式下的服務特許經營安排

無形資產(特許經營權)於本集團獲得向公共服務用戶收費的權利時確認,惟該權利並非收取現金的無條件權利,因為該款項須以公眾使用該服務為條件。無形資產(特許經營權)根據上文附註2.10「無形資產」所載的政策列賬,按直線法於服務特許經營期間內攤銷。

與經營服務有關的收入乃根據下文附註2.30「收入確認」的政策入賬。經營服務的成本於產生期間支銷。

(iii) 混合模式下的服務特許經營安排

倘本集團為運營商提供建設服務分別形成金融資產和無形資產,各類資產分別入賬並初始按代價的公平值初始確認。

因此於該安排中,須將運營商的合約資產分為兩部分,基於擔保金額的金融資產及無形資產。建造服務完成時,合約資產的兩個組成部分將相應按金融資產及無形資產分類和計量。

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

2.12 Service concession arrangements (Cont'd)

(b) Construction and upgrade services

The fair value of the construction and upgrade service under the concession arrangement is calculated as the estimated total construction cost plus a profit margin. The profit margins are valued by an independent qualified valuer, based on prevailing market rate applicable to similar construction services rendered in similar location at date of agreement.

Revenue relating to construction and upgrade services are accounted for in accordance with the policy in note 2.30.

(c) Contractual obligations to restore the infrastructure to a specified level of serviceability

The Group has contractual obligations which it must fulfil as a condition of its licences, that is (i) to maintain the sewage and reclaimed water treatment and water distribution plants it operates to a specified level of serviceability and/or (ii) to restore the plants to a specified condition before they are handed over to the Grantor at the end of the service concession arrangements. These contractual obligations to maintain or restore the sewage and reclaimed water treatment and water distribution plants, except for upgrade element, are recognised and measured in accordance with the policy set out for note 2.28 "provisions" below.

2.13 Contract assets and contract liabilities

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

2. 主要會計政策概要(續)

2.12 服務特許經營安排(續)

(b) 建造及升級服務

特許經營安排下的建造及升級服務的公平值乃按估計總建造成本加溢利率計算。溢利率由獨立合資格估值師按於協議日期適用於類似位置所提供的類似建造服務的通行市場費率估值。

建造及升級服務有關的營業收入按附註2.30的政策列賬。

(c) 修復基建設施至一定可提供服務水平的合約責任

本集團須承擔合約責任，作為獲取執照所須符合的條件，以(i)維護其經營的污水及再生水處理及供水廠，確保符合一定可提供服務水平及／或(ii)於服務特許經營安排結束時，在移交工廠予授予人之前，將工廠修復至指定狀況。維護或修復污水及再生水處理及供水廠的合約責任(除升級部分外)按下文附註2.28「撥備」所載的政策予以確認及計量。

2.13 合約資產及合約負債

根據香港財務報告準則第15號，應收款項僅當本集團擁有代價的無條件權利時方可確認。倘本集團於合約中所承諾的商品及服務的代價成為無條件權利前確認相關收益，則代價的權利被分類為合約資產。類似地，於集團確認相關收益前，客戶支付代價或合約上須支付代價且該金額已到期，則確認為合約負債(而非應付款項)。就與客戶的單一合約而言，呈列合約資產淨值或合約負債淨額。就多份合約而言，不相關合約的合約資產及合約負債不會按淨額基準呈列。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.13 Contract assets and contract liabilities (Cont'd)

An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset under note 2.15.

The Group recognises the incremental costs of obtaining a contract with a customer within contract assets if the Group expects to recover those costs.

Generally, the Group receives advances from its customers which are short-term in nature. The advances previously included in trade and other payables are reclassified to contract liabilities.

2.14 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2. 主要會計政策概要(續)

2.13 合約資產及合約負債(續)

根據附註2.15，合約資產減值根據相同基準按金融資產計量、呈列及披露。

倘本集團預期將可收回為取得客戶合約而產生之增量成本，則會將有關成本確認為合約資產。

一般而言，本集團從客戶收取之墊款屬短期性質。過往計入貿易及其他應付款項的墊款重新分類為合約負債。

2.14 非金融資產的減值

擁有無限可使用年期的商譽及無形資產不作攤銷，而須每年測試一次是否減值，倘有事件或情況變動顯示賬面值或會減值時，則測試次數更頻繁。倘有事件或情況變動顯示賬面值或不可收回時，其他資產將進行減值測試。減值虧損確認為資產賬面值超過其可收回金額的數額。可收回金額為資產公平值減銷售成本與使用價值兩者的較高者。為評估減值，資產按大致獨立於其他資產或資產組別(現金產生單位)的單獨可識別現金流入最基本層次分類。已減值的非金融資產(商譽除外)於各報告期末檢討是否可能撥回減值。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.15 Investment and other financial assets

2.15.1 Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for FVOCI.

The Group reclassifies debt investment when and only when its business model for managing those assets changes.

2.15.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2. 主要會計政策概要(續)

2.15 投資及其他金融資產

2.15.1 分類

自二零一八年一月一日起，本集團將其金融資產分類為以下計量類別：

- 其後按公平值(透過其他綜合收益或透過損益)計量的金融資產，及
- 按攤銷成本計量的金融資產。

該分類取決於實體管理金融資產的業務模式及現金流量的合約條款。

就按公平值計量的資產而言，收益及虧損將計入損益或其他綜合收益。並非持作買賣的權益工具投資將視乎本集團是否有在初步確認時作出不可撤銷的選擇，從而以公平值計量且其變動計入其他綜合收益列賬。

當且僅當本集團管理該等資產的業務模式改變時，本集團重新分類債務投資。

2.15.2 確認及終止確認

常規購入及出售的金融資產於交易日(本集團承諾購入或出售該資產的日期)確認。從金融資產收取現金流量的權利屆滿或已轉讓而本集團已實質上轉移一切所有權風險及回報時，則終止確認有關金融資產。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.15 Investment and other financial assets (Cont'd)

2.15.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

2. 主要會計政策概要(續)

2.15 投資及其他金融資產(續)

2.15.3 計量

於初步確認時，本集團按其公平值加上(倘金融資產並非透過損益按公平值入賬)收購金融資產直接應佔的交易成本計量金融資產。透過損益按公平值入賬的金融資產的交易成本於損益中支銷。

附帶嵌入衍生工具的金融資產於釐定其現金流量是否純粹為支付本金及利息時以整體作出考慮。

(a) 債務工具

債務工具的后續計量取決於本集團管理資產的業務模式及資產的現金流量特徵。本集團將其債務工具分類為三種計量類別：

- 攤銷成本：為收取合約現金流量而持有，且現金流量僅為支付本金及利息之資產按攤銷成本計量。該等金融資產之利息收入按實際利率法計入融資收入。終止確認產生的任何收益或虧損直接於損益確認，並於其他收益／(虧損)中與外匯收益及虧損一併列示。減值虧損於損益表中作為獨立項目列示。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.15 Investment and other financial assets (Cont'd)

2.15.3 Measurement (Cont'd)

(a) Debt instruments (Cont'd)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

2. 主要會計政策概要(續)

2.15 投資及其他金融資產(續)

2.15.3 計量(續)

(a) 債務工具(續)

- 以公平值計量且其變動計入其他綜合收益：持作收回合約現金流量及出售金融資產之資產，倘該等資產現金流量僅指支付本金及利息，則以公平值計量且其變動計入其他綜合收益計量。賬面值變動計入其他綜合收益，惟於損益中確認之減值收益或虧損、利息收益及外匯收益及虧損之確認除外。金融資產終止確認時，先前於其他綜合收益確認之累計收益或虧損由權益重新分類至損益並於其他收益／(虧損)中確認。該等金融資產之利息收入按實際利率法計入融資收入。外匯收益及虧損呈列於其他收益／(虧損)中，而減值開支則於損益表中作為獨立項目列示。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.15 Investment and other financial assets (Cont'd)

2.15.3 Measurement (Cont'd)

(a) Debt instruments (Cont'd)

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

2. 主要會計政策概要(續)

2.15 投資及其他金融資產(續)

2.15.3 計量(續)

(a) 債務工具(續)

- 以公平值計量且其變動計入損益：不符合攤銷成本標準或以公平值計量且其變動計入其他綜合收益之資產乃以公平值計量且其變動計入損益計量。隨後以公平值計量且其變動計入損益計量之債務投資之收益或虧損於損益中確認，並於產生期間按淨額呈列於其他收益／(虧損)中。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.15 Investment and other financial assets (Cont'd)

2.15.3 Measurement (Cont'd)

(b) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.15.4 Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the HKFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for receivables under service concession arrangements, trade receivables and contract assets. Impairment on other receivables is measured as either 12-month ECL or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition.

2. 主要會計政策概要(續)

2.15 投資及其他金融資產(續)

2.15.3 計量(續)

(b) 債務工具

本集團所有股本投資隨後按公平值計量。倘本集團管理層已選擇將股本投資之公平值收益及虧損於其他綜合收益呈列，則終止確認投資後，概無後續重新分類公平值收益及虧損至損益。本集團收取付款之權利確立時，有關投資之股息繼續於損益中確認為其他收入。

以公平值計量且其變動計入損益之金融資產公平值變動乃於損益表中其他收益／(虧損)中確認(如適用)。以公平值計量且其變動計入其他綜合收益之股本投資減值虧損(及減值虧損之撥回)不會與其他公平值變動分開呈報。

2.15.4 減值

自二零一八年一月一日起，本集團按前瞻基準評估與按攤銷成本及以公平值計量且其變動計入其他綜合收益入賬的債務工具有關之預期信貸虧損。所用的減值方法取決於信貸風險有否大幅增加。

本集團採用香港財務報告準則第9號簡化方法計量預期信貸虧損，就服務特許經營安排下的應收款項、貿易應收款項及合約資產按年期計提預期虧損撥備。其他應收款項減值按12個月預期信貸虧損或年期預期信貸虧損計量，視乎信貸風險初始確認後有否大幅增加而定。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.15 Investment and other financial assets (Cont'd)

2.15.5 Accounting policies applied until 31 December 2017

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Until 31 December 2017, the Group classifies its financial assets in the following categories:

- i. loans and receivables, and
- ii. available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(a) Measurement

The measurement at initial recognition did not change an adoption of HKFRS 9, see description above.

Subsequent to the initial, recognition loans and receivables were subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of profit or loss as "other gains — net".

Available-for-sale equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are subsequently measured at cost.

2. 主要會計政策概要(續)

2.15 投資及其他金融資產(續)

2.15.5 截至二零一七年十二月三十一日應用的會計政策

本集團已追溯應用香港財務報告準則第9號，但選擇未重列比較資料。因此，比較資料依舊按照與本集團以往相一致的會計政策入賬。

截至二零一七年十二月三十一日，本集團將其金融資產分為以下類別：

- i. 貸款及應收款項；
- ii. 可供出售金融資產。

分類方式視乎購入投資的目的而定。管理層於最初確認時釐定其投資分類。

(a) 計量

最初確認時計量並無改變採納香港財務報告準則第9號，見上文所述。

於最初確認後，貸款及應收款項乃使用實際利率法按攤銷成本列賬。

可供出售金融資產其後按公平值列賬。分類為可供出售的貨幣及非貨幣證券的公平值變動於其他綜合收益中確認。

若歸類為可供出售的證券被售出或減值，則於權益中確認的累計公平值調整於合併損益表中列為「其他收益淨額」。

於活躍市場並無市場報價且其公平值無法可靠計量的可供出售權益工具其後按成本計量。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.15 Investment and other financial assets (Cont'd)

2.15.5 Accounting policies applied until 31 December 2017 (Cont'd)

(a) Measurement (Cont'd)

Interest on available-for-sale securities, held-to-maturity investments and loans and receivables calculated using the effective interest method is recognised in the statement of profit or loss as part of revenue from continuing operations.

Dividends on available-for-sale equity instruments are recognised in the consolidated statement of profit or loss as part of other income when the Group's right to receive payments is established.

Details on how the fair value of financial instruments is determined are depicted in note 3.4.

(b) Impairment

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

2. 主要會計政策概要(續)

2.15 投資及其他金融資產(續)

2.15.5 截至二零一七年十二月三十一日應用的會計政策(續)

(a) 計量(續)

按實際利率法計算的可供出售證券、持有至到期投資以及貸款及應收款項的利息在損益表中確認為持續經營業務的收入的一部分。

可供出售權益工具的股息，於本集團確立收取款項的權利後在合併損益表確認為其他收入的一部分。

有關金融工具的公平值如何釐定的詳情載於附註3.4。

(b) 減值

本集團在各報告期末評估是否有客觀證據證明某項金融資產或某組金融資產經已減值。僅於有客觀證據顯示於最初確認資產後發生一項或多項事件(「虧損事件」)導致出現減值及該虧損事件或該等虧損事件對該項金融資產或該組金融資產之估計未來現金流量構成之影響能可靠估計時，該項金融資產或該組金融資產方會出現減值及減值虧損方會產生。倘股權投資分類為可供出售，在決定有關資產是否出現減值時，會考慮該證券的公平值是否大幅或長期低於其成本。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.15 Investment and other financial assets (Cont'd)

2.15.5 Accounting policies applied until 31 December 2017 (Cont'd)

(b) Impairment (Cont'd)

(i) Assets carried at amortised cost

For loans and receivables, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss was recognised in profit or loss. If a loan or held-to-maturity investment had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract. As a practical expedient, the Group could measure impairment on the basis of an instrument's fair value using an observable market price.

2. 主要會計政策概要(續)

2.15 投資及其他金融資產(續)

2.15.5 截至二零一七年十二月三十一日應用的會計政策(續)

(b) 減值(續)

(i) 按攤銷成本列賬之資產就貸款及應收款項而言，虧損金額根據資產賬面值與估計未來現金流量(不包括未產生之未來信貸虧損)按金融資產之原實際利率貼現之現值兩者之差額計量。該項資產之賬面值減少，而虧損金額於損益內確認。倘一項貸款或持有至到期投資按浮息計息，則計量任何減值虧損之貼現率為根據合約釐定之現時實際利率。作為可行之權宜之計，本集團可利用可觀察市價按工具之公平值計量減值。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.15 Investment and other financial assets (Cont'd)

2.15.5 Accounting policies applied until 31 December 2017 (Cont'd)

(b) Impairment (Cont'd)

(i) Assets carried at amortised cost (Cont'd)

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss was recognised in profit or loss.

Impairment testing of receivables is described in note 3.1(b).

2. 主要會計政策概要(續)

2.15 投資及其他金融資產(續)

2.15.5 截至二零一七年十二月三十一日應用的會計政策(續)

(b) 減值(續)

(i) 按攤銷成本列賬之資產(續)

倘於往後期間之減值虧損金額減少，而減少客觀而言可能與確認減值後發生之一項事件有關(例如債務人信貸評級改善)，則於損益內確認撥回過往確認之減值虧損。

應收款項的減值測試於附註3.1(b)陳述。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.15 Investment and other financial assets (Cont'd)

2.15.5 Accounting policies applied until 31 December 2017 (Cont'd)

- (b) Impairment (Cont'd)
(ii) Assets classified as available-for-sale

If there was objective evidence of impairment for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — was removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or were not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increased in a subsequent period and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed through profit or loss.

2.16 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet where the Group currently have a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group have also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2. 主要會計政策概要(續)

2.15 投資及其他金融資產(續)

2.15.5 截至二零一七年十二月三十一日應用的會計政策(續)

- (b) 減值(續)
(ii) 可供出售金融資產

倘出現可供出售金融資產減值之客觀證據，累計虧損（按收購成本與現時公平值的差額，減該金融資產之前在損益確認的任何減值虧損計量）自權益取消，並在損益確認。

於損益中確認之權益工具減值虧損不會於其後期間透過損益中撥回。

倘於其後期間，分類為可供出售的債務工具的公平值增加，而有關增加可客觀地與在損益中確認減值虧損後所發生的事件聯繫，則於損益中撥回減值虧損。

2.16 對銷金融工具

當本集團目前擁有法定可執行權利可抵銷已確認金額，並有意按淨額基準結算或同時變現資產及結算負債時，金融資產及負債可互相抵銷，並在合併資產負債表中報告其淨額。本集團亦已訂立並不符合抵銷標準的安排，但仍允許相關金額在如破產或終止合約的若干情況下予以抵銷。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.17 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.18 Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2. 主要會計政策概要(續)

2.17 財務擔保合同

在擔保簽訂的同時，財務擔保合同確認為一項金融負債。該負債按公允值初步計量並且後續按以下兩者孰高計量：

- 按香港財務報告準則第9號金融工具準則中的預期信用損失模型確定的金額；及
- 初步確認的金額減去，如適用，按香港財務報告準則第15號來自與客戶訂立合約的收入確認準則確認的累計收入。

財務擔保的公允值由基於債務工具下要求的合同支付金額與無需保證的支付金額之間的，或與作為承擔義務付給協力廠商的預計金額之間的現金流量差異的現值決定。

當與聯營公司之借款或其他應付款關聯的擔保不提供補償時，公允值作為投入列賬並且確認為投資成本的一部分。

2.18 存貨

原材料及庫存、在建工程及成品以成本值及可變現淨值兩者的較低者列賬。成本包括直接材料、直接勞動力及適當比例的可變及固定其他開支(後者按正常經營能力基準分配)。成本乃按加權平均成本基準分撥至個別存貨項目。購入存貨的成本乃於扣除退款及折扣後釐定。可變現淨值為於日常業務過程內的估計售價減估計完成所需成本及銷售所需的估計成本計算。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.19 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 2.15 for further information about the Group's accounting for trade receivables and note 2.14 for a description of the Group's impairment policies.

2.20 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

Bank deposits which are restricted to use are classified as "restricted cash". Restricted cash are excluded from cash and cash equivalents in the cash flow statements.

2.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.22 Perpetual capital instruments

Perpetual capital instruments with no contractual obligation for the Group to deliver cash or another financial asset to the holders are classified as equity instruments. They are initially recorded at the proceeds received within equity. Discretionary interest declared by the Group to the holders of perpetual capital instrument is treated as dividend.

2. 主要會計政策概要(續)

2.19 貿易應收款項

貿易應收款項為在日常業務過程中就向客戶銷售的商品或提供的服務而應收客戶的款項。如貿易應收款項預期在一年或以內收回，其被分類為流動資產，否則分類為非流動資產。

貿易應收款項初步按有關代價金額確認，此為無條件，除非按公平值確認包含重大融資成分。本集團持有目的為收取合約現金流量的貿易應收款項，因此採用實際利率法按攤銷成本計量貿易應收款項。有關本集團貿易應收款項會計處理的進一步資料請參閱附註2.15及有關本集團減值政策的描述請參閱附註2.14。

2.20 現金及現金等價物

就現金流量表呈列而言，現金及現金等價物包括手頭現金及金融機構通知存款。

受限制使用的銀行存款歸類為「受限制現金」。受限制現金自現金流量表的現金及現金等價物中剔除。

2.21 股本

普通股歸類為權益。直接歸屬於發行新股或購股權的遞增成本扣除稅項後在權益中列為所得款項的扣減項目。

2.22 永久資本工具

本集團並無合約責任將現金或另外金融資產交付持有人的永久資本工具歸類為權益工具。該工具初始按收取的所得款項列入權益。本集團向永久資本工具持有人宣派的酌情利息被視為股息。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.23 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.24 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.25 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2. 主要會計政策概要(續)

2.23 貿易及其他應付款項

該等金額指於財政年度結束前提供予集團之商品及服務之未償還負債。該等金額為無抵押及通常在確認30日內支付。貿易及其他應付款項列示為流動負債，除非付款並非於報告期間後12個月內到期。有關款項以初始公平值確認，其後採用實際利息法按攤銷成本計量。

2.24 借款

借款於初始按公平值並扣除產生的交易成本確認。借款其後按攤銷成本列賬；所得款項(扣除交易成本)與贖回價值的差額於借款期間以實際利率法在損益表中確認。如部分或全部融資有可能被提取，則設立貸款融資時支付的費用確認為貸款的交易成本。在此情況下，費用遞延至貸款提取為止。如沒有證據證明部分或全部融資有可能被提取，則該費用資本化作為流動資金服務的預付款，並於相關的融資期內攤銷。

除非本集團有無條件權利將償還負債的日期遞延至報告期後最少12個月，否則借款歸類為流動負債。

2.25 借款成本

一般及特定借款成本直接歸屬於需要完成或籌備該資產以作擬定用途或出售的一段時間內資本化的合資格資產。合資格資產必須經一段長時間處理以作其擬定用途或銷售。

就特定借款，因有待合資格資產的支出而臨時投資賺取的投資收入，應自合資格資本化的借款成本中扣除。

所有其他借款成本於其產生期間內確認。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.26 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

2. 主要會計政策概要(續)

2.26 即期及遞延所得稅

期內所得稅開支或信貸為本期間應課稅收入按各司法權區適用所得稅率之應付稅項，受臨時差額及未使用稅項虧損應佔遞延稅項資產及負債變動的調整。

(a) 即期所得稅

即期所得稅費用根據本公司及其附屬公司、合營公司及聯營公司經營及產生應課稅收入的國家於報告期末已頒佈或實質頒佈的稅法計算。管理層就適用稅務法規詮釋所規限的情況定期評估稅項申報情況，並在適用情況下按預期須向稅務機構支付的稅款確定撥備。

(b) 遞延所得稅

遞延所得稅採用負債法，就資產和負債的稅基與資產和負債在合併財務報表的賬面值之間產生的暫時性差異悉數撥備。然而，若遞延所得稅負債來自商譽的初始確認，則不予確認此等遞延稅項負債；若遞延所得稅來自在交易(不包括企業合併)中對資產或負債的初始確認，而該項資產或負債在交易時不影響會計及應課稅損益，則不予確認此等遞延所得稅。

遞延所得稅採用在報告期末前已頒佈或實質頒佈，並預期在有關遞延所得稅資產實現或遞延所得稅負債結算時適用的稅率(及法律)而釐定。

遞延所得稅資產僅限於有可能產生未來應課稅溢利並可用於抵銷暫時性差異時予以確認。

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

2.26 Current and deferred income tax (Cont'd)

(b) Deferred income tax (Cont'd)

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred income tax asset is recognised for unclaimed tax credits that are carried forward as deferred income tax assets.

2.27 Employee benefits

(a) Defined contribution plan

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

2. 主要會計政策概要(續)

2.26 即期及遞延所得稅(續)

(b) 遞延所得稅(續)

倘本公司能控制撥回暫時差額的時間及該等差額可能不會於可見將來撥備，則不會就外國業務投資賬面值與稅基之間的暫時差額確定遞延稅項負債及資產。

即期及遞延所得稅於損益確認，惟倘即期及遞延所得稅於在其他綜合收益或直接於權益中確認的項目有關，在此情況下，稅項亦會分別於其他綜合收益或直接於權益中確認。

本集團內成員公司可就投資合資格資產或相關合資格開支享有特殊稅項減免。集團就該等津貼入賬列為稅收抵免，即津貼降低應付所得稅及即期稅項開支。遞延所得稅資產於未認領的稅項抵免結轉為遞延所得稅資產時確認。

2.27 僱員福利

(a) 定額供款計劃

根據中國的規例及法規，本集團位於中國的僱員參與多項由中國相關市級及省級政府運作的定額供款退休福利計劃，據此，本集團及位於中國的僱員每月須對該等計劃作出按僱員薪金百分比計算得出的供款。

市級及省級政府承諾會承擔根據上述計劃應付予所有現有及未來的退休中國僱員的退休福利責任。除每月供款外，本集團並無進一步責任向其僱員提供退休付款及其他退休後福利。該等計劃的資產乃與本集團的資產分開，並由中國政府所管理的獨立基金持有。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.27 Employee benefits (Cont'd)

(b) Defined benefit plan

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan, recognised in the statement of profit or loss in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in consolidated statement of profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Remeasurement arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

2. 主要會計政策概要(續)

2.27 僱員福利(續)

(b) 定額福利計劃

一般而言，定額福利計劃釐定員工在退休時可收取的退休福利金額，通常視乎年齡、服務年資和薪酬等一個或多個因素而定。

在合併資產負債表內就定額福利退休金計劃而確認的負債，為定額福利責任於報告期末的現值減計劃資產的公平值。定額福利責任每年由獨立精算師利用預計單位貸記法計算。定額福利責任的現值利用將用以支付福利的貨幣為單位計值且到期日與有關退休負債的年期近似的高質素企業債券的利率，將估計未來現金流出量貼現計算。在該等債券並無活躍市場的國家，乃採用政府債券的市場利率。

於損益表僱員福利開支項下確認的定額福利計劃即期服務成本(除計入資產成本者外)反映本年度僱員服務所導致的定額福利責任的增加、福利變動、削減及結算。

過往服務成本即時於合併損益表中確認。定額福利責任的現值來自計劃修訂或縮減的變動，即時於損益中確認為過往服務成本。

淨利息成本按定額福利責任的淨結餘及計劃資產公平值，應用貼現率計算。此成本包含在合併損益表中的僱員福利開支中。

根據經驗而調整的重新計量以及精算假設的變動，在產生期間內於其他綜合收益的權益中扣除或計入。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.28 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.29 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to purchase of property, plant and equipment and intangible assets are included in non-current liabilities as deferred government grants and are credited to the consolidated statement of profit or loss on a straight-line basis over the expected lives of the related assets.

2. 主要會計政策概要(續)

2.28 撥備

在出現以下情況時，本集團確認法律索償、服務保證及妥善履行責任的撥備：本集團因過往事件而產生現有法律或推定義務；履行該義務預期很可能導致資源流出；金額能可靠估計。未來經營虧損不確認撥備。

如存在多項類似義務，則根據整體義務類別考慮釐定償付時導致資源流出的可能性。即使在同一義務類別所包含的任何單個項目的流出的可能性極低，仍須確認撥備。

撥備乃按結算報告期末現時責任所需之管理層最佳估計開支的現值計量。使用作釐定現值之折現率為稅前折現率，其須能夠反映當前市場的貨幣時間價值估算及該負債特有的風險。由時間推移導致撥備金額的增加計入利息開支。

2.29 政府補貼

在有合理保證將收取補助及本集團將遵守所有隨附條件時，政府補貼乃按其公平值確認。

與成本相關的政府補貼均會遞延並於需要與其有意補償的成本相匹配的期間內，在合併損益表確認。

與購買物業、廠房及設備以及無形資產相關的政府補貼於非流動負債項下列作遞延政府補貼，並按直線法在相關資產的預期使用年期內計入合併損益表。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.30 Revenue recognition

Under HKFRS 15, revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer. This may be at a single point in time or over time.

Upon the adoption of HKFRS 15, the Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- when the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- when the Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

If none of the above conditions are met, the Group recognises revenue at a single point in time at which the performance obligation is satisfied for the sale of that good or service when control has been passed.

If control of the product or service transfers over time, revenue is recognised over the period of the contract by measuring the progress towards complete satisfaction of that performance obligation.

2. 主要會計政策概要(續)

2.30 收入確認

根據香港財務報告準則第15號，收入按客戶合約訂明之代價計量，且不包括代表第三方收取之金額。本集團於其向客戶轉讓產品或服務之控制權時確認收入。該情況可能發生於某個時間點或一段時間內。

於採納香港財務報告準則第15號後，倘符合以下其中一項條件，本集團會於履行履約責任後隨時間轉移確認收入：

- 客戶同時取得及消耗本集團履行履約責任時所提供之利益；
- 本集團之履約行為創造或改良客戶在資產被創造或改良時已控制之資產；
- 本集團之履約行為並未創造一項可被本集團用於替代用途之資產，且本集團獲得具有就迄今為止已完成之履約部份之客戶付款可執行之權利。

倘不符合上述所有條件，本集團將於控制權轉移銷售該貨品或服務之履約責任獲達成之單一時點確認收入。

倘產品或服務控制權經過一段時間轉移，收入確認將通過計量整個合約期間已完成履約責任的進度進行。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.30 Revenue recognition (Cont'd)

(a) Sales of goods

Revenue is recognised at the point in time when the control of the product is transferred to the customer which generally coincides with delivery and acceptance of the product sold.

(b) Rendering of construction and upgrade services

Revenue from construction and upgrade services is recognised over time by measuring the progress towards complete satisfaction of the service. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

(c) Rendering of other services

Revenue from wastewater treatment, solid waste treatment and other services is recognised over the period by measuring the progress towards complete satisfaction of the service.

(d) Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease.

(e) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2. 主要會計政策概要(續)

2.30 收入確認(續)

(a) 產品銷售

收入在產品的控制權轉移至客戶的單一時點時確認，並通常與交收所出售產品的時點一致。

(b) 提供建造及升級服務

建造及升級服務收入於一段時間內確認，且對完成履行服務的進度計量。完成履行履約責任的進度是按本集團為履行履約責任的付出或投入，並參照每份合約截至報告期末已產生的合約成本佔該合約總估計成本的百分比計量。

(c) 提供其他服務

污水處理、固廢處理及其他服務的收益通過計量完成履行服務的進度於一段時間內確認。

(d) 租金收入

投資物業的租金收入就租期以直線法於確認。

(e) 利息收入

利息收入乃對一項金融資產賬面總值應用實際利率予以計算，惟其後出現信貸減值的金融資產除外。就信貸減值的金融資產而言，其利息收入是用實際利率乘以金融資產賬面淨額(經扣除虧損撥備)得出。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.31 Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 35). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in other income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

2.32 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.33 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group's derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

2. 主要會計政策概要(續)

2.31 租賃

對未轉讓予本集團(作為承租人)的所有權風險及回報的大部分租賃乃分類為經營租賃(附註35)。根據經營租賃支付的款項(扣除收取出租人的任何優惠)以直線法就租期於損益內扣除。

本集團作為出租人並從經營租賃中取得的租賃收入，在租期內以直線法確認為其他收入。相應的租賃資產按其性質計入資產負債表中。

2.32 股息分派

對本公司股東的股息分派於股息獲本公司股東或董事(如適用)批准期間在本集團財務報表確認為負債。

2.33 衍生工具及對沖活動

衍生工具於衍生工具合約訂立當日按公平值初始確認，其後於各報告期間末按公平值重新計量。公平值變動之會計處理取決於該衍生工具是否被指定為對沖工具，如被指定為對沖工具，則取決於對沖項目之性質。

本集團之衍生工具並不符合對沖會計準則。不符合對沖會計準則之衍生工具之公平值如有變動，將即時於損益內確認並計入其他收益/(虧損)。

Notes to the Consolidated Financial Statements

合併財務報表附註

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

2.34 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2. 主要會計政策概要(續)

2.34 每股基本盈利

(i) 每股基本盈利

每股基本盈利按以下方式計算：

- 本公司擁有人應佔利潤(不包括普通股以外之任何權益成本)
- 除以財政年度內已發行普通股加權平均數，並就年內已發行普通股(不包括庫存股份)的股息調整。

(ii) 每股攤薄盈利

計算每股攤薄盈利時，會調整用於釐定每股基本盈利的數額，以反映以下因素：

- 與潛在攤薄普通股有關的利息及其他融資成本的除所得稅後影響，及
- 假設轉換所有潛在攤薄普通股，額外將會發行普通股的加權平均數。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate risk and cash flow interest rate), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

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

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

3. 財務風險管理

3.1 財務風險因素

本集團的活動令其承受多種財務風險：市場風險（包括貨幣風險、公平值利率風險及現金流量利率）、信貸風險及流動資金風險。本集團的整體風險管理計劃專注於金融市場的不可預測性，並設法減低對本集團財務表現的潛在不利影響。

(a) 市場風險

(i) 外匯風險

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

集團實體承受其功能貨幣以外外幣的外匯風險，主要涉及美元（「美元」）、歐元（「歐元」）及港元（「港元」）（統稱「非功能貨幣」）。本集團密切監察及盡量減少其外幣持倉淨額至最低水平以限制所需承擔的外幣風險。管理層認為各集團實體的功能貨幣與各集團實體經營業務的非功能貨幣之間的匯率波動不會影響本集團的財務狀況及經營業績。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(ii) Fair value and cash flow interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest risk.

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. The Group's interest-bearing bank borrowings, restricted cash and cash and cash equivalents are stated at amortised cost and not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to profit or loss as earned/incurred.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(ii) 公平值及現金流量利率風險

本集團的利率風險來自於長期借款。按浮動利率取得的借款使本集團面臨現金流量利息風險，而這部分被按浮動利率持有的現金所抵銷。按固定利率取得的借款使本集團面臨公平值利息風險。

本集團定期審閱和監察固定和浮動利率的借款組合以管理其利率風險。本集團的計息銀行借款、受限制現金以及現金及現金等價物均按攤銷成本列賬，並非會定期重估。浮動利率利息收入及開支於賺取／產生時計入／抵減損益。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.1 Financial risk factors (Cont'd)

(a) Market risk (Cont'd)

(ii) Fair value and cash flow interest rate risk (Cont'd)

As at 31 December 2018, the Group has floating rate borrowings amounting to RMB5,249,177,000 (2017: RMB3,868,592,000). If there would be a general increase/decrease in the market interest rates by 100 basis points, with all other variables held constant, the Group's post-tax profit would have decreased/increased by approximately RMB41,817,000 for the year ended 31 December 2018 (2017: RMB30,074,000). The sensitivity analysis above has been determined assuming that the change in market interest rates had occurred as at the 31 December 2018 and 2017 and had applied the exposure to cash flow interest rate risk to those financial instruments in existence at those dates. The estimated 100 basis points increase or decrease represents management's estimate of a reasonably possible change in market interest rates over the period until the next annual year end.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(ii) 公平值及現金流量利率風險(續)

於二零一八年十二月三十一日，本集團的浮動利率借款為人民幣5,249,177,000元(二零一七年：人民幣3,868,592,000元)。截至二零一八年十二月三十一日止年度，如市場利率整體上升／下跌100個基點，而所有其他變量保持不變，則本集團的除稅後溢利將減少／增加約人民幣41,817,000元(二零一七年：人民幣30,074,000元)。上述敏感度分析乃假設市場利率變動已於二零一八年及二零一七年十二月三十一日發生並已應用該等金融工具所承擔於該等日期存在的現金流量利率風險而釐定。估計增加或減少100個基點指管理層估計期內直至下一年度末市場利率的合理可能變動。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.1 Financial risk factors (Cont'd)

(b) Credit risk

(i) Risk management

Credit risk is managed on group basis. The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of restricted cash, cash and cash equivalents, trade and other receivables, receivables under service concession arrangements and contract assets.

For deposit with banks, the Group has limited its credit exposure by restricting their selection of banks on the reputable local listed commercial banks or state-owned banks. Management believes these financial institutions are reputable and there is no significant credit risk of loss on such assets.

For trade receivables, receivables under service concession arrangements and contract assets, the customers are primarily local governments and PRC state-owned entities and management considers the credit risk is not high.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險

(i) 風險管理

信用風險按集團基準進行管理。本集團所面對有關金融資產的最大信用風險為受限制現金、現金及現金等價物、貿易及其他應收款項、服務特許經營安排下的應收款項及合約資產的賬面值。

就銀行存款而言，本集團透過限制其挑選銀行(挑選信譽良好的地方上市商業銀行或國有銀行)以限制其信用風險。管理層相信該等金融機構信譽良好，並無有關資產虧損的重大信用風險。

就貿易應收款項、服務特許經營安排下的應收款項及合約資產而言，客戶主要為地方政府及中國國有實體，而管理層認為信用風險並不高。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.1 Financial risk factors (Cont'd)

(b) Credit risk (Cont'd)

(ii) Impairment of financial assets

The new impairment model requires the recognition of impairment provisions based on ECL under HKFRS 9 rather than only incurred credit losses as is the case under HKAS 39. The Group has three types of financial assets and contract assets that are subject to HKFRS 9's new expected credit loss model:

- receivables under service concession arrangements;
- trade and other receivables; and
- contract assets.

While cash and cash equivalents and restricted cash are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

To measure the ECL, receivables under service concession arrangements, trade and other receivables, contract assets have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

(ii) 金融資產減值

新減值模式要求按香港財務報告準則第9號項下預期信貸虧損確認減值撥備，而非僅按香港會計準則第39號所規定的經產生後的信貸虧損確認減值撥備。本集團擁有三類須遵守香港財務報告準則第9號項下新訂的預期信貸虧損模型的金融資產及合約資產：

- 服務特許經營安排下的應收款項；
- 貿易及其他應收款項；及
- 合約資產。

雖然現金及現金等價物以及受限制現金亦須遵守香港財務報告準則第9號的減值規定，但已識別減值虧損並不重大。

為計量預期信貸虧損，服務特許經營安排下的應收款項、貿易及其他應收款項、合約資產已根據攤估信貸風險特徵分類。合約資產涉及未入賬在建工程，且與相同類型合約的貿易應收款項具有大致相同的風險特徵。因此，本集團認為，貿易應收款項的預期損失率與合約資產損失率合理相若。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.1 Financial risk factors (Cont'd)

(b) Credit risk (Cont'd)

(ii) Impairment of financial assets (Cont'd)

The Group established ECL model based on historical settlement records, past experience and available forward-looking information. The Group has reviewed its financial assets and has not identified any significant impact as at 1 January 2018 from the adoption of ECL model.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group financial department. Group financial department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash and cash equivalents to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The Group financial department monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group expects to fund its future cash flow needs through internally generated cash flows from operations, borrowings and perpetual capital instruments from financial institutions.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

(ii) 金融資產減值(續)

本集團按歷史結算記錄、過往經驗及現有的前瞻性資料建立預期信貸虧損模型。本集團已審閱其金融資產且並無發現於二零一八年一月一日採納預期信貸虧損模式存在任何重大影響。

(c) 流動資金風險

現金流量預測乃由本集團經營實體編製後由本集團財務部匯總而得。本集團財務部監控本集團流動資金需求的滾動預測，以確保有足夠的現金及現金等價物滿足營運需要，同時於任何時間均維持其未提取但已承諾借款融資有足夠餘額，以便本集團不會違反其任何借款融資的借款限額或契諾(如適用)。

本集團財務部監察現金及現金等價物水平，並將現金及現金等價物維持在管理層認為足以為本集團的營運提供資金及減輕現金流量波動影響的水平。本集團預期透過經營活動內部產生的現金流量及來自金融機構的借款及永久資本工具應付其未來現金流量需求。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.1 Financial risk factors (Cont'd)

(c) Liquidity risk (Cont'd)

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest payments computed using contractual rates, or, if floating, based on current rates.

		Within 1 year 1年以內 RMB'000 人民幣千元	Between 1 and 2 years 1至2年 RMB'000 人民幣千元	Between 2 and 5 years 2至5年 RMB'000 人民幣千元	Over 5 years 5年以上 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Carrying amount liabilities 負債賬面值 RMB'000 人民幣千元
Closing balance at 31 December 2018	於二零一八年十二月三十一日 的期末結餘						
Financial liabilities	金融負債						
Borrowings	借款	6,522,143	3,968,195	6,951,773	2,561,801	20,003,912	16,934,526
Trade and other payables (*)	貿易及其他應付款項(*)	2,767,275	3,247,892	138,000	5,470	6,158,637	6,025,110
		9,289,418	7,216,087	7,089,773	2,567,271	26,162,549	22,959,636
Closing balance at 31 December 2017	於二零一七年十二月三十一日 的期末結餘						
Financial liabilities	金融負債						
Borrowings	借款	5,016,807	3,055,548	5,941,969	2,105,365	16,119,689	13,787,996
Trade and other payables (*)	貿易及其他應付款項(*)	2,934,701	1,309,042	30,000	13,000	4,286,743	4,207,685
		7,951,508	4,364,590	5,971,969	2,118,365	20,406,432	17,995,681

* Excluding staff welfare benefit payable, other taxes payable and advances from customers.

* 不包括應付員工福利、其他應付稅項及客戶墊款。

3. 財務風險管理(續)

3.1 財務風險因素(續)

(c) 流動資金風險(續)

下表分析本集團的非衍生金融負債，此乃按照相關的到期組別，根據結算日至合約到期日的剩餘期間進行分析。表內所披露的金額為合約未貼現現金流量，包括根據合約利率（或倘為浮動利率，則為即期匯率）計算的利息付款。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, sell assets to reduce debt or raise funding through capital markets as necessary.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "total equity" as shown in the consolidated financial statements plus net borrowings.

3. 財務風險管理(續)

3.2 資本管理

本集團的資本管理的目的為保障本集團能夠持續經營，以為股東提供回報及為其他利益相關者提供利益，以及維持最佳的資本架構以減少資本成本。

為保持或調整資本結構，本集團可能會調整派付予股東的股息金額、向股東退還資本、出售資產以減少債務或透過資本市場籌集資金(如需要)。

本集團根據資產負債比率監控資本。該比率按淨債務除以總資本計算。淨債務按借款總額(包括合併資產負債表所示的「即期及非即期借款」)減現金及現金等價物計算。總資本按合併財務報表所示的「權益總額」加借款淨額計算。

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Total borrowings (note 29)	借款總額(附註29)	16,934,526	13,787,996
Less: cash and cash equivalents (note 25)	減：現金及現金等價物(附註25)	(2,214,352)	(2,896,927)
Net borrowings	借款淨額	14,720,174	10,891,069
Total equity	總權益	6,934,272	6,685,949
Total capital	資本總額	21,654,446	17,577,018
Gearing ratio	資產負債比率	67.98%	61.96%

The increase in the gearing ratio was resulted primarily from the increase of borrowings during the year ended 31 December 2018.

資產負債比率提高主要是由於截至二零一八年十二月三十一日止年度借款增加。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.3 Financial instruments by category

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Financial assets	金融資產		
Financial assets at amortised cost	按攤銷成本計量的金融資產		
– Trade and other receivables	– 貿易及其他應收款項	5,777,631	4,380,461
– Receivables under service concession arrangements	– 服務特許經營安排下的應收款項	4,223,100	5,111,148
– Amounts due from customers for contract works	– 合約工程應收客戶款項	—	665,754
– Cash and cash equivalents	– 現金及現金等價物	2,214,352	2,896,927
– Restricted cash	– 受限制的現金	123,043	124,292
		12,338,126	13,178,582
Financial assets at fair value	按公平值計量的金融資產		
– Available-for-sale financial assets	– 可供出售金融資產	—	4,675
– Financial asset at fair value through other comprehensive income	– 以公平值計量且其變動計入其他綜合收益的金融資產	4,675	—
– Financial assets at fair value through profit or loss	– 以公平值計量且其變動計入損益的金融資產	4,320	—
– Derivative financial instruments	– 衍生金融工具	10,884	—
		19,879	4,675
		12,358,005	13,183,257
Financial liabilities	金融負債		
Financial liabilities at amortised cost	按攤銷成本計量的金融負債		
– Borrowings	– 借款	16,934,526	13,787,996
– Trade and other payables (*)	– 貿易及其他應付款項(*)	6,025,110	4,207,685
		22,959,636	17,995,681
Financial liabilities at fair value	按公平值計量的金融負債		
– Derivative financial instruments	– 衍生金融工具	2,500	—
		22,962,136	17,995,681

* Excluding staff welfare benefit payable, other taxes payable and advances from customers.

* 不包括應付員工福利、其他應付稅項及客戶墊款。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.4 Fair value estimation

The Group's financial instruments recognised in the consolidated balance sheet are mainly receivables and financial liabilities carried at amortised cost. The fair values of these financial instruments approximate their carrying amounts.

Financial instruments carried at fair value are disclosed by levels of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing these financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Service concession arrangements under financial asset model

When the Group is paid for the construction and upgrade services by a financial asset, significant judgement is exercised in determining the fair values of the financial asset at initial recognition. Cash flow forecast, effective interest rate and other factors are used in the valuation model. Any changes in the expected cash flows, such as effective interest rate, forecasted unit price of service fee, operating costs and profit margins of the operating services, will result in change in the carrying value of the financial asset and the revenue recognised in concession period.

3. 財務風險管理(續)

3.4 公平值估計

本集團於合併資產負債表內確認的金融工具主要為按攤銷成本列賬的應收款項及金融負債。該等金融工具的公平值與其賬面值相若。

按公平值列賬的金融工具乃按以下公平值計量層級進行披露：

- 相同資產或負債在活躍市場的報價(未經調整)(第一級)。
- 除第一級所包括的報價外，該資產或負債的可觀察(直接(即價格)或間接(即源自價格))輸入數據(第二級)。
- 並非依據可觀察市場數據得出的資產或負債的輸入數據(即不可觀察輸入數據)(第三級)。

4. 主要會計估計及判斷

編製該等財務報表時所用的估計及判斷乃根據過往經驗及其他因素(包括根據現有情況對未來事件作出的認為屬合理的預期)而作出並會進行評估。

本集團會就未來作出估計及假設。根據定義，因此而作出的會計估計極少與相關實際結果相同。很可能導致對下個財政年度的資產及負債的賬面值作出重大調整的估計及假設論述如下。

(a) 金融資產模式下的服務特許經營安排

本集團為運營商提供建設及升級服務而形成金融資產時，釐定金融資產初始確認的公平值時需進行重大判斷。於估值模型中使用現金流量預測、實際利率及其他因素。倘預期現金流量(如實際利率、預測服務費單價、運營服務的運營成本及毛利率)有任何變動，將導致金融資產賬面值及於特許經營期內確認的收益產生變動。

Notes to the Consolidated Financial Statements

合併財務報表附註

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

(a) Service concession arrangements under financial asset model (Cont'd)

According to the service concession arrangements signed with the Grantors, the unit price of service fee would be periodically adjusted to compensate operating cost increase, including labour costs, material costs, taxation, through a pricing mechanism which is still subject to regulation by local government authorities. Judgement is required in assessing whether increase in costs can be compensated through unit price adjustment and the timing. In making this judgement, the Group evaluates the pricing mechanism in the service concession arrangements, the extent of development of the project and status of negotiation with the government authorities.

(b) Impairment of trade receivables

The Group records impairment of trade receivables based on an assessment made by management on the ECL of trade receivables. The evaluations focused on the customers' settlement history and current ability to pay, and took into account information specific to the customers as well as pertaining to the economic environment in which the customers operated. Provisions are made where events or changes in circumstances indicate that the balances may not be collectible. Impairment assessment requires the use of judgement and estimates. The Group would revisit and evaluate those assumptions related with ECL model periodically.

(c) Income taxes and deferred income taxation

The Group is primarily subject to income taxes in the PRC, Hong Kong, Thailand and Indonesia. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred income tax provision in the year in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

4. 主要會計估計及判斷(續)

(a) 金融資產模式下的服務特許經營安排(續)

根據與授予人簽訂的服務特許經營安排，服務費單價會按照定價機制(仍受地方政府部門監管)定期調整，以抵銷勞工成本、材料成本、稅項等經營成本漲幅。評估成本漲幅可否通過調整單價進行抵銷以及調整時機時，須作出判斷。作出判斷時，本集團會評估服務特許經營安排中的定價機制、項目發展程度以及與政府部門的磋商情況。

(b) 貿易應收款項減值

本集團根據管理層對貿易應收款項預期信貸虧損作出的評估入賬貿易應收款項減值。該等評估重點關注客戶的歷史結算記錄及當前支付能力，並考慮客戶自身及其經營所處的經濟環境的特定信息。一旦事件發生或情況改變顯示餘額可能無法收回時，則會作出撥備。減值評估須運用判斷及估計。本集團將定期回顧及評估該等與預期信貸虧損有關的假設。

(c) 所得稅及遞延所得稅項

本集團主要須繳納中國、香港、泰國及印尼所得稅。釐定所得稅撥備時須作出重大判斷。於日常業務過程中，不少交易及計算的最終釐定均不確定。倘此等事宜的最終稅務結果與初步記錄的金額不同，有關差額將影響於作出有關釐定的年度所得稅及遞延所得稅項撥備。

當管理層認為未來可能有應課稅溢利以用作抵銷暫時性差異或稅項虧損時，會確認與若干暫時差額及稅項虧損有關的遞延所得稅資產。其實際動用的結果可能會有所不同。

Notes to the Consolidated Financial Statements

合併財務報表附註

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

(d) Impairment assessment of goodwill

Goodwill is reviewed for impairment at each balance sheet date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of goodwill has been determined based on fair value less costs to disposal calculations, taking into account latest market information and past experience. These calculations require the use of judgements and estimates.

5. SEGMENT INFORMATION

The executive directors of the Company are the chief operating decision-maker of the Group. Management has determined the operating segments based on reports reviewed by the executive directors of the Company for the purpose of allocating resources and assessing performance.

The executive directors of the Company consider the business from product and service perspective. The Group is organised into five business segments as below:

- (a) Wastewater treatment;
- (b) Water supply;
- (c) Construction and sales of equipment;
- (d) Solid waste treatment;
- (e) Others, including operation and maintenance services and other businesses.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of revenue and gross profit of each operating segment.

4. 主要會計估計及判斷(續)

(d) 商譽減值評估

商譽於各資產負債表日期或有事件發生或狀況轉變顯示可能無法收回其賬面值時檢討是否出現減值。商譽的可收回金額乃根據公平值減出售成本的計算結果在計及最新市場資料及過往經驗後進行釐定。進行有關計算時需作出判斷及估計。

5. 分部資料

本公司執行董事為本集團的首席經營決策者，管理層根據本公司執行董事為資源分配及表現評估目的所審閱的報告釐定經營分部。

本公司執行董事從產品與服務層面考慮業務。本集團組為以下五個業務分部：

- (a) 污水處理；
- (b) 供水；
- (c) 建造及銷售設備；
- (d) 固廢處理；
- (e) 其他，包括運營和維護服務及其他業務。

管理層分開監察本集團經營分部的業績，以對資源分配及表現評估作出決策。分部表現按可呈報業績進行評估，其為各經營分部收入及毛利的一種計量。

Notes to the Consolidated Financial Statements 合併財務報表附註

5. SEGMENT INFORMATION (Cont'd)

The amounts provided to the executive directors of the Company with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment.

Unallocated assets mainly represented cash and cash equivalents, restricted cash, certain prepayments and certain receivables of the group entities engaging in multiple business segments. Management considered that it is impracticable or not meaningful in allocating to different segments.

Unallocated liabilities mainly represented certain borrowings, certain payables and deferred income of the group entities engaging in multiple business segments. Management considered that it is impracticable or not meaningful in allocating to different segments.

5. 分部資料(續)

本公司執行董事獲提供的總資產及總負債金額乃以與財務報表所採用者一致的方式計量。該等資產及負債根據分部經營業務進行分配。

未分配資產主要指多個業務分部的集團實體現金及現金等價物、受限制現金、若干預付款項及若干應收款項。管理層認為，分配至不同分部不切實際或意義不大。

未分配負債主要指若干借款、若干應付款項及從事多個業務分部的集團實體的遞延收入。管理層認為，分配至不同分部不切實際或意義不大。

Notes to the Consolidated Financial Statements

合併財務報表附註

5. SEGMENT INFORMATION (Cont'd)

- (i) Segment results and capital expenditure for the year ended 31 December 2018 are as follows:

Year ended 31 December 2018:

		Wastewater treatment	Water supply	Construction and sales of equipment	Solid waste treatment	Others	Unallocated	Total
		污水處理 RMB'000 人民幣千元	供水 RMB'000 人民幣千元	建造及 銷售設備 RMB'000 人民幣千元	固廢處理 RMB'000 人民幣千元	其他 RMB'000 人民幣千元	未分配 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Gross segment revenue	分部收益總額	3,295,023	1,171,789	2,059,977	748,985	71,884	—	7,347,658
Inter-segment revenue	分部間收益	—	—	(1,092,030)	—	—	—	(1,092,030)
Revenue from external customers	來自外部客戶的收入	3,295,023	1,171,789	967,947	748,985	71,884	—	6,255,628
Timing of revenue recognition	收入確認時間							
– At a point in time	– 某一時點	—	519,062	495,414	—	—	—	1,014,476
– Over time	– 某一時段	3,295,023	652,727	472,533	748,985	71,884	—	5,241,152
Gross profit	毛利	735,879	227,446	343,094	167,091	24,499	—	1,498,009
Other income	其他收入							144,668
Other gains — net	其他收益淨額							10,541
Selling expenses	銷售開支							(43,884)
Administrative expenses	行政開支							(395,120)
Impairment losses on financial assets	金融資產減值虧損							(25,510)
Finance costs — net	融資成本淨額							(578,512)
Share of profit/(loss) of investments accounted for using the equity method — net	以權益法入賬的應佔投資溢利/(虧損)淨額	19,127	(8,903)	7,694	16,116	—	—	34,034
Profit before income tax	所得稅前溢利							644,226
Income tax expenses	所得稅開支							(147,511)
Profit for the year	年內溢利							496,715
Depreciation and amortisation	折舊和攤銷	(117,348)	(162,033)	(14,378)	(151,792)	(12,768)	(12,553)	(470,872)
Segment assets	分部資產	11,877,411	6,761,381	4,592,414	5,485,113	960,690	2,996,837	32,673,846
Segment assets include:	分部資產包括:							
Investments accounted for using the equity method	以權益法入賬的投資	203,671	328,628	34,717	89,492	4,534	—	661,042
Segment liabilities	分部負債	4,082,170	1,183,919	1,887,852	1,261,995	1,171,977	16,151,661	25,739,574
Additions to non-current assets (other than financial instruments and deferred income tax assets)	非流動資產的添置 (金融工具和遞延所得稅資產除外)	3,342,032	478,764	843,878	443,618	18,259	68,768	5,195,319

5. 分部資料(續)

- (i) 截至二零一八年十二月三十一日止年度的分部業績及資本開支如下:

截至二零一八年十二月三十一日止年度:

Notes to the Consolidated Financial Statements

合併財務報表附註

5. SEGMENT INFORMATION (Cont'd)

- (i) Segment results and capital expenditure for the year ended 31 December 2018 are as follows: (Cont'd)

Year ended 31 December 2017:

		Wastewater treatment	Water supply	Construction and sales of equipment 建造及 銷售設備	Solid waste treatment	Others	Unallocated	Total
		污水處理 RMB'000 人民幣千元	供水 RMB'000 人民幣千元	銷售設備 RMB'000 人民幣千元	固廢處理 RMB'000 人民幣千元	其他 RMB'000 人民幣千元	未分配 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Gross segment revenue	分部收益總額	1,683,515	1,194,246	1,578,866	573,461	515,254	—	5,545,342
Inter-segment revenue	分部間收益	—	—	(403,100)	—	—	—	(403,100)
Revenue from external customers	來自外部客戶的收入	1,683,515	1,194,246	1,175,766	573,461	515,254	—	5,142,242
Gross profit	毛利	518,415	144,185	422,381	152,637	67,106	—	1,304,724
Other income	其他收入							309,566
Other gains — net	其他收益淨額							57,354
Selling expenses	銷售開支							(39,524)
Administrative expenses	行政開支							(431,477)
Finance costs — net	融資成本淨額							(521,481)
Share of profit/(loss) of investments accounted for using the equity method — net	以權益法入賬的應佔 投資溢利/(虧損) 淨額	24,652	(23,876)	21,002	1,304	—	—	23,082
Profit before income tax	所得稅前溢利							702,244
Income tax expenses	所得稅開支							(158,244)
Profit for the year	年內溢利							544,000
Depreciation and amortisation	折舊和攤銷	(115,420)	(159,927)	(13,351)	(129,073)	(12,561)	(10,916)	(441,248)
Segment assets	分部資產	7,528,533	6,127,885	3,204,309	4,907,107	1,224,204	4,104,011	27,096,049
Segment assets include: Investments accounted for using the equity method	分部資產包括： 以權益法入賬的投資	180,563	337,532	27,023	73,376	4,534	—	623,028
Segment liabilities	分部負債	2,231,133	927,438	1,751,499	1,200,863	800,206	13,498,961	20,410,100
Additions to non-current assets (other than financial instruments and deferred income tax assets)	非流動資產的添置 (金融工具和遞延 所得稅資產除外)	1,194,318	2,037,232	200,485	1,259,929	21,021	427,916	5,140,901

5. 分部資料(續)

- (i) 截至二零一八年十二月三十一日止年度的分部業績及資本開支如下：(續)

截至二零一七年十二月三十一日止年度：

Notes to the Consolidated Financial Statements

合併財務報表附註

5. SEGMENT INFORMATION (Cont'd)

- (ii) Segment assets and liabilities are measured in the same way as in the financial statements. The table of segment assets/liabilities by region is as follows:

		As at 31 December	
		於十二月三十一日	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Segment assets	分部資產		
– Mainland China	– 中國大陸	28,275,590	21,985,340
– Thailand	– 泰國	588,543	542,897
– Indonesia	– 印尼	644,309	374,721
– Hong Kong	– 香港	142,745	85,677
– Singapore	– 新加坡	25,822	3,403
Total segment assets	分部資產總額	29,677,009	22,992,038
– Unallocated	– 未分配	2,996,837	4,104,011
Total assets	總資產	32,673,846	27,096,049
Segment liabilities	分部負債		
– Mainland China	– 中國大陸	8,925,931	6,575,915
– Thailand	– 泰國	139,806	137,618
– Indonesia	– 印尼	441,501	167,230
– Hong Kong	– 香港	45,130	18,205
– Singapore	– 新加坡	35,545	12,171
Total segment liabilities	分部負債總額	9,587,913	6,911,139
– Unallocated	– 未分配	16,151,661	13,498,961
Total liabilities	總負債	25,739,574	20,410,100

Inter-segment transfers or transactions are entered into at terms and conditions agreed upon by respective parties. Eliminations comprise inter-segment trade and non-trade balances. Pricing policy for inter-segment transactions is determined by reference to market price.

分部間轉撥或交易乃按各方協定的條款及條件進行。對銷包括分部間貿易及非貿易結餘。分部間交易的定價政策經參考市價後釐定。

5. 分部資料(續)

- (ii) 分部資產及負債以相同方式在財務報表中計量。下表載列按地域劃分的分部資產／負債：

Notes to the Consolidated Financial Statements

合併財務報表附註

5. SEGMENT INFORMATION (Cont'd)

- (iii) The revenue of group entities from external customers broken down by location of the goods or services are delivered to is shown in the table below.

		Year ended 31 December	
		截至十二月三十一日止年度	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Mainland China	中國大陸	5,912,609	4,908,672
Indonesia	印尼	233,840	115,961
Thailand	泰國	107,419	111,816
Hong Kong	香港	1,760	5,793
		6,255,628	5,142,242

- (iv) Breakdown of the revenue from all services and sales of goods is as follows:

		Year ended 31 December	
		截至十二月三十一日止年度	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Operating services	運營服務	1,550,655	1,282,534
Construction services	建造服務	3,354,901	2,580,507
Finance income	融資收入	324,801	289,532
Engineering-Procurement-Construction ("EPC") and sales of equipment	設計－採購－施工 (「EPC」) 及設備銷售	953,387	928,951
Others	其他	71,884	60,718
		6,255,628	5,142,242

5. 分部資料(續)

- (iii) 集團實體來自外部客戶的收益按交付貨品或服務的地點劃分的明細載列下表。

- (iv) 自全部服務及銷售貨品產生的收益之明細載列如下：

Notes to the Consolidated Financial Statements

合併財務報表附註

5. SEGMENT INFORMATION (Cont'd)

(v) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

5. 分部資料(續)

(v) 與客戶訂立合約相關之資產及負債

本集團將已確認以下與客戶訂立合約相關之資產及負債

		As at 31 December 於十二月 三十一日 2018 二零一八年 RMB'000 人民幣千元
<hr/>		
Contract assets – Non-current	合約資產 – 非流動	
– Related to wastewater treatment services	– 與污水處理服務有關	3,406,622
– Related to construction services	– 與建造服務有關	457,267
– Related to water supply services	– 與供水服務有關	414,066
		<hr/> 4,277,955 <hr/>
Contract assets – Current	合約資產 – 流動	
– Related to construction services	– 與建造服務有關	318,976
– Related to water supply services	– 與供水服務有關	10,808
– Related to wastewater treatment services	– 與污水處理服務有關	8,413
		<hr/> 338,197 <hr/>
		<hr/> 4,616,152 <hr/>
Contract liabilities – Current	合約負債 – 流動	
– Related to construction services	– 與建造服務有關	88,982
– Related to water supply services	– 與供水服務有關	23,851
– Related to solid waste treatment services	– 與固廢處理服務有關	6,576
		<hr/> 119,409 <hr/>

Notes to the Consolidated Financial Statements

合併財務報表附註

5. SEGMENT INFORMATION (Cont'd)

- (vi) Revenue from customers contributing over 10% of the total revenue of the Group is as follow:

		Year ended 31 December	
		截至十二月三十一日止年度	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
YCIH (note a)	雲南建投集團(附註a)	800,659	762,529

- (a) YCIH represents Yunnan Construction and Investment Holding Group Co., Ltd and its subsidiaries, which are related parties of the Group. The detailed information of transactions with YCIH is depicted in note 37(f).

5. 分部資料(續)

- (vi) 對本集團總收入貢獻超過10%的客戶收入如下：

		Year ended 31 December	
		截至十二月三十一日止年度	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元

- (a) 雲南建投集團指本集團的關聯方雲南省建設投資控股集團有限公司及其附屬公司。與雲南建投集團交易的詳情資料列明於附註37(f)。

6. OTHER INCOME

		Year ended 31 December	
		截至十二月三十一日止年度	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Government grants	政府補助	90,956	111,334
Value-added tax refunds	增值稅退稅	50,225	58,265
Recovery of other receivables	收回其他應收款項	—	95,054
Miscellaneous income	雜項收益	3,487	44,913
		144,668	309,566

6. 其他收入

Notes to the Consolidated Financial Statements

合併財務報表附註

7. OTHER GAINS – NET

7. 其他收益淨額

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Net fair value gains on financial assets at fair value through profit or loss	以公平值計量且其變動計入損益的金融資產之公平值淨收益	8,384	—
Other gains/(losses)	其他收益/(虧損)	2,157	(599)
Fair value gains on the remeasurement of a joint venture	計量合營公司的公平值收益	—	51,830
Fair value gains on the remeasurement of an associate	計量聯營公司的公平值收益	—	6,123
		10,541	57,354

8. EXPENSES BY NATURE

8. 按性質劃分的開支

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Employee benefit expenses (note 9)	僱員福利開支(附註9)	549,395	411,416
Depreciation of property, plant and equipment (note 17)	物業、廠房及設備折舊(附註17)	163,397	153,094
Amortisation of land use rights (note 19)	土地使用權攤銷(附註19)	6,920	6,593
Amortisation of intangible assets (note 21)	無形資產攤銷(附註21)	300,555	281,561
Legal and professional fee	法律及專業費用	14,850	52,887
Auditor's remuneration	核數師薪酬	7,950	7,560
– Audit services	– 審計服務	7,250	6,700
– Non-audit services	– 非審計服務	700	860
Electricity, raw materials consumptions and other costs for operating services	經營服務的電力、原材料消耗及其他成本	569,977	587,190
Costs of construction services	建造服務成本	2,948,167	2,064,748
Costs of EPC and sales of equipment	EPC及銷售設備成本	469,958	567,874

Notes to the Consolidated Financial Statements

合併財務報表附註

9. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

9. 僱員福利開支 — 包括董事酬金

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Wages and salaries	工資及薪金	410,088	299,637
Pension costs of defined contribution plans	定額供款計劃的退休金	51,884	34,529
Housing funds, medical insurances and other social insurances	住房公積金、醫療保險及其他社會保險	47,236	31,868
Other welfare and allowance	其他津貼及福利	40,187	45,382
		549,395	411,416

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2017: four) directors, whose emoluments are reflected in the analysis shown in note 39. The emoluments payable to the remaining three (2017: one) individuals during the year are as follows:

(a) 五名最高薪人士

本集團於本年度的五名最高薪人士包括兩名(二零一七年：四名)董事，其酬金反映於附註39所列分析。於本年度向餘下三名(二零一七年：一名)人士應付的酬金如下所示：

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Basic salaries, housing allowances, other benefits in kind	基本薪金、住房津貼、其他實物福利	4,213	1,084
Bonuses	花紅	1,100	500
		5,313	1,584

Notes to the Consolidated Financial Statements 合併財務報表附註

9. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS (Cont'd)

(a) Five highest paid individuals (Cont'd)

The emoluments of these remaining individuals of the Group fell within the following bands:

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年	2017 二零一七年
Emolument bands	酬金範圍		
RMB1,314,000 to RMB1,752,000 (equivalent to HKD1,500,000 to HKD2,000,000)	人民幣1,314,000元至 人民幣1,752,000元 (相等於1,500,000港元至 2,000,000港元)	2	1
RMB1,752,000 to RMB2,191,000 (equivalent to HKD2,000,000 to HKD2,500,000)	人民幣1,752,000元至 人民幣2,191,000元 (相等於2,000,000港元至 2,500,000港元)	1	—

9. 僱員福利開支 — 包括董事酬金(續)

(a) 五名最高薪人士(續)

本集團該等餘下人士的酬金介乎以下範圍：

10. FINANCE INCOME AND EXPENSES

10. 融資收入及開支

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Finance income	融資收入		
– Net exchange gains on financing activities (note a)	– 融資活動的匯兌收益淨額 (附註a)	67,253	—
– Miscellaneous income	– 雜項收益	32,363	—
		99,616	—
Finance expenses	財務開支		
– Borrowing costs	– 借款成本	(777,686)	(599,353)
Less: amounts capitalised on qualifying assets (note b)	減：合資格資產的資本化金額 (附註b)	109,474	105,246
		(668,212)	(494,107)
– Unwinding of provision (note 33)	– 解除撥備(附註33)	(9,916)	(10,086)
– Net exchange losses on financing activities (note a)	– 融資活動的匯兌虧損淨額 (附註a)	—	(17,288)
		(678,128)	(521,481)
Finance cost — net	融資成本淨額	(578,512)	(521,481)

Notes to the Consolidated Financial Statements

合併財務報表附註

10. FINANCE INCOME AND EXPENSES (Cont'd)

- (a) Amounts mainly represented the exchange gains/losses of translating cash and cash equivalents and borrowings denominated in Non-functional currencies.
- (b) For the year ended 31 December 2018, the Group has capitalised borrowing costs amounting to RMB13,491,000 and RMB95,983,000 (2017: RMB12,862,000 and RMB92,384,000) on qualifying property, plant and equipment and intangible assets, respectively.

Borrowing costs were capitalised at the weighted average rate of 5.41% for the year ended 31 December 2018 (2017: 4.80%).

11. INCOME TAX EXPENSES

10. 融資收入及開支(續)

- (a) 該款項主要指換算以外幣計值的現金及現金等價物及借款的匯兌收益／虧損。
- (b) 截至二零一八年十二月三十一日止年度，本集團已就合資格物業、廠房及設備以及無形資產分別資本化借款成本人民幣13,491,000元及人民幣95,983,000元(二零一七年：人民幣12,862,000元及人民幣92,384,000元)。

截至二零一八年十二月三十一日止年度，借款成本乃按5.41%(二零一七年：4.80%)的加權平均率予以資本化。

11. 所得稅開支

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Current income tax	即期所得稅		
– Corporate income tax	– 企業所得稅	178,073	172,192
Deferred income tax	遞延所得稅		
– Increase in deferred income tax assets (note 32)	– 遞延所得稅資產增加(附註32)	(82,609)	(44,169)
– Increase in deferred income tax liabilities (note 32)	– 遞延所得稅負債增加(附註32)	52,047	30,221
		147,511	158,244

Notes to the Consolidated Financial Statements

合併財務報表附註

11. INCOME TAX EXPENSES (Cont'd)

(a) PRC corporate income tax

Certain subsidiaries in certain industries operating in the western region of Mainland China can enjoy a preferential corporate income tax rate of 15%, provided their revenues generated from main operating activities accounted for more than 70% of their total revenues of the period.

Certain subsidiaries operating wastewater and solid waste treatment projects in Mainland China are eligible for a tax holiday of three-year full exemption followed by three-year half exemption of corporate income tax commencing from their first year generating operating revenue.

Except for preferential treatments available to certain subsidiaries as mentioned above, other subsidiaries within the Group in Mainland China are subject to corporate income tax at the statutory rate of 25% (2017: same).

(b) Thailand corporate income tax

The subsidiary operating solid waste treatment project in Thailand is eligible for an eight-year tax holiday of full exemption from 2013 to 2020.

(c) Hong Kong profits tax

The applicable Hong Kong profits tax rate is 16.5% for the year ended 31 December 2018 (2017: same).

No provision for Hong Kong profits tax was made as the Group did not have any assessable profit in Hong Kong for the year ended 31 December 2018 (2017: same).

(d) Indonesia corporate income tax

The subsidiary operating solid waste treatment project in Indonesia is subject to corporate income tax at the statutory rate of 25% for the year ended 31 December 2018 (2017: same).

11. 所得稅開支(續)

(a) 中國企業所得稅

在中國內地西部地區運營若干行業的若干附屬公司可享受15%的優惠企業所得稅稅率，前提是其主要經營業務產生的收益為其期內總收益的70%以上。

在中國內地運營污水及固廢處理項目的若干附屬公司符合資格享受自其各自首個產生運營收益年度起開始三年免稅及其後三年稅收減半的企業所得稅稅務優惠。

除上述若干附屬公司享受的優惠待遇外，本集團其他中國大陸附屬公司須按25%（二零一七年：相同）的法定稅率繳納企業所得稅。

(b) 泰國企業所得稅

在泰國經營固廢處理項目的附屬公司自二零一三年至二零二零年起可享有八年免稅期。

(c) 香港利得稅

截至二零一八年十二月三十一日止年度，適用香港利得稅稅率為16.5%（二零一七年：相同）。

由於本集團於截至二零一八年十二月三十一日止年度並無產生任何應課稅溢利，故並未計提香港利得稅撥備（二零一七年：相同）。

(d) 印尼企業所得稅

截至二零一八年十二月三十一日止年度在印尼經營固廢處理項目的附屬公司須按25%的法定稅率繳納企業所得稅（二零一七年：相同）。

Notes to the Consolidated Financial Statements

合併財務報表附註

11. INCOME TAX EXPENSES (Cont'd)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit of the group entities as follows:

		Year ended 31 December	
		截至十二月三十一日止年度	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Profit before income tax	所得稅前溢利	644,226	702,244
Less: Share of profits of investments accounted for using the equity method	減：以權益法入賬的應佔投資溢利	(34,034)	(23,082)
		610,192	679,162
Tax calculated at tax rates applicable to profits in the respective companies	按有關公司溢利適用的稅率計算的稅項	122,562	136,540
Income not subject to tax	毋須課稅收入	—	(10,083)
Effect of tax losses not recognised as deferred income tax assets	未確認為遞延所得稅資產的稅務虧損影響	23,086	29,628
Effect of expenses not deductible for tax purpose	不可扣稅開支的影響	1,863	2,159
Income tax expenses	所得稅開支	147,511	158,244

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2018, the Group did not recognise deferred income tax assets of RMB62,402,000 (2017: RMB39,316,000) in respect of tax losses amounting to RMB341,442,000 (2017: RMB215,894,000) that can be carried forward against future taxable income. Tax losses amounting to RMB65,243,000 (2017: RMB32,181,000) will expire in 2023, and tax losses amounting to RMB276,199,000 (2017: RMB183,713,000) can be carried forward indefinitely and have no expiry date.

11. 所得稅開支(續)

本集團除所得稅前溢利的稅項有別於使用適用於集團實體的溢利的加權平均稅率所計算的理論金額，具體如下：

就結轉之稅務虧損而確認之遞延所得稅資產僅限於有關稅務利益可透過未來應課稅盈利實現之情況。於二零一八年十二月三十一日，本集團並無就可結轉抵銷未來應課稅收入的稅項虧損人民幣62,402,000元(二零一七年：人民幣39,316,000元)確認遞延所得稅資產約人民幣341,442,000元(二零一七年：人民幣215,894,000元)。稅項虧損人民幣65,243,000元(二零一七年：人民幣32,181,000元)將於二零二三年到期，及稅項虧損人民幣276,199,000元(二零一七年：人民幣183,713,000元)可無限結轉且無到期日。

Notes to the Consolidated Financial Statements

合併財務報表附註

12. EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares issued during the years ended 31 December 2018 and 2017.

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年	2017 二零一七年
Profit attributable to the ordinary shareholders of the Company (RMB'000)	本公司普通股股東應佔溢利 (人民幣千元)	397,753	422,812
Weighted average number of ordinary shares in issue (thousands)	已發行的普通股加權平均數(千股)	1,193,213	1,193,213
Basic earnings per share (RMB per share)	每股基本盈利(每股人民幣元)	0.333	0.354

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there were no potential diluted ordinary shares outstanding as at 31 December 2018 and 2017.

13. DIVIDENDS

At the board of directors meeting held on 27 March 2019, the directors of the Company proposed a final dividend for the year ended 31 December 2018 of RMB0.15 per ordinary share amounting to approximately RMB178,982,000 (2017: RMB0.13 per ordinary share amounting to approximately RMB155,118,000) out of retained earnings of the Company. These proposed dividends have not been reflected as dividends payable in these consolidated financial statements for the year ended 31 December 2018 but will be reflected as dividends distribution for the year ending 31 December 2019.

The 2017 dividends were paid on 27 July 2018.

12. 每股盈利

(a) 基本

每股基本盈利按本公司股東應佔溢利除以截至二零一八年及二零一七年十二月三十一日止年度的已發行普通股加權平均數計算。

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年	2017 二零一七年
Profit attributable to the ordinary shareholders of the Company (RMB'000)	本公司普通股股東應佔溢利 (人民幣千元)	397,753	422,812
Weighted average number of ordinary shares in issue (thousands)	已發行的普通股加權平均數(千股)	1,193,213	1,193,213
Basic earnings per share (RMB per share)	每股基本盈利(每股人民幣元)	0.333	0.354

(b) 攤薄

由於二零一八年及二零一七年十二月三十一日並無發行在外的潛在攤薄普通股，故每股攤薄盈利與每股基本盈利相同。

13. 股息

在二零一九年三月二十七日舉行的董事會會議上，本公司董事建議就截至二零一八年十二月三十一日止年度派付末期股息每股普通股人民幣0.15元，合共約人民幣178,982,000元(二零一七年：每股普通股人民幣0.13元，合共約人民幣155,118,000元)自本公司保留盈利中撥付。該等建議股息並無於截至二零一八年十二月三十一日止年度的有關合併財務報表中反映為應付股息，但將於截至二零一九年十二月三十一日止年度反映為股息分派。

二零一七年股息已於二零一八年七月二十七日派付。

Notes to the Consolidated Financial Statements

合併財務報表附註

14. SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2018, all of which are private limited liability companies:

14. 附屬公司

以下為二零一八年十二月三十一日主要附屬公司名單，其均是非上市有限公司：

Name (note a) 名稱(附註a)	Principal activities and place of incorporation and operation 主要活動、註冊地點及營業地點	Issued and fully paid-up capital 已發行及悉數繳足股本	Ownership interests held by the Group (%) 本集團應佔權益百分比(%)	Ownership interests held by the non-controlling interests (%) 非控股權益應佔權益百分比(%) (附註c) (note c)
Dali Water Industry Investment Co., Ltd. ("Dali Water") 大理水務產業投資有限公司(「大理水務」)	Wastewater treatment and water supply, the PRC 污水處理及供水，中國	RMB120,000,000 人民幣 120,000,000元	45 (2017: 45) (note b) (二零一七年：45) (附註b)	55 (2017: 55) (二零一七年：55)
Yunnan Yun Shui Construction & Engineering Co., Ltd 雲南雲水建設工程有限公司	Environmental protection equipment sales and construction, the PRC 環保設備銷售及建設，中國	RMB560,000,000 人民幣 560,000,000元	100 (2017: 100) (二零一七年：100)	— (2017: —) (二零一七年：—)
Yunnan OriginWater Membrane Technology Co., Ltd. 雲南城投碧水源膜科技有限責任公司	Environmental protection equipment sales, the PRC 環保設備銷售，中國	RMB55,614,800 人民幣 55,614,800元	100 (2017: 100) (二零一七年：100)	— (2017: —) (二零一七年：—)
Jinghong Water Supply and Drainage Co., Ltd. 景洪市給排水有限責任公司	Wastewater treatment and water supply, the PRC 污水處理及供水，中國	RMB80,000,000 人民幣 80,000,000元	51 (2017: 51) (二零一七年：51)	49 (2017: 49) (二零一七年：49)
Shandong Environmental Industry Investment and Development Co., Ltd. 山東省環保產業投資發展有限公司	Investment in wastewater treatment and water supply, the PRC 投資污水處理及供水，中國	RMB120,000,000 人民幣 120,000,000元	100 (2017: 100) (二零一七年：100)	— (2017: —) (二零一七年：—)

Notes to the Consolidated Financial Statements

合併財務報表附註

14. SUBSIDIARIES (Cont'd)

14. 附屬公司 (續)

Name (note a) 名稱 (附註a)	Principal activities and place of incorporation and operation 主要活動、註冊地點及營業地點	Issued and fully paid-up capital 已發行及悉數繳足股本	Ownership interests held by the Group (%) 本集團應佔權益百分比 (%)	Ownership interests held by the non-controlling interests (%) 非控股權益應佔權益百分比 (%) (附註c) (note c)
Wuxi Zhongfa Water Investment Co., Ltd. 無錫中發水務投資有限公司	Wastewater treatment, the PRC 污水處理，中國	RMB134,000,000 人民幣 134,000,000元	75 (2017: 75) (二零一七年：75)	25 (2017: 25) (二零一七年：25)
Yunnan Water (Hong Kong) Company Limited 雲南水務 (香港) 股份有限公司	Investment in wastewater treatment and water supply, Hong Kong 投資污水處理及供水，香港	HKD498,905,000 498,905,000港元	100 (2017: 100) (二零一七年：100)	— (2017: —) (二零一七年：—)
PJT Technology Co., Ltd	Solid waste treatment, Thailand 固廢處理，泰國	THB740,000,000 740,000,000泰銖	100 (2017: 100) (二零一七年：100)	— (2017: —) (二零一七年：—)
Huize Water (Qingzhou) Company Limited 暉澤水務 (青州) 有限公司	Water supply, the PRC 供水，中國	RMB53,152,000 人民幣 53,152,000元	100 (2017: 65) (二零一七年：65)	— (2017: 35) (二零一七年：35)
Shandong Tengyue Dangerous Chemical Wastes research and treatment Co., Ltd. 山東騰躍化學危險廢棄物研究處理有限公司	Solid waste treatment, the PRC 固廢處理，中國	RMB108,571,429 人民幣 108,571,429元	97 (2017: 97) (二零一七年：97)	3 (2017: 3) (二零一七年：3)
Yunnan Zhengxiao Environmental Investment Co., Ltd. 雲南正曉環保投資有限公司	Solid waste treatment, the PRC 固廢處理，中國	RMB30,500,000 人民幣 30,500,000元	100 (2017: 100) (二零一七年：100)	— (2017: —) (二零一七年：—)
Harbin Guohuan Medical Solid Waste Harmless Centralized Disposal Center Co., Ltd. 哈爾濱國環醫療固體廢物無害化集中處置有限公司	Solid waste treatment, the PRC 固廢處理，中國	RMB29,420,000 人民幣 29,420,000元	100 (2017: 100) (二零一七年：100)	— (2017: —) (二零一七年：—)

Notes to the Consolidated Financial Statements

合併財務報表附註

14. SUBSIDIARIES (Cont'd)

14. 附屬公司(續)

Name (note a) 名稱(附註a)	Principal activities and place of incorporation and operation 主要活動、註冊地點及營業地點	Issued and fully paid-up capital 已發行及悉數繳足股本	Ownership interests held by the Group (%) 本集團應佔權益百分比(%)	Ownership interests held by the non-controlling interests (%) 非控股權益應佔權益百分比(%) (附註c) (note c)
Yun Shui Gong Da Environmental Technology Co., Ltd 哈爾濱雲水工大環保科技股份有限公司	Investment in solid waste treatment, the PRC 投資固廢處理，中國	RMB83,700,000 人民幣 83,700,000元	76 (2017: 76) (二零一七年：76)	24 (2017: 24) (二零一七年：24)
Langfang Hyflux NewSpring Co., Ltd. 廊坊凱發新泉水務有限公司	Wastewater treatment, the PRC 污水處理，中國	US\$12,400,000 12,400,000美元	100 (2017: 100) (二零一七年：100)	— (2017: —) (二零一七年：—)
Hyflux NewSpring (Guanyun) Co., Ltd. 凱發新泉自來水(灌雲)有限公司	Water supply, the PRC 供水，中國	US\$8,124,000 8,124,000美元	100 (2017: 100) (二零一七年：100)	— (2017: —) (二零一七年：—)
Hyflux NewSpring (Dezhou) Co., Ltd. 凱發新泉自來水(德州)有限公司	Water supply, the PRC 供水，中國	US\$11,200,000 11,200,000美元	100 (2017: 100) (二零一七年：100)	— (2017: —) (二零一七年：—)

- (a) The English names of these subsidiaries referred to in this report represent management's best effort at translating the Chinese names of those companies, as no English names have been registered.
- (a) 本報告所提述的該等附屬公司的英文名稱乃管理層盡力翻譯其中文名稱的結果，原因是未曾註冊任何英文名稱。
- (b) According to the capital injection agreement date in 9 April 2014, the Group and the minority shareholders will hold 45% and 55% equity interests of Dali Water, respectively. As at 31 December 2018, The Group has substantially controlled Dali Water through an agreement entered into with one of minority shareholders of Dali Water pursuant to which the minority shareholder confirmed to act consistently with the Group in business operation and finance decision making of Dali Water (2017: same).
- (b) 根據日期為二零一四年四月九日的增資擴股協議，本集團與少數股東將分別持有大理水務45%和55%的股權。截至二零一八年十二月三十一日，本集團透過一份與其中一名大理水務少數股東所訂立的協議而控制大理水務的大部分股權，據此，少數股東確認，在作出有關大理水務的業務經營及財務決策時與本集團一致行動(二零一七年：相同)。
- (c) The total non-controlling interests in respect of the subsidiaries as at 31 December 2018 are RMB1,177,450,000 (2017: RMB949,384,000), and are considered individually immaterial to the Group.
- (c) 於二零一八年十二月三十一日有關附屬公司的非控股權益總額為人民幣1,177,450,000元(二零一七年：人民幣949,384,000元)，並被視為對本集團個別並不重大。

Notes to the Consolidated Financial Statements

合併財務報表附註

15. ACQUISITION OF ADDITIONAL INTERESTS IN SUBSIDIARIES

During the year ended 31 December 2018, the Group acquired additional shares of certain subsidiaries, the Group recognised a decrease in non-controlling interests and a decrease in equity attributable to ordinary shareholders of the Company. The effect of changes in the ownership interest of the Group on the equity attributable to ordinary shareholders of the Company during the year is summarised as follows:

15. 收購附屬公司的額外權益

於截至二零一八年十二月三十一日止年度，本集團收購若干附屬公司的額外權益。本集團確認非控股權益減少以及本公司普通股股東應佔權益減少。本集團所有權權益變動對年內本公司普通股股東應佔權益的影響概述如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Carrying amount of non-controlling interests acquired	已收購非控股權益的賬面值	152,204	305,367
Consideration for acquiring additional non-controlling interests	收購額外非控股權益的代價	(201,841)	(464,604)
Excess of consideration recognised within equity	於權益確認的代價超出部分	(49,637)	(159,237)

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the consolidated balance sheet are as follows:

16. 以權益法入賬的投資

於合併資產負債表確認的金額如下：

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
A joint venture (note a)	合營公司(附註a)	607,401	572,287
Associates (note b)	聯營公司(附註b)	53,641	50,741
		661,042	623,028

Notes to the Consolidated Financial Statements 合併財務報表附註

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont'd)

The amounts of investments accounted for using the equity method recognised in the consolidated statement of profit or loss are as follows:

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
A joint venture	合營公司		
– Share of profit for the year	– 應佔年內溢利	35,422	21,185
Associates	聯營公司		
– Share of (loss)/profit for the year	– 應佔年內(虧損)/溢利	(1,388)	1,897
		34,034	23,082

(a) Investment in a joint venture

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Balance at 1 January	於一月一日的結餘	572,287	709,339
Share of profit for the year	應佔年內溢利	35,422	21,185
Investment in a joint venture	於合營公司的投資	—	539,000
Share of other comprehensive income for the year	應佔年內其他綜合收益	—	3,731
Currency translation differences	貨幣換算差額	—	(2,636)
Fair value gains on the remeasurement of a joint venture	計量合營公司的公平值收益	—	51,830
Step-up acquisition from a joint venture to a subsidiary	由合營公司逐步收購為附屬公司	—	(748,750)
Elimination of unrealised profits or losses	撇銷未變現溢利或虧損	(308)	(1,412)
Balance at 31 December	於十二月三十一日的結餘	607,401	572,287

The Group has interests in a joint venture that is accounted for using the equity method.

16. 以權益法入賬的投資(續)

於合併損益表確認使用權益法入賬的投資金額如下：

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
A joint venture	合營公司		
– Share of profit for the year	– 應佔年內溢利	35,422	21,185
Associates	聯營公司		
– Share of (loss)/profit for the year	– 應佔年內(虧損)/溢利	(1,388)	1,897
		34,034	23,082

(a) 於合營公司的投資

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Balance at 1 January	於一月一日的結餘	572,287	709,339
Share of profit for the year	應佔年內溢利	35,422	21,185
Investment in a joint venture	於合營公司的投資	—	539,000
Share of other comprehensive income for the year	應佔年內其他綜合收益	—	3,731
Currency translation differences	貨幣換算差額	—	(2,636)
Fair value gains on the remeasurement of a joint venture	計量合營公司的公平值收益	—	51,830
Step-up acquisition from a joint venture to a subsidiary	由合營公司逐步收購為附屬公司	—	(748,750)
Elimination of unrealised profits or losses	撇銷未變現溢利或虧損	(308)	(1,412)
Balance at 31 December	於十二月三十一日的結餘	607,401	572,287

本集團年內於合營公司的投資乃以權益法入賬。

Notes to the Consolidated Financial Statements 合併財務報表附註

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont'd)

(a) Investment in a joint venture (Cont'd)

Name of entity	實體名稱	Place of business/ country of incorporation 營業地點/ 註冊成立的國家	Percentage of ownership interest 所有權權益百分比	
			As at 31 December 於十二月三十一日 2018 二零一八年	2017 二零一七年
Zhejiang Haiyun Environmental Protection Company Limited ("Haiyun Environmental") (i)	浙江海雲環保有限公司 (「海雲環保」)(i)	PRC 中國	49%	49%

(i) Haiyun Environmental is principally engaged in investing, financing, construction, operation and management of water environment projects and infrastructure construction projects in the PRC.

(ii) The table below provide summarised financial information of the joint venture that is individually immaterial to the Group.

(i) 海雲環保主要在中國從事水環境項目及基礎設施建設項目的投資、融資、建設、經營及管理。

(ii) 下表概述個別對本集團並不重大的合營公司的財務資料。

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Aggregate carrying amount of individually immaterial joint venture	個別不重大合營公司的總賬面值	607,401	572,287
Aggregate amounts of the Group's share of:	本集團分佔以下各項的總額：		
– Profit from continuing operations	– 來自持續經營業務的溢利	35,422	21,185
– Other comprehensive income	– 其他綜合收益	—	1,095
– Total comprehensive income	– 綜合收益總額	35,422	22,280

Notes to the Consolidated Financial Statements

合併財務報表附註

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Cont'd)

(b) Investment in associates

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Balance at 1 January	於一月一日的結餘	50,741	37,341
Acquisition of a subsidiary	收購附屬公司	—	4,533
Addition	添置	—	49,000
Share of (loss)/profit for the year	應佔年內(虧損)/溢利	(1,388)	1,897
Fair value gains on the remeasurement of an associate	計量聯營公司的公平值收益	—	6,123
Step-up acquisition from an associate to a subsidiary	由聯營公司逐步收購為附屬公司	—	(43,464)
Release/(elimination) of unrealised profits or losses	釋出/(撇銷)未變現溢利或虧損	4,288	(4,689)
Balance at 31 December	於十二月三十一日的結餘	53,641	50,741

(i) All of the associates are unlisted companies and there were no quoted market price available for the shares.

(ii) The table below provide summarised financial information for associates that are individually immaterial to the Group.

(i) 所有聯營公司為非上市公司且並無市場股份報價。

(ii) 下表概述個別對本集團並不重大的聯營公司的財務資料。

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Aggregate carrying amount of individually immaterial associates	個別不重大聯營公司的總賬面值	53,641	50,741
Aggregate amounts of the Group's share of:	本集團分佔以下各項的總額：		
– (Loss)/profit from continuing operations and total comprehensive income	– 來自持續經營業務的(虧損)/溢利及綜合收益總額	(1,388)	1,897

Notes to the Consolidated Financial Statements

合併財務報表附註

17. PROPERTY, PLANT AND EQUIPMENT

17. 物業、廠房及設備

		Plants and buildings 廠房及樓宇 RMB'000 人民幣千元	Machinery 機器 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Electronic equipment and others 電子設備及 其他 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日						
Cost	成本	1,033,674	1,547,925	59,401	89,173	114,065	2,844,238
Accumulated depreciation	累計折舊	(129,611)	(332,468)	(28,810)	(27,062)	—	(517,951)
Net book amount	賬面淨值	904,063	1,215,457	30,591	62,111	114,065	2,326,287
Year ended 31 December 2017	截至二零一七年十二月三十一日止年度						
Opening net book amount	期初賬面淨值	904,063	1,215,457	30,591	62,111	114,065	2,326,287
Acquisitions of subsidiaries	收購附屬公司	21	7,141	1,409	670	—	9,241
Additions	添置	3,049	21,211	10,742	7,856	163,732	206,590
Transfer from construction in progress	轉撥自在建工程	17,733	104	—	—	(17,837)	—
Disposals	出售	(10)	(1,773)	(3,605)	(4,192)	—	(9,580)
Depreciation charge (note 8)	折舊(附註8)	(39,121)	(94,912)	(11,291)	(7,770)	—	(153,094)
Closing net book amount	期末賬面淨值	885,735	1,147,228	27,846	58,675	259,960	2,379,444
At 31 December 2017	於二零一七年十二月三十一日						
Cost	成本	1,057,979	1,569,325	65,963	102,813	259,960	3,056,040
Accumulated depreciation	累計折舊	(172,244)	(422,097)	(38,117)	(44,138)	—	(676,596)
Net book amount	賬面淨值	885,735	1,147,228	27,846	58,675	259,960	2,379,444
Year ended 31 December 2018	截至二零一八年十二月三十一日止年度						
Opening net book amount	期初賬面淨值	885,735	1,147,228	27,846	58,675	259,960	2,379,444
Acquisitions of subsidiaries	收購附屬公司	—	16,978	1,109	427	—	18,514
Additions	添置	3,729	38,955	8,792	31,593	308,794	391,863
Transfer from construction in progress	轉撥自在建工程	81,477	23,073	—	887	(105,437)	—
Disposals	出售	—	(1,645)	(1,865)	(626)	—	(4,136)
Depreciation charge (note 8)	折舊(附註8)	(43,640)	(96,743)	(11,921)	(11,093)	—	(163,397)
Closing net book amount	期末賬面淨值	927,301	1,127,846	23,961	79,863	463,317	2,622,288
At 31 December 2018	於二零一八年十二月三十一日						
Cost	成本	1,143,185	1,646,686	73,999	135,094	463,317	3,462,281
Accumulated depreciation	累計折舊	(215,884)	(518,840)	(50,038)	(55,231)	—	(839,993)
Net book amount	賬面淨值	927,301	1,127,846	23,961	79,863	463,317	2,622,288

Notes to the Consolidated Financial Statements

合併財務報表附註

17. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Depreciation was charged to consolidated statement of profit or loss under the following caption:

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cost of sales	銷售成本	138,916	134,759
Administrative expenses	行政開支	23,558	17,528
Selling expenses	銷售開支	923	807
		163,397	153,094

18. INVESTMENT PROPERTIES

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Balance at 1 January	於一月一日的結餘	26,692	17,177
Acquisition of subsidiaries	收購附屬公司	—	10,378
Depreciation charge	折舊	(913)	(863)
Balance at 31 December	於十二月三十一日的結餘	25,779	26,692

(a) The Group had no contractual obligations for future repairs and maintenance as at 31 December 2018 and 2017.

(b) Independent valuation of the Group's investment properties were performed by independent third party valuers to determine the fair value of the investment properties as at 31 December 2018. The fair value of these investment properties as at 31 December 2018 as assessed by the valuers by direct comparison method or discounted cash flow method were approximately RMB36,017,000 (2017: RMB38,230,000).

17. 物業、廠房及設備(續)

折舊乃於合併損益表內的以下項目扣除：

18. 投資物業

(a) 於二零一八年及二零一七年十二月三十一日，本集團並無日後維修及維護合約責任。

(b) 本集團投資物業由獨立第三方估值師進行獨立估值，以釐定投資物業於二零一八年十二月三十一日的公平值。該等投資物業於二零一八年十二月三十一日的公平值經估值師以直接比較法或貼現現金流量法評估約為人民幣36,017,000元(二零一七年：人民幣38,230,000元)。

Notes to the Consolidated Financial Statements

合併財務報表附註

19. LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease for lands located in the PRC with a lease term of 40–50 years, and their net book value are analysed as follows:

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Balance at 1 January	於一月一日的結餘	189,751	192,381
Additions	添置	—	251
Acquisition of subsidiaries	收購附屬公司	—	3,712
Amortisation charged to administrative expenses and cost of sales (note 8)	確認為開支的攤銷及銷售成本 (附註8)	(6,920)	(6,593)
Balance at 31 December	於十二月三十一日的結餘	182,831	189,751

20. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

The following is the summarised information of the financial asset component (receivables under service concession arrangements) with respect to the Group's service concession arrangements:

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Receivables under service concession arrangements	服務特許經營安排下的應收款項	4,223,100	5,111,148
Portion classified as current assets	分類為流動資產的部分	(57,852)	(52,928)
Non-current portion	非流動部分	4,165,248	5,058,220

19. 土地使用權

本集團於土地使用權的權益為租期介乎40至50年的中國土地的預付經營租賃，其賬面淨值分析如下：

20. 服務特許經營安排下的應收款項

與本集團服務特許經營安排有關的金融資產組成部分(服務特許經營安排下的應收款項)的資料概述如下：

Notes to the Consolidated Financial Statements 合併財務報表附註

20. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS (Cont'd)

- (a) In respect of the Group's receivables under service concession arrangements, credit risks varied amongst the Group's projects operated in different locations of the PRC. The collection of receivables under services concession arrangements is closely monitored in order to minimise any credit risk associated with the receivables.

20. 服務特許經營安排下的應收款項(續)

- (a) 就本集團於服務特許經營安排下的應收款項而言，信貸風險因本集團於中國不同地點運營的項目而異。為降低與應收款項有關的任何信貸風險，服務特許經營安排下的應收款項的收回情況受到密切監控。

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Shandong Province	山東省	1,080,714	508,730
Yunnan Province	雲南省	1,078,982	1,600,057
Jiangsu Province	江蘇省	506,042	477,314
Xinjiang Uygur Autonomous Region	新疆維吾爾自治區	414,854	924,870
Hebei Province	河北省	277,156	288,422
Fujian Province	福建省	212,737	210,111
Anhui Province	安徽省	138,569	177,846
Guangdong Province	廣東省	130,195	117,076
Shaanxi Province	陝西省	111,919	125,201
Henan Province	河南省	78,701	201,215
Tianjin City	天津市	73,877	129,502
Zhejiang Province	浙江省	44,592	—
Guizhou Province	貴州省	—	220,899
Others	其他	74,762	129,905
		4,223,100	5,111,148

The receivables under service arrangements were billable receivables. They were mainly due from governmental authorities in Mainland China, as grantors in respect of the Group's service concession arrangements. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

服務特許經營安排下的應收款項為可開具賬單的應收款項，其主要來自作為本集團服務特許經營安排授予人的中國內地政府機構。根據過往經驗，董事認為毋須就該等結餘作出減值撥備，原因是信貸質素並無重大變動且結餘仍被視為可全數收回。

Notes to the Consolidated Financial Statements 合併財務報表附註

20. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS (Cont'd)

- (b) The expected collection schedule of receivables under service concession arrangements is as follows:

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within one year	一年以內	57,852	52,928
One to two years	一至兩年	49,487	47,114
Two to five years	兩至五年	184,725	171,031
Over five years	超過五年	3,931,036	4,840,075
		4,223,100	5,111,148

20. 服務特許經營安排下的應收款項(續)

- (b) 服務特許經營安排下的應收款項的預期收款時間表如下：

Notes to the Consolidated Financial Statements

合併財務報表附註

21. INTANGIBLE ASSETS

21. 無形資產

		Goodwill (note b) 商譽 (附註b) RMB'000 人民幣千元	Development expenditure 開發開支 RMB'000 人民幣千元	Operating concessions 特許經營權 RMB'000 人民幣千元	Unfulfilled contract rights 未履行 合約權利 RMB'000 人民幣千元	Technical know-how and software Licenses 專利 牌照 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日						
Cost	成本	223,900	3,852	3,722,356	50,538	658,186	4,707,661
Accumulated amortisation	累計攤銷	—	—	(116,023)	(19,541)	(9,537)	(147,286)
Net book amount	賬面淨值	223,900	3,852	3,606,333	30,997	648,649	4,560,375
Year ended 31 December 2017	截至二零一七年十二月三十一日 止年度						
Opening net book amount	期初賬面淨值	223,900	3,852	3,606,333	30,997	648,649	4,560,375
Acquisition of subsidiaries	收購附屬公司	213,413	—	2,508,368	—	49,758	2,771,539
Additions	添置	—	1,653	1,473,665	—	—	1,475,318
Currency translation differences	貨幣換算差額	(9,810)	—	(6,967)	—	(41)	(16,818)
Amortisation charge (note 8 and a)	攤銷開支(附註8及a)	—	—	(247,652)	(16,261)	(11,778)	(281,561)
Closing net book amount	期末賬面淨值	427,503	5,505	7,333,747	14,736	636,871	8,508,853
At 31 December 2017	於二零一七年十二月三十一日						
Cost	成本	427,503	5,505	7,697,422	50,538	658,186	8,937,700
Accumulated amortisation	累計攤銷	—	—	(363,675)	(35,802)	(21,315)	(428,847)
Net book amount	賬面淨值	427,503	5,505	7,333,747	14,736	636,871	8,508,853
Year ended 31 December 2018	截至二零一八年十二月三十一日 止年度						
Opening net book amount	期初賬面淨值	427,503	5,505	7,333,747	14,736	636,871	8,508,853
Acquisition of subsidiaries	收購附屬公司	—	—	379,912	—	—	379,912
Additions	添置	—	899	1,528,724	1,763	1,800	1,533,186
Currency translation differences	貨幣換算差額	9,957	—	21,763	—	39	31,759
Transfer from development expenditure	轉撥自開發開支	—	(2,552)	—	—	2,552	—
Amortisation charge (note 8 and a)	攤銷開支(附註8及a)	—	—	(275,116)	(2,466)	(18,840)	(300,555)
Closing net book amount	期末賬面淨值	437,460	3,852	8,989,030	14,033	618,031	10,153,155
At 31 December 2018	於二零一八年十二月三十一日						
Cost	成本	437,460	3,852	9,627,821	52,301	658,186	10,882,557
Accumulated amortisation	累計攤銷	—	—	(638,791)	(38,268)	(40,155)	(729,402)
Net book amount	賬面淨值	437,460	3,852	8,989,030	14,033	618,031	10,153,155

Notes to the Consolidated Financial Statements

合併財務報表附註

21. INTANGIBLE ASSETS (Cont'd)

- (a) Amortisation was charged to the consolidated statement of profit or loss under the following caption:

		Year ended 31 December	
		截至十二月三十一日止年度	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cost of sales	銷售成本	294,991	277,512
Administrative expenses	行政開支	5,564	4,049
		300,555	281,561

(b) Impairment test for goodwill

The goodwill of the Group as at 31 December 2018 mainly arose from the acquisition of GNS, Shandong Tengyue, Harbin Yun Shui and Future International Group Co., Ltd., amounting to RMB194,640,000, RMB109,521,000 and RMB53,663,000, respectively. For the purpose of impairment testing, the goodwill was allocated to a cash generating unit ("CGU"). The recoverable amount of the CGU is determined based on fair value less costs to disposal. The calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Management determined the projection period based on their past experience and expectation for the market development and is consistent with their business plan. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below, respectively.

21. 無形資產(續)

- (a) 攤銷已於合併損表中的下列項目扣除：

(b) 商譽減值測試

本集團於二零一八年十二月三十一日的商譽主要因收購GNS、山東騰躍、哈爾濱雲水及暉澤集團有限公司而產生，分別為人民幣194,640,000元、人民幣109,521,000元及人民幣53,663,000元。就減值測試而言，商譽分配至現金產生單位（「現金產生單位」）。現金產生單位的可收回金額乃根據公平值減出售成本釐定。計算方式利用稅前現金流量預測，依據管理層批核的五年期財政預算。管理層採用的預算期限是基於管理人員的過往經驗及其對市場發展的預期，且與彼等的經營計劃一致。超過五年期間的現金流量乃分別使用下述估計增長率推算。

Notes to the Consolidated Financial Statements

合併財務報表附註

21. INTANGIBLE ASSETS (Cont'd)

(b) Impairment test for goodwill (Cont'd)

- (i) Key assumptions used for fair value less costs to disposal calculations of each CGU were in the range as follows:

		Year ended 31 December	
		截至十二月三十一日止年度	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Average annual growth rate of revenue (iii)	收益平均年增長率(iii)	5%–9%	5%–9%
Long-term growth rate (iv)	長期增長率(iv)	3%	3%
Pre-tax discount rate (v)	稅前貼現率(v)	11%–14%	11%–14%

- (ii) Sensitivity analysis on key assumptions used in the calculation of the impairment tests for goodwill arose from the above subsidiaries have been carried out. If the average annual growth rate of revenue had been lower than management estimates by 5% or discount rate had been higher than management estimates by 5% with other variables held constant, the recoverable amount of goodwill would still exceed their carrying value and no impairment will be required.
- (iii) Management determined average annual growth rate of revenue based on past performance and its expectations for each market development.
- (iv) The long-term growth rate used is consistent with the forecasts included in each industry report.
- (v) The discount rate used is pre-tax discount rate applied to the cash flow projections which reflects specific risks relating to each business.
- (ii) 本集團已就計算以上附屬公司所產生之商譽減值測試過程中所採用的主要假設作出敏感度分析。倘收入平均年增長率比管理層的估計低5%或貼現率比管理層的估計高5%，而其他變量保持不變，則商譽的可收回金額仍將超過其賬面值，因而毋須減值。
- (iii) 管理人員乃根據過往表現及其對市場發展的預期釐定收入平均年增長率。
- (iv) 所用長期增長率與行業報告所載預測一致。
- (v) 所用貼現率為現金流量預測所採用的稅前貼現率，其反映與業務有關的特定風險。

21. 無形資產(續)

(b) 商譽減值測試(續)

- (i) 每個現金產生單位用作公平價值減銷售成本計算法的主要假設的範圍如下：

Notes to the Consolidated Financial Statements

合併財務報表附註

22. INVENTORIES

22. 存貨

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Raw materials	原材料	47,077	28,064
Finished Goods	製成品	35,584	8,683
Work in progress	在產品	19,428	8,883
		102,089	45,630

No provisions for inventories have been made for the year ended 31 December 2018 and 2017.

截至二零一八年及二零一七年十二月三十一日止年度，並無計提存貨撥備。

23. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

23. 貿易及其他應收款項及預付款項

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Trade receivables	貿易應收款項		
– Related parties (note 37(g))	– 關聯方 (附註 37(g))	2,575,260	1,984,773
– Local governments	– 地方政府	824,240	659,286
– Third parties	– 第三方	1,155,422	865,067
Less: provision for impairment	減：減值撥備	(59,986)	(41,721)
		4,494,936	3,467,405
Other receivables	其他應收款項		
– Related parties (note 37(ii))	– 關聯方 (附註 37(ii))	31,921	31,412
– Third parties	– 第三方	1,259,880	889,206
Less: provision for impairment	減：減值撥備	(9,106)	(7,562)
		1,282,695	913,056
Total trade and other receivables	貿易及其他應收款項總額	5,777,631	4,380,461
Less: non-current portion of other receivables	減：其他應收款項的非即期部分	(13,771)	(30,214)
Current portion of trade and other receivables	貿易及其他應收款項的即期部分	5,763,860	4,350,247
Prepayments	預付款項		
– Related parties (note 37(g))	– 關聯方 (附註 37(g))	161,135	67,595
– Third parties	– 第三方	1,477,238	1,756,930
		1,638,373	1,824,525
Less: non-current portion of prepayments	減：預付款項非即期部分	(942,875)	(1,695,626)
Current portion of prepayments	預付款項即期部分	695,498	128,899

Notes to the Consolidated Financial Statements 合併財務報表附註

23. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Cont'd)

(a) Trade receivables

In general, the Group grants credit periods of 90 to 180 days to its customers. Ageing analysis of gross trade receivables (including amounts due from related parties of trading in nature) at the respective balance sheet dates, based on the invoice dates or contractual terms, is as follows:

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within one year	一年以內	2,813,369	2,451,422
One to two years	一至兩年	1,035,378	803,928
Two to three years	兩至三年	511,217	101,300
Over three years	三年以上	194,958	152,476
		4,554,922	3,509,126

Movement of the Group's provision for impairment of trade receivables are as follows:

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Opening balance at 1 January	於一月一日的期初結餘	41,721	34,430
Impairment provision	減值撥備	23,655	13,217
Reversal due to collection	因收回而撥回	—	(5,926)
Write off bad debts	撇銷壞賬	(5,390)	—
Closing balance at 31 December	於十二月三十一日的期末結餘	59,986	41,721

23. 貿易及其他應收款項及預付款項(續)

(a) 貿易應收款項

本集團一般向其客戶授出90至180天的信用期。於各結算日按發票日期或合約條款作出的貿易應收款項總額(包括應收關聯方貿易性質款項)賬齡分析如下:

本集團貿易應收款項的減值撥備變動如下:

Notes to the Consolidated Financial Statements

合併財務報表附註

23. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Cont'd)

(b) Other receivables

Movement of the Group's provision for impairment of other receivables are as follows:

		Year ended 31 December	
		截至十二月三十一日止年度	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Opening balance at 1 January	於一月一日的期初結餘	7,562	6,877
Impairment provision	減值撥備	1,855	685
Write off bad debts	撇銷壞賬	(311)	—
Closing balance at 31 December	於十二月三十一日的期末結餘	9,106	7,562

(c) Prepayments

The Group's prepayments are mainly for purchase of goods, land use rights, construction works, services and acquisition of equity interests.

- (d) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

24. RESTRICTED CASH

As at 31 December 2018, the restricted cash mainly comprised of guarantee deposits for construction of projects.

23. 貿易及其他應收款項及預付款項(續)

(b) 其他應收款項

本集團其他應收款項的減值撥備變動如下：

		Year ended 31 December	
		截至十二月三十一日止年度	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Opening balance at 1 January	於一月一日的期初結餘	7,562	6,877
Impairment provision	減值撥備	1,855	685
Write off bad debts	撇銷壞賬	(311)	—
Closing balance at 31 December	於十二月三十一日的期末結餘	9,106	7,562

(c) 預付款項

本集團的預付款項主要為購買貨物、土地使用權、建造工程及其他服務的預付款項以及股權收購的預付款項。

- (d) 報告日期面對的最高信貸風險為上述各類應收款項的賬面值。本集團並無持有任何抵押物作為擔保。

24. 受限制的現金

於二零一八年十二月三十一日，受限制現金主要包括應付票據及建設項目的保證金。

Notes to the Consolidated Financial Statements

合併財務報表附註

25. CASH AND CASH EQUIVALENTS

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cash at bank and in hand	銀行存款及手頭現金	2,204,352	2,836,457
Short-term bank deposits at call (note a)	短期銀行存款（附註 a）	10,000	60,470
		2,214,352	2,896,927

(a) As at 31 December 2018, short-term bank deposit was denominated in RMB, with interest rate of 1.8% per annum and will mature by 18 March 2019.

(b) As at 31 December 2018, cash and cash equivalents of the Group are denominated in:

25. 現金及現金等價

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
(a)	於二零一八年十二月三十一日，短期銀行存款以人民幣計值，年利率為1.8%，將於二零一九年三月十八日前到期。		
(b)	於二零一八年十二月三十一日，本集團的現金及現金等價物以下列貨幣計值：		

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
- RMB	- 人民幣	2,089,479	2,607,303
- THB	- 泰銖	60,966	35,126
- USD	- 美元	49,584	207,020
- IDR	- 印尼盾	10,094	7,189
- HKD	- 港元	2,949	40,289
- SGD	- 新加坡元	1,280	—
		2,214,352	2,896,927

26. SHARE CAPITAL

		Number of shares (thousand) 股份數目 (千股)	Share capital 股本 RMB'000 人民幣千元
As at 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	於二零一七年一月一日、二零一七年十二月三十一日、二零一八年一月一日及二零一八年十二月三十一日	1,193,213	1,193,213

26. 股本

Notes to the Consolidated Financial Statements

合併財務報表附註

27. OTHER RESERVES

27. 其他儲備

		Capital reserve 股本儲備 RMB'000 人民幣千元	Statutory reserve 法定儲備 RMB'000 人民幣千元	Translation reserve 匯兌儲備 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Balance at 1 January 2017	於二零一七年一月一日的結餘	2,073,201	197,740	(23,636)	2,247,305
Acquisition of additional interests in subsidiaries	收購附屬公司的額外權益	(159,237)	—	—	(159,237)
Share of other comprehensive income of investments accounted for using the equity method	以權益法入賬的應佔投資的其他綜合收益	—	—	3,731	3,731
Currency translation differences	貨幣換算差額	—	—	148,011	148,011
Transfer to statutory reserve (note a)	轉至法定儲備(附註a)	—	91,498	—	91,498
Balance at 31 December 2017	於二零一七年十二月三十一日的結餘	1,913,964	289,238	128,106	2,331,308
Balance at 1 January 2018	於二零一八年一月一日的結餘	1,913,964	289,238	128,106	2,331,308
Acquisition of additional interests in subsidiaries	收購附屬公司的額外權益	(49,637)	—	—	(49,637)
Currency translation differences	貨幣換算差額	—	—	(172,741)	(172,741)
Transfer to statutory reserve (note a)	轉至法定儲備(附註a)	—	88,085	—	88,085
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	1,864,327	377,323	(44,635)	2,197,015

(a) Statutory reserve

In accordance with relevant rules and regulations in the PRC, except for sino-foreign equity joint venture enterprises, all PRC companies are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses carried forward from previous years or to increase capital of the respective companies.

(a) 法定儲備

根據中國相關規則及法規，除中外合資企業外，所有中國公司均須將根據中國會計規則及法規計算的除稅後溢利的10%轉撥至法定儲備金，直至累計資金總額達至其註冊資本的50%為止。法定儲備金須經有關機關批准，方可用作抵銷過往年度結轉的虧損或增加有關公司的資本。

Notes to the Consolidated Financial Statements

合併財務報表附註

28. PERPETUAL CAPITAL INSTRUMENT

The perpetual capital instruments have no maturity, and the payments of distribution can be deferred at the discretion of the Company. There was RMB83,194,000 of profit attributable to the holders of perpetual capital instruments for the year ended 31 December 2018 (2017: RMB85,444,000).

28. 永久資本工具

永久資本工具並無期限，且分派的支付可由本公司酌情予以遞延。截至二零一八年十二月三十一日止年度永久資本工具持有人應佔溢利為人民幣83,194,000元(二零一七年：人民幣85,444,000元)。

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Balance at 1 January	於一月一日的結餘	1,200,000	2,000,000
Issues	發行	—	1,200,000
Redemptions	贖回	—	(2,000,000)
Profit attributable to holders of perpetual capital instruments	永久資本工具持有人應佔溢利	83,194	85,444
Distributions to holders of perpetual capital instruments	向永久資本工具持有人作出的分派	(83,194)	(85,444)
Balance at 31 December	於十二月三十一日的結餘	1,200,000	1,200,000

Notes to the Consolidated Financial Statements

合併財務報表附註

29. BORROWINGS

29. 借款

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Non-current	非即期		
Long-term bank borrowings	長期銀行借款	5,560,168	4,463,214
Corporate bonds and other borrowings	公司債券及其他借款	5,618,824	4,886,208
		11,178,992	9,349,422
Current	即期		
Short-term bank borrowings	短期銀行借款	2,567,745	3,197,013
Current portion of long-term bank borrowings	長期銀行借款的即期部分	1,116,109	687,820
Current portion of corporate bonds and other borrowings	公司債券及其他借款的即期部分	2,071,680	553,741
		5,755,534	4,438,574
		16,934,526	13,787,996

(a) The Group's borrowings carried weighted average interest rates of 4.86% per annum for the year ended 31 December 2018 (2017: 4.27%).

(b) As at 31 December 2018, other borrowings from a related party is depicted in note 37(h).

(a) 截至二零一八年十二月三十一日止年度，本集團平均借款年利率為4.86%（二零一七年：4.27%）。

(b) 於二零一八年十二月三十一日，其他借款中的關聯方借款已披露於附註37(h)。

Notes to the Consolidated Financial Statements

合併財務報表附註

29. BORROWINGS (Cont'd)

- (c) As at 31 December 2018, borrowings of RMB5,232,228,000 were secured by pledge of the Group's receivables under service concession arrangements, contract assets, land use rights, property, plant and equipment and intangible assets and the Company's investments in subsidiaries with carrying value of RMB5,278,593,000.

As at 31 December 2018, borrowings of RMB22,204,000 and RMB226,751,000 were guaranteed by a PRC local government and third parties, respectively.

- (d) As at 31 December 2018, the Group's borrowings were repayable as follows:

29. 借款(續)

- (c) 於二零一八年十二月三十一日，銀行借款人民幣5,232,228,000元由賬面值人民幣5,278,593,000元的本集團服務特許經營安排應收款項、合約資產、土地使用權、物業、廠房及設備以及無形資產及於附屬公司的投資質押作抵押。

於二零一八年十二月三十一日，銀行借款人民幣22,204,000元以及人民幣226,751,000元已分別由中國當地政府及第三方擔保。

- (d) 於二零一八年十二月三十一日，本集團借款的償還情況如下：

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within one year	一年以內	5,755,534	4,438,574
One to two years	一至兩年	3,365,440	2,624,031
Two to five years	兩至五年	5,692,614	4,987,444
Over five years	超過五年	2,120,938	1,737,947
		16,934,526	13,787,996

Notes to the Consolidated Financial Statements

合併財務報表附註

29. BORROWINGS (Cont'd)

- (e) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of each of the year are as follows:

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within six months	六個月以內	3,510,245	3,894,100
Six months to one year	六個月至一年	7,077,520	4,492,157
One to five years	一至五年	5,282,303	3,855,216
Over five years	超過五年	1,064,458	1,546,523
		16,934,526	13,787,996

The carrying amounts of the Group's borrowings approximate their fair value.

- (f) The Group has complied with the financial covenants of its borrowing facilities during the year ended 31 December 2018 and 2017.
- (g) The Group's borrowings were denominated in:

本集團借款的賬面值與其公平值相若。

- (f) 截至二零一八年和二零一七年十二月三十一日止年度，本集團遵守了其借款設施的財務契約。
- (g) 本集團借款以下列貨幣計值：

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
- RMB	- 人民幣	13,644,864	10,978,059
- USD	- 美元	3,175,251	2,785,218
- THB	- 泰銖	92,207	—
- EUR	- 歐元	22,204	24,719
		16,934,526	13,787,996

Notes to the Consolidated Financial Statements

合併財務報表附註

30. TRADE AND OTHER PAYABLES

30. 貿易及其他應付款項

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Trade payables:	貿易應付款項：		
– Related parties (note 37(g))	– 關聯方（附註 37(g)）	1,542,830	1,192,382
– Third parties	– 第三方	3,287,340	1,836,469
Notes payables	應付票據	44	40,000
Other payables:	其他應付款項：		
– Related parties (note 37(ii))	– 關聯方（附註 37(ii)）	85,651	82,562
– Third parties	– 第三方	1,109,245	1,056,272
Advances from customers	客戶墊款	—	52,531
Staff welfare benefit payable	應付員工福利	55,837	38,562
Other taxes payable	其他應付稅項	194,108	229,915
Less: non-current portion	減：非即期部分	(3,257,835)	(1,272,984)
Current portion	即期部分	3,017,220	3,255,709

(a) Trade payables are settled in accordance with agreed terms with suppliers.

(a) 貿易應付款項是按照與供應商商定的條款來結算的。

(b) At 31 December 2018 and 2017, the ageing analysis of the trade payables based on invoice date is as follows:

(b) 於二零一八年及二零一七年十二月三十一日，貿易應付款項基於發票日期的賬齡分析如下：

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Within one year	一年以內	3,735,975	1,830,650
One to two years	一至兩年	487,378	757,182
Two to three years	兩至三年	363,768	213,277
Over three years	三年以上	243,049	227,742
		4,830,170	3,028,851

Notes to the Consolidated Financial Statements

合併財務報表附註

31. DEFERRED INCOME

Deferred income represented government grants received from governmental authorities with respect to Group's constructions of wastewater treatment facilities, water supply facilities, solid waste treatment plants as well as the provision of water supply service. The movement of deferred income is as below:

31. 遞延收益

遞延收入是指就本集團建造污水處理設施、供水設施、固體廢物處理廠以及提供供水服務獲政府機構發放的政府補助。遞延收入的變動如下：

		Government grants 政府補助 RMB'000 人民幣千元
Opening balance at 1 January 2017	於二零一七年一月一日的期初結餘	646,997
Acquisition of subsidiaries	收購附屬公司	10,409
Additions	添置	16,829
Credit to consolidated statement of profit or loss	計入合併損益表	(40,343)
Closing balance at 31 December 2017	於二零一七年十二月三十一日的期終結餘	633,892
Opening balance at 1 January 2018	於二零一八年一月一日的期初結餘	633,892
Additions	添置	94,593
Credit to consolidated statement of profit or loss	計入合併損益表	(36,124)
Closing balance at 31 December 2018	於二零一八年十二月三十一日的期終結餘	692,361

Notes to the Consolidated Financial Statements

合併財務報表附註

32. DEFERRED INCOME TAX

(a) Deferred income tax assets

32. 遞延所得稅

(a) 遞延所得稅資產

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
The balance comprises temporary differences attributable to:	該差額包括暫時性差異：		
Government grants	政府補助	142,336	132,242
Tax losses	稅項虧損	110,929	81,406
Accrued expenses	應計開支	78,732	71,231
Unrealised profit of intercompany transactions	公司間交易未變現溢利	63,115	31,794
Provision for impairment of trade and other receivables	貿易及其他應收款項減值撥備	26,695	22,509
Staff welfare benefit payable	應付員工福利	622	638
Total deferred income tax assets	遞延所得稅資產總額	422,429	339,820
Set-off of deferred income tax liabilities	設定遞延所得稅負債	(108,297)	(24,951)
Net deferred income tax assets	淨遞延所得稅資產	314,132	314,869

Movements	變動	Provision for impairment of trade and other receivables						Staff welfare benefit payable	Total
		Government grants	Tax losses	Accrued expenses	Unrealised profit of intercompany transactions	Provision for impairment of trade and other receivables	Staff welfare benefit payable		
		政府補助	稅項虧損	應計開支	公司間交易未變現溢利	貿易及其他應收款項減值撥備	應付員工福利	總計	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
Balance at 1 January 2017	於二零一七年一月一日的結餘	139,214	33,156	27,155	14,343	40,786	695	255,349	
(Charge)/credit to consolidated statement of profit or loss	於合併損益表中(扣除)/計入	(6,972)	24,275	27,749	17,451	(18,277)	(57)	44,169	
Acquisition of subsidiaries	收購附屬公司	—	23,975	23,834	—	—	—	47,809	
Reversal	撥回	—	—	(7,507)	—	—	—	(7,507)	
Balance at 31 December 2017	於二零一七年十二月三十一日的結餘	132,242	81,406	71,231	31,794	22,509	638	339,820	
Balance at 1 January 2018	於二零一八年一月一日的結餘	132,242	81,406	71,231	31,794	22,509	638	339,820	
Credit/(charge) to consolidated statement of profit or loss	於合併損益表中計入/(扣除)	10,094	29,523	7,501	31,321	4,186	(16)	82,609	
Balance at 31 December 2018	於二零一八年十二月三十一日的結餘	142,336	110,929	78,732	63,115	26,695	622	422,429	

Notes to the Consolidated Financial Statements 合併財務報表附註

32. DEFERRED INCOME TAX (Cont'd)

(b) Deferred income tax liabilities

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
The balance comprises temporary differences attributable to:	該差額包括暫時性差異：		
Fair value gains	公平值收益	(950,555)	(868,672)
Service concession receivables	服務特許應收款項	(202,529)	(123,397)
Accelerated tax depreciation	加速稅項折舊	(3,454)	(3,668)
Total deferred income tax liabilities	遞延所得稅負債總額	(1,156,538)	(995,737)
Set-off of deferred income tax liabilities	設定遞延所得稅負債	108,297	24,951
Net deferred income tax liabilities	淨遞延所得稅負債	(1,048,241)	(970,786)

Movements	變動	Service concession receivables Accelerated tax depreciation			Total 總計
		Fair value gains 公平值收益 RMB'000 人民幣千元	receivables 服務特許 應收款項 RMB'000 人民幣千元	depreciation 加速 稅項折舊 RMB'000 人民幣千元	
Opening balance at 1 January 2017	於二零一七年一月一日的期初結餘	(593,085)	(61,677)	(1,485)	(656,247)
Credit/(charge) to consolidated statement of profit or loss	於合併損益表中計入／(扣除)	33,682	(61,720)	(2,183)	(30,221)
Acquisition of subsidiaries	收購附屬公司	(309,269)	—	—	(309,269)
Closing balance at 31 December 2017	於二零一七年十二月三十一日的期終結餘	(868,672)	(123,397)	(3,668)	(995,737)
Opening balance at 1 January 2018	於二零一八年一月一日的期初結餘	(868,672)	(123,397)	(3,668)	(995,737)
Credit/(charge) to consolidated statement of profit or loss	於合併損益表中計入／(扣除)	26,871	(79,132)	214	(52,047)
Acquisition of subsidiaries	收購附屬公司	(108,754)	—	—	(108,754)
Closing balance at 31 December 2018	於二零一八年十二月三十一日的期終結餘	(950,555)	(202,529)	(3,454)	(1,156,538)

Notes to the Consolidated Financial Statements

合併財務報表附註

33. PROVISIONS

33. 撥備

		Maintenance costs 維修成本 RMB'000 人民幣千元 (note a) (附註a)	Employee benefit 僱員福利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Opening balance at 1 January 2017	於二零一七年一月一日的期初結餘	74,962	3,755	78,717
Acquisition of subsidiaries	收購附屬公司	171,915	—	171,915
Provision capitalised in intangible assets	於無形資產中將撥備撥作資本	3,150	—	3,150
Amortised to consolidated statement of profit or loss (note 10)	攤銷至合併損益表(附註10)	10,086	—	10,086
Paid during the year	年內已付款項	—	(381)	(381)
Closing balance at 31 December 2017	於二零一七年十二月三十一日的期 終結餘	260,113	3,374	263,487
Opening balance at 1 January 2018	於二零一八年一月一日的期初結餘	260,113	3,374	263,487
Acquisition of subsidiaries	收購附屬公司	48,751	—	48,751
Provision capitalised in intangible assets	於無形資產中將撥備撥作資本	27,684	—	27,684
Amortised to consolidated statement of profit or loss (note 10)	攤銷至合併損益表(附註10)	9,916	—	9,916
Paid during the year	年內已付款項	—	(104)	(104)
Closing balance at 31 December 2018	於二零一八年十二月三十一日的期 終結餘	346,464	3,270	349,734

(a) Pursuant to the service concession agreements entered into by the Group, the Group has the contractual obligations to maintain the facilities it operates to specified level of serviceability and/or to restore the plants to a specified conditions before they are handed over to the Grantors at the end of the service concession period. These contractual obligations to maintain or restore the facilities, except for any upgrade elements, are recognised and measured at the best estimate of the expenditure that would be required to settle the present obligation at the end of the year.

(a) 根據本集團訂立的服務特許經營協議，本集團的合約責任為保養其經營的設施，確保符合特定的可提供服務水平及／或於服務特許經營期結束時，在移交廠房予授予人之前，將其修復至指定狀態。該等保養或修復設施的合約責任(任何改造部分除外)乃按年末履行當前責任所需支出的最佳估計值確認與計量。

Notes to the Consolidated Financial Statements

合併財務報表附註

34. NOTE OF CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash used in operation

34. 合併現金流量表附註

(a) 經營所用現金

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Profit before income tax	所得稅前溢利	644,226	702,244
Adjustments for:	就以下各項作出調整：		
– Allowance for doubtful debts	– 呆賬撥備	25,510	7,976
– Amortisation of investment properties	– 投資物業攤銷	913	906
– Amortisation of land use rights	– 土地使用權攤銷	6,920	6,593
– Amortisation of intangible assets	– 無形資產攤銷	300,555	281,561
– Depreciation of property, plant and equipment	– 物業、廠房及設備折舊	163,397	153,094
– Share of profit of investments accounted for using the equity method	– 以權益法入賬的應佔投資溢利	(34,034)	(23,082)
– Other gains — net	– 其他收益淨額	(10,541)	(57,354)
– Finance costs — net	– 融資成本淨額	578,512	504,193
– Other income	– 其他收入	—	(41,790)
Change in operating assets and liabilities, net of effects from purchase of controlled entity and sale of engineering division:	經營資產及負債變動，扣除收購控股實體及出售工程部門的影響：		
– Inventories	– 存貨	(53,034)	(10,036)
– Contract assets	– 合約資產	(2,205,161)	—
– Amounts due from customers for contract works	– 合約工程應收客戶款項	—	26,524
– Trade and other receivables and receivables under concession arrangements	– 貿易及其他應收款項以及特許經營安排下的應收款項	(3,485,826)	(3,114,822)
– Trade and other payables	– 貿易及其他應付款項	1,509,744	333,398
– Contract liabilities	– 合約負債	61,855	—
– Deferred income	– 遞延收益	58,469	(26,350)
Cash used in operations	經營所用現金	(2,438,495)	(1,256,945)

Notes to the Consolidated Financial Statements
合併財務報表附註

34. NOTE OF CONSOLIDATED STATEMENT OF
CASH FLOWS (Cont'd)

(b) Net borrowings reconciliation

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cash and cash equivalents	現金及現金等價物	2,214,352	2,896,927
Borrowings — repayable within one year	借款 — 一年以內應付	(5,755,534)	(4,438,574)
Borrowings — repayable after one year	借款 — 一年以上應付	(11,178,992)	(9,349,422)
Net borrowings	借款淨額	(14,720,174)	(10,891,069)
Cash and cash equivalents	現金及現金等價物	2,214,352	2,896,927
Gross borrowings — fixed interest rates	借款總額 — 固定利率	(11,685,349)	(9,919,404)
Gross borrowings — variable interest rates	借款總額 — 變動利率	(5,249,177)	(3,868,592)
Net borrowings	借款淨額	(14,720,174)	(10,891,069)

34. 合併現金流量表附註(續)

(b) 借款淨額調節

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cash and cash equivalents	現金及現金等價物	2,214,352	2,896,927
Borrowings — repayable within one year	借款 — 一年以內應付	(5,755,534)	(4,438,574)
Borrowings — repayable after one year	借款 — 一年以上應付	(11,178,992)	(9,349,422)
Net borrowings	借款淨額	(14,720,174)	(10,891,069)
Cash and cash equivalents	現金及現金等價物	2,214,352	2,896,927
Gross borrowings — fixed interest rates	借款總額 — 固定利率	(11,685,349)	(9,919,404)
Gross borrowings — variable interest rates	借款總額 — 變動利率	(5,249,177)	(3,868,592)
Net borrowings	借款淨額	(14,720,174)	(10,891,069)

		Liabilities from financing activities 來自融資活動的負債				
		Borrowings		Borrowings		Total 合計
		Cash and cash equivalents 現金及 現金等價物 RMB'000 人民幣千元	– repayable within 1 year 借款 — 1年以內應付 RMB'000 人民幣千元	– repayable after 1 year 借款 — 1年以上應付 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元	
Net debt as at 1 January 2017	於二零一七年一月一日的淨負債	4,129,921	(2,608,925)	(5,689,554)	(4,168,558)	
Cash flows	現金流量	(1,204,249)	(718,892)	(4,520,419)	(6,443,560)	
Foreign exchange adjustments	外匯折算調整	(28,745)	42,788	135,421	149,464	
Other non-cash movements	其他非貨幣變動	—	(1,153,545)	725,130	(428,415)	
Net debt as at 31 December 2017	於二零一七年十二月三十一日 的淨負債	2,896,927	(4,438,574)	(9,349,422)	(10,891,069)	
Cash flows	現金流量	(697,383)	1,174,430	(4,296,610)	(3,819,563)	
Foreign exchange adjustments	外匯折算調整	14,808	(21,298)	(135,023)	(141,513)	
Other non-cash movements	其他非貨幣變動	—	(2,470,092)	2,602,063	131,971	
Net debt as at 31 December 2018	於二零一八年十二月三十一日 的淨負債	2,214,352	(5,755,534)	(11,178,992)	(14,720,174)	

Notes to the Consolidated Financial Statements

合併財務報表附註

35. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for but not yet incurred as of 31 December 2018 is as follows:

		As at 31 December	
		於十二月三十一日	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Property, plant and equipment, concession projects and construction projects	物業、廠房及設備、特許經營項目及建設項目	10,073,186	7,501,972
Equity investments	權益投資	102,277	447,695
		10,175,463	7,949,667

(b) Operating lease commitments — Group as lessee

The Group has leased various offices and warehouses under non-cancellable operating lease agreements. The lease terms are between 1 and 10 years.

The Group had future aggregate minimum lease rental payments under non-cancellable operating leases as follows:

		As at 31 December	
		於十二月三十一日	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within one year	一年以內	12,676	10,143
One to five years	一至五年	18,804	12,269
Over five years	超過五年	1,253	865
		32,733	23,277

35. 承擔

(a) 資本承擔

截至二零一八年十二月三十一日已訂約但尚未產生的資本支出如下：

		As at 31 December	
		於十二月三十一日	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Property, plant and equipment, concession projects and construction projects	物業、廠房及設備、特許經營項目及建設項目	10,073,186	7,501,972
Equity investments	權益投資	102,277	447,695
		10,175,463	7,949,667

(b) 經營租賃承擔 — 本集團作為承租人

本集團根據不可撤銷經營租賃協議租賃多個辦公室及倉庫。租賃期為1至10年。

本集團根據不可撤銷經營租約擁有的未來最低租金付款總額如下：

		As at 31 December	
		於十二月三十一日	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within one year	一年以內	12,676	10,143
One to five years	一至五年	18,804	12,269
Over five years	超過五年	1,253	865
		32,733	23,277

Notes to the Consolidated Financial Statements

合併財務報表附註

36. BUSINESS COMBINATION

The Group has completed several business combinations during the year ended 31 December 2018. The acquired businesses have contributed revenues of RMB56,055,000 and profit for the year of RMB20,496,000 to the Group for the period from acquisition date to 31 December 2018. Had the business combinations been completed at 1 January 2018, the consolidated statement of profit or loss of the Group for the year ended 31 December 2018 would show pro-forma revenue of RMB6,267,958,000 and profit for the year of RMB497,342,000.

Set out below are the summarised information of the major completed business combinations during year ended 31 December 2018.

36. 業務合併

本集團於截至二零一八年十二月三十一日止年度已完成多項業務合併。自收購日期至二零一八年十二月三十一日止期間，已收購業務為本集團貢獻收益人民幣56,055,000元及純利人民幣20,496,000元。倘業務於二零一八年一月一日已完成，本集團於截至二零一八年十二月三十一日止年度的合併損益表將顯示備考收益人民幣6,267,958,000元及純利人民幣497,342,000元。

下文載列於截至二零一八年十二月三十一日止年度完成的業務合併的概要資料。

		Yunnan Water International Limited 雲水國際 有限公司 (note a) (附註a) RMB'000 人民幣千元	DSG Environment Shandong Limited 龍泉環境工程 山東有限公司 (note b) (附註b) RMB'000 人民幣千元
Consideration:	代價：		
– Cash	– 現金	135,000	115,000
– Unpaid consideration	– 未付代價	20,000	20,000
Total Consideration	總代價	155,000	135,000
Fair value of identifiable net assets acquired	所收購可識別淨資產的公平值		
Trade and other receivables	貿易及其他應收款項	3,714	20,008
Receivables under service concession arrangements	服務特許經營安排下的應收款項	292,241	163,659
Intangible assets	無形資產	206,940	43,358
Other assets	其他資產	1,225	8,968
Trade and other payables	貿易及其他應付款項	(131,637)	(48,943)
Provision	撥備	(24,499)	(14,428)
Deferred income tax liabilities	遞延所得稅負債	(66,130)	(37,622)
Total identifiable net assets	可識別淨資產總額	281,854	135,000
Non-controlling interests	非控股權益	(126,854)	—
		155,000	135,000
Goodwill	商譽	—	—

Notes to the Consolidated Financial Statements

合併財務報表附註

36. BUSINESS COMBINATION (Cont'd)

- (a) The principal activity of Yunnan Water International Limited (“Water International”) and its subsidiary is investment in water related infrastructure assets, including wastewater treatment plants and water recycling plants in the PRC. On 9 May 2018, the Group acquired 55% equity interest of Water International from an independent third party.
- (b) The principal activity of DSG Environment Shandong Limited (“DSG Environment”) and its subsidiary is investment in water related infrastructure assets, including wastewater treatment plants and water recycling plants in the PRC. On 10 May 2018, the Group acquired 100% equity interest of DSG Environment from an independent third party.
- (c) The principal activity of other acquisitions is investment in water recycling and electricity generation industry in the PRC, whose fair value of acquired net assets and goodwill are individually not material to the Group.
- (d) Acquisition-related costs of above business combinations were charged to the administrative expenses and were not individually material to the Group.

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Major shareholders

The following entities are the major shareholders of the Company.

Name 名稱		Place of incorporation 公司註冊地	Ownership interests (%) 所有權利益(%)	
			2018 二零一八年	2017 二零一七年
Yunnan Province Water	雲南省水務	PRC 中國	30.07	30.07
Beijing OriginWater	北京碧水源	PRC 中國	24.02	24.02

36. 業務合併(續)

- (a) 雲水國際有限公司(「雲水國際」)及其附屬公司的主要業務為投資於水務相關基礎設施資產，包括中國的污水處理廠及再生水廠。於二零一八年五月九日，本集團從獨立第三方收購雲水國際的55%股權。
- (b) 龍泉環境工程山東有限公司(「龍泉環境工程」)及其附屬公司的主要業務為投資於水務相關基礎設施資產，包括中國的污水處理廠及再生水廠。於二零一八年五月十日，本集團從獨立第三方收購龍泉環境工程的100%股權。
- (c) 其他收購公司的主要業務為投資中國的再生水及發電行業，所收購淨資產及商譽的公平值對本集團而言並不重大。
- (d) 上述業務合併的收購相關成本已於行政開支扣除且對本集團而言並不重大。

37. 主要關聯方交易

(a) 主要股東

以下實體是本公司的主要股東

Notes to the Consolidated Financial Statements

合併財務報表附註

37. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(b) Subsidiaries

Interests in principal subsidiaries are set out in note 14.

(c) Name and relationship with other major related parties

Name 名稱	Relationship 關係
YMCI 雲南城投集團	Shareholder of Yunnan Province Water 雲南省水務的股東
Haiyun Environmental 海雲環保	Joint venture 合營企業
Caiyun International Investment Limited ("Caiyun Investment") 彩雲國際投資有限公司(「彩雲投資」)	Fellow subsidiary 同系附屬公司
YCIH 雲南建投集團	State-owned enterprise 國有企業

(d) Key management personnel compensation

Key management includes executive directors. The compensation paid or payable to key management for employee services is shown below:

37. 主要關聯方交易(續)

(b) 附屬公司

主要附屬公司的利益載於附註14。

(c) 關聯方的名稱及與其他主要關聯方的關係

(d) 重要管理人員薪酬

關鍵管理人員包括執行董事。為員工服務的關鍵管理支付或支付的報酬如下：

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Short-term employee benefits	短期員工福利	16,210	14,019

Notes to the Consolidated Financial Statements

合併財務報表附註

37. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(e) Transactions with other state-owned enterprises

In accordance with HKAS 24 "Related Party Disclosures", state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC Government are regarded as related parties of the Group.

The Group operates in an economic environment predominated by state-owned enterprises. During the years ended 31 December 2018 and 2017, the Group had transactions with state-owned enterprises including, but not limited to, operating services, construction services and equipment sales.

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-owned. The Group has established its pricing strategy and approval process for purchase and sales of products and services. Such pricing strategy approval processes are consistently applied regardless of the counterparties are state-owned entities or not. Having due regard to the substance of the relationships, the directors of the Company are of the opinion that none of these transactions are material significant related party transactions that require separate disclosure except for the transactions with YCIH.

(f) Significant transactions with related parties

During the years ended 31 December 2018 and 2017, the Group had the following significant transactions with related entities which are carried out on terms agreed with the counter parties in the ordinary course of business:

		Year ended 31 December 截至十二月三十一日止年度	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Sales and purchases of goods and services	銷售及購買貨品及服務		
– Sales of goods and services to YCIH	— 銷售貨品及服務予雲南建投集團	800,659	762,529
– Sales of goods and services to other related parties	— 銷售貨品及服務予關聯方	24,326	3,133
– Purchase of construction services from YCIH	— 從雲南建投集團購買建造服務	2,374,968	1,410,359
– Purchase of goods from Beijing OriginWater	— 從北京碧水源購買貨品	20,540	10,813

37. 主要關聯方交易(續)

(e) 與其他國有企業進行的交易

根據香港會計準則第24號「關聯方披露」，由中國政府直接或間接控制的國有企業及其附屬公司被視為本集團的關聯方。

本集團在由國有企業控制的經濟環境中經營業務。於截至二零一八年及二零一七年十二月三十一日止年度，本集團與國有企業進行的交易包括(但不限於)運營服務、建設服務及設備銷售。

此等交易乃在本集團的日常業務過程中按可與其他非國有實體所訂立者比較的條款進行。本集團已建立買賣產品及服務的定價策略及批准流程。有關定價策略批准流程貫徹採用，而不論對手方是否為國有實體。經適當考慮有關關係的實質後，本公司董事認為此等交易概非須進行獨立披露的重大主要關聯方交易，惟與雲南建投集團進行的交易除外。

(f) 與關聯方的主要交易

於截至二零一八年及二零一七年十二月三十一日止年度，本集團與關聯實體按對手方的正常業務過程中協定的條款進行了以下重大交易：

Notes to the Consolidated Financial Statements

合併財務報表附註

37. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(g) Significant outstanding balances arising from sales/ purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

		Year ended 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Trade receivables for sales of goods and services	銷售貨品及服務的貿易應收款項		
- YCIH	— 雲南建投集團	2,552,563	1,961,545
- Other related parties	— 其他關聯方	22,697	23,228
		2,575,260	1,984,773

The balances of trade receivables from sales of goods and services are mainly denominated in RMB, unsecured, interest free, and settled in accordance with agreed terms with related parties.

37. 主要關聯方交易(續)

(g) 由銷售／購買貨品及服務產生的尚未償付的主要結餘

以下有關與關連方交易的結餘於報告期末尚未償付：

銷售貨品及服務的貿易應收款項的結餘主要以人民幣計值、無抵押、免息及根據與關聯方約定的條款結算。

Notes to the Consolidated Financial Statements

合併財務報表附註

37. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(g) Significant outstanding balances arising from sales/ purchases of goods and services (Cont'd)

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Prepayments for purchase of goods and services	購買貨品及服務之預付款項		
– YCIH	— 雲南建投集團	147,126	57,723
– Beijing OriginWater	— 北京碧水源	14,009	6,872
– YMCI	— 雲南城投集團	—	3,000
		161,135	67,595

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Trade and other payables for purchase of goods and services	購買貨品及服務之貿易及其他應付款項		
– YCIH	— 雲南建投集團	1,606,493	1,269,228
– Beijing OriginWater	— 北京碧水源	16,337	3,096
– Other related parties	— 其他關聯方	—	52
		1,622,830	1,272,376
Less: non-current portion of trade and other payables	減：貿易及其他應付款項的非即期部分	(1,458,818)	(1,219,717)
Current portion of trade and other payables	貿易及其他應付款項的即期部分	164,012	52,659

The trade and other payables for purchase of sales of goods and services are denominated in RMB, unsecured, interest free, and are settled in accordance with agreed terms with related parties.

購買貨品及服務之貿易及其他應付款項以人民幣計值、無抵押、免息，及根據與關聯方約定的條款結算。

Notes to the Consolidated Financial Statements

合併財務報表附註

37. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(h) Borrowings from a related party — Caiyun Investment

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Opening balance at 1 January	於一月一日的期初結餘	784,208	208,240
Receipt	收款	961,871	1,326,536
Repayment	付款	—	(737,479)
Currency translation differences	貨幣換算差額	37,803	(13,089)
Closing balance at 31 December	於十二月三十一日的期末結餘	1,783,882	784,208

The borrowings granted from Caiyun Investment are denominated in USD, unsecured, and bear interest at 4.34% per annum and repayable in 2021. As at 31 December 2018, the interest payable of the borrowings is RMB4,159,000 (2017: RMB1,040,000).

37. 主要關聯方交易(續)

(h) 向關聯方借款 — 彩雲投資

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Opening balance at 1 January	於一月一日的期初結餘	784,208	208,240
Receipt	收款	961,871	1,326,536
Repayment	付款	—	(737,479)
Currency translation differences	貨幣換算差額	37,803	(13,089)
Closing balance at 31 December	於十二月三十一日的期末結餘	1,783,882	784,208

彩雲投資授予的借款以美元計價、無擔保、承擔每年4.34%的加權平均利息，並須於二零二一年償還。於二零一八年十二月三十一日，借款之應付利息為人民幣4,159,000元(二零一七年：人民幣1,040,000元)。

(i) Funds to/from related parties

(i) Funds to Beijing OriginWater

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Beginning of the year	年初	24,311	—
Payment	付款	5	24,311
Closing balance at 31 December	於十二月三十一日的期末結餘	24,316	24,311

(ii) Funds to other related parties

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Beginning of the year	年初	7,101	6,403
Payment	付款	1,204	700
Receipt	收款	(700)	(2)
Closing balance at 31 December	於十二月三十一日的期末結餘	7,605	7,101

(i) 與關聯方的資金

(i) 給北京碧水源的資金

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Beginning of the year	年初	24,311	—
Payment	付款	5	24,311
Closing balance at 31 December	於十二月三十一日的期末結餘	24,316	24,311

(ii) 給其他關聯方的資金

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Beginning of the year	年初	7,101	6,403
Payment	付款	1,204	700
Receipt	收款	(700)	(2)
Closing balance at 31 December	於十二月三十一日的期末結餘	7,605	7,101

Notes to the Consolidated Financial Statements

合併財務報表附註

37. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(i) Funds to/from related parties (Cont'd)

The funds grant to related parties are denominated in RMB, unsecured and interest free and repayable on demand.

(iii) Funds from related parties

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Beginning of the year	年初		
Receipt	收款	1,527	1,754
Repayment	還款	—	73
Closing balance at 31 December	於十二月三十一日的期末結餘	(35)	(300)
		1,492	1,527

The funds grant from related parties are denominated in RMB, unsecured and interest free and repayable on demand.

(j) Guarantee

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Guarantee provided by YMCI in respect of the perpetual capital instruments of the Group	雲南城投集團就本集團永久性資本工具提供的擔保	1,200,000	1,200,000
		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Guarantee provided to related parties in respect of the borrowing of the joint venture	就合營公司的借款向關聯方提供的擔保	318,880	—

37. 主要關聯方交易(續)

(i) 與關聯方的資金(續)

向關聯方提供的資金均以人民幣計值、無擔保、無利息及應按的要求償還。

(iii) 來自關聯方的資金

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Beginning of the year	年初		
Receipt	收款	1,527	1,754
Repayment	還款	—	73
Closing balance at 31 December	於十二月三十一日的期末結餘	(35)	(300)
		1,492	1,527

關聯方提供的資金均以人民幣計值、無擔保、無利息及應按的要求償還。

(j) 擔保

		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Guarantee provided by YMCI in respect of the perpetual capital instruments of the Group	雲南城投集團就本集團永久性資本工具提供的擔保	1,200,000	1,200,000
		As at 31 December 於十二月三十一日	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Guarantee provided to related parties in respect of the borrowing of the joint venture	就合營公司的借款向關聯方提供的擔保	318,880	—

Notes to the Consolidated Financial Statements

合併財務報表附註

38. BALANCE SHEET OF THE COMPANY

38. 本公司資產負債表

		As at 31 December	
		於十二月三十一日	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
ASSETS	資產		
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	161,438	138,516
Receivables under service concession arrangements	服務特許經營安排下的應收款項	64,080	84,021
Investments in subsidiaries	於附屬公司的投資	7,179,016	6,089,337
Intangible assets	無形資產	3,373	3,314
Investments accounted for using the equity method	以權益法入賬的投資	609,049	573,698
Trade and other receivables	貿易及其他應收款項	7,063	7,038
Prepayments	預付款項	384,359	731,059
Available-for-sale financial assets	可供出售金融資產	—	76
Financial asset at fair value through other comprehensive income	以公平值計量且其變動計入其他綜合收益的金融資產	76	—
Deferred income tax assets	遞延所得稅資產	49,161	64,701
		8,457,615	7,691,760
Current assets	流動資產		
Inventory	存貨	208	126
Trade and other receivables	貿易及其他應收款項	740,787	295,727
Amount due from subsidiaries	應收附屬公司款項	6,534,494	5,072,431
Prepayments	預付款項	1,164	5,566
Restricted cash	受限制的現金	87,275	15,000
Cash and cash equivalents	現金及現金等價物	664,821	957,191
Derivative financial instruments	衍生金融工具	10,884	—
		8,039,633	6,346,041
Total assets	總資產	16,497,248	14,037,801
EQUITY	權益		
Equity attributable to ordinary shareholders of the Company	本公司普通股股東應佔權益		
Share capital	股本	1,193,213	1,193,213
Other reserves (note a)	其他儲備(附註a)	2,295,400	2,264,327
Retained earnings (note a)	保留盈利(附註a)	203,836	162,715
		3,692,449	3,620,255
Perpetual capital instruments	永久資本工具	1,200,000	1,200,000
Total equity	總權益	4,892,449	4,820,255

Notes to the Consolidated Financial Statements

合併財務報表附註

38. BALANCE SHEET OF THE COMPANY (Cont'd)

38. 本公司資產負債表(續)

		As at 31 December	
		於十二月三十一日	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
LIABILITIES	負債		
Non-current liabilities	非流動負債		
Borrowings	借款	5,176,970	4,027,743
Trade and other payables	貿易及其他應付款項	625,384	718,192
Deferred income tax liabilities	遞延所得稅負債	—	2,971
		5,802,354	4,748,906
Current liabilities	流動負債		
Borrowings	借款	4,398,908	3,282,179
Trade and other payables	貿易及其他應付款項	1,403,537	1,186,461
		5,802,445	4,468,640
Total liabilities	總負債	11,604,799	9,217,546
Total equity and liabilities	權益和負債總額	16,497,248	14,037,801

The balance sheet of the Company was approved by the Board of Directors of the Company on 27 March 2019 and was signed on its behalf.

本公司資產負債表由本公司董事會於二零一九年三月二十七日批准並由其代為簽署。

Yu Long

于龍

Director

董事

Yang Fang

楊方

Director

董事

Notes to the Consolidated Financial Statements

合併財務報表附註

38. BALANCE SHEET OF THE COMPANY (Cont'd)

(a) Movement of other reserves and retained earnings

38. 本公司資產負債表(續)

(a) 其他儲備及保留盈利變動

		Capital reserve 股本儲備 RMB'000 人民幣千元	Statutory reserve 法定儲備 RMB'000 人民幣千元	Retained earnings 保留盈利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Balance at 1 January 2017	於二零一七年一月一日的結餘	2,195,657	42,924	134,313	2,372,894
Profit for the year	年內溢利	—	—	173,469	173,469
Transfer to statutory reserve	轉至法定儲備	—	25,746	(25,746)	—
Dividends for the year ended 31 December 2016	截至二零一六年 十二月三十一日年度股息	—	—	(119,321)	(119,321)
Balance at 31 December 2017	於二零一七年 十二月三十一日的結餘	2,195,657	68,670	162,715	2,427,042
Balance at 1 January 2018	於二零一八年一月一日的結餘	2,195,657	68,670	162,715	2,427,042
Profit for the year	年內溢利	—	—	227,312	227,312
Transfer to statutory reserve	轉至法定儲備	—	31,073	(31,073)	—
Dividends for the year ended 31 December 2017	截至二零一七年 十二月三十一日年度股息	—	—	(155,118)	(155,118)
Balance at 31 December 2018	於二零一八年 十二月三十一日的結餘	2,195,657	99,743	203,836	2,499,236

Notes to the Consolidated Financial Statements

合併財務報表附註

39. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and supervisors' emoluments

The emoluments of individual director and supervisor of the Company paid/payable by the Group are presented as below:

(i) For the year ended 31 December 2018

Name of directors/supervisors	董事/監事姓名	Fees 袍金 RMB'000 人民幣千元	Salary 薪金 RMB'000 人民幣千元	Discretionary bonuses 酌情花紅 RMB'000 人民幣千元	Employer's Allowances and other benefits 津貼及 其他福利 RMB'000 人民幣千元	contribution to pension scheme 僱員退休金 計劃供款 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Executive Directors		執行董事					
Mr. Yu Long (chief executive officer) (Appointed on 12 December 2018)	于龍先生(行政總裁)(於二零一八年十二月十二日獲委任)	10	1,920	1,070	125	—	3,125
Mr. Yang Fang	楊方先生	100	1,132	310	124	—	1,666
Mr. Dai Richeng (Resigned on 12 December 2018)	戴日成先生(於二零一八年十二月十二日辭任)	190	—	—	—	—	190
Non-executive Directors*		非執行董事*					
Mr. Yang Tao	楊濤先生	—	—	—	—	—	—
Mr. He Yuanping	何顯平先生	—	—	—	—	—	—
Mr. Li Bo	李波女士	—	—	—	—	—	—
Mr. Feng Zhuangzhi	馮壯志先生	—	—	—	—	—	—
Supervisors		監事					
Ms. Zhang Ling (Appointed on 5 January 2018)	張玲女士(於二零一八年一月五日獲委任)	36	—	—	—	—	36
Mr. Huang Yi (Appointed on 21 May 2018)	黃軼先生(於二零一八年五月二十一日獲委任)	35	470	243	58	—	806
Mr. Long Limin	龍利民先生	—	—	—	—	—	—
Mr. Zhu Zhen	朱振先生	—	—	—	—	—	—
Mr. Tan Hairui	譚海銳先生	36	—	—	—	—	36
Ms. Tang Shuang	唐爽女士	60	212	58	57	—	387
Ms. Yang Chuanyun (Resigned on 21 May 2018)	楊川雲女士(於二零一八年五月二十一日辭任)	25	52	—	28	—	105
Independent non-executive directors		獨立非執行董事					
Mr. Liao Chuanjiang (Appointed on 13 Jun 2018)	廖船江先生(於二零一八年六月十三日獲委任)	108	—	—	—	—	108
Mr. Ma Shihao	馬世豪先生	100	—	—	—	—	100
Mr. Hu Song	胡松先生	100	—	—	—	—	100
Mr. Kwok For Chi (Resigned on 13 Jun 2018)	郭科志先生(於二零一八年六月十三日辭任)	94	—	—	—	—	94
		894	3,786	1,681	392	—	6,753

39. 董事福利及權益

(a) 董事及監事的酬金

本集團已付/應付本公司個人董事及監事的酬金呈列如下：

(i) 截至二零一八年十二月三十一日止年度

Notes to the Consolidated Financial Statements

合併財務報表附註

39. BENEFITS AND INTERESTS OF DIRECTORS (Cont'd)

(a) Directors' and supervisors' emoluments (Cont'd) (ii) For the year ended 31 December 2017

Name of directors/supervisors	董事/監事姓名	Fees	Salary	Discretionary bonuses	Allowances and other benefits	Employer's contribution to pension scheme	Total
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	津貼及其他福利 RMB'000 人民幣千元	僱員退休金計劃供款 RMB'000 人民幣千元	RMB'000 人民幣千元
Executive Directors		執行董事					
Mr. Yu Long (chief executive officer) (Resigned on 28 August 2017)	于龍先生(行政總裁)(於二零一七年八月二十八日離任)	80	2,000	1,130	107	—	3,317
Mr. Liu Xujun (Resigned on 28 August 2017)	劉旭軍先生(於二零一七年八月二十八日離任)	80	902	120	94	—	1,196
Mr. Huang Yunjian (Resigned on 28 August 2017)	黃雲建先生(於二零一七年八月二十八日離任)	80	998	270	94	—	1,442
Mr. Yang Fang (Appointed on 28 August 2017)	楊方先生(於二零一七年八月二十八日獲委任)	160	1,003	140	101	—	1,404
Mr. Dai Richeng	戴日成先生	480	290	—	107	—	877
Non-executive Directors*		非執行董事*					
Mr. Xu Lei (Resigned on 24 February 2017)	許雷先生(於二零一七年二月二十四日辭任)	—	—	—	—	—	—
Mr. Li Bo (Appointed on 28 August 2017)	李波女士(於二零一七年八月二十八日獲委任)	—	—	—	—	—	—
Mr. He Yuanping	何願平先生	—	—	—	—	—	—
Mr. Feng Zhuangzhi	馮壯志先生	—	—	—	—	—	—
Mr. Jiao Jun (Resigned on 28 August 2017)	焦軍先生(於二零一七年八月二十八日離任)	—	—	—	—	—	—
Mr. Yang Tao	楊濤先生	—	—	—	—	—	—
Supervisors		監事					
Ms. Yang Chuanyun	楊川雲女士	294	—	—	69	—	363
Ms. Wang Shujin (Resigned on 28 August 2017)	王淑琴女士(於二零一七年八月二十八日離任)	—	—	—	—	—	—
Ms. Li Bo (Resigned on 28 August 2017)	李波女士(於二零一七年八月二十八日離任)	—	—	—	—	—	—
Mr. Tan Hairui	譚海銳先生	36	—	—	—	—	36
Mr. Cao Jinwen (Resigned on 13 August 2017)	曹晉聞先生(於二零一七年八月十三日辭任)	24	—	—	—	—	24
Ms. Tang Shuang	唐爽女士	251	—	—	24	—	275
Ms. Xu Cuifen (Appointed on 28 August 2017 and resigned on 15 November 2017)	胥翠芬女士(於二零一七年八月二十八日獲委任及於二零一七年十一月十五日辭任)	—	—	—	—	—	—
Mr. Long Limin (Appointed on 28 August 2017)	龍利民先生(於二零一七年八月二十八日獲委任)	—	—	—	—	—	—
Mr. Zhu Zhen (Appointed on 28 August 2017)	朱振先生(於二零一七年八月二十八日獲委任)	—	—	—	—	—	—
Independent Non-executive Directors		獨立非執行董事					
Mr. Ma Shihao	馬世豪先生	100	—	—	—	—	100
Mr. Ren Gangfeng (Resigned on 28 August 2017)	任鋼鋒先生(於二零一七年八月二十八日離任)	66	—	—	—	—	66
Mr. Hu Song	胡松先生	100	—	—	—	—	100
Mr. Kwok For Chi	郭科志先生	179	—	—	—	—	179
		1,930	5,193	1,660	596	—	9,379

* There were no fees or other emoluments payable to non-executive directors during the year.

* 年內並無應付非執行董事的袍金或其他薪酬。

39. 董事福利及權益(續)

(a) 董事及監事的酬金(續) (ii) 截至二零一七年十二月三十一日止年度

**39. BENEFITS AND INTERESTS OF DIRECTORS
(Cont'd)**

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits for the year ended 31 December 2018 (2017: none).

(c) Consideration provided to third parties for making available directors' services

For the year ended 31 December 2018, the Group did not pay consideration to any third parties for making available directors' services (2017: nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2018, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2017: nil).

- (e)** The aggregate emoluments paid to or receivable by directors in respect of their services as directors of the Company for the year ended 31 December 2018 were RMB702,000 (2017: RMB1,325,000). The aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company for the year ended 31 December 2018 were RMB4,681,000 (2017: RMB7,356,000).

39. 董事福利及權益(續)

(b) 董事的退休福利及離職福利

截至二零一八年十二月三十一日止年度，概無董事已收取或將收取任何退休福利或離職福利(二零一七年：無)。

(c) 就獲取董事服務而向第三方提供的代價

截至二零一八年十二月三十一日止年度，本集團並無就獲取董事服務向任何第三方支付代價(二零一七年：無)。

(d) 有關以董事、董事的受控制法團及關連實體為受益人的貸款、準貸款及其他交易的資料

於二零一八年十二月三十一日，概無以董事、董事的受控制法團及關連實體為受益人的貸款、準貸款及其他交易安排(二零一七年：無)。

- (e)** 董事就彼等於截至二零一八年十二月三十一日止年度擔任本公司董事已獲應付或應收的薪酬總額為人民幣702,000元(二零一七年：人民幣1,325,000元)。董事就彼等於截至二零一八年十二月三十一日止年度對管理本公司事務提供的其他服務已獲應付或應收的薪酬總額為人民幣4,681,000元(二零一七年：人民幣7,356,000元)。

Five-year Financial Summary 五年財務概要

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

簡明合併損益及其他綜合收益 表

		2018	2017	2016	2015	2014
		二零一八年	二零一七年	二零一六年	二零一五年	二零一四年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Revenue	收益	6,255,628	5,142,242	2,865,890	1,558,394	1,100,761
Gross profit	毛利	1,498,009	1,304,724	879,500	507,622	333,637
Profit before income tax	所得稅前溢利	644,226	702,244	516,734	382,869	226,157
Profit for the year	年內溢利	496,715	544,000	414,266	317,443	187,896
Profit for the year attributable to:	以下人士應佔溢利：					
Ordinary shareholders of the Company	本公司普通股股東	397,753	422,812	388,093	285,853	166,587
Total comprehensive income for the year	年內綜合收益總額	323,974	695,742	389,746	318,419	187,804
Total comprehensive income attributable to:	以下人士應佔綜合 收益總額：					
Ordinary shareholders of the Company	本公司普通股股東	225,012	574,554	363,573	286,829	166,495

CONDENSED CONSOLIDATED BALANCE SHEET

簡明合併資產負債表

		2018	2017	2016	2015	2014
		二零一八年	二零一七年	二零一六年	二零一五年	二零一四年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Assets	資產					
Total non-current assets	非流動資產總額	23,363,751	19,092,066	12,972,400	6,677,868	3,525,728
Total current assets	流動資產總額	9,310,095	8,003,983	7,085,974	2,924,423	1,494,211
Total assets	資產總額	32,673,846	27,096,049	20,058,374	9,602,291	5,019,939
Equity and liabilities	權益及負債					
Equity attributable to:	以下應佔權益：					
Ordinary shareholders of the Company	本公司普通股股東	4,556,822	4,536,565	4,240,569	4,058,423	2,384,246
Perpetual capital instruments	永久資本工具	1,200,000	1,200,000	2,000,000	—	—
Non-controlling interests	非控股權益	1,177,450	949,384	1,005,890	884,189	337,078
Total equity	權益總額	6,934,272	6,685,949	7,246,459	4,942,612	2,721,324
Non-current liabilities	非流動負債	16,527,163	12,490,571	7,111,213	2,469,257	1,080,945
Current liabilities	流動負債	9,212,411	7,919,529	5,700,702	2,190,422	1,217,670
Total liabilities	負債總額	25,739,574	20,410,100	12,811,915	4,659,679	2,298,615
Total equity and liabilities	總權益及負債	32,673,846	27,096,049	20,058,374	9,602,291	5,019,939

Environmental, Social & Governance Report

環境、社會及管治報告

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

In order to enable stakeholders (including shareholders, investors, regulatory authorities, customers, employees, partners and communities) to understand the environmental, social and governance policies, measures and performance of Yunnan Water Investment Co., Limited (the “**Group**”, “**Yunnan Water**” or “**We**”), the Group has prepared this ESG Report that covers wastewater treatment, water supply and solid waste treatment of the Group during the period from 1 January 2018 to 31 December 2018 (the “**Reporting Period**”) according to the Environmental, Social and Governance Reporting Guide in Appendix 27 of the Listing Rules (the “**ESG Guide**”).

The Board is responsible for evaluating and determining the ESG risks relating to the issuer and it has included the ESG matters in the risk management and internal monitoring system of the Group. Both the management and staff of the major subsidiaries and functional departments have participated in preparing the ESG Report, assisting the Group to review its operations and identify relevant ESG matters as well as evaluating the importance of the above to our businesses and to each stakeholder.

2018年財政年度

雲南水務投資股份有限公司(「**集團**」、「**本集團**」、「**雲南水務**」或「**我們**」)為讓各利益相關方(包括股東與投資者、監管機構、客戶、員工、合作夥伴、社區)了解本集團的環境、社會及管治之政策、措施及表現，我們根據上市規則附錄二十七所載之環境、社會及管治報告指引(「**ESG指引**」)編製了本ESG報告，涵蓋本集團二零一八年一月一日至二零一八年十二月三十一日(「**報告期間**」、「**本財政年度**」)之污水處理、供水及固廢處理業務。

董事會負責評估及釐定發行人有關環境、社會及管治的風險，並已把ESG事宜包括在集團之風險管理及內部監控系統中。而各主要子公司以及各職能的管理層及員工均有參與編製ESG報告，協助集團檢討其運作情況及鑒別相關ESG事宜，並評估相關事宜對我們的業務以及各持份者的重要性。

Environmental, Social & Governance Report

環境、社會及管治報告

The table below sets out a summary of the ESG matters of significance to the Group during the financial year as set out in the ESG Report:

下表為ESG報告所載對本集團於本財政年度所屬重大的ESG事宜之摘要：

ESG Guide Abstract	ESG指引提要	Significant ESG Matters	重大ESG事宜
A. ENVIRONMENTAL	A. 環境		
A1. Emission	A1. 排放物	<ul style="list-style-type: none"> Exhaust gas, wastewater, solid waste treatment and carbon emission 	<ul style="list-style-type: none"> 廢氣、廢水及固廢處理與碳排放
A2. Use of Resources	A2. 資源使用	<ul style="list-style-type: none"> Energy and water consumption as well as packaging materials 	<ul style="list-style-type: none"> 能源及水消耗與包裝材料
A3. Environmental and Natural Resources	A3. 環境及天然資源	<ul style="list-style-type: none"> Environmental impact management 	<ul style="list-style-type: none"> 環境影響管理
B. SOCIAL	B. 社會		
B1. Employment	B1. 僱傭	<ul style="list-style-type: none"> Employee benefits 	<ul style="list-style-type: none"> 僱員待遇
B2. Health and Safety	B2. 健康與安全	<ul style="list-style-type: none"> Occupational health and safety 	<ul style="list-style-type: none"> 職業健康與安全
B3. Development and Training	B3. 發展及培訓	<ul style="list-style-type: none"> Employee development and training 	<ul style="list-style-type: none"> 員工發展及培訓
B4. Labour Standards	B4. 勞工準則	<ul style="list-style-type: none"> Preventing child or forced labour 	<ul style="list-style-type: none"> 防止童工或強制勞工
B5. Supply Chain Management	B5. 供應鏈管理	<ul style="list-style-type: none"> Supply chain environmental and social responsibility management 	<ul style="list-style-type: none"> 供應鏈環境及社會責任管理
B6. Product Responsibility	B6. 產品責任	<ul style="list-style-type: none"> Service quality and standards 	<ul style="list-style-type: none"> 服務質量及標準
B7. Anti-corruption	B7. 反貪污	<ul style="list-style-type: none"> Anti-bribery and anti-corruption 	<ul style="list-style-type: none"> 反賄賂及反貪污
B8. Community Investment	B8. 社區投資	<ul style="list-style-type: none"> Social welfare 	<ul style="list-style-type: none"> 社會公益

A. ENVIRONMENTAL

Since its inception, Yunnan Water has been specializing in the field of environmental protection and providing customers with stable, high-quality, customized and integrated solutions and core technology integration services in the areas of water supply, wastewater, ecological environment and solid waste treatment. The Group actively plays its role as corporate citizen to fulfill its environmental protection responsibility, strives to improve the eco-environmental quality, promotes sustainable development, creates eco-friendly cities with technologies and funds and forges ahead with a strategic positioning as a leading urban environmental protection integrated services provider in China.

A. 環境

雲南水務自成立以來一直專注並深耕於環保領域，以穩定、高質量的服務水準，為客戶提供訂制及綜合的供水、污水、生態環境及固廢處理的整體解決方案和核心技術集成服務。集團積極扮演企業公民角色，奉行對環保的責任，致力改善生態環境質量，推動可持續發展，利用技術和資金，創造環境友好型城市，向「中國領先的城鎮環境綜合服務商」戰略定位穩步邁進。

Environmental, Social & Governance Report

環境、社會及管治報告

The Group believes that it is crucial to comply with applicable environmental laws, regulations and policies for the long-term development and success of the Group. Therefore, we continue to keep abreast with the policy guidance of the industry, analyze the latest applicable environmental protection laws, regulations, policies as well as the best domestic and foreign practices, and timely update our policies and procedures in relation to environmental protection to ensure our environmental management is in line with the latest standards.

The Group is actively participating in environmental protection. All the Group's subsidiaries are required to strictly comply with the Group's internal management system in relation to environmental protection in order to meet the relevant legal requirements. The Group was not aware of any material non-compliance with environmental laws and regulations during the Reporting Period.

The information disclosed in the ESG Report covers 151 water supply, wastewater and solid waste treatment project of the Group in the PRC during the Reporting Period (excluding the Group's newly constructed projects in 2018 and projects outside the PRC). See sections below for detailed information on emission and discharge.

A1. Exhaust gas, wastewater, solid waste treatment and carbon emission

As a pollution control enterprise, the Group is always committed to complying with relevant environmental systems and rules in every production process. Besides, it incorporates sustainable development as the guiding principle in the decision-making process, takes the environmental impact of projects into consideration and emphasizes the harmony between mankind and nature instead of just pursuing economic benefits. The Group possesses industry-leading membrane technology, enabling it to effectively increase the quality of both the treated water and supplied water. Meanwhile, the Group actively develops new technologies in the field of solid waste treatment and makes comprehensive reuse of wastes regenerated in the process of solid waste treatment.

EXHAUST GAS AND WASTEWATER

The Group continues to renovate treatment technologies and to optimize its production management system, aiming to effectively achieve the annual emission reduction targets for the operation project, and therefore has received government recognition and praise.

本集團相信遵守相關環保規則及法規對本集團業務的長期發展及成功至關重要。因此，我們會持續了解行業的政策導向，分析最新的適用環保法律法規、政策及國內外行業最佳實踐，並及時更新我們與環保相關的管理制度，以確保我們的環境管理與時俱進。

本集團積極實踐環保工作，本集團所有子公司均需嚴格遵守集團內部有關環保的管理制度，滿足有關的法例規定。本集團於報告期間並無發現違反與環境有關之法律及規例之重大違規事宜。

本報告於報告期間所披露數據範圍涵蓋本集團151個供水、污水及固廢處理的中國國內項目，並不包括於二零一八年開始新建的項目，亦不包括本集團於中國境外的項目。詳細的排放數據請參考下文各部分。

A1. 廢氣、廢水及固廢處理與碳排放

本集團作為治污環保企業，始終確保生產的各環節遵守相應的環保制度規則，在經營決策中以可持續發展為指導原則，將項目對環境帶來的影響納入考慮因素，不片面追求經濟效益，注重人與自然的和諧共處。集團具有行業領先的膜技術，能有效提高處理後的污水和供水水質。同時，集團積極研發固廢領域的新技術，綜合再利用固廢處理過程中產生的廢棄物。

廢氣及廢水

本集團不斷革新處理技術、完善生產管理制度，為運營項目所在地較好地完成每年的減排目標，獲得了各級政府的肯定和好評。

Environmental, Social & Governance Report

環境、社會及管治報告

For odor generated from wastewater treatment, the Group has planted greenbelts around the gas sources and collected it for bio-treatment in order to meet national emission standards. For hazardous gas generated from solid waste treatment, the Group has introduced and adopted international advanced technologies and continued to enhance the fume treatment equipment to ensure that harmful components contained in the fume have been effectively removed and meet emission standards.

Wastewater generated from the operation of sewage treatment and water supply facilities mainly contains small amount of domestic sewage and equipment flushing water and was discharged after being processed and meeting the required standards. Wastewater generated from the operation of solid waste treatment facilities was recycled or be discharged into the municipal pipe network after being processed, striving to achieve "Zero Discharge". After being processed by the Group's sewage treatment facilities, the volume of COD and NH₃-N discharged by the Group has been reduced by 122,140 tonnes and 13,261 tonnes, respectively.

The table below summarizes the final volume of emission and wastewater by the Group during the Reporting Period:

Type of emission	排放物類型	Final volume of emission (ton) 最終排放量(噸)
Particulate matter (PM)	顆粒物(PM)	11.00
Sulfur oxide (SO _x)	硫氧化物(SO _x)	29.72
Nitrogen oxide (NO _x)	氮氧化物(NO _x)	104.15
Chemical oxygen demand (COD)	化學需氧量(COD)	14,789.53
Ammonia nitrogen (NH ₃ -N)	氨氮(NH ₃ -N)	930.48

針對污水處理過程中產生的臭氣，我們採取在臭氣產生源周圍種植綠化隔離帶及將臭氣收集後進行生物處理等工藝方式，使其達到國家許可的排放標準。針對固廢處置過程中產生的有害氣體，我們引進國際先進技術，不斷對煙氣處理設備進行革新，確保有效去除煙氣中的有害成份，保證達標排放。

污水處理和供水設施運營中產生的廢水主要為少量生活污水和設備沖洗用水，經我們廠內污水處理設施處理達標後排放；我們固廢處理設施運營中產生的廢水，經廠內專用污水處理設施處理，達標後循環使用或排入市政管網，努力實現「零排放」。經我們的污水處理設施處理後，我們的COD及NH₃-N的排放量分別削減了122,140噸及13,261噸。

於本報告期間，我們的廢氣、廢水最終排放量概述如下：

Environmental, Social & Governance Report

環境、社會及管治報告

SOLID WASTE

The Group actively pays attention to solid waste treatment and continue to develop solid waste technologies to promote the recycling of resources. In 2018, the volume of hazardous wastes, medical wastes and domestic wastes treated in the Group's solid waste treatment business was 31,078 tonnes, 37,110 tons and 179,097 tonnes.

The Group also generates solid wastes in its daily operation of business, which are mainly dewatering sludge generated in the process of our sewage treatment and water supply and slag and fly ash in the process of the Group's solid waste treatment. During the Reporting Period, the total volume of such non-hazardous and hazardous wastes was 428,803 tonnes.

The Group has comprehensive management system in place for all kinds of solid wastes generated in the process of its production and operation, strictly complies with national discharge standards and adopts effective measures to reduce and properly dispose of solid wastes.

For solid wastes such as sludge generated in the process of sewage treatment and water supply, the Group strictly follows relevant national policies, regulations, industry standards and the requirements of environmental impact assessment report approval to establish comprehensive production management system and process control system in order to manage the measurement, transportation and disposal of solid wastes to prevent secondary pollution. Besides, the Group possesses advanced membrane technology in the industry and has actively carried out research and development in order to effectively reduce solid wastes generated during the operation process.

For solid wastes generated in the process of solid waste treatment, the Group adopts a number of comprehensive treatment measures including classification or sealed storage to achieve the purpose of harmless and recycling treatment in strict compliance with national policies and industry standards, and set warning signs according to specifications. All disposals of such solid wastes are carried out in strict compliance with national policies and regulations and requirements of government-approved environmental impact assessment report.

固廢

我們積極關注固廢處置的問題，不斷開拓固廢處理技術，促進資源的再生利用。於二零一八年，本集團固廢處理業務中的危險廢物處理量、醫療廢物處理量、生活垃圾處理量分別為31,078噸、37,110噸及179,097噸。

本集團於日常業務運作中也會產生固體廢棄物，主要為我們於污水處理及供水過程中產生的脫水污泥，以及由固廢處理過程中產生的爐渣以及飛灰。報告期間內，上述無害及有害廢棄物產生的總量為428,803噸。

集團針對生產運營過程中產生的各類廢棄物制定了完善的管理制度，嚴格按照國家排放標準，採取有效措施減低排放量並妥善處置。

針對污水處理及供水過程中產生的污泥等固體廢棄物，我們嚴格按照國家政策法規、行業標準，以及項目環境影響評價報告批覆要求，制定完整的生產管理制度及過程監控制度，對固體廢棄物的計量、運輸和處置進行規範管理，確保不產生二次污染。同時，我們擁有當前行業內較為先進的膜核心技術，並積極開展研發工作，力爭大量減少生產運營過程中的固體廢棄物。

針對固廢處理過程中的廢棄物，集團嚴格按照國家政策及行業標準要求分類或密封存放等多種綜合處理辦法，以達到無害化、資源化處理的目的，並按規範要求設置安全警示標誌，所有廢棄物的處置均嚴格按照國家政策法規及經政府批准的環境影響評價報告要求開展。

Environmental, Social & Governance Report

環境、社會及管治報告

For the daily office operation, the Group puts great efforts to promote paperless office and use OA system and video meeting system by connecting OA platform with various departments of the Company to reduce waste arising from document circulation. The Group exercises control over the purchase of stationeries such as paper, implement strict registration system in respect of the collection of office supplies and encourage employees to print on both sides of paper to reduce waste of paper. The Group also advocates reuse of office stationeries including envelopes and file folders etc. Besides, the Group advocates that disposable tableware should not be used in the office and that chargeable office equipment should be purchased in order to reduce usage of disposable batteries.

CARBON EMISSION

Our carbon emission arises mainly from the consumption of electricity. During the Reporting Period, the electricity-related carbon dioxide equivalence (CO₂e) generated in its business operation amounted to 160,603 tons with a density of 0.03626 ton of CO₂e per sq.m.. The Group's implemented various energy conservation measures to minimize carbon emission. Please refer to the section headed "Energy Consumption" below for details.

A2. Energy and water consumption

As one of leading integrated service providers in the municipal wastewater treatment and water supply industries in China, the Group always takes the environmental, social and governmental impact into consideration in its core operating practices and strictly controls the resource consumption of each project according to the principle of economic operation as well as strives to increase the resource utilization rate, improve the operation skills of staff to maximize the resource utilization.

針對辦公室日常運作，我們大力推廣無紙化辦公，使用辦公自動化OA系統及視頻會議系統，通過OA平台連接公司各部門，減少了文件流轉過程中產生的浪費。我們對紙張等文具的購買量進行控制，對辦公用品的領用實施嚴格的登記管理制度，鼓勵員工雙面打印，減少紙張浪費。我們亦提倡重複使用辦公文具，如信封、文件夾等用品。此外，我們鼓勵辦公室不使用紙杯等一次性餐具；同時亦鼓勵購買可充電的辦公設備，減少一次性電池的使用。

碳排放

我們的碳排放主要源自市電的消耗。於報告期間，由我們業務所產生的市電相關的二氧化碳當量(CO₂e)為160,603噸，密度為0.03626噸CO₂e／建築平方米。我們已實施各種節能措施，以幫助減少相應的碳排放量。詳情請參考下文能源消耗一節。

A2. 能源及水消耗

作為中國城市污水處理及供水行業領先綜合服務供應商之一，集團在核心運營實踐中始終結合環境、社會及政府的考量，始終按照經濟運行的原則嚴格控制各項目的資源消耗，並致力於提高資源利用率。提升員工的操作技能水平，使能源利用最大化。

Environmental, Social & Governance Report

環境、社會及管治報告

The Group conducts daily monitoring and statistical analysis for each operating project to have a deep understanding of the consumption of energy, water resource and raw materials, determine indicators of the energy consumption, water consumption and raw materials consumption and supervise and evaluate each project. In addition to complying with relevant national laws and regulations, the Group also has a series of internal monitoring, management and assessment systems in place, sets the control target for total energy consumption and gives early warning and fine-tuning to production projects of which the energy consumption increases rapidly to ensure that the Group can utilize the resource in an effective way while maintaining high-standard operation. The Group has been striving to achieve maximum benefit for customers and the environment with the minimal resource consumption, and to promote clean and sustainable resources and energies.

ENERGY CONSUMPTION

During the Reporting Period, the energy consumption of the Group was mainly consumption of indirectly and externally-purchased electricity amounting to 262,498,083 KWh in total, representing a density of electricity consumption of 59.26 KWh per sq.m³.

Waste incineration is a way of converting thermal energy to electricity which realizes “minimization, reclamation and harmlessness” and avoids a waste of resource. The Group enhances the measures on stacking fermentation of waste to increase the heat utilization ratio and also adopts variable frequency regulation for large-power motors in order to reduce self-consumed electricity and increase the on-grid energy. Besides, we adopt advanced operating technology during the incineration process, enhance the thermal insulation effect of the equipment and recycle thermal energy for secondary use to increase the re-utilization rate of energy. Meanwhile, metering devices for electricity, water, heat, etc. are installed at the energy supply accesses to measure the energy used, so as to control consumption and reduce costs.

In order to increase the energy utilization rate in the process of wastewater treatment, the Group focuses on technological transformation for key devices with large energy consumption and low efficiency, including the lifting pump, air blower and sludge dewatering system etc. Besides, the Group continuously develops and promotes new green technologies to reduce energy consumption in technological link.

集團對各運營項目進行日常監控統計分析以掌握能源、水資源和原材料消耗情況，核定能耗、水耗和原材料消耗的指標，對各項目進行監督考核。除遵守國家相關法律法規以外，集團亦制訂了一系列內部監控、管理及考核制度，建立能源消耗總量控制目標，並對能源消耗總量增長過快的生產項目及時作出預警和調控，確保集團能保持高標準運營的同時有效利用資源。集團始終致力使用最少的資源為客戶和環境創造最大的效益，推進資源與能源的清潔永續。

能源消耗

本集團於報告期間的能源消耗主要為間接的外購電力消耗，共消耗262,498,083千瓦時，電力消耗密度為59.26千瓦時／建築平方米。

垃圾焚燒發電是通過焚燒實現「減量化、資源化、無害化」，利用焚燒的熱能轉化為電能，避免資源浪費。本集團重點加強了垃圾堆放發酵的措施以提高熱量利用率，亦對大功率電機採用變頻調節，節約自用電，增加上網電量。同時，在焚燒過程中，我們採用先進的操作工藝，加強設備的隔熱保溫效果，通過二次熱能的回收利用手段，提高能源的再利用率。同時，在能源供應入口安裝電、水、熱等計量裝置，對所用能源進行計量，以控制消耗、降低成本。

針對污水處理中的能源消耗，為提高能源利用率，集團重點對能耗大、效率低的關鍵設備進行了技術改造，其中包括提升泵、鼓風機、污泥脫水系統等。此外，集團不斷研發推廣綠色新技術以減少工藝環節的能源消耗。

Environmental, Social & Governance Report

環境、社會及管治報告

In order to increase the energy utilization rate in the process of water supply, the Group continues to innovate production technology and improve the production management system to increase water production rate.

The Group encourages all staff to save electrical energy during the production process and office work. The Group also arranges cleaners to conduct inspections during the non-office hours to ensure that the electric devices such as lighting equipment have been switched-off. The Group also sets fuel consumption targets for business vehicles and encourages all staff to use mass transit.

WATER CONSUMPTION

The Group helps people in different regions to resolve water supply problems and provide healthy and sufficient tap water for people. During the Reporting Period, the volume of water sold by the Group amounted to 180,301,984 m³ and the volume of wastewater treated by the Group amounted to 596,838,561 m³.

The Group requires all its operating projects to use reclaimed water to clean and cool down equipment if permitted and to water plants in factories and office areas, so as to reduce water resource consumption during the production process.

To further reduce water consumption, water in all the solid waste treatment facilities is fully recycled and reclaimed water is also used as flushing water in some toilets. The Group also invests resources to carry out activities such as posting water conservation signs to remind staff to save water.

針對供水過程中的能源消耗，為提高能源利用率，集團不斷革新生產技術、完善生產管理制度，以提高產水率。

在生產辦公過程中，集團也倡導廣大員工節約用電。集團亦安排保潔人員在非辦公時間進行巡查，確保照明設備等用電設備處於關閉狀態；集團亦核定辦公機動車油耗指標，並鼓勵全體員工多使用公共交通。

水消耗

我們幫助不同地區的民眾解決水資源的供給問題，為民眾提供健康、充裕的自來水。我們於報告期間的售水量為180,301,984立方米，而污水處理量為596,838,561立方米。

集團要求各運營項目在生產設備允許範圍內使用再生水對設備進行沖洗和冷卻，廠區及辦公區綠化用水全部使用再生水，以降低生產過程中的水資源消耗。

為進一步節水，集團污水處理設施用水盡量採取循環利用，並將部分衛生間沖洗水改用再生水。集團亦投入資源開展活動，通過張貼節約用水標識等方式提醒全體員工節約用水。

Indicator	指標	2018	Density
		(m ³)	(m ³ /sq.m.)
		二零一八年	密度
		(立方米)	(立方米／ 建築平方米)
Total water consumption	水消耗總量	20,563,458	4.64
Total recycled water	循環用水總量	6,297,253	1.42

For our water supply business, the Group draws water from local sources with proper government approval. Therefore, the Group does not have any water sourcing issues.

PACKAGING MATERIALS

As a water environmental enterprise, the Group does not use packaging materials during the daily course of its business operations.

A3. Environment impact management

The construction of environmental protection projects will have certain impact on the environment and natural resources. The Group considers such impact as one of the key factors when making investment decisions. The Group performs evaluation of the above-mentioned impact according to relevant laws and regulations. The Group applies “simultaneous design, construction and operation” acceptance check after the project has been put into operation to meet the requirements of the relevant laws, regulations and policies. Besides, the Group has also developed relevant systems and procedures to monitor and manage environmental impact of all projects in order to avoid excessive use and waste of natural resources.

As treated wastewater is ultimately discharged to the environment, the Group strictly adheres to the processing requirements to guarantee the stable quality of treated water and reduce its impact on the environment.

The Group attaches great importance to the treatment of pollutants including exhaust gas, liquid waste, odor and equipment noise generated in the solid waste treatment process, and takes various control measures for various pollutants to eliminate the environmental pollution caused by solid wastes and plays a positive role in protecting water and soil.

In addition to fly ash in the exhaust gas, pollutants also contain harmful substances including NOX, SO₂, HCl, heavy metals and dioxins. The major harmful substances are organic substances including dioxins, which are controlled with the more economical and effective “3T+E” technology.

因我們的供水業務在獲得當地政府的批覆後從自然水體引水，所以在求取適用水源上不存在問題。

包裝材料

作為水務環保企業，我們於日常業務運作中不涉及包裝材料。

A3. 環境影響管理

環保項目的建設對環境和天然資源會產生一定影響，集團在投資決策時將項目對環境的影響列入考慮的重點因素。集團建設的項目一律按照相關的法律法規要求進行環境影響的評價，並在項目建設投運後申請環保「三同時」驗收，確保所有項目的建設、運行都同時滿足政策法規的要求。此外，集團也制訂了相關制度程序，對所有項目建設的環境影響進行監控和管理，避免濫用及損耗天然資源的情況發生。

因污水處理業務中處理後的污水需排入自然環境中，為減少污水對環境的影響，集團在項目運營過程中嚴格執行工藝紀律，確保出水水質穩定達標。

針對固廢處理過程中產生的煙氣、廢液、臭氣、設備噪聲等污染物的治理給予了高度重視，針對各種污染物採取了治理措施。不僅消除了固體廢棄物對環境污染源，也對保護水體和土壤起到了積極作用。

煙氣中的除飛灰外，還含有NOX、SO₂、HCl、重金屬和二噁英類等有害物質。最為主要的有害的物質為二噁英類物質等有機物，採用較為經濟、有效的「3T+E」技術抑制。

Environmental, Social & Governance Report

環境、社會及管治報告

After treatment of liquid waste with the professional wastewater treatment system set up in the plant, the effluent will be reused or used for greening and road cleaning.

Odor is used as combustion air or effective measures including adsorption and filtration with adsorption device using activated carbon are adopted to ensure air quality.

For thermal pollution during production process, the Group has adopted advanced thermal insulation material to provide the heat generation equipment with thermal insulation treatment in order to ensure that the heat source point reaches the operation standard;

For the noise pollution during production process, the Group has also installed blimps for the equipment that produces noises and utilized green plants to absorb noise according to function division in order to ensure the noise emission to reach the standard.

廢液採用通過廠區設置的專業的廢水處理系統處理後，出水將在進行回用或用於綠化及道路清洗等。

臭氣作為助燃空氣、或活性炭吸附式裝置吸附過濾等有效措施確保空氣質量。

針對生產過程中的熱污染，本集團採用先進的隔熱材料對產熱設備進行隔熱處理，確保熱源點達到作業標準；針對生產過程中的噪音污染，本集團對產生噪聲的設備安裝隔音罩，並根據功能分區，利用綠色植物吸聲降噪，使得噪音排放達標。

B. SOCIAL

B1. Employee benefits

Yunnan Water is an enterprise with core technology, aspiration and social responsibility. It attaches importance to team construction and employee's virtues and ethics, introduces talents by multiple channels and cultivates and retains talents by using incentive mechanism. The Group has comprehensive human resources policies covering recruitment, remuneration, staff welfare and performance etc.

The Group strictly complies with applicable laws, regulations and rules on labour protection to guarantee equal employment. The Group is against any recruitment discrimination concerning age, marital status, race, social status, religious belief, disability, gender, sexual orientation or political background etc. The Group guarantees equal opportunity and fair treatment for all level of staff and job applicants in recruitment, internal transfer, training, promotion, performance evaluation and remuneration. Besides, the Group has the same remuneration and staff welfare structure for both the male and female staff.

B. 社會

B1. 僱員待遇

雲南水務是一家有核心技術、有理想、有社會責任感的企業，堅持以德為先的用人理念，歷來重視團隊建設，多渠道引進人才並採用激勵機制培養及留住人才。集團建立了完善的人力資源制度，包括招聘、薪酬福利、績效等模塊。

我們嚴格遵守適用的勞動保障相關法例和法規，保障平等僱傭，反對任何基於年齡、婚姻狀況、種族、社會階層、宗教信仰、殘疾、性別、性取向、或政治背景等的招聘歧視。本集團所有僱員的安排，如聘用、調職、招聘、培訓、晉升、操守、薪酬福利水平等，都確保所有員工及職位申請者均享有平等機會及獲得公平待遇。我們的男女員工在薪酬架構上都是一致的，實現男女同工同酬。

Environmental, Social & Governance Report 環境、社會及管治報告

The Group carries out open recruitment in the market and around the world following the principles of fairness, equality and competition, make overall assessment and recruitment on a selective basis. The Group enters into labour contracts with employees in accordance with labour laws and regulations to effectively protect rights and interests of employees.

With respect to remuneration package, based on the assessment on values of staff's posts, guided by the Group's operation strategy and with reference to the industry and the region's salary level, the Group has established a competitive remuneration system. Besides, the Group strictly complies with relevant national laws and regulations and continuously improves staff welfare, reviews staff's working hours, pays various statutory social insurances according to the laws and ensures that employees are entitled to statutory holidays. Moreover, employees are also entitled to paid annual leaves, marriage leaves and maternity leaves.

With respect to performance assessment, the Group has established a target-oriented employee performance appraisal system covering various aspects, such as the performance, ability and attitude etc. of the staff. The promotion and salary adjustment of staff is determined by the assessment results. In order to create a healthy, diversified and harmonious working environment, all the matters concerning promotion, salary review and post transfer will be considered in an objective way according to staff performance and the business condition of the Group.

The Group was not aware of any material non-compliance with laws and regulations in relation to human resources during the Reporting Period.

人員招聘方面，集團以公開、平等、競爭、擇優的原則吸納人才，採用市場化與國際化相結合公開招聘，全面考核，擇優錄用。錄用後集團嚴格按照勞動法規與員工簽訂勞動用工合同，切實保障員工權益。

薪酬福利方面，集團在對員工崗位價值進行評估的基礎上，以集團經營戰略為導向，參考行業水平和地區水平，建立了具有競爭力的薪酬體系；同時，集團嚴格遵守國家相關法律法規，不斷完善員工福利待遇及檢討員工的工作時數，依法繳納了各項法定社會保險並保障員工享受社會法定假日等福利。除此之外，員工還可享受帶薪年休假、婚假、產假等假期。

績效考核方面，集團以目標結果為導向，建立了員工績效考核體系，覆蓋員工業績、能力態度等方面，並恰當地將考核結果運用於員工職務晉升和工資調整。為營造健康、多元化及共融的工作環境，一切升遷、薪酬回顧及調職決定均以員工個人表現配合集團業務情況作客觀考慮。

於本報告期間，集團並未發現任何與人力資源相關的法例和法規的重大違規事宜。

Environmental, Social & Governance Report

環境、社會及管治報告

B2 Occupational health and safety

The Group attaches great importance to occupational health and safety management in the production and operation process. In accordance with the Safe Production Law, Law on Occupational Diseases Control, Fire Protection Law, Environmental Protection Law, Law on the Safety of Special Equipment, Safety Supervision Regulations on Special Equipment, and Safety Management Regulations on Hazardous Chemicals of the PRC and other applicable national regulations, the Group has established a safety management organization, appointed safety management personnel, and developed safety, quality, environmental management guidelines and objectives. In addition, the Group has prepared the safety management systems, formulated and released the comprehensive plan on emergency rescue of safety accidents and emergency plans for safety accidents and established a safe production committee which held meeting regularly in order to study, deploy and solve existing problems in the process of safe production management.

The Group has implemented the safe production responsibility at each level, carried out hazard identification and risk assessment, and strengthened hazardous operation management during the operating management process. Safety inspection is conducted regularly to eliminate hidden dangers at the production site and prevent the occurrence of accidents. During the project construction process, the Group is committed to fulfilling its safety responsibility and to enhancing safety monitoring in order to ensure construction safety and provide the staff with a safe working environment.

The Group actively carries out safety trainings and education for the staff, regularly enhance the professional skill and safety awareness of the staff, and strengthen emergency response capability by carrying out emergency drills on production accidents. The Group also provides safety equipment as necessary in accordance with the policies of the Group and organizes regular physical examinations for the staff in order to prevent them from occupational harm and occupational diseases.

The Group has obtained the OHSAS18001 International Management System Certificate to strengthen the operation and management of the occupational health and safety management system.

The Group was not aware of any material non-compliance with laws and regulations in relation to workplace health and safety during the Reporting Period.

B2. 職業健康與安全

集團在生產經營過程中高度重視職業健康與安全管理，按照《中華人民共和國安全生產法》、《職業病防治法》、《消防法》、《環境保護法》、《特種設備安全法》、《特種設備安全監察條例》、危險化學品安全管理條例及其他適用國家法規的要求，按規定成立了安全管理機構，任命了安全管理人員，制定了安全、質量、環境管理方針和目標，建立安全管理制度和體系，編製發佈了生產安全事故應急救援綜合預案和安全事故專項應急預案，成立了安全生產委員會並定期召開會議，研究、部署和解決生產安全管理過程中存在的問題。

我們在運營管理過程中層層落實安全生產職責，開展危險辨識和風險評價，加強危險作業管理，定期開展安全檢查，消除生產現場的安全隱患，杜絕安全生產事故的發生。在項目建設過程中，集團認真落實業主方的安全職責，加強安全監管，確保施工安全，為員工提供一個安全的工作環境。

我們積極開展員工安全培訓教育，不斷提高員工的業務技能和安全意識，通過生產安全事故應急演練，提高員工對突發事件的處置能力，並按照集團勞保用品管理制度，按時發放勞保用品，每年定期組織員工進行健康體檢，避免員工在日常工作過程中受到職業性危害及職業病的發生。

集團取得了OHSAS18001的國際管理體系證書，強化職業健康安全管理體系的運作和管理。

本集團於報告期間並無發現違反與工作場所健康與安全有關的法律及規例之重大違規事宜。

B3 Staff development and training

The Group has built a scientific and effective training programme for the overall development of the staff. The Group prepares training programs according to job nature and needs and ensures the implementation of the plans, which bring positive effect to the Group and assist the staff in their development. The training programs are consisted of induction training, business training and continuous education training etc.

INDUCTION TRAINING

To help new staff to get involved as soon as possible, the Group provides induction training programs for new staff to introduce the corporate culture and various internal rules and regulations of Yunnan Water.

BUSINESS TRAINING

The Group's staff receives different types of training according to their roles and responsibilities. For instance, the operation center carried out professional trainings on water quality testing and analysis skills and automatic control system; the financial center conducted financial business trainings on financial system, system of purchasing by invitation to bid, financing system, etc.; the human resources department held professional trainings for segments on business etiquette, office system application, training system application, internal control system and corporate strategy development.

CONTINUOUS EDUCATION TRAINING

The Group provides staff with comprehensive training programs according to the characteristics of different positions in order to help employees grow rapidly and realize individual value and to contribute to the growth and development of the Group.

In addition, to further enhance the communication between the headquarters and the wholly-owned subsidiaries, and strengthen the executive power of the team, the Group also organized business training programs during Reporting Period.

B3. 員工發展及培訓

本集團注重員工的成長，建立了科學有效的培訓機制。根據員工工作性質、需求等制定培訓計劃並確保實施，發揮培訓對集團的積極作用，並對員工發展提升提供幫助，使員工不斷進步和成長。培訓內容分為入職培訓、業務培訓、持續教育培訓等。

入職培訓

為幫助新員工盡快融入，我們會定期舉辦新員工培訓，介紹雲南水務的企業文化以及各項規章制度等。

業務培訓

在職員工按工作需要定期接受不同類型的培訓。例如於報告期間，運營中心開展包括水質化驗分析技能和自控系統等專業性培訓；財務中心開展包括財務制度、招標採購制度、融資制度等財務業務培訓；人力資源部開展包括商務禮儀、辦公室系統運用、培訓系統運用、內控制度以及公司戰略發展等各板塊的專業培訓。

持續教育培訓

我們根據不同崗位的特點，為員工提供完備的培訓計劃，幫助員工快速成長，實現個人在企業中的價值，為企業成長與發展作出貢獻。

除此之外，為進一步增強總部和各全資子公司的溝通和交流，打造團隊執行力，我們於報告期間還舉辦了業務培訓。

Environmental, Social & Governance Report

環境、社會及管治報告

B4 Preventing child or forced labour

The Group carries out recruitment and employment in strict compliance with the relevant national and local laws and regulations and rejects the application from any person that does not meet the requirements of the laws and regulations. Besides, the Group also conducts background investigations based on the information provided by the staff and will reject the application from any person who provides false information.

The Group was not aware of any material non-compliance with labour laws and regulations in relation to preventing child or forced labour during the Reporting Period.

B5 Supply chain environmental and social responsibility management

In accordance with the provisions of the "Bidding and Bidding Law" and the "Regulations on the Implementation of Bidding and Bidding", the Group adopts the principle of fairness, impartiality and openness to select qualified suppliers in the form of public bidding on the public resource trading platform where the project is located. The Group selects qualified suppliers by bid invitation, comparison & selection or bid negotiation if the tender amount fails to reach the requirement as stipulated under the Tendering and Bidding Law. The Group considers the environmental & social performance, qualification level, goods provided or service quality, service adaptability and capability as well as quoted price in a comprehensive way when selecting suppliers.

The Group requires relevant internal departments to conduct evaluation on all the goods and services suppliers during the year to retain or disqualify the suppliers.

B4. 防止童工或強制勞工

集團對於人員的招聘和錄用嚴格按照國家和地方有關規定執行，對不符合法律規定條件的人員一律不予錄用。此外，集團還根據員工提供的資料進行背景調查，調查結果發現有作假者，集團也不予錄用。

本集團於報告期間並無發現違反與防止兒童或強制勞工有關的法律及規例之重大違規事宜。

B5. 供應鏈環境及社會責任管理

本集團按照《招標投標法》及《招投標實施條例》的規定，按照公平、公正、公開的原則，在項目所在地公共資源交易平台採取公開招標的方式選取合格供應商。如未達到招標投標法規定的招標金額，本集團根據具體情況採用邀請招標、競爭性比選或議標的方式選取合格供應商。集團選取供應商時綜合考慮其環境及社會績效、資質水平、提供的貨物或服務質量、服務配合度及能力，以及報價等因素。

集團每年組織內部相關部門對本年度所有貨物及服務的供應商進行服務後評價，確定保留或取消供應商的資格。

B6 Service quality and standards

The Group attaches great importance to the impact of the Group's products and services on the user's safety and health. The Group have developed strict internal management policies and procedures according to relevant national policies and standards, aiming to provide high quality services and keep making progress towards higher standards.

QUALITY CONTROL

The Group has technologies and industrial experience necessary to maintain the quality of environmental protection projects at each stage such as design, investment, construction and operation. For instance, the Group adopt advanced online monitoring systems to continuously monitor the quality of the treated wastewater and supplied water during the operating process of the wastewater treatment and water supply facilities. Specifically, the monitoring data of the online monitoring system for wastewater treatment will be transmitted to the government platform for pollution sources of the authority in a real-time way for 24-hour monitoring.

Besides, the Group has obtained international management system certificates such as ISO9001, ISO14001 and OHSAS18001, strictly abides by the above standards during the process of production and assembly, and enhances the operation of the systems on quality, environment, occupational health & safety in order to ensure the quality of the membrane products manufactured.

The Group carries out major businesses by strictly complying with following relevant national/industrial standards and the details of the articles are in below:

With regard to the wastewater treatment business of the Group, the Group is committed to ensuring that the treated wastewater meets the requirement of Discharge Standard for Pollutants for Municipal Wastewater Treatment Plant (GB 18918-2002) or Environmental Quality Standard V for Surface Water and that wastewater discharge outlets are built in strict compliance with the requirements of the environmental impact assessment report approved by the government for designated discharge.

B6. 服務質量及標準

本集團高度重視產品和服務對用戶的安全與健康的影響，按照國家相關政策標準，制定嚴格的內部管理制度和程序，致力於提供優質的服務，並向達致更高標準不斷改進。

質量控制

集團在環保項目的設計、投資、建設、運營等各個階段均具備維護質量所必備的技術及行業經驗。例如，我們的污水處理及供水設施投入運營時，採用先進的在線監測系統連續監測污水處理出水及供水的水質。其中，污水處理的在線監測系統監測數據實時傳輸至政府部門的污染源監測綜合管理平台，供其每天24小時監察。

另外，為確保我們製造的膜產品的質量，我們已取得ISO9001、ISO14001、OHSAS18001的國際管理體系證書，在生產及裝配的整個過程中嚴格執行上述標準，加強質量、環境、職業健康安全管理体系的運作。

我們的主要業務嚴格執行相關的國家／行業標準，具體條文如下：

針對本集團的污水處理業務，我們致力確保處理後的污水均達到《城鎮污水處理廠污染物排放標準》(GB-18918-2002)，或《地表水環境質量》類V類標準，並嚴格按照經政府批准的環境影響評價報告要求建成污水排放口，定點排放。

Environmental, Social & Governance Report

環境、社會及管治報告

With regard to the water supply business of the Group, the Group attaches great importance to water quality control from the water source to users since the quality of the water supplied directly affects public health. Water supplied by the Group meets a number of national standards, including but not limited to Hygienic Standard for Drinking Water (GB 5749-2006), Standard for Quality of Urban Water Supply (CJ/T 206-2005), Technical Regulations on Operation, Maintenance and Safety of Urban Water Supply Plant (CJJ 58-2009), Technical Regulations on Operation, Maintenance and Safety of Urban Water Supply Pipeline Network (CJJ 207-2013) and Urban Water Supply Services (GB/T32063-2015) in order to ensure reliable and safe water supply. The Group has established strict quality management systems, tests and inspects against various indexes on production and operation and conducts real-time monitoring on the water quality to ensure that the water quality meets the relevant standards.

With regard to the solid waste treatment business, the services provided by the Group are governed by Pollution Control Standard for Domestic Waste Landfill (GB 16889-2008), Pollution Control Standard for Municipal Waste Incineration (GB 18485-2014), Technical Requirements on Medical Waste Incinerator (GB 19218-2003) and Pollution Control Standard for Hazardous Waste Incineration (GB 18484-2001). The Group has set up internal control systems and set discharge limits for incineration plants according to strict operation conditions and technical requirements in order to minimize the impact of waste incineration to the environment and to the public.

The Group has prepared comprehensive contingency plans and emergency mechanisms for potential risks and accidents in the production process and will immediately activate the contingency plans in case of emergency happens to ensure users' safety and health.

The Group was not aware of any material non-compliance with laws and regulations in relation to services quality during the Reporting Period.

針對本集團的供水業務，由於安全的用水質量會直接影響公眾的身體健康，因此本集團高度關注從水源到用戶終端之水質控制。本集團所提供的用水符合國家標準，包括但不限於《生活飲用水衛生標準》(GB-5749-2006)、《城市供水水質標準》(CJ/T-206-2005)及《城鎮供水廠運行、維護及安全技術規程》(CJJ-58-2009)、《城鎮供水管網運行、維護及安全技術規程》(CJJ-207-2013)及《城鎮供水服務》(GB/T32063-2015)，確保可靠及安全的供水。集團建立了嚴格的品質管制體系，對各項生產運行指標進行化驗與檢測，即時監控水質情況，保證水質達標。

就固廢處理業務而言，本集團之服務受《生活垃圾填埋場污染控制標準》(GB-16889-2008)、《生活垃圾焚燒污染控制標準》(GB 18485-2014)、《醫療廢物焚燒爐技術要求》(GB-19218-2003)以及《危險廢物焚燒污染控制標準》(GB-18484-2014)規管。我們建立了內部控制體系，通過嚴格的操作規範和技術要求，在實際運行中設定焚燒廠的排放限額，盡量將垃圾焚燒對環境及公眾健康造成的負面影響降至最低。

集團針對生產運營中潛在風險和可能出現的突發事件制定了完善的應急預案和健全的應急機制，發生緊急情況時立即啟動應急預案，維護用戶安全與健康。

本集團於報告期間並無發現違反與上述提及之服務質量有關之法律及規例之重大違規事宜。

B7 Anti-bribery and anti-corruption

The Group has established a disciplinary commission and a disciplinary inspection office dedicated for bribery, blackmail and fraud prevention as well as relevant investigations and handling; The Group has established a corruption risk prevention and control system, developed corruption risk prevention and control measures, and implemented dynamic management of corruption risk prevention and control; We also established whistle-blowing channels via telephone and e-mail to report cases relating to the violation of laws and the code of conduct. The Group also attaches importance to corruption risk education, organizes corruption risk training, holds special lectures on corruption prevention and enhances the anti-corruption awareness of the staff. Both the management and the staff are required to follow the rules of moral and conducts of the Group and no cases against the anti-corruption stipulation and code of conducts has so far been identified.

The Group was not aware of any material non-compliance with relevant laws and regulations during the Reporting Period.

B8 Social welfare

Yunnan Water has a strong sense of social responsibility. As an active advocator for building a learning-oriented enterprise, the cooperation between the Group and universities is regarded as a meaningful public welfare activity for both the community as well as the Group. The Group makes contributions in implementing the strategy of developing the country through science and education and reinvigorating the country through talents development as well as building a harmonious society while actively establishing and enhancing the reputation of the Group.

In 2018, the Group and the Faculty of Environmental Science and Engineering of Kunming University of Science and Technology continued to promote in-depth cooperation and exchanges in various aspects, and commenced a strategic cooperation and entered into the Yunnan Water Scholarship and Innovation and Entrepreneurship Fund Agreement (the "Agreement"). The total amount of funding is RMB500,000 per year. Pursuant to the agreement, both parties will carry out extensive and in-depth cooperation in terms of scientific research and development, transformation of scientific and technological achievements and application of practical technologies, internship programs for undergraduates and postgraduates, enhancement of scientific research ability of postgraduates, in order to contribute to more protection and strength to elevate the development of environmental science and engineering discipline to a higher level.

B7. 反賄賂及反貪污

集團成立了紀委和紀檢監察室，負責防止賄賂、勒索、欺詐等工作和相關調查及處理；集團建立了廉潔風險防控體系，制定了廉潔風險防控措施，實行廉潔風險防控動態管理；集團建立了電話、郵件等舉報方式，受理有關違紀違法舉報；集團重視對員工的廉潔風險教育，組織開展廉潔風險警示教育，舉辦廉潔專題講座，加強員工的廉潔意識。管理層和所有員工均能遵守集團的道德行為守則，未出現違反廉潔規定和道德行為準則的行為。

本集團於報告期間並無發現違反相關法律及規例之重大違規事宜。

B8. 社會公益

雲南水務是一家有著強烈社會責任感的企業。作為創建學習型企業的積極倡導者，集團把同高校的合作被視為一項具有深遠意義的公益事業，集團在積極樹立和提升企業品牌的同時，還將在貫徹科教興國和人才強國戰略、促進和諧社會建設等方面做出我們應有的貢獻。

二零一八年，集團與昆明理工大學環境科學與工程學院繼續推進多方面的深入合作與交流，並簽署了戰略合作暨雲南水務獎學金、創新創業基金協議（「協議」），總資助金額為每年50萬元。根據協議，雙方將在科研開發、科技成果轉化和實用技術應用推廣、本科生、研究生實習實踐、研究生科研業務能力提升等方面進行廣泛而深入的合作，為環境科學與工程學科向更高層次發展貢獻更多的保障和力量。

Environmental, Social & Governance Report 環境、社會及管治報告

The Group is enthusiastic in charity. In 2018, it donated more than RMB140,000 of medical expenses to the children of employees requiring medical attention. For many years, it has been committed to making donations to schools and proactively participated in poverty alleviation projects in the province, to offer love and warmth to poverty-stricken and disaster areas.

The combination of “reverence, thankfulness and confidence” has always been the cultural concept advocated by the Group since its inception. The spirit of actively undertaking responsibilities, dedication and caring heart of staff fully reflects our cohesion. Under the guidance of this concept, the Group will continue to strive to perform its social responsibility as well as actively hold and participate in social charity activities.

集團熱心於公益慈善事業，二零一八年為職工生病子女捐贈醫療費用14余萬元，多年來一直致力於捐資助學義舉，在省內積極參與扶貧救災項目，向貧困地區和災區獻愛心、送溫暖。

「敬畏心、感恩心、自信心」三心合一是雲南水務成立以來一直倡導的企業文化理念。雲南水務人積極承擔、樂於奉獻、關愛他人的精神，充分體現了集團企業文化的向心力和凝聚力。在這一文化理念的指引下，集團未來將繼續認真履行社會責任，積極舉辦、參與社會公益慈善活動。



雲南水務投資股份有限公司

YUNNAN WATER INVESTMENT CO., LIMITED*