

2020 年度報告

Annual Report

昆明滇池水務股份有限公司

Kunming Dianchi Water Treatment Co., Ltd.

(於中華人民共和國註冊成立的股份有限公司)

(a joint stock company incorporated

in the People's Republic of China with limited liability)

股份代號 STOCK CODE:3768

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CHAPTER ONE CORPORATE INFORMATION

第一章 公司資料

REGISTERED NAME OF THE COMPANY 公司法定名稱	昆明滇池水務股份有限公司	昆明滇池水務股份有限公司
ENGLISH NAME OF THE COMPANY 公司英文名稱	Kunming Dianchi Water Treatment Co., Ltd.	Kunming Dianchi Water Treatment Co., Ltd.
REGISTERED OFFICE AND HEADQUARTERS IN THE PRC 中國註冊地址及總部	Water Purification Plant No. 7 Kunming Dianchi Tourist Resort Yunnan Province PRC	中國雲南省昆明市 滇池旅遊度假區 第七水質淨化廠
PRINCIPAL PLACE OF BUSINESS IN HONG KONG 香港主要營業點	Room 1901, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay, Hong Kong	香港 銅鑼灣 希慎道33號 利園一期19樓1901室
WEBSITE OF THE COMPANY 公司網站	www.kmdcwt.com	www.kmdcwt.com
STOCK CODE 股份代號	03768	03768
LEGAL REPRESENTATIVE OF THE COMPANY 公司法定代表人	Ms. Guo Yumei	郭玉梅女士
AUTHORISED REPRESENTATIVES 授權代表	Mr. Chiu Ming King <i>FCG, FCS</i> Mr. Luo Yun	趙明璟先生 <i>FCG, FCS</i> 羅雲先生
COMPANY SECRETARY 公司秘書	Mr. Chiu Ming King <i>FCG, FCS</i>	趙明璟先生 <i>FCG, FCS</i>
INDEPENDENT AUDITOR 獨立審計師	Mazars CPA Limited Certified Public Accountants 42nd Floor, Central Plaza Wanchai, Hong Kong	中審眾環(香港)會計師事務所 有限公司 執業會計師 香港灣仔中環廣場42樓
HONG KONG LEGAL ADVISER TO THE COMPANY 公司香港法律顧問	Jingtian & Gongcheng LLP Suites 3203-3207, 32/F Edinburgh Tower The Landmark 15 Queen's Road Central Central Hong Kong	競天公誠律師事務所 有限法律責任合夥 香港中環皇后大道中15號 置地廣場公爵大廈 32樓3203至3207室

**PRC LEGAL ADVISER
TO THE COMPANY**

公司中國法律顧問

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Kunming, Yunnan Province
PRC

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西山區海埂路185號
都昌欣界苑A25樓

H SHARE REGISTRAR

H股股份登記處

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

卓佳證券登記有限公司
香港皇后大道東183號
合和中心54樓

BOARD OF DIRECTORS

董事會

Executive Directors

執行董事

Ms. Guo Yumei (*Chairperson*)
Mr. Chen Changyong (*General Manager*)
Mr. Luo Yun

郭玉梅女士(董事長)
陳昌勇先生(總經理)
羅雲先生

Non-executive Directors

非執行董事

Ms. Song Hong
Ms. Ren Na
Ms. Yu Yanbo

宋紅女士
任娜女士
余燕波女士

Independent Non-executive Directors

獨立非執行董事

Mr. Yin Xiaobing
Mr. He Xifeng
Mr. Johnson Wan

尹曉冰先生
何錫鋒先生
雲浚淳先生

BOARD COMMITTEES

董事會轄下委員會

Audit Committee

審計委員會

Mr. Yin Xiaobing (*Chairperson*)
Mr. He Xifeng
Mr. Johnson Wan

尹曉冰先生(主任委員)
何錫鋒先生
雲浚淳先生

**Remuneration and
Appraisal Committee**

薪酬與考核委員會

Mr. He Xifeng (*Chairperson*)
Ms. Guo Yumei
Mr. Yin Xiaobing

何錫鋒先生(主任委員)
郭玉梅女士
尹曉冰先生

Nomination Committee

提名委員會

Mr. Yin Xiaobing (*Chairperson*)
Ms. Guo Yumei
Mr. He Xifeng

尹曉冰先生(主任委員)
郭玉梅女士
何錫鋒先生

CHAPTER ONE CORPORATE INFORMATION

第一章 公司資料

Strategy and Investment Decision Committee

戰略與投資決策委員會

Ms. Guo Yumei (*Chairperson*)

Mr. Luo Yun

Mr. Yin Xiaobing

郭玉梅女士(主任委員)

羅雲先生

尹曉冰先生

BOARD OF SUPERVISORS

監事會

Mr. Na Zhiqiang (*Chairperson*)

Mr. Yao Jianhua

Mr. Shao Wei

那志強先生(主席)

姚建華先生

邵偉先生

PRINCIPAL BANKS

主要往來銀行

China Everbright Bank

中國光大銀行

Kunming Dianchi Road Sub-branch

Project & Design Unit Building

No. 1177 Dianchi Road

Kunming

Yunnan Province

PRC

昆明滇池路支行

中國

雲南省

昆明市滇池路1177號

規劃設計聯合機構大樓

Industrial Bank

興業銀行

Golden Street Sub-branch

Chucheng Golden Street

Wanda Plaza

Xishan District, Kunming

Yunnan Province

PRC

金街支行

中國

雲南省

昆明市

西山區萬達廣場春城金街

China Construction Bank

中國建設銀行

Kunming Dianchi National Tourist

Resort Sub-branch

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Qi Gongli, Dianchi Road, Kunming,

Yunnan Province

PRC

昆明滇池國家旅遊度假區支行

中國

雲南省

昆明市

滇池路七公里

西貢碼頭32幢

China Minsheng Bank

中國民生銀行

Kunming Dianchi Road Sub-branch

No. 331 Huancheng South Road

Kunming

Yunnan Province

PRC

昆明滇池路支行

中國

雲南省

昆明市

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Agricultural Bank of China 中國農業銀行	Kunming Resort Sub-branch No. 1 Qianfu Road Kunming Yunnan Province PRC	昆明度假區支行 中國 雲南省 昆明市 前福路1號
Bank of Communications 交通銀行	Yunnan Branch 1st Floor Counter Bank of Communications Building No. 397 Baita Road Kunming Yunnan Province PRC	雲南省分行 中國 雲南省 昆明市 白塔路397號 交通銀行大廈1樓大堂
Bank of China 中國銀行	Kunming Guandu Sub-branch No. 432 Minhang Road Kunming Yunnan Province PRC	昆明官渡支行 中國 雲南省 昆明市 民航路432號
China Merchants Bank 招商銀行	Kunming Shijicheng Sub-branch 1A and 1B, 1st Floor, Tower 2 Century Golden Recourses International Business Center Kunming Yunnan Province PRC	昆明世紀城支行 中國 雲南省 昆明市 世紀金源國際商務中心 第2幢1層1A及1B商舖
China Postal Savings Bank 中國郵政儲蓄銀行	Kunming Chenggong Sub-branch No. 888 Chun Rong Street Chenggong District Kunming Yunnan Province PRC	昆明呈貢支行 中國 雲南省 昆明市 春融街888號
CITIC Bank 中信銀行	Ankang Road Sub-branch No.3 Ankang Road Kunming Yunnan Province PRC	安康路支行 中國 雲南省 昆明市 安康路3號

CHAPTER TWO LETTER FROM THE CHAIRPERSON

第二章 董事長致辭

Looking back at 2020, the pandemic of pneumonia caused by novel coronavirus (“COVID-19”) became the world’s biggest “black swan” event which caused significant impact on global economy. Facing such unprecedented challenge, China has taken proactive measures to prevent and control the pandemic under the general keynote of seeking progress while maintaining stability, built a new development pattern with the main focus of facilitating the national economic cycle, promoting high-quality development and deepening supply-side reform, and continued to support the “three critical missions” of mitigating major risks, conducting targeted poverty alleviation and controlling pollution, making China the only major economy in the world to achieve positive economic growth in 2020. For environmental protection industry, the Chinese government unwaveringly pushed forward the national strategy of building an ecological civilisation and introduced a series of major policies such as the “Guiding Opinions on Building a Modern Environmental Management System (《關於構建現代環境治理體系的指導意見》)”, which created great potential for ecological and environmental management and imposed higher requirements on environmental protection enterprises. In an environment where challenges and opportunities coexisted, Kunming Dianchi Water Treatment Co., Ltd. (the “Company” or “Dianchi Water”) positioned itself as a comprehensive service provider of ecological and environmental protection and management with international operation, adopted the technology and innovation driven approach, firmly promoted standardised management, made accurate judgement on national strategies and new environmental policies, identified the potential in ecological protection and management that aligned with the macroeconomic development, and utilised the dual-platform advantages of international and domestic financing to comprehensively promote healthy and sustainable development of the Company’s business.

PERFORMANCE REVIEW:

Despite the significant impact of the COVID-19 pandemic on global economy, the wastewater treatment industry where the Company operates was less affected as compared to other industries. In 2020, Dianchi Water recorded total revenue of RMB1,919.4 million, representing an increase of 4.7% over 2019. The net profit attributable to shareholders of the Company was approximately RMB348.5 million, representing a decrease of 5.4% over 2019. Despite the ongoing COVID-19 pandemic, our confidence in the Company’s prospects remains high. Having considered the Company’s future development strategy and the reasonable rewards to the shareholders for their support to the Company’s business, the Board proposes to pay a dividend of RMB0.120 per share (tax inclusive) to all shareholders for the year ended 31 December 2020.

回顧2020年，新型冠狀病毒感染的肺炎疫情(「**新冠肺炎疫情**」)成為全球最大的「黑天鵝」，對全球經濟產生了巨大衝擊。面對這史無前例的挑戰，中國採取了積極的疫情防控措施，堅持穩中求進的工作總基調，以暢通國民經濟循環為主構建新發展格局，以推動高質量發展為主題，以深化供給側改革為主線，堅定持續打好「三大攻堅戰」，成為2020年全球唯一實現經濟正增長的主要經濟體。環保產業方面，中國政府堅定不移推進生態文明建設國家戰略，相繼出台了《關於構建現代環境治理體系的指導意見》等一系列重大政策，為生態環境治理帶來了更大的發展空間，同時對環保企業也提出了更高的要求。昆明滇池水務股份有限公司(「**公司**」或「**滇池水務**」)在挑戰與機遇並存的大環境中，以國際化經營的生態環境保護治理綜合服務商為定位，以科技創新為引領、扎實推進標準化管理為抓手，準確把握國家戰略和環保新政策，找准宏觀經濟和生態保護治理紅利結合點，利用國際國內融資雙平臺優勢，全面推進公司業務的健康、持續發展。

業績回顧：

新冠肺炎疫情重創全球經濟。相比其他行業，公司所處的污水處理行業受影響較小。2020年，滇池水務實現營業總收入人民幣1,919.4百萬元，較2019年增長4.7%；股東應佔淨利潤約為人民幣348.5百萬元，較2019年下降5.4%。雖然新冠肺炎疫情仍在持續，但我們對公司的前景仍然充滿信心。董事會綜合考慮了公司未來發展戰略和合理回饋股東對公司事業的支持，擬向所有股東派發截至2020年12月31日止年度股息每股人民幣0.120元(含稅)。

In 2020, in the context of increasingly complex internal and external environments, the Company adhered to the strategic guideline of “unitary domination with diversified development”. After years of hard work, the Company extended its industrial chain from municipal wastewater treatment to rural micro-polluted water and industrial wastewater treatment, as well as water resources protection and running water sectors in the upstream and reclaimed water and sludge recycling in the downstream and the derived solid waste treatment and heat and power supply industries, with operations gradually expanding to atmospheric pollution treatment, soil restoration, clean energy development and other areas of “Macro Environmental Protection”. During the year, to fight the COVID-19 pandemic, the Company implemented prevention and control measures with concerted efforts, and recorded zero confirmed or suspected case among 1,360 employees in 75 production units. In addition, the Company was granted the “4th Yunnan Provincial People’s Government Quality Award (第四屆雲南省人民政府質量獎)”, and the project of “Key Technology and Application for Enhancement of Wastewater Treatment Efficiency and Recycling of Industrial Wastewater (污廢水強化增效處理與工業循環利用關鍵技術及應用)” jointly conducted with Tsinghua University and other colleges won the first prize of the Science and Technology Award of China Association of Circular Economy in 2020.

In terms of main business, the Company’s wastewater treatment output and capacity utilisation rate maintained a steady increase in 2020 with market presence expanded from Kunming to Yunnan, Sichuan, Guizhou, Hunan, Anhui, Zhejiang, Jiangsu and Fujian in China and Laos in Southeast Asia. Reclaimed water and running water businesses also maintained steady growth with industry leading operation management. With over 30 years of experience in operation and management of wastewater treatment plants, the Company has established an experienced and professional management team with the quality of effluent water standing among the top in China. The energy consumption for treatment of one ton of water is 20% lower than national average level of the industry and the per capita wastewater treatment capacity was approximately three times the industry average.

2020年，在內外部環境日趨複雜的情況下，公司秉承「一元為主，相關多元發展」的戰略指引，經過多年的不懈努力，產業鏈從單一的市政污水處理延伸到農村微污染水、工業廢水，以及上游的水資源保護、自來水，下游的再生水、污泥資源化利用及衍生的固廢產業和熱電供氣等業務領域，並逐步向大氣治理、土壤修復、清潔能源等「大環保」領域邁進。這一年，面對新冠肺炎疫情的大戰大考，公司上下齊心協力守住疫情防線，75個生產單元1,360名員工，沒有發現1例確診或疑似病例，同時，公司獲得了「第四屆雲南省人民政府質量獎」，與清華大學等校企聯合申報的「污廢水強化增效處理與工業循環利用關鍵技術及應用」項目榮獲2020年度中國循環經濟協會科學技術獎一等獎。

主營業務方面，2020年公司污水處理產量及產能利用率保持了穩步提升的態勢，市場範圍已從昆明市擴展至雲南、四川、貴州、湖南、安徽、浙江、江蘇、福建等國內8個省份及東南亞老撾地區。再生水與自來水業務穩步增長，運營管理始終保持行業領先水準。公司具有30多年污水廠運營管理經驗，擁有一支經驗豐富的專業管理團隊，出水水質全國領先，噸水能耗低於全國行業平均水平20%，人均污水處理量約為行業平均的3倍。

CHAPTER TWO LETTER FROM THE CHAIRPERSON

第二章 董事長致辭

In terms of technological innovation, the leading function of technological innovation has become increasingly prominent and application of innovative achievements has accelerated. The Company adhered to the idea of “facilitating corporate development with technology, talent and culture”, encouraged technological innovation, and maintained over 45% growth in number of employees with innovative efforts in the past two years, reflecting strong innovation vitality, and the number of patents obtained maintained over 20% annual growth since 2017. Benefiting from the application of innovative achievements, in addition to reducing production costs and enhancing efficiency, the Company has consolidated its leading operation and management level and good reputation in the market. The continuous improvement in technological innovation has become an important driving force for the Company's high-quality development.

In terms of investment and financing, leveraging the advantages of dual platform of international and domestic financing, the Company continuously innovated financing methods, optimised the capital structure and controlled financing costs to provide sufficient capital guarantee for the Company's business development, and maintained financial stability and good credit standing. In terms of investment, the Company adhered to the principles of steady progress and prudent investment and captured development opportunities by completing the acquisition of equity interest of Putian Huake Environmental and Kunming Dongchuan Guozhen and winning the bid for the project in Yingjiang County, Dehong Prefecture in Yunnan Province during the year. The Company also accelerated the vertical business expansion in the environmental protection industry chain and successfully secured the Kunming Domestic Waste Sanitary Landfill Project, thereby further facilitating the horizontal and external business expansion. In addition, the Company implemented the forestry substrate soil resource utilisation project to further facilitate the integrated and collaborative development of wastewater treatment, reclaimed water and running water supply, sludge disposal, recycling and solid waste treatment industries and promote the rapid development of the Company's second venture.

科技創新方面，公司科技創新引領作用日漸顯著，創新成果應用加速。公司堅持「科技興司，人才興司，文化興司」，通過科技創新引領，參與創新人數在近兩年均保持45%以上的增長，創新活力強勁，獲得的知識產權自2017年起每年保持20%以上的增長。得益於創新成果轉化應用，公司在節約生產成本、提升效能的基礎上，鞏固了全國領先的運行管理水平和良好的市場服務口碑。科技創新水平不斷提升是公司高品質發展的重要推動力。

投融資方面，公司融合了國際國內融資雙平台優勢，不斷創新融資方式、優化資本結構、控制融資成本，為公司業務發展提供了充裕的資金保障，保持了公司財務穩健和資信良好。投資上，公司堅持穩中求進、謹慎投資的原則，搶抓發展機遇，年內完成莆田華科及昆明東川國禎股權收購項目及中標雲南德宏盈江項目。公司加快了環保產業鏈縱向佈局發展，成功簽署昆明市生活垃圾衛生填埋場項目，進一步推動了業務橫向外延式拓展。同時，落地城鎮污泥林業基質土資源化利用項目，進一步推動污水處理、再生水及自來水供應及污泥處置、資源化利用、固廢產業等融合協同發展，推進公司二次創業的快速發展。

2020 was the concluding year for China's goal of comprehensively building a moderately prosperous society and the "13th Five-Year Plan". As the largest municipal wastewater treatment enterprise in Yunnan Province, the PRC, the Company is one of the major enterprises implementing the PRC's strategic goal to treat pollutants at Dianchi Lake, and has made contribution to maintaining the overall water quality of Dianchi Lake at grade IV in 2020. The Company has advanced technology and experience in watershed management, and injects fresh "blood" into once-dry rivers through comprehensive water environment management measures and eco-utilisation of high-quality reclaimed water. The Company currently possesses the recycling technology to turn sledge into resources, and has launched the first phase of the demonstration project of utilisation of sludge from Kunming Municipal Wastewater Treatment Plant for forestry substrate soil resource.

PROSPECTS

2021 is the opening year of the "14th Five-Year Plan", and China's economy maintains a long-term stable trend with favorable momentum. Wastewater treatment upgrade and transformation remains as a key task under the "14th Five-Year Plan" for key watershed ecological and environmental protection. With the continuous implementation of national strategies and plans such as the "Belt and Road" initiative, the "Yangtze River Economic Belt" and the "Western Development Strategy" as well as the increasing efforts in supporting Yunnan's provincial policies of promoting green energy and green food and becoming a healthy lifestyle destination, 2021 will be critical for the Company to continue to explore its endogenous momentum and seize the benefits from environmental protection policies.

2020年是全面建成小康社會和「十三五」規劃收官之年，公司作為中國雲南省最大的市政污水處理企業，是貫徹落實國家滇池污染治理戰略目標的主要企業之一，為2020年滇池全湖水質保持Ⅳ類做出了貢獻。公司擁有水環境流域治理的先進技術及經驗，通過水環境綜合治理措施和高品質再生水生態利用，為曾經乾涸的河道注入新鮮「血液」。公司目前擁有將污泥進行資源化利用的技術，將污泥變廢為寶，目前已啟動昆明市城鎮污水處理廠污泥林業基質土資源化利用示範一期工程。

未來展望

2021年是「十四五」規劃開局之年，中國經濟穩定向好、長期向好的基本趨勢沒有改變。污水提標改造仍是重點流域水生態環境保護「十四五」規劃編製的重要內容。受益於國家「一帶一路」戰略的深入推進，隨著「長江經濟帶」、「西部大開發」等戰略規劃的切實落地，以及雲南省全力打造「三張牌」步伐的不斷加大，對滇池水務而言，2021年將是公司繼續深挖內生動力，搶抓環保政策紅利發展的關鍵之年。

CHAPTER TWO LETTER FROM THE CHAIRPERSON

第二章 董事長致辭

Facing the uncertain global economy and the beneficial policies for environmental protection industry, the Company will closely follow the direction of industry policies, continue to expand its core business of wastewater treatment, actively carry out business mergers and acquisitions, and further consolidate the businesses in upstream and downstream of the industry chain such as water source protection, running water supply, high-quality reclaimed water supply, comprehensive watershed management, sludge recycling, mine restoration and solid waste treatment and disposal. Leverage its advantages in capital, technology and management as an industry leading enterprise in the region, the Company will continue to explore its endogenous potential, expand the market share, and consolidate its development foundation. In addition to carrying out risk prevention and internal control, the Company will continue to facilitate the in-depth implementation of the innovation driven development strategy and accelerate the market-oriented reform, transformation and upgrade of the Company with the support from favorable policies, technological innovation and market operation. It will also adjust its investment strategies, optimise the investment portfolio, establish a diversified investment system based on standardised management, expand the industry chain, and strengthen post-investment management, thereby achieving rapid investment growth. In terms of financing and financial control, the Company will continue to strengthen management of receivables, prevent relevant risks, carry out financing activities based on the needs of business development, and continue to release financing potential of the Company to support the Company's business development.

Last but not least, we would like to take this opportunity to express our sincere gratitude to the Company's management and all employees for their hard works and prominent contributions in the past year. We would also like to extend our most heartfelt thanks to all shareholders, investors, partners, and friends from various sectors of the society for their long-term support to the Company!

Guo Yumei
Chairperson

面對世界經濟的不確定因素及環保行業政策紅利，公司將緊跟產業政策導向，持續拓展污水處理核心業務，積極開展產業並購，進一步整合水源地保護、自來水供應、高品質再生水供給、流域綜合治理、污泥資源化利用、礦山修復及固廢處理處置領域等上下游產業鏈，繼續發揮區域行業龍頭企業在資金、技術及管理上的優勢，深挖內生潛力，拓展市場份額，夯實發展基礎；在做好風險防範、內部控制的基礎上，繼續以政策、創新及市場驅動為引擎，推動創新驅動發展戰略走向深入，加快推進公司實施市場化改革及轉型升級；調整投資策略，優化投資結構，以標準化管理為切入點，建立多元化投資體系，延伸產業鏈，加強投後管理，實現投資較快增長；在融資及財務管控方面，繼續加強應收款項管理工作，防範風險的同時，根據業務發展，以需定融，繼續釋放公司融資潛力，為公司業務發展保駕護航。

最後，謹向公司管理層及全體員工在過去一年的辛勤努力和卓越貢獻表示衷心感謝，向長期以來給予公司支持的全體股東、投資者、合作夥伴和社會各界朋友表示衷心的感謝！

郭玉梅
董事長

“Articles of Association”		the articles of association of the Company
「公司章程」	指	本公司公司章程
“Board” or “Board of Directors”		the Board of Directors of the Company
「董事會」	指	本公司董事會
“China” or “PRC”		the People’s Republic of China
「中國」	指	中華人民共和國
“Company” or “Issuer”		Kunming Dianchi Water Treatment Co., Ltd.* (昆明滇池水務股份有限公司), a joint stock company established in Yunnan Province, the PRC with limited liability on 23 December 2010 in accordance with PRC laws, and, if the context requires, including its predecessors and subsidiaries
「本公司」或「發行人」	指	昆明滇池水務股份有限公司，一家根據中國法律於2010年12月23日在中國雲南省成立的股份有限公司，如文義所需，包括其前身及附屬公司
“Controlling Shareholder”		has the meaning ascribed thereto in the Listing Rules and refers to Kunming Dianchi Investment Co. Ltd.* (昆明滇池投資有限責任公司), a company established in Yunnan Province, the PRC with limited liability on 13 October 2004
「控股股東」	指	具有上市規則所賦予之涵義，指昆明滇池投資有限責任公司，一家於2004年10月13日在中國雲南省成立的有限責任公司
“Director(s)”		director(s) of the Company
「董事」	指	本公司董事
“Domestic Shares”		ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi by PRC nationals and/or PRC incorporated entities
「內資股」	指	本公司股本中每股面值人民幣1.00元的普通股，由中國公民及／或於中國註冊成立之實體以人民幣認購並繳足

For identification purpose only
 僅供識別

CHAPTER THREE DEFINITIONS

第三章 釋義

“Group”, “we”, “us” or “our” or “our Group”		the Company and its subsidiaries
「本集團」或「我們」	指	本公司及其附屬公司
“H Share”		overseas listed foreign shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and are listed on the Hong Kong Stock Exchange
「H股」	指	本公司股本中每股面值人民幣1.00元的境外上市外資股，將以港元認購及買賣並於香港聯交所上市
“HK\$” or “Hong Kong dollars” or “HK dollars”		Hong Kong dollars, the lawful currency of Hong Kong
「港元」	指	香港法定貨幣港元
“Hong Kong Stock Exchange” or “Stock Exchange”		The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
「香港聯交所」或「聯交所」	指	香港聯合交易所有限公司，為香港交易及結算所有限公司的全資子公司
“Yunnan Reclaimed Water”		Yunnan Reclaimed Water Industry Co., Ltd.* (雲南中水工業有限公司), a limited liability company incorporated in the PRC and a subsidiary directly owned by the Company
「雲南中水」	指	雲南中水工業有限公司，於中國註冊成立之有限責任公司，為本公司直接擁有的附屬公司
“Kunming Dianchi Logistics”		Kunming Dianchi Logistics Co. Ltd.* (昆明滇池物流有限責任公司), a limited liability company incorporated in the PRC and a subsidiary directly owned by the Company
「昆明滇池物流」	指	昆明滇池物流有限責任公司，於中國註冊成立之有限責任公司，為本公司直接擁有的附屬公司

CHAPTER THREE DEFINITIONS

第三章 釋義

“Hongyu Thermal Power”		Liuyang Hongyu Thermal Power Co., Ltd.* (瀏陽市宏宇熱電有限公司), a limited liability company incorporated in the PRC and a subsidiary directly owned by the Company
「宏宇熱電」	指	瀏陽市宏宇熱電有限公司，於中國註冊成立之有限責任公司，為本公司直接擁有的附屬公司
“Zhaotong Water”		Zhaotong Dianchi Water Treatment Co., Ltd.* (昭通滇池水務有限公司), a limited liability company incorporated in the PRC and a subsidiary directly owned by the Company
「昭通水務」	指	昭通滇池水務有限公司，於中國註冊成立之有限責任公司，為本公司直接擁有的附屬公司
“Leshan Water”		Leshan Debei'ao Water Treatment Co., Ltd.* (樂山德貝奧水務有限公司), a limited liability company incorporated in the PRC and a subsidiary directly owned by the Company
「樂山水務」	指	樂山德貝奧水務有限公司，於中國註冊成立之有限責任公司，為本公司直接擁有的附屬公司
“Dongda Ciwu”		Zhuji Dongda Ciwu Water Treatment Co., Ltd.* (諸暨市東大次塢污水處理有限公司), a limited liability company incorporated in the PRC and a subsidiary directly owned by the Company
「東大次塢」	指	諸暨市東大次塢污水處理有限公司，於中國註冊成立之有限責任公司，為本公司直接擁有的附屬公司
“Kunming Dianchi Investment”		Kunming Dianchi Investment Co., Ltd.* (昆明滇池投資有限責任公司), a company established in Yunnan Province, the PRC with limited liability on 13 October 2004, which is the Controlling Shareholder of the Company
「昆明滇池投資」	指	昆明滇池投資有限責任公司，一家於2004年10月13日在中國雲南省成立的有限責任公司，為本公司的控股股東

CHAPTER THREE DEFINITIONS

第三章 釋義

“Kunming Bus”		Kunming Bus Group Co., Ltd.* (昆明公交集團有限責任公司), formerly known as Kunming Bus Corporation, a wholly state-owned limited liability company incorporated in China on 11 March 1982, and a third party independent from the Company and its connected person(s)
「昆明公交」	指	昆明公交集團有限責任公司，前稱昆明市公共汽車總公司，一家於1982年3月11日在中國註冊成立的國有獨資有限責任公司，為獨立於本公司及其關連人士的第三方
“Kunming DIG”		Kunming Development Investment Group Co., Ltd.* (昆明發展投資集團有限公司), a company with limited liability incorporated in the PRC on 27 January 2010
「昆明發展投資集團」	指	昆明發展投資集團有限公司，一家於2010年1月27日在中國註冊成立的有限責任公司
“Xindu Investment”		Kunming Xindu Investment Co., Ltd.* (昆明新都投資有限公司), a wholly state-owned limited liability company incorporated in China on 27 May 2005
「新都投資」	指	昆明新都投資有限公司，一家於2005年5月27日在中國註冊成立的國有獨資有限責任公司
“Kunming SASAC”		the State-owned Assets Supervision and Administration Commission of the Kunming People's Government (昆明市人民政府國有資產監督管理委員會), a government agency that performs investor's responsibilities, supervises and manages the state-owned assets of the enterprises under the supervision of the Kunming municipal government (excluding financial enterprises), shoulders the responsibility of supervising the preservation and increment of the value of the state-owned assets of the supervised enterprises, and is responsible for drafting local laws and regulations on the management of the state-owned assets
「昆明市國資委」	指	昆明市人民政府國有資產監督管理委員會，政府機構，負責履行投資者責任，監管昆明市政府監督下企業(不包括金融企業)的國有資產，肩負受監督企業國有資產保值增值的責任及負責起草有關國有資產管理的地方法律法規

“Latest Practicable Date”		1 April 2021, being the latest practicable date for the inclusion of certain information and data in this annual report prior to its publication
「最後可行日期」	指	2021年4月1日，即本年報付印前於其中納入若干資料及數據的最後可行日期
“Listing”		Listing of the H Shares on the Hong Kong Stock Exchange
「上市」	指	H股於香港聯交所上市
“Listing Rules” or “Hong Kong Listing Rules”		the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
「上市規則」或「香港上市規則」	指	香港聯交所證券上市規則(經不時修訂、補充或以其他方式修改)
“Non-competition Agreement”		the non-competition agreement entered into between the Controlling Shareholder and the Company dated 25 April 2016
「避免同業競爭協議」	指	控股股東與本公司訂立的日期為2016年4月25日的避免同業競爭協議
“Prospectus”		the prospectus of the Company dated 24 March 2017 in relation to the initial public offering and the Listing of H Shares on the Stock Exchange
「招股說明書」	指	日期為2017年3月24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 year of 2020 (1 January 2020 to 31 December 2020)
「報告期」	指	2020年度(2020年1月1日至2020年12月31日)
“RMB” or “Renminbi”		the lawful currency of the PRC
「人民幣」	指	中國法定貨幣
“Shareholder(s)”		holder(s) of the shares of the Company
「股東」	指	本公司股份持有人

CHAPTER FOUR GLOSSARY OF TECHNICAL TERMS

第四章 技術詞彙

“BOO”		Build-Own-Operate, a project model in which an enterprise undertakes the financing, design, construction of wastewater treatment or water supply facilities, which are owned by the enterprise, and has the right to operate such facilities in the concession period, during which the enterprise can charge service fees based on the supplied treated wastewater or tap water to cover its costs of investment, operation and maintenance and obtain reasonable returns, according to the concession agreement entered into by the enterprise and the government
「BOO」	指	建設—擁有一經營，一種項目模式，由一家企業承擔融資、設計、建設污水處理或供水設施，有關設施由該企業擁有，該企業有權在特許期間營運有關設施。在特許期間，該企業可根據其與政府所訂立的特許經營權協議按所供應已處理的污水或自來水收取服務費，以收回其投資、營運及維護成本並取得合理回報
“BOT”		Build-Operate-Transfer, a project model whereby, pursuant to a concession agreement entered into by an enterprise and the government, the government grants to the enterprise the rights to undertake the financing, design, construction, operation and maintenance of wastewater treatment or water supply facilities in a concession period, during which the enterprise can charge service fees based on the supplied treated wastewater or water to cover its costs of investment, operation and maintenance and obtain reasonable returns while, upon the expiration of the concession period, the relevant facilities will be transferred back to the government at nil consideration
「BOT」	指	建設—經營—移交，一種項目模式，據此，根據企業與政府訂立的特許經營權協議，政府授權一家企業於特許期間承擔污水處理或供水設施的融資、設計、建設、營運及維護，該企業可於特許期間按所供應已處理污水或水收取服務費以收回其投資、營運及維護成本並取得合理回報，而在特許期間屆滿後，相關設施將無償交回政府
“BT”		Build and Transfer, a project model whereby an enterprise undertakes the financing, design and construction of a facility for the proprietor for certain fees to be paid during and upon the completion of the construction
「BT」	指	建設及移交，一種項目模式，一家企業代所有人承擔某項設施的融資、設計及建設，相關費用會於建設時及完成時由所有人支付
“CAGR”		compound annual growth rate, which is the annual growth rate over a specified period of time longer than one year
「複合年增長率」	指	複合年增長率是在超過一年的特定時期內的年度增長率

CHAPTER FOUR GLOSSARY OF TECHNICAL TERMS

第四章 技術詞彙

“COD”		Chemical Oxygen Demand, the corresponding mass concentration of oxygen for the amount of oxidant consumed when strong oxidant is used to deal with a given water sample and is measured with mg/L. It has different ways according to the oxidising agent, such as potassium permanganate (expressed as COD, also known as COD _{mn}) and potassium dichromate (expressed as COD _{Cr})
「COD」	指	化學需氧量，採用強氧化劑處理水樣時所消耗的氧化劑對應的氧的質量濃度，以毫克／升表示。根據所用氧化劑的不同，分為高錳酸鉀法(以COD表示，又稱為COD _{mn})和重鉻酸鉀法(以COD _{Cr} 表示)
“pre-trial operation”		a stage in the project construction process as prescribed by the PRC government in accordance with the Provisions on Municipal Projects Design Budget Estimate Making, Jian Biao [2011] No. 1) issued by the Ministry of Housing and Urban-Rural Development where a facility under construction is tested for its operational functionality and further developed to qualify for regulatory approvals and enter commercial operation
「試運行階段」	指	中國政府根據住房和城鄉建設部頒佈的《市政工程設計概算編製辦法》(建標[2011]1號)規定的項目建設過程的一個階段，在此期間在建設設施接受營運功能測試並經進一步開發，以達到監管審批要求及投產
“TOO”		Transfer-Own-Operate, a project model whereby an enterprise purchases completed wastewater treatment or water supply facilities from the government and undertakes the operation of such facilities owned by the enterprise in the concession period, during which the enterprise can charge service fees based on the supplied treated wastewater or tap water to cover its costs of investment, operation and maintenance and obtain reasonable returns according to the concession agreement entered into by the enterprise and the government
「TOO」	指	移交-擁有-經營，一種項目模式，據此，企業向政府購買已建成的污水處理或供水設施，並於特許期間承擔其所擁有的設施的營運。在特許期間，該企業可根據其與政府所訂立特許經營權協議按所供應已處理的污水或自來水收取服務費，以收回其投資、營運及維護成本並取得合理回報

CHAPTER FOUR GLOSSARY OF TECHNICAL TERMS

第四章 技術詞彙

“TOT”		Transfer-Operate-Transfer, a project model whereby, pursuant to a concession agreement entered into by an enterprise and the government, the government grants to the enterprise the property rights or operation rights of constructed wastewater treatment or water supply facilities in the concession period, during which the enterprise can charge service fees based on the supplied treated wastewater or tap water to cover its costs of investment, operation and maintenance and obtain reasonable returns while, upon the expiration of the concession period, the relevant facilities will be transferred back to the government at nil consideration
「TOT」	指	移交—經營—移交，一種項目模式，據此，根據企業與政府訂立的特許經營權協議，政府將已建成的污水處理或供水設施在特許期間的產權或經營權轉讓給企業。在特許期間，該企業可按所供應已處理的污水或自來水收取服務費，以收回其投資、營運及維護成本並取得合理回報，而在特許期間屆滿後，相關設施將無償交回有關政府
“utilisation rate”		the actual volume of water supplied, or wastewater treated divided by the designed volume of water supplied or wastewater treated for a given period
「利用率」	指	指定期間的實際供水或污水處理量除以設計供水或污水處理量
“wastewater treatment”		use of physical, chemical and biological methods to remove pollutants from wastewater or to turn pollutants into innocuous substances before discharging it into a water body or reclaiming it for reuse
「污水處理」	指	為使污水達到排入某一水體或再次使用的水質要求，對其採用物理、化學及生物等方法去除污水中的污染物或將污染物化為無毒物質

CHAPTER FIVE SUMMARY OF OPERATING AND FINANCIAL DATA

第五章 經營及財務資料摘要

The following table sets out our key operating and financial data for the periods or as of the dates indicated:

下表載列所示期間或日期我們的主要經營及財務數據：

SUMMARY OF OPERATING DATA

經營數據概要

		As at 31 December 於12月31日				
		2020 2020年	2019 2019年	2018 2018年	2017 2017年	2016 2016年
Capacity ('000 m ³ per day)	產能 (千立方米/日)					
Wastewater treatment	污水處理	1,970	1,830	1,827	1,807	1,544
Reclaimed water supply	再生水供應	213	52	52	52	44
Running water supply	自來水供應	131	116	116	64	56

		For the year ended 31 December 截至12月31日止年度				
		2020 2020年	2019 2019年	2018 2018年	2017 2017年	2016 2016年
Volume ('000 m ³ per period indicated)	產量 (千立方米/所示期間)					
Wastewater treatment	污水處理	657,499	622,842	616,844	550,872	517,911
Reclaimed water supply	再生水供應	31,177	11,736	8,825	6,883	5,846
Running water supply	自來水供應	14,863	14,801	12,957	8,998	4,749

		For the year ended 31 December 截至12月31日止年度				
		2020 2020年	2019 2019年	2018 2018年	2017 2017年	2016 2016年
Utilisation Rate	利用率					
Wastewater treatment	污水處理	92.0%	93.7%	92.9%	93.9%	92.8%
Reclaimed water supply	再生水供應	53.4%	61.8%	46.5%	36.3%	36.3%
Running water supply	自來水供應	31.9%	35.0%	30.6%	38.5%	26.7%

CHAPTER FIVE SUMMARY OF OPERATING AND FINANCIAL DATA

第五章 經營及財務資料摘要

SUMMARY OF OPERATING RESULTS BY SEGMENT 分部經營業績概要

		For the year ended 31 December 截至12月31日止年度				
		2020	2019	2018	2017	2016
		2020年	2019年	2018年	2017年	2016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
Wastewater treatment	污水處理					
– Revenue	– 收入	1,276,466	1,213,810	1,159,075	1,037,163	765,906
– Gross profit	– 毛利	558,256	514,145	480,070	446,773	386,938
– Gross profit margin	– 毛利率	43.7%	42.4%	41.4%	43.1%	50.5%
Water supply	水供給					
– Revenue	– 收入	260,986	304,857	115,254	68,520	62,366
– Gross profit	– 毛利	53,420	57,622	8,372	4,233	3,292
– Gross profit margin	– 毛利率	20.5%	18.9%	7.3%	6.2%	5.3%
Others	其他					
– Revenue	– 收入	381,971	314,875	155,458	118,142	86,653
– Gross profit	– 毛利	67,501	66,157	40,592	49,484	35,251
– Gross profit margin	– 毛利率	17.7%	21.0%	26.1%	41.9%	40.7%

CHAPTER FIVE SUMMARY OF OPERATING AND FINANCIAL DATA 第五章 經營及財務資料摘要

SUMMARY OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME 合併綜合收益表概要

		Year ended 31 December 截至12月31日止年度				
		2020	2019	2018	2017	2016
		2020年	2019年	2018年	2017年	2016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	收入	1,919,423	1,833,542	1,429,787	1,223,825	914,925
Operating profit	經營利潤	429,524	569,692	469,723	443,317	390,621
Profit before tax	稅前利潤	415,481	438,150	415,221	372,425	326,871
Income tax expenses	所得稅費用	(65,053)	(68,072)	(65,494)	(58,336)	(51,193)
Profit for the year	年度利潤	350,428	370,078	349,727	314,089	275,678
Other comprehensive income/ (loss)	其他綜合收益/ (虧損)	13,290	871	3,282	(1,847)	-
Total comprehensive income for the year	年度綜合收益總額	363,718	370,949	353,009	312,242	275,678

SUMMARY OF CONSOLIDATED BALANCE SHEET 合併資產負債表概要

		As at 31 December 於12月31日				
		2020	2019	2018	2017	2016
		2020年	2019年	2018年	2017年	2016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 assets	資產總額	10,496,492	9,576,255	7,442,063	6,024,811	4,603,491
Liabilities	負債					
Total liabilities	負債總額	6,224,065	5,481,834	3,541,142	2,318,610	2,104,081
Equity	權益					
Total equity	權益總額	4,272,427	4,094,421	3,900,921	3,706,201	2,499,410
Total equity and liabilities	權益及負債總額	10,496,492	9,576,255	7,442,063	6,024,811	4,603,491

CHAPTER SIX MANAGEMENT DISCUSSION AND ANALYSIS

第六章 管理層討論及分析

A. OPERATING ENVIRONMENT

In 2020, the world economy was significantly impacted by the COVID-19 that swept through the world, resulting in entrenched economic downturn. In the face of the sudden outbreak of COVID-19, rising protectionism, global economic decline and other challenges, China bounced back amid adversities and became the only major economy in the world to achieve positive economic growth in 2020, recording a historic breakthrough in its Gross Domestic Product (GDP). Despite the fact that the global economic growth may continue to be hindered by COVID-19 in 2021, with the gradual vaccination and a series of economic policies implemented by different countries, global economic activities are expected to gradually recover.

Since the 18th CPC National Congress, ecological advancement has always been a key task of national governance of China. With the comprehensive and in-depth implementation of ecological system reform, ecological environment protection has undergone historic and comprehensive changes. Governments at different levels attached great importance to ecological advancement construction with unprecedented efforts made in deepening awareness, strengthening pollution control, frequently issuing relevant regulations, strictly carrying out law enforcement and inspection and rapidly improving the environment, which delivered remarkable results in the construction of ecological advancement. As China accelerates the implementation of the ecological advancement construction strategy and fully carries out ecological and environmental protection, the environmental protection industry is now in a period of in-depth reform and adjustment which brings strategic opportunities. Instead of the extensive development model in the past, the water industry is entering a new stage of pursuing high-quality development. The wastewater treatment industry in which the Company's main business operates is relatively stable and less susceptible to the fluctuations of the economic cycle, and the industry policy orientation and investment environment of the industry maintained a generally positive and favourable trend. In addition, the strengthening supervision also created demand for optimisation and upgrade of facilities as well as enhancement of standards and efficiency, thereby bringing development opportunities for the industry.

A. 經營環境

2020年，新冠肺炎疫情席捲全球，世界經濟遭受重創，出現深度衰退。面對新冠肺炎疫情突然襲擊、保護主義抬頭、世界經濟衰退等嚴峻考驗，中國逆勢而上，成為2020年全球唯一實現經濟正增長的主要經濟體，國內生產總值(GDP)實現歷史性突破。2021年世界經濟發展仍可能受制於新冠肺炎疫情影響，但隨著各國疫苗接種及一系列經濟政策的持續實施，全球經濟活動有望逐漸恢復。

十八大以來，生態文明建設始終位於我國國家治理的重要位置，生態文明體制改革全面深化，生態環境保護發生歷史性、全局性變化。各級政府高度重視生態文明建設，其思想認識程度之深、污染治理力度之大、制度出臺頻度之密、執法督察尺度之嚴、環境改善速度之快前所未有。生態文明建設已取得顯著成效。隨著國家生態文明建設戰略的加速推進和生態環境保護的全面展開，環保行業發展正處於深度變革調整期和戰略機遇期，而水務產業正從粗放式發展進入高質量發展的新階段。本公司主業所屬的污水處理行業發展穩健，受經濟週期的波動影響較小，政策導向及行業投資環境積極向好。同時，監管力度的加強也帶來了設施優化升級和技術提標增效的需求，從而為行業提供了發展機遇。

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We enjoy exclusive rights to provide wastewater treatment services to Kunming and other regions of China. Such concession rights are beneficial for the Company to continue to maintain and consolidate its operating advantages and competitive edge in the water market in Yunnan Province. Leveraging our concession-based business model, technology, the capability of project implementation, and expansion of service regions, we have achieved stable income and steady business growth, which laid a promising foundation for us to consolidate upstream and downstream industrial chains such as water resources, watershed management, sludge recycling and utilisation, and develop market segments such as industrial wastewater treatment.

1. Overview of Wastewater Treatment Industry

In recent years, China has put greater emphasis on ecological environment management and included such topic in its national strategies. The government has issued a series of policies, such as the “Guidance on Improving the Policy on Wastewater Treatment Fee Charging Mechanism in Yangtze River Economic Zone (《關於完善長江經濟帶污水處理收費機制有關政策的指導意見》)”, the “Action Plan for Protection and Restoration of Yangtze River (《長江保護修復攻堅戰行動計劃》)”, the “Implementation Plan for Improving the Weakness of Urban Domestic Wastewater Treatment Facilities (《城鎮生活污水處理設施補短板強弱項實施方案》)” and the “Guidance on Promoting Rural Domestic Wastewater Treatment (《關於推進農村生活污水治理指導意見》)”. Benefiting from the continuous policy support, the water infrastructure improved continuously in recent years, and the wastewater treatment volume in cities, counties and towns continued to increase. At the same time, the relevant policies and market development also imposed higher development requirements on the industry, and promoted the transition from size growth to pursuit of higher quality and efficiency and high-quality development. With the requirements of high-quality development, competition in the industry was further intensified and formed a pattern of survival of the fittest where challenges and opportunities coexist for sizable enterprises with established foundation. Opportunities come from the huge development potential of the industry driven by favourable policies and market conditions, which created merger and acquisition opportunities in upstream and downstream of the industry chain. These enterprises may capture new market shares by leveraging their own advantages in business operation, technology and financing. Challenges lie in the abilities of these enterprises to effectively integrate the existing business, new market business as well as upstream and downstream business in the industry chain to meet the demand of high-quality development of the market.

我們享有向昆明市及中國其他若干地區提供污水處理服務的獨家權利。特許經營權有利於公司繼續保持和鞏固在雲南省水務市場的經營優勢和競爭地位。憑借基於特許經營的業務模式、技術、項目執行力及服務區域的拓展，我們已取得穩定的收入及平穩的業務增長，這為我們整合水務資源、流域治理和污泥資源化利用等上下游產業鏈，並拓展工業廢水等細分市場奠定了有利的基礎。

1. 污水處理行業概況

近年來，國家對生態環境治理的重視程度已提升為國家戰略，政府相繼發佈了一系列政策，如《關於完善長江經濟帶污水處理收費機制有關政策的指導意見》、《長江保護修復攻堅戰行動計劃》、《城鎮生活污水處理設施補短板強弱項實施方案》及《關於推進農村生活污水治理指導意見》等。得益於持續的政策推動，近年來水務基礎設施不斷完善，城市和縣城污水處理量持續增長。同時，相關政策及市場發展也對行業提出了更高的發展要求，行業的發展正從規模增長向提質增效高質量發展轉變。伴隨著高質量發展的要求，行業內優勝劣汰的競爭格局進一步強化，對於已經具備一定規模及基礎的企業而言，挑戰和機遇並存。機遇在於政策和市場驅動下，行業未來的發展空間仍然較大，產業鏈上下遊併購機會湧現，該類企業可以利用自身業務優勢、技術優勢及融資優勢等取得新的市場份額。而挑戰在於該類企業能否將現有業務、新市場業務和產業鏈上下遊業務有效整合，以適應市場的高質量發展需求。

CHAPTER SIX MANAGEMENT DISCUSSION AND ANALYSIS

第六章 管理層討論及分析

2021 is the opening year of the “14th Five-Year Plan”. As the demand for economic and social development further increased, especially after the outbreak of COVID-19, the society has increasing demand and higher requirements for ecological environment and public health and safety, therefore ecological environment protection will become one of the focuses of the “14th Five-Year Plan” and long-term development. As the main approach of ecological environment management, wastewater treatment industry will have huge potential in investment and development of upgrade and transformation, rural environmental management, intelligent water services and watershed management.

2. Overview of Reclaimed Water Industry

At present, China is still in preliminary stage for utilisation of reclaimed water with insufficient development and low level of utilisation. However, as an alternative and complementary resource to conventional water resources, reclaimed water can be widely applied in ecological water recharge, agricultural irrigation, industrial production, municipal miscellaneous use and recharge of groundwater, thereby improving the imbalance between water supply and demand. In January 2021, the National Development and Reform and nine governmental departments including the Ministry of Science and Technology, the Ministry of Industry and Information Technology, the Ministry of Finance and the Ministry of Ecology and Environment jointly issued the “Guidance on Promoting Recycling and Utilisation of Wastewater Resources (《關於推進污水資源化利用的指導意見》)” to make general plans to fully promote recycling and utilisation of wastewater resources by setting various goals including: by 2025, the national wastewater collection efficiency will be significantly improved, the wastewater treatment capacity in counties, towns and cities can basically meet the needs of local economic and social development, and the upgrade and improvement of wastewater treatment in areas with sensitive water environment will be completed; the reclaimed water utilisation rate of water-scarce cities at prefecture level and above will exceed 25%, and that of Beijing-Tianjin-Hebei area will exceed 35%; the reuse of industrial water and utilisation of livestock and poultry manure and fishery tailwater resources will be significantly improved; and the policy system and market mechanism for wastewater resource utilisation will be basically established. By 2035, China will form a pattern of systematic, safe, environmentally friendly and cost-effective utilisation of wastewater resources.

2021年是「十四五規劃」的開局之年，隨著經濟及社會發展需求的進一步提高，特別是新冠肺炎疫情後，社會對生態環境、公共衛生安全等有了更多及更高的需求，生態環境保護將會成為「十四五」及更長時期發展的重要內容。而作為生態環境治理主要內容的污水處理行業，未來在提標改造、農村環境治理、智慧水務、流域治理等投資發展領域仍具有較大空間。

2. 再生水行業概況

目前，我國再生水利用尚處於起步階段，發展不充分，利用水平不高，但再生水作為常規水資源的替代和補充性資源，可以廣泛用於生態補水、農業灌溉、工業生產、市政雜用、回灌地下水等，從而緩解水資源供需矛盾。2021年1月，國家發展改革委聯合科技部、工業和信息化部、財政部、生態環境部等九個部門共同印發了《關於推進污水資源化利用的指導意見》，對全面推進污水資源化利用進行了部署，包括總體目標到2025年，全國污水收集效能顯著提升，縣城及城市污水處理能力基本滿足當地經濟社會發展需要，水環境敏感地區污水處理基本實現提標升級；全國地級及以上缺水城市再生水利用率達到25%以上，京津冀地區達到35%以上；工業用水重復利用、畜禽糞污和漁業養殖尾水資源化利用水平顯著提升；污水資源化利用政策體系和市場機制基本建立。到2035年，形成系統、安全、環保、經濟的污水資源化利用格局。

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3. Overview of Municipal Water Supply Industry

In recent years, the steady and rapid development of China's national economy and the increasing urbanisation have become an important basis for the continuous development of the water supply industry and the increasingly strong demand for water. The comprehensive production capacity of municipal water supply and the investment in municipal water supply facilities and municipal water supply pipelines also showed a steady growth trend.

With the national promotion of water conservation, water resource recycling and reuse, the price adjustment of municipal water supply also showed a trend linking to relevant policies. In Yunnan Province, the PRC, the relocation of manufacturing industry to China's western provinces and the accelerated urbanisation in these regions are expected to boost the growth of urban population and GDP, which in turn will increase the demand for municipal running water supply. The government highly values the development of running water supply in western China. Driven by the state policies, the water treatment services industry is expected to see huge market opportunities and potential in the future. Wastewater treatment, reclaimed water and water supply industry will benefit from the rapidly accelerating urbanisation in China and the Chinese government's policy supporting the environmental protection industry.

4. Impact of the COVID-19 Pandemic

The outbreak of COVID-19 that has been spreading around the world since 2020 has caused extensive impact on the health and economy of the world. Facing the challenges from the pandemic, the Group prioritised the continuous provision of reliable and high-quality services to the customers to guarantee that, during the pandemic, the quality of wastewater treatment, reclaimed water and running water supply fulfilled relevant standards, while ensuring the safety and health of the employees. During the Reporting Period, all wastewater treatment plants, reclaimed water supply facilities and running water supply facilities of the Company maintained normal operation, and wastewater treatment volume was basically the same as the same period of previous year. During the Reporting Period, the COVID-19 pandemic did not cause any material and adverse impact on the Group's operation, finance or future plan.

3. 市政供水行業概況

近年來，我國國民經濟的穩步、高速發展及城鎮化率的不斷提高，成為供水行業不斷發展、用水需求日益旺盛的重要基礎。而城市供水綜合生產能力、城鎮供水設施、城市供水管道等投資也在呈現平穩增長態勢。

隨著國家節水行動、水資源再生利用等推廣，市政供水價格調整也呈現與相關政策掛鉤的趨勢。在中國雲南省，隨著製造業向中國西部省份的轉移和這些地區城市化的加速，預計將推動城鎮人口和GDP的增長，從而增加對市政自來水供應的需求。政府高度重視中國西部自來水供應的發展。國家政策的推動，預期將為水務產業的未來帶來龐大市場機遇和發展潛力。污水處理、再生水及供水產業將從急速加快的中國城鎮化進程以及中國政府對環保行業的政策支持中獲益。



4. 新冠肺炎疫情的影響

2020年至今的新冠肺炎疫情在全世界蔓延，給世界衛生、經濟等帶來了大範圍的影響。面對疫情挑戰，本集團首要任務是繼續為客戶提供可靠和優質的服務，保證疫情期間污水處理、再生水及自來水供應的質量達到相關標準，同時確保員工的安全和健康。報告期內，本公司各個污水處理廠、再生水供應設施及自來水供應設施正常運行，污水處理量與上年同期基本持平。報告期內，新冠肺炎疫情未對本集團的運營、財務或未來計劃造成重大不利影響。

CHAPTER SIX MANAGEMENT DISCUSSION AND ANALYSIS

第六章 管理層討論及分析

Affected by the pandemic, the Group's construction projects were temporarily suspended in the first quarter of 2020 at the request of the local government. For locations of the projects requiring labor and materials, various measures were adopted such as suspension of work and production as well as restrictions on movement of personnel and materials logistics, etc. which indirectly affected the actual construction progress of the projects. Throughout the Reporting Period, relevant projects have been effectively implemented according to the established plan, and therefore the postponement of commencement of construction at the first quarter of the year did not have any material adverse effect on the progress of the Company's projects.

Moreover, as the main business of the Company is water treatment, revenue is mainly generated from the local governments. To combat the pandemic with unremitting effort, the fiscal expenditures of the local governments are prioritised for pandemic prevention and control, which may have an impact on the timing of settlement of receivables from local government. With the effective and ongoing implementation of pandemic prevention and control measures and the continuous progress made in vaccine research and development and vaccination, China's economy is recovering at a faster pace. As such, we are of the view that the pandemic of COVID-19 will not have a significant and adverse impact on the Company's cash flow, production and operation.

B. DEVELOPMENT STRATEGY AND PROSPECTS

After the outbreak of COVID-19 pandemic and the resulted global economic recession in 2020, the world economy is gradually recovering with active implementation of fiscal policies and vaccination in different countries. However, under the long-lasting impact of COVID-19, the world economy will undergo a series of changes such as structural adjustment, industrial chain restructuring and changes in growth momentum and models, and there is uncertainty in the recovery of the world economy.

因疫情影響，2020年第一季度，本集團工程項目在當地政府的要求下短暫停工，工程所需勞務和物資所在地採取停工停產或限制人員物資流動等措施，間接地影響了工程實際建設進度。從整個報告期來看，相關工程已按既定計劃有效實施，因此第一季度工程的推遲開工未對本公司工程進度造成重大不利影響。

其次，本公司主營業務為污水處理，收入主要來源於地方政府。為了全力抗擊疫情，地方政府將財政資金優先用於抗疫，從而可能影響到本公司與地方政府款項結算的時間。隨著疫情常態化防控措施的有效實施及疫苗研發、接種的推進，中國境內經濟恢復正在加快。基於此，我們認為新冠肺炎疫情不會對本公司的現金流和生產經營造成重大不利影響。

B. 發展策略及展望

在經歷了2020年新冠肺炎疫情的衝擊導致全球經濟衰退後，隨著各國積極財政政策的實施及疫苗的接種，世界經濟正在逐步恢復。但本次新冠肺炎疫情對世界經濟的影響是深遠的，世界經濟還將經歷結構性調整、產業鏈重構、動力及方式轉變等一系列的變化，世界經濟復甦仍存在不穩定性。



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第六章 管理層討論及分析

As the world's second largest economy, China's economy managed to achieve positive growth in 2020 with effective pandemic prevention and control measures and proactive and pragmatic fiscal policies. With the accelerated formation of a new development landscape based on domestic cycle and mutual support between domestic and international cycles, as well as solid monetary policies that focus more on flexible and appropriate operation, the domestic economy will continue to recover at a rapid pace.

2020 is the concluding year for China's goal of comprehensively building a moderately prosperous society and the "13th Five-Year Plan", and is also a critical year for pollution prevention and control. During the "13th Five-Year Plan" period, the development of the environmental protection industry gradually shifted to high-quality development in a faster pace. The Proposal of the CPC Central Committee on Formulating the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 (《中共中央關於制定國民經濟和社會發展第十四個五年計劃和二〇三五年遠景目標的建議》) (the "Proposal") imposed higher requirements on development of the environmental protection industry during the "14th Five-Year Plan" period. The Proposal stated that China shall take multiple measures to promote high-quality economic development and high-level protection of the ecological environment, deepen the efforts in pollution prevention and control, continue to carry out pollution prevention and control activities and continuously improve the environment. China shall also persist in management of the system of landscapes, forests, fields, lakes and grasses to improve the quality and stability of the ecosystem. It shall fully improve the resource utilisation efficiency, and facilitate the overall management, scientific allocation, comprehensive conservation and recycling and reuse of resources. With the release of the "14th Five-Year Plan" for ecological environmental protection, the scale of investment in ecological environmental protection will continue to remain at high level in the future, creating new growth opportunities for the environmental protection industry.

中國作為世界第二大經濟體，得益於有效的疫情防控措施及積極有為、注重實效的財政政策，中國經濟在2020年仍然實現了正增長。隨著國內大循環為主體、國內國際雙循環相互促進的新發展格局的加快形成，以及穩健的貨幣政策更加注重靈活適度，國內經濟的快速恢復態勢將進一步持續。

2020年是中國全面建成小康社會和「十三五」規劃的收官之年，是打贏污染防治攻堅戰的決勝之年，在「十三五」規劃期間，環保行業的發展也逐步加快向高質量發展轉變。《中共中央關於制定國民經濟和社會發展第十四個五年計劃和二〇三五年遠景目標的建議》（「建議」）對「十四五」期間環保行業的發展提出了更高標準。建議指出要多措並舉協同推進經濟高質量發展和生態環境高水平保護，深入打好污染防治攻堅戰，繼續開展污染防治行動，持續改善環境質量。堅持山水林田湖草系統治理，提升生態環境系統質量和穩定性。全面提高資源利用效率，推進資源總量管理、科學配置、全面節約、循環利用。隨著生態環保「十四五」規劃的出臺，未來生態環保投資規模將持續保持高位，環保行業有望迎來新一輪增長。



昆明滇池水務股份有限公司
KUNMING ZHENCHI WATER TREATMENT CO., LTD

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Under the guidance of key national strategic plans such as the “Yangtze River Economic Belt”, the “Western Development Strategy” and the “14th Five-Year Plan and the Outline of Long-Range Objectives Through the Year 2035 “ of Yunnan Province, the Company will firmly support the “three critical missions” of China and the plan of Yunnan Province to become a leader in ecological civilisation construction, uphold the development concept of “unitary domination with diversified development” and strive to improve its abilities in comprehensive management of the ecological environment and ecological civilisation construction. The Company enjoys exclusive rights to provide wastewater treatment services to Kunming and other regions of China. In the future, on top of continuous development in our existing business market, we will closely follow the direction of the industry policies and further enhance our comprehensive services by making comprehensive investment in the upstream and downstream of the industry chain in various sectors such as watershed management, high-quality reclaimed water supply, sludge resource utilisation, mine restoration and solid waste treatment and disposal, so as to better meet the requirements of high-quality development of the environmental protection industry in the future and seize the market benefits of high-quality development. For development of investment and financing business, the Company will follow the changes in economic development and environmental policies, adopt prudent investment and financing strategies, and make appropriate and flexible adjustments to ensure that all resources can be utilised to maximum efficiency. In terms of management of sustainable corporate development, we will continue to explore our internal growth drivers, continuously stimulate the potential of the Company in technological innovation, talent team construction and enhancement of management quality and efficiency to ensure sustainable and high-quality development of the Group's business.

C. BUSINESS REVIEW

We principally adopt the TOO, TOT and BOT project models, with a focus on the TOO model. For the year ended 31 December 2020, our TOO projects contributed to 49.3% of our total revenue. Our TOT projects contributed to 6.6% of our total revenue and our BOT projects contributed to 25.2% of our total revenue. We also adopt the BOO and BT project models for some of our projects.

在國家「長江經濟帶」、「西部大開發」及雲南省「十四五規劃和二〇三五年遠景目標綱要」等重要戰略規劃的指引下，本公司緊跟國家打好「三大攻堅戰」及雲南省生態文明建設排頭兵創建的步伐，秉持「一元為主，相關多元」的發展理念，致力於提升生態環境綜合治理和生態文明建設能力。本公司在中國雲南省及中國其他若干地區擁有提供污水處理服務的獨家權利，未來，我們將在持續深耕現有業務市場的基礎上，緊跟產業政策導向，全面佈局流域治理、高品質再生水供給、污泥資源化利用、礦山修復及固廢處理處置領域等上下遊產業鏈，進一步提升綜合服務水平，更好的適應未來環保行業高質量發展的要求，搶抓高質量發展市場紅利。在投融資方面，本公司將順應經濟發展及環境政策的相關變化，採取穩健的投融資策略，適度靈活調整，以確保所有資源能夠發揮最大效率。在企業可持續發展管理方面，我們將繼續深挖內生動力，不斷激發公司在科技創新、人才隊伍建設、管理提質增效等方面的潛能，確保本集團的業務可持續高質量發展。



C. 業務回顧

本集團的業務主要採用TOO、TOT及BOT等項目模式，TOO模式為核心，截至2020年12月31日止年度，我們的TOO項目為我們的總收入貢獻49.3%，我們的TOT項目為我們的總收入貢獻6.6%，而我們的BOT項目為我們的總收入貢獻25.2%。我們亦針對部分項目採用BOO及BT項目模式。

For the TOO and TOT models, we acquire concessions to operate existing facilities at agreed prices from the relevant local governments. For the BOT model, we finance, construct and operate our own facilities. After the expiration of the relevant concessions, we either obtained new concessions from or transferred the relevant facilities back to the relevant local governments, depending on project types. As of 31 December 2020, we had a total of 49 plants (41 wastewater treatment plants and 8 running water plants) under concession agreements, of which 44 plants were in operation and 5 plants were under construction. Among the 44 plants in operation, 14 were TOO projects, 22 were TOT projects, 6 were BOT projects and 2 were BOO projects.

During the Reporting Period, the utilisation rate of our facilities was above the industry average and the volume of wastewater treated was maintained at a high level. For the year ended 31 December 2020, the total volume of wastewater treated was 657.5 million m³ with an average facility utilisation rate of 92%.

Wastewater Treatment Projects

As of 31 December 2020, we had a total of 37 wastewater treatment plants in operation (including 14 in Kunming and 23 in other areas of China), with a total wastewater treatment capacity of 1.97 million m³ per day. We also had 4 wastewater treatment plants under construction in Yunnan Province, the PRC and in Laos, respectively. With our technologically advanced facilities, independently developed patents and strong management skills, we were able to maintain low costs while providing high quality wastewater treatment services. As of 31 December 2020, 91% of our designed wastewater treatment capacity reached the National Class I Category A discharge standard.



對於TOO及TOT模式，我們以協議價向當地政府購買現有設施的特許經營權。對於BOT模式，我們的自有設施均由我們自行融資、建設及經營。在相關特許經營權屆滿後，我們根據項目類型自當地政府獲得新的特許經營權或將相關設施轉讓回當地政府。截至2020年12月31日，我們共有49間特許經營水廠(含41間污水廠，8間自來水廠)，其中44間水廠已投入運營，5間在建。該44間正在運營的水處理廠中，其中14間為TOO項目，22間為TOT項目，6間為BOT項目及2間為BOO項目。

於報告期內，我們的設施利用率高於行業平均水平，污水處理量保持較高水準。截至2020年12月31日止年度，污水處理總量為657.5百萬立方米，平均設備利用率為92%。

污水處理項目

截至2020年12月31日，我們總共有37間污水處理廠已投入運營(其中昆明14間，中國其他地區23間)，日總污水處理能力達1.97百萬立方米。我們有4間污水處理廠在建，分別位於中國雲南省和老撾。憑藉技術先進的設施、獨立研發的專利及良好的管理能力，我們能夠維持較低的成本，提供高質量的污水處理服務。截至2020年12月31日，我們設計污水處理能力的91%達到國家一級A類排放標準。

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In addition, we provided operation management services to 31 facilities under entrustment with a designed total wastewater treatment capacity of 0.5 million m³ per day.

During the Reporting Period, the Company entered into new contracts for the Rural Wastewater Comprehensive Treatment Project in Xishan District, Kunming (昆明市西山區農村污水綜合治理項目), the Luquan County Municipal Wastewater Collection and Treatment Project (祿勸縣城鎮污水收集處理項目) and the Rural Habitat Environment Treatment Project in Yingjiang County, Dehong Prefecture (德宏州盈江縣農村人居環境治理項目). In addition, we also acquired 100% equity interest in Kunming Dongchuan Guozhen Sewage Treatment Co., Ltd. (昆明市東川區國禎污水處理有限公司) and Putian Huake Environmental Protection Engineering Co. Ltd. (莆田市華科環保工程有限公司) through equity acquisition, which further expanded the business market of the Company.

Reclaimed Water Business

For our reclaimed water business, as of 31 December 2020, we had 10 of our wastewater treatment plants producing reclaimed water, with a total designed daily production capacity of 213,000 m³. Customers of our reclaimed water include commercial and industrial establishments, enterprises and public institutions in Kunming. During the Reporting Period, reclaimed water supply was 31,176,512 m³, representing an increase of approximately 166% compared with 2019.

Since the 19th CPC National Congress, China has introduced various measures to promote water conservation among the general public, improve the overall utilisation of water resources, develop a water-saving production model and lifestyle, ensure national water security and facilitate high-quality development. Meanwhile, with China's regulation on classified water usage, reclaimed water began to show significant economic benefits and cost competitiveness and are widely promoted and used for industrial production, municipal miscellaneous use and ecological water recharge. During the Reporting Period, our reclaimed water supply increased significantly in line with the increase in demand for urban river recharge and municipal miscellaneous use. We have wastewater treatment plants in a number of regions across the country, which lay a solid foundation for the development of our reclaimed water business in those regions, and we will continue to promote the development of our reclaimed water business in accordance with local policies and market demand and supply conditions.

此外，我們接受託管提供運營管理服務的設施共計有31座，日總設計污水處理能力為0.5百萬立方米。

報告期內，本公司新簽署了昆明市西山區農村污水綜合治理項目、祿勸縣城鎮污水收集處理項目、德宏州盈江縣農村人居環境治理項目。同時，我們通過股權收購方式收購了昆明市東川區國禎污水處理有限公司及莆田市華科環保工程有限公司100%股權，進一步拓展了本公司業務市場。

再生水業務

再生水業務方面，截至2020年12月31日，我們有10間污水處理廠生產再生水，日總設計產能達213,000立方米。我們的再生水客戶包括昆明市的工商業機構、企事業單位。報告期內，再生水供應量為31,176,512立方米，與2019年相比增長約166%。

十九大以來，國家在推動社會節水、全面提升水資源利用率，形成節水型生產生活方式、保障國家水安全、促進高質量發展等方面出台了諸多措施，同時，隨著國家對分類用水的調控，再生水價格市場經濟效益顯著，被廣泛推廣用於工業生產、市政雜用、生態補水等方面。報告期內，我們的再生水供水量隨著城市河道補水、市政雜用需求量的增加而有大幅提升。我們在全國多個地區擁有污水處理廠，這為本公司再生水業務在當地的發展提供了基礎，我們將根據各個地方的政策及市場供需情況，繼續推進再生水業務的發展。



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Running Water Business

For our running water business, as of 31 December 2020, we had 7 running water plants in the PRC, and 1 running water plant under construction. During the Reporting Period, the supply of running water remained basically the same as the year of 2019. We expect that following the urbanisation and the construction of water supply facilities, the running water business will grow further.

D. MAJOR RISKS

The operational risks facing the Group are mainly capital-intensive characteristics of the industry, requirements of water quality standards and other force majeure events.

Capital-intensive characteristics of the industry

We are engaged in wastewater treatment, reclaimed water supply and running water supply projects, which typically require significant initial cash outlays and have long payback periods. On average, the investment payback periods for our projects range from five to ten years. If we fail to obtain financing or refinancing for such projects in the amounts required, we may need to finance these projects from our internal resources, which may strain our resources for other corporate purposes. Additionally, we may fail to properly perform our obligations in respect of these projects as a result of a funding shortage, which may lead to a reduction in our returns and may even lead to the loss of our initial capital investments.

自來水業務

自來水業務方面，截至2020年12月31日，我們在中國有7間自來水廠已投入營運，有1間自來水廠在建。報告期內自來水供應量與2019年相比基本持平，我們預計，隨著城市化建設及供水設施的建造，自來水業務將進一步增長。

D. 主要風險

本集團面臨的運營風險主要為資本密集的行業特性、水質標準要求及其他不可抗力事件。

資本密集的行業特性

我們從事的污水處理、再生水供應及自來水供應項目，通常需要大量初始現金支出，投資回收期長，我們的項目平均投資回收週期為5-10年。若我們無法按該等項目所需的金額進行融資或再融資，我們或需透過內部資源為該等項目融資，從而可能會對我們現實其他業務發展造成負擔。此外，我們或因資金短缺而無法恰當履行我們有關該等項目的義務，這會導致我們收益減少，甚至會導致我們初始投資出現損失。



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We are required to make substantial capital investments during the initial phases of our projects. These investments are primarily dependent on the funds we raise in our global offering and bank loans and corporate bonds to finance. For the year ended 31 December 2020, our total interest-bearing liabilities amounted to RMB4,966.9 million, representing an increase of 8.8% from RMB4,566.4 million in 2019. As of 31 December 2020, our net gearing ratio, calculated as net debt divided by total capital, was 49.6%.

We expect to continue to utilise bank loans and corporate bonds to finance a portion of our investments in our projects. The interest rate of bank loans is mainly affected by the quoted market rate of RMB loans issued by the National Interbank Funding Center each month. The increase in the quoted interest rate of RMB loans in the loan market may increase our total interest expense on RMB borrowings.

Requirements of water quality standards

Our wastewater treatment, reclaimed water supply and running water supply facilities are built to treat wastewater and raw water to specified quality standards. The quality of our treated wastewater and supplied reclaimed and running water depends on the level of pollution of the inflow of wastewater into our facilities and normal operation of our facilities. We are subject to risks of unknown or undiscovered inflow of wastewater into our equipment that exceeds our treatment capacity or defects or compatibility problems with our equipment. We cannot assure that we will always be able to timely discover and repair malfunctioning equipment or any other problems with our treatment process or facilities. In these instances, our facilities may not be able to treat wastewater or raw water in compliance with the relevant regulatory and contractual standards, which could result in us being subject to claims from our customers or governmental sanctions, and could lead to the suspension of our operations pending rectification as well as reputational damage. In addition, the incoming wastewater or raw water to be treated by our facilities may contain pollutants exceeding the types and quantity of pollutants we contemplated during the design and construction of the facilities which will adversely affect our operating costs, deterioration of our facilities and effluent quality.

於項目初期階段，我們必須做出大量資本投資，而該等投資主要依賴於我們於全球發售所募集資金、銀行貸款及公司債券撥付。截至2020年12月31日止年度，我們的有息負債總額為人民幣4,966.9百萬元，較2019年的人民幣4,566.4百萬元增加8.8%。於2020年12月31日，我們的淨資產負債比率(按負債淨額除以資本總額計算)為49.6%。

我們預期繼續利用銀行貸款及公司債券撥付項目的部分投資。而銀行貸款利率主要受全國銀行間同業拆借中心於每月發佈的人民幣貸款的貸款市場報價利率的影響。人民幣貸款的貸款市場報價利率的提升可能增加我們人民幣借款利息支出總額。

水質標準要求

我們所建的污水處理、再生水供應及自來水供應設施均需將污水及原水處理至符合指定規定的水質標準。污水處理、再生水供應及自來水供應的水質取決於進入設施的污水含污情況及我們設施是否能夠正常運行，任何未知或未發現的超過系統處置能力的污水進入設備或設備缺陷或兼容性問題亦會對我們構成風險。我們無法保證能夠永遠及時發現並及時維修故障設備，或解決處理工藝或設施的其他任何問題。在此類情況下，我們的設施可能無法按照相關規定及合同標準處理污水或原水，從而可能導致我們面臨客戶索賠或遭到政府處罰，亦可能導致暫停運營以及整改及聲譽受損。此外，待處理的污水或原水可能含有大量超過我們在設施設計及建設期間預測的污染物類型及數量，從而對我們的運營成本、設施磨損及出水水質排放造成不利影響。

Force majeure events

Any future occurrence of force majeure events, natural disasters or outbreaks of pandemics may restrict business in the areas affected and adversely affect our business and results of operations. These risks include damage to facilities, equipment and structures caused by natural disasters such as heavy rainfall, extremely high or low temperatures and lightning strikes, resulting in interruption of production operation and damage to facilities and equipment, as well as the global outbreak of COVID-19 since 2020. The Company has formulated contingency plans to respond to unexpected force majeure events and conducts emergency drills in daily operation to enhance the ability of the Company and its employees to respond to such events, and procures relevant materials and conducts safety inspections before the onset of the rainy season in places where it operates to reduce the impact of such force majeure events on the Company.

E. FINANCIAL REVIEW

1. Consolidated Results of Operations

Our revenue increased by RMB85.9 million, or 4.7%, to RMB1,919.4 million for the year ended 31 December 2020, from RMB1,833.5 million for the year ended 31 December 2019. Gross profits increased by RMB41.3 million, or 6.5%, to RMB679.2 million for the year ended 31 December 2020, from RMB637.9 million for the year ended 31 December 2019. During the Reporting Period, revenue from wastewater treatment services, reclaimed water and running water supply and other segments accounted for 66%, 14% and 20% of the total revenue, respectively.

不可抗力事件

未來發生任何不可抗力事件、自然災害或爆發疫情，或會限制受影響地區的業務，進而對我們業務及經營業績造成不利影響。該等風險包括暴雨、高溫、低寒、雷擊等氣象因素引發的自然災害對設施設備、構築物破壞導致生產運營中斷、設施設備損毀等，以及2020年至今的新冠肺炎疫情在全球的蔓延。針對突發的不可抗力事件，本公司制定了相關的應急處理預案，並於日常工作中進行應急處理處置演練，以增強公司及僱員應對該等事件的能力，於經營所在地雨季來臨之前，做好相關物資採購及安全檢查，降低該等不可抗力事件對本公司的影響。

E. 財務回顧

1. 合併經營業績

我們的收入從截至2019年12月31日止年度的人民幣1,833.5百萬元增加至截至2020年12月31日止年度的人民幣1,919.4百萬元，增幅為人民幣85.9百萬元或4.7%。截至2019年12月31日止年度之毛利為人民幣637.9百萬元，增長至截至2020年12月31日止年度之人民幣679.2百萬元，增幅為人民幣41.3百萬元或6.5%。報告期內，污水處理、再生水及自來水供應、其他分部的收入分別佔總收入的66%、14%、20%。

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The following discussion addresses the principal trends that have affected our results of operations during the Reporting Period. The following table sets out our consolidated results of operations for the periods indicated:

下文論述於報告期影響我們經營業績的主要趨勢。下表載列所示期間我們的合併經營業績：

		For the year ended 31 December	
		截至12月31日止年度	
		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Revenue	收入	1,919,423	1,833,542
Cost of sales	銷售成本	(1,240,246)	(1,195,618)
Gross profit	毛利	679,177	637,924
Selling expenses	銷售費用	(13,703)	(13,140)
Administrative expenses	行政費用	(151,365)	(126,082)
Research and development expenses	研發費用	(7,398)	(5,719)
Net impairment losses on financial assets	金融資產減值損失淨額	(26,671)	(8,829)
Other (expenses)/income – net	其他(開支)/收益淨額	(42,845)	86,512
Other losses	其他虧損	(7,671)	(974)
Operating profit	經營利潤	429,524	569,692
Finance income	財務收入	71,789	61,408
Finance costs	財務成本	(85,520)	(192,709)
Finance costs – net	財務成本–淨額	(13,731)	(131,301)
Share of results of associates	聯營公司經營成果份額	(312)	(241)
Profit before tax	稅前利潤	415,481	438,150
Income tax expenses	所得稅費用	(65,053)	(68,072)
Profit for the year	年度利潤	350,428	370,078
Other comprehensive income	其他綜合收益	13,290	871
Total comprehensive income for the year	年度綜合收益總額	363,718	370,949

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a. Revenue

Our revenue increased by RMB85.9 million, or 4.7%, to RMB1,919.4 million for the year ended 31 December 2020 from RMB1,833.5 million for the year ended 31 December 2019, primarily due to:

- Our revenue from wastewater treatment business increased by RMB62.7 million or 5.2% from RMB1,213.8 million for the year ended 31 December 2019 to RMB1,276.5 million for the year ended 31 December 2020. In particular, wastewater treatment operating income increased by RMB86.4 million, which was mainly due to the change in value added tax rate and the increase in wastewater treatment volume; the construction income decreased by approximately RMB35.2 million, which was mainly due to the decrease in investment for the Environmental Protection Project of Haitou Village of Qingshuihai Nature Reserve in Xundian County and other projects as compared to 2019; and the finance income increased by approximately RMB11.5 million.
- Our revenue from water supply segment decreased by RMB43.9 million or 14.4% from RMB304.9 million for the year ended 31 December 2019 to RMB261.0 million for the year ended 31 December 2020, which was mainly due to the decrease in construction service income of RMB30.1 million as compared to 2019 resulting from the fact that the BT Project of Reclaimed Water Utilisation and Greening Improvement of Xundian County Park and Part of the Roads entered the repurchase period.
- Our revenue from other segments increased by RMB67.1 million or 21.3% from RMB314.9 million for the year ended 31 December 2019 to RMB382.0 million for the year ended 31 December 2020. The management service income increased by approximately RMB51.0 million resulting from the increase in business volume of entrusted management services provided by the Company in 2020; the construction income increased by approximately RMB49.4 million resulting from the continuous construction of BT projects such as the Project of Reconstruction and Expansion of Yijiu Road in Jiuxiang Tourism Town of Yiliang County. The thermal power income decreased by approximately RMB32.9 million resulting from the decrease in demand for electricity from the nearby customers of Hongyu Thermal Power who were affected by the pandemic during the first quarter of 2020.

a. 收入

我們的收入從截至2019年12月31日止年度的人民幣1,833.5百萬元增加至截至2020年12月31日止年度的人民幣1,919.4百萬元，增幅為人民幣85.9百萬元或4.7%，主要原因為：

- 我們污水處理分部的收入從截至2019年12月31日止年度的人民幣1,213.8百萬元增加至截至2020年12月31日止年度的人民幣1,276.5百萬元，增幅為人民幣62.7百萬元或5.2%。其中，污水處理營運服務收入增加人民幣86.4百萬元，主要由於增值稅稅率變動及污水處理水量增加；建造服務收入減少約人民幣35.2百萬元，主要由於尋甸縣清水海保護區海頭村保護工程等項目投入較2019年有所下降；財務收入增加約人民幣11.5百萬元。
- 我們的水供給分部的收入從截至2019年12月31日止年度的人民幣304.9百萬元，降低至截至2020年12月31日止年度的人民幣261.0百萬元，降幅為人民幣43.9百萬元或14.4%，主要由於尋甸縣公園和部分道路再生水利用及綠化提升改造BT項目進入回購期，導致建造服務收入較2019年減少人民幣30.1百萬元。
- 我們其他分部的收入從截至2019年12月31日止年度的人民幣314.9百萬元增加至截至2020年12月31日止年度的人民幣382.0百萬元，增幅為人民幣67.1百萬元或21.3%。由於2020年本公司提供委託管理業務量增長等原因，管理服務收入增加約人民幣51.0百萬元；由於宜良縣九鄉旅遊小鎮宜九路改擴建工程等BT項目持續建設，建造收入增加約人民幣49.4百萬元。2020年第一季度宏宇熱電周邊客戶受疫情影響，電力需求有所減少，熱電收入減少約人民幣32.9百萬元。

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b. Cost of sales

Our cost of sales increased by RMB44.6 million, or 3.7%, to RMB1,240.2 million for the year ended 31 December 2020, from RMB1,195.6 million for the year ended 31 December 2019. Details are as follows:

- Our cost of sales for wastewater treatment segment increased by RMB18.5 million, or 2.6%, to RMB718.2 million for the year ended 31 December 2020, from RMB699.7 million for the year ended 31 December 2019, which was mainly due to the increase in wastewater treatment volume during the Reporting Period.
- Our cost of sales for water supply segment decreased by RMB39.6 million, or 16.0%, to RMB207.6 million for the year ended 31 December 2020, from RMB247.2 million for the year ended 31 December 2019, which was mainly due to the decrease in construction cost resulting from the decrease in water supply construction business of the Company.
- Our cost of sales for other segments increased by RMB65.8 million, or 26.5%, to RMB314.5 million for the year ended 31 December 2020, from RMB248.7 million for the year ended 31 December 2019. In particular, the entrusted management costs increased by approximately RMB32.0 million resulting from the increase in business volume of entrusted management services; the construction cost increased by approximately RMB46.7 million resulting from the continuous construction of BT projects such as the Project of Reconstruction and Expansion of Yijiu Road in Jiuxiang Tourism Town of Yiliang County. In addition, the thermal power cost decreased by approximately RMB11.5 million resulting from the decrease in demand for electricity from the nearby customers of Hongyu Thermal Power who were affected by the pandemic during the first quarter of 2020.

b. 銷售成本

我們的銷售成本從截至2019年12月31日止年度的人民幣1,195.6百萬元增加至截至2020年12月31日止年度的人民幣1,240.2百萬元，增幅為人民幣44.6百萬元或3.7%，具體如下：

- 我們污水處理分部的銷售成本從截至2019年12月31日止年度的人民幣699.7百萬元增加至截至2020年12月31日止年度的人民幣718.2百萬元，增幅為人民幣18.5百萬元或2.6%，主要由於本報告期內污水處理量增加。
- 我們水供給分部的銷售成本從截至2019年12月31日止年度的人民幣247.2百萬元減少至截至2020年12月31日止年度的人民幣207.6百萬元，降幅為人民幣39.6百萬元或16.0%，主要由於本公司水供給建造業務下降導致建造投入減少。
- 我們其他分部的銷售成本從截至2019年12月31日止年度的人民幣248.7百萬元增加至截至2020年12月31日止年度的人民幣314.5百萬元，增幅為人民幣65.8百萬元或26.5%，其中，委託管理業務量增長，委託管理成本增加約人民幣32.0百萬元；宜良縣九鄉旅遊小鎮宜九路改擴建工程等BT項目持續建設，增加建造成本約人民幣46.7百萬元。另外，2020年第一季度宏宇熱電周邊客戶受疫情影響電力需求量下降，熱電成本減少約人民幣11.5百萬元。

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c. Gross margin

Our gross profit increased by RMB41.3 million, or 6.5%, to RMB679.2 million for the year ended 31 December 2020, from RMB637.9 million for the year ended 31 December 2019, which was mainly due to the increase in gross profit from wastewater treatment segment of RMB44.2 million, decrease in gross profit from water supply segment of RMB4.2 million and increase in gross profit from other segments of RMB1.3 million.

Our gross margin increased by 0.6% from 34.8% for the year ended 31 December 2019 to 35.4% for the year ended 31 December 2020, which was mainly due to the increase in gross margin of wastewater treatment segment and water supply segment, partially offset by the decrease in gross margin of other segments.

- Our gross profit from wastewater treatment segment increased by RMB44.2 million, or 8.6%, to RMB558.3 million for the year ended 31 December 2020, from RMB514.1 million for the year ended 31 December 2019. Our segment gross margin increased by 1.3% from 42.4% for the year ended 31 December 2019 to 43.7% for the year ended 31 December 2020, which was mainly due to the higher gross margin of the wastewater service of Zhaotong Water during the current period, and the increase in finance income resulting from the official commercial operation of the Zhaotong Central City Second Sewage Treatment Plant and Dongchuan District Sewage Treatment Plant.
- Our gross profit from water supply segment decreased by RMB4.2 million, or 7.3%, to RMB53.4 million for the year ended 31 December 2020, from RMB57.6 million for the year ended 31 December 2019. Our segment gross margin increased by 1.6% from 18.9% for the year ended 31 December 2019 to 20.5% for the year ended 31 December 2020.

c. 毛利率

我們的毛利從截至2019年12月31日止年度的人民幣637.9百萬元增加至截至2020年12月31日止年度的人民幣679.2百萬元，增幅為人民幣41.3百萬元或6.5%，主要由於污水處理分部的毛利增加人民幣44.2百萬元、水供給分部的毛利減少人民幣4.2百萬元及其他分部的毛利增加人民幣1.3百萬元所致。

我們的毛利率從截至2019年12月31日止年度的34.8%增加至截至2020年12月31日止年度的35.4%，增幅為0.6%，主要由於污水處理分部及水供給分部的毛利率增加，部分被其他分部的毛利率下降所抵銷。

- 我們污水處理分部的毛利從截至2019年12月31日止年度的人民幣514.1百萬元增加至截至2020年12月31日止年度的人民幣558.3百萬元，增幅為人民幣44.2百萬元或8.6%。我們的分部毛利率從截至2019年12月31日止年度的42.4%增加至截至2020年12月31日止年度的43.7%，增幅為1.3%，主要由於昭通水務污水服務本期毛利較高；昭通中心城市第二污水處理廠、東川區污水處理廠等項目正式商業運行，財務收入增加。
- 我們水供給分部的毛利從截至2019年12月31日止年度的人民幣57.6百萬元減少至截至2020年12月31日止年度的人民幣53.4百萬元，降幅為人民幣4.2百萬元或7.3%。我們的分部毛利率從截至2019年12月31日止年度的18.9%增加至截至2020年12月31日止年度的20.5%，增幅為1.6%。

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- Our gross profit from other segments increased by RMB1.3 million, or 2.0%, to RMB67.5 million for the year ended 31 December 2020, from RMB66.2 million for the year ended 31 December 2019. Our segment gross margin decreased by 3.3% from 21.0% for the year ended 31 December 2019 to 17.7% for the year ended 31 December 2020, which was mainly due to the lower overall gross margin for the year resulting from the decrease in demand for electricity from the nearby customers of Hongyu Thermal Power who were affected by the COVID-19 pandemic during the first quarter of 2020; and the lower gross margin of construction service due to the fact that BT projects such as the Project of Reconstruction and Expansion of Yijiu Road in Jiuxiang Tourism Town of Yiliang County were at the construction stage.

d. Selling expenses

Our selling expenses increased by RMB0.6 million, or 4.6%, to RMB13.7 million for the year ended 31 December 2020, from RMB13.1 million for the year ended 31 December 2019.

e. Administrative expenses

Administrative expenses increased by RMB25.3 million, or 20.1%, to RMB151.4 million for the year ended 31 December 2020, from RMB126.1 million for the year ended 31 December 2019, which was mainly due to the increase in benefit expense for administrative employees of RMB18.4 million and increase in depreciation and rental expense of RMB5.4 million.

f. Research and development expenses

Research and development expenses increased by RMB1.7 million, or 29.8%, to RMB7.4 million for the year ended 31 December 2020, from RMB5.7 million for the year ended 31 December 2019.

g. Net impairment losses on financial assets

Impairment losses on financial assets increased by RMB17.9 million from RMB8.8 million for the year ended 31 December 2019 to RMB26.7 million for the year ended 31 December 2020, which was mainly due to the increase in provision for losses that need to be recognised for trade receivables and amounts due from customers for construction contracts and an impairment loss of RMB26.7 million was provided for financial assets during the Reporting Period.

- 我們其他分部的毛利從截至2019年12月31日止年度的人民幣66.2百萬元增加至截至2020年12月31日止年度的人民幣67.5百萬元，增幅為人民幣1.3百萬元或2.0%。我們的分部毛利率從截至2019年12月31日止年度的21.0%減少至截至2020年12月31日止年度的17.7%，降幅為3.3%，主要由於2020年第一季度宏宇熱電周邊客戶受新冠肺炎疫情影響電力需求有所減少，導致全年綜合毛利率偏低；宜良縣九鄉旅遊小鎮宜九路改擴建工程等BT項目處於建造階段，建造毛利率較低。

d. 銷售費用

我們的銷售費用從截至2019年12月31日止年度的人民幣13.1百萬元增加至截至2020年12月31日止年度的人民幣13.7百萬元，增幅為人民幣0.6百萬元或4.6%。

e. 行政費用

行政費用從截至2019年12月31日止年度的人民幣126.1百萬元增加至截至2020年12月31日止年度的人民幣151.4百萬元，增幅為人民幣25.3百萬元或20.1%，主要是由於行政人員福利開支增加人民幣18.4百萬元，折舊費及租賃費增加人民幣5.4百萬元。

f. 研發費用

研發費用從截至2019年12月31日止年度的人民幣5.7百萬元增加至截至2020年12月31日止年度的人民幣7.4百萬元，增幅為人民幣1.7百萬元或29.8%。

g. 金融資產減值損失淨額

金融資產減值損失從截至2019年12月31日止年度的人民幣8.8百萬元增加至截至2020年12月31日止年度的人民幣26.7百萬元，增幅為人民幣17.9百萬元，主要是由於貿易應收款項及應收客戶建造合同款需要確認的虧損撥備有所增加，故本報告期內計提金融資產減值損失人民幣26.7百萬元。

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h. Other (expenses)/income – net

Our other (expenses)/income – net decreased by RMB129.3 million, or 149.5%, to other expenses of RMB42.8 million for the year ended 31 December 2020, from other income of RMB86.5 million for the year ended 31 December 2019, which was mainly due to the fact that the Company entered into the RMB foreign exchange currency swap transaction confirmation agreement with Hang Seng Bank to hedge the foreign exchange fluctuation risk arising from the foreign currency borrowings obtained from international syndicates in March to June 2019 (with principal amounts of US\$170,000,000 and HK\$1,015,000,000, respectively), and in 2020, the change in fair value of the assets under such agreement incurred losses of RMB130.9 million (the exchange gain of RMB131.7 million for the same period from the corresponding foreign liabilities of such agreement due to foreign exchange fluctuation was recognised in finance cost for the period).

i. Other losses

Our other losses increased to other losses of RMB7.7 million for the year ended 31 December 2020, from other losses of RMB1.0 million for the year ended 31 December 2019, which was mainly attributable to the penalty of RMB6.6 million payable by Leshan Water for breach of construction contract in 2020.

j. Operating profit

As a result of the foregoing factors, our operating profit decreased by RMB140.2 million, or 24.6%, to RMB429.5 million for the year ended 31 December 2020, from RMB569.7 million for the year ended 31 December 2019. Our operating margins for the years ended 31 December 2020 and 2019 were 22.4% and 31.1%, respectively.

k. Finance income

Our finance income increased by RMB10.4 million, or 16.9%, to RMB71.8 million for the year ended 31 December 2020, from RMB61.4 million for the year ended 31 December 2019, primarily due to an increase in interest income from borrowings to related parties.

h. 其他(開支)/收益淨額

我們的其他(開支)/收益淨額從截至2019年12月31日止年度的其他收益人民幣86.5百萬元減少至截至2020年12月31日止年度的其他開支人民幣42.8百萬元，降幅為人民幣129.3百萬元或149.5%，主要由於本公司與恆生銀行簽訂的人民幣外匯貨幣掉期交易協議，用於對沖公司於2019年3月至6月獲取的國際銀團外幣借款(本金分別為170,000,000美元及1,015,000,000港元)產生的外匯波動風險，2020年該協議資產的公允價值變動產生虧損人民幣130.9百萬元(同期該協議對應的外幣負債因匯率波動而產生的匯兌收益人民幣131.7百萬元於當期財務成本確認)。

i. 其他虧損

我們的其他虧損從截至2019年12月31日止年度的其他虧損人民幣1.0百萬元增加至截至2020年12月31日止年度的其他虧損人民幣7.7百萬元，主要由於2020年樂山水務應支付人民幣6.6百萬元工程款違約金所致。

j. 經營利潤

由於上述原因，我們的經營利潤從截至2019年12月31日止年度的人民幣569.7百萬元減少至截至2020年12月31日止年度的人民幣429.5百萬元，降幅為人民幣140.2百萬元或24.6%。我們於截至2020年12月31日及2019年12月31日止年度的經營利潤率分別為22.4%及31.1%。

k. 財務收入

我們的財務收入從截至2019年12月31日止年度的人民幣61.4百萬元增加至截至2020年12月31日止年度的人民幣71.8百萬元，增幅為人民幣10.4百萬元或16.9%。主要由於關聯方借款的利息收入增加所致。

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l. Finance costs

Our finance costs decreased by RMB107.2 million, or 55.6%, to RMB85.5 million for the year ended 31 December 2020, from RMB192.7 million for the year ended 31 December 2019, primarily due to the exchange gain of RMB131.7 million from the foreign currency borrowings obtained by the Company from international syndicates in March to June 2019 due to change in foreign exchange in 2020 (the loss of RMB130.9 million for the same period from the fair value change of the RMB foreign exchange currency swap transaction confirmation agreement between the Company and Hang Seng Bank was recorded in other expenses).

m. Profit before income tax

As a result of the foregoing factors, our profit before income tax decreased by RMB22.7 million, or 5.2%, to RMB415.5 million for the year ended 31 December 2020 from RMB438.2 million for the year ended 31 December 2019.

n. Income tax

We incurred income tax expenses of RMB68.1 million for the year ended 31 December 2019 and RMB65.1 million for the year ended 31 December 2020 at effective tax rates of 15.5% and 15.7%, respectively. Our effective tax rate remained basically the same as last year. The effective tax rate was slightly higher than 15% due to the expiry of the preferential tax treatment for some of our wastewater treatment facilities and the fact that certain subsidiaries are not eligible for the preferential 15% corporate income tax rate under the "Western Development Policy".

o. Total comprehensive income

As a result of the foregoing factors, our total comprehensive income decreased by RMB7.2 million, or 1.9%, to RMB363.7 million for the year ended 31 December 2020 from RMB370.9 million for the year ended 31 December 2019.

2. Liquidity and Capital Resources

Our primary uses of cash are for investing in, constructing, operating and maintaining our wastewater treatment and water supply facilities. To date, we have funded our investments and operations principally with bank loans, cash generated from our operations, equity contributions and issuance of debt instruments.

l. 財務成本

我們的財務成本從截至2019年12月31日止年度的人民幣192.7百萬元減少至截至2020年12月31日止年度的人民幣85.5百萬元，降幅為人民幣107.2百萬元或55.6%。主要由於本公司於2019年3月至6月獲取的國際銀團外幣借款因2020年匯率變動產生匯兌收益人民幣131.7百萬元(同期公司與恆生銀行簽訂的人民幣外匯貨幣掉期交易協議的公允價值變動產生虧損人民幣130.9百萬元計入其他開支)。

m. 所得稅前利潤

由於上述原因，我們的所得稅前利潤從截至2019年12月31日止年度的人民幣438.2百萬元減少至截至2020年12月31日止年度的人民幣415.5百萬元，降幅為人民幣22.7百萬元或5.2%。

n. 所得稅

我們於截至2019年12月31日止年度及截至2020年12月31日止年度的所得稅費用為人民幣68.1百萬元及人民幣65.1百萬元，實際稅率分別為15.5%及15.7%。我們的實際稅率與上年基本一致，由於我們的一些污水處理設施的稅收優惠待遇到期及部分子公司不享受「西部大開發政策」15%的優惠企業所得稅稅率，因此實際稅率略高於15%。

o. 綜合收益總額

由於上述原因，我們的綜合收益總額從截至2019年12月31日止年度的人民幣370.9百萬元降低至截至2020年12月31日止年度的人民幣363.7百萬元，降幅為人民幣7.2百萬元或1.9%。

2. 流動資金及資本資源

我們的現金主要用於投資、建設、經營及維護我們的污水處理及供水設施。迄今為止，我們的投資及經營所需資金主要通過銀行貸款、經營產生的現金、股權出資及發行債務籌集。

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The following table sets out our cash flows for the years indicated:

下表載列我們於所示年度的現金流量：

		For the year ended 31 December	
		截至12月31日止年度	
		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Net cash used in operating activities	經營活動所用的現金淨額	(613,467)	(172,812)
Net cash used in investing activities	投資活動所用的現金淨額	(290,733)	(1,131,514)
Net cash from financing activities	融資活動所得的現金淨額	387,547	1,500,966
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物淨(減少)/增加	(516,653)	196,640
Effect of foreign exchange rates	匯率變化影響	(23,606)	13,845
Cash and cash equivalents at the beginning of the Reporting Period	報告期初的現金及現金等價物	1,290,199	1,079,714
Cash and cash equivalents at the end of the Reporting Period	報告期末的現金及現金等價物	749,940	1,290,199

a. Net cash used in operating activities

Our net cash used in operating activities primarily consists of cash received from our clients for services provided by us which net of used cash in our operations for the purchase of raw materials and other inventories, payments to suppliers and subcontractors, payments of expenses such as salaries and benefits, and payments of interest and income tax.

a. 經營活動所用的現金淨額

我們的經營活動所用的現金淨額主要包括就提供服務向客戶收取的現金。我們亦於經營中使用現金購買原材料及其他存貨、向供應商及分包商付款、支付工資及福利等費用以及支付利息及所得稅。

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For the year ended 31 December 2020, our net cash used in operating activities was RMB613.5 million, primarily comprising cash used in operations amounting to RMB339.3 million, income tax paid amounting to RMB57.1 million and interest paid amounting to RMB217.0 million. The net cash used in operating activities in 2020 increased by RMB440.7 million compared with that of 2019, primarily due to the increase in investment for construction of concession projects during the current period as compared to the previous period.

b. Net cash used in investing activities

Our net cash used in investing activities has principally been used to purchase property, plant and equipment, loans to related parties and other investments.

As of 31 December 2020, the net cash used in investing activities amounted to RMB290.7 million, primarily comprising the purchase of property, plant and equipment amounting to RMB186.8 million and net cash outflow from acquisition of asset management products of Bosera Capital amounting to RMB100.0 million. The net cash used in investing activities in 2020 decreased by RMB840.8 million compared with that of 2019, primarily due to the net increase in loans granted to related parties of RMB1,000.0 million in previous year.

c. Net cash generated from financing activities

Our net cash generated from financing activities primarily represents borrowings.

Our net cash generated from financing activities changed from net inflow of RMB1,501.0 million for the year ended 31 December 2019 to net inflow of RMB387.5 million for the year ended 31 December 2020, which was primarily attributable to a decrease in borrowings in 2020 compared with 2019.

截至2020年12月31日止年度，我們的經營活動所用的現金淨額為人民幣613.5百萬元，主要包括經營使用的現金人民幣339.3百萬元，已付所得稅人民幣57.1百萬元及已付利息人民幣217.0百萬元。2020年度經營活動所用的現金淨額較2019年增加人民幣440.7百萬元，主要由於本期特許經營項目建造投入相比上期增加。

b. 投資活動所用現金淨額

我們的投資活動所用現金淨額主要用於購買不動產、工廠及設備、關聯方貸款及進行其他投資。

截至2020年12月31日止的投資活動所用現金淨額為人民幣290.7百萬元，主要包括：購買不動產、工廠及設備的人民幣186.8百萬元，購買博時資本資產產品現金淨流出人民幣100.0百萬元。2020年度投資活動所用的現金淨額較2019年減少人民幣840.8百萬元，主要由於上年度向關聯方授出貸款淨增加人民幣1,000.0百萬元。

c. 融資活動產生的現金淨額

我們的融資活動產生的現金淨額主要為借款。

我們的融資活動的現金淨額由截至2019年12月31日止年度的淨流入人民幣1,501.0百萬元變為截至2020年12月31日止年度的淨流入人民幣387.5百萬元，主要由於2020年度取得借款較2019年減少導致。

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3. Working Capital

The table below presents our current assets and current liabilities as of the dates indicated:

3. 營運資本

下表載列於所示日期我們的流動資產及流動負債的詳情：

		As at 31 December	
		於 12 月 31 日	
		2020	2019
		2020 年	2019 年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current assets	流動資產		
Receivables under service concession arrangements	特許經營權協議下的應收款項	6,562	7,548
Inventories	存貨	11,759	22,636
Amounts due from customers for construction contracts	應收客戶建造合同款	26,954	27,578
Financial assets at fair value through profit or loss	按公允價值計入損益的金融資產	-	246,327
Financial assets at amortised cost	以攤銷成本計量的金融資產	300,000	-
Trade and other receivables	應收賬款及其他應收款	2,391,034	2,225,415
Cash and bank balances	現金及銀行結餘	749,940	1,290,199
Restricted funds	受限制資金	7,990	67,966
Total current assets	流動資產總額	3,494,239	3,887,669
Current liabilities	流動負債		
Trade and other payables	應付賬款及其他應付款	699,096	486,848
Income tax payables	應付所得稅	96,091	75,273
Borrowings	借款	1,884,963	701,320
Lease liabilities	租賃負債	1,168	3,786
Contract liabilities	合同負債	45,493	7,238
Financial liabilities at fair value through profit or loss	按公允價值計入損益的金融負債	84,613	-
Total current liabilities	流動負債總額	2,811,424	1,274,465
Net current assets	流動資產淨額	682,815	2,613,204

We recorded net current assets of RMB682.8 million as of 31 December 2020 and net current assets of RMB2,613.2 million as of 31 December 2019. The decrease in our net current assets was mainly attributable to the increase in unsecured short-term borrowings and payables to local governments and third parties.

於2020年12月31日及2019年12月31日，我們錄得流動資產淨額人民幣682.8百萬元及流動資產淨額人民幣2,613.2百萬元。流動資產淨額減少主要因為未擔保的短期借款及應付地方政府和第三方的應付款項增加。

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a. *Receivables under service concession arrangements*

Our receivables under service concession arrangements refer to the outstanding receivables arising from our construction services (for BOT projects) or acquisition considerations (for TOT projects). Under our BOT and TOT agreements, the amounts of receivables under service concession arrangements will be settled by tariff payments to be received during the operation phases of our BOT and TOT projects (adjusted by operation services and finance income). The portion of the receivables under service concession arrangements due within twelve months from a particular balance sheet date are classified as current assets as at that balance sheet date and the remainder is classified as non-current assets.

Our receivables under service concession arrangements increased by RMB1,037.7 million or 74.7% from RMB1,389.5 million on 31 December 2019 to RMB2,427.2 million on 31 December 2020, primarily because our receivables under service concession arrangements that were classified as non-current assets increased by RMB1,038.6 million or 75.2% year-on-year from 2019 to 2020. The increase was mainly due to the increase in receivables under service concession arrangements of RMB521.9 million resulting from the fact that we obtained the concession right of Zhaotong Water and continued the construction of Zhaotong Central City Second Sewage Treatment Plant; recognition of receivables of RMB46.7 million based on the construction progress of the Fanchang County Second Sewage Treatment Plant Concession Project, recognition of receivables of RMB48.6 million based on the construction progress of the Project of Comprehensive Improvement of Water Environment and Ecological Recharge with Reclaimed Water for Dongda River – Zhong River in Jinning District; and recognition of receivables of RMB41.8 million based on the construction progress of the Yiliang County Rural Sewage Treatment Plant and Ancillary Facility Construction Project (Phase I).

b. *Inventories*

Our total inventory balance decreased by RMB10.8 million, or 47.8%, to RMB11.8 million as of 31 December 2020 from RMB22.6 million as of 31 December 2019. The balance of raw materials increased by RMB0.7 million, or 14.3%, to RMB5.6 million as of 31 December 2020 from RMB4.9 million as of 31 December 2019. Coal decreased by RMB10.1 million, or 88.6%, to RMB1.3 million as of 31 December 2020 from RMB11.4 million as of 31 December 2019. Parts and components decreased by RMB1.4 million, or 22.2%, to RMB4.9 million as of 31 December 2020 from RMB6.3 million as of 31 December 2019.

a. *特許經營權協議下的應收款項*

我們的特許經營權協議下應收款項指於整個特許期間內，因建造服務(就BOT項目而言)或收購對價(就TOT項目而言)所產生的未結算應收款項。根據我們的BOT及TOT協議，特許經營權協議下的應收款項將以我們於BOT及TOT項目運營期間收取的費用款項結算(經運營服務以及融資收入調整)。自特定資產負債表日期起計十二個月內到期的特許經營權協議下的應收款項部分被分類為截至該資產負債表日期的流動資產，而剩餘部分被分類為非流動資產。

我們的特許經營權協議下的應收款項從2019年12月31日的人民幣1,389.5百萬元增加人民幣1,037.7百萬元或74.7%至2020年12月31日的人民幣2,427.2百萬元，主要由於分類為非流動資產的特許經營權協議下的應收款項由2019年至2020年同比增長人民幣1,038.6百萬元或75.2%。增長主要因為我們取得昭通水務的特許經營權，且昭通中心城市第二污水處理廠等項目持續建設，特許經營權下的應收款項增加人民幣521.9百萬元；繁昌縣第二污水處理廠項目特許經營權項目本期按完工進度，確認應收款項人民幣46.7百萬元；晉寧區東大河一中河水環境綜合治理及再生水生態補水項目本期按完工進度，確認應收款項人民幣48.6百萬元；宜良縣農村污水處理站及附屬設施建設項目(一期)本期按完工進度確認應收款項人民幣41.8百萬元。

b. *存貨*

我們的存貨結餘總額由2019年12月31日的人民幣22.6百萬元減少人民幣10.8百萬元或47.8%至2020年12月31日的人民幣11.8百萬元。原材料由2019年12月31日的人民幣4.9百萬元增加人民幣0.7百萬元或14.3%至2020年12月31日的人民幣5.6百萬元。煤炭由2019年12月31日的人民幣11.4百萬元減少人民幣10.1百萬元或88.6%至2020年12月31日的人民幣1.3百萬元。零部件由2019年12月31日的人民幣6.3百萬元減少人民幣1.4百萬元或22.2%至2020年12月31日的人民幣4.9百萬元。

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Our inventory turnover days decreased from 5.4 days on 31 December 2019 to 5.1 days on 31 December 2020 (calculated as the average inventories for the relevant year divided by the cost of sales recognised for the relevant year, multiplied by 366 days. The arithmetic mean of the opening and closing balances of inventories is used for the years ended 31 December 2019 and 2020).

c. Amounts due from customers for construction contracts

The portion of amounts due from customers for construction contracts due within twelve months from a particular balance sheet date are classified as current assets as at that balance sheet date and the remainder is classified as non-current assets.

Our total amounts due from customers for construction contracts increased by RMB95.9 million, or 17.6%, to RMB639.7 million as of 31 December 2020 from RMB543.8 million as of 31 December 2019, primarily due to the investment in new construction for BT projects such as the Urban Construction Demonstration Project of Improvement of Dark and Odorous Water in Urban Area of Zhaotong, the Environmental Protection Project of Haitou Village of Qingshuihai Nature Reserve in Xundian County and the Project of Construction of Municipal Infrastructure and Ancillary Facilities for Environmental Protection of Jiuxiang Tourism Town of Yiliang County as well as the normal operation of existing construction projects.

d. Trade and other receivables

Our trade and other receivables primarily consist of (i) trade receivables from local governments, related parties and third parties; (ii) other receivables from related parties, third parties and local governments; and (iii) prepayments. Our trade receivables are amounts due from customers for operation services provided to the customers in TOO, TOT and BOT projects. Our other receivables primarily consist of loans granted to and interest receivable from related parties, and VAT refund yet to be received. Our prepayments primarily consist of prepaid construction payables and prepayment for goods.

我們的存貨週轉天數由2019年12月31日的5.4天減少至2020年12月31日的5.1天(按有關年間平均存貨除以有關年間確認的銷售成本再乘以366天計算。截至2019年及2020年12月31日止年度採用存貨期初及期末結餘的算數平均值)。

c. 應收客戶建造合同款

自特定資產負債表日期起計十二個月內到期的應收客戶建造合同款部分被分類為截至該資產負債表日期的流動資產，而剩餘部分被分類為非流動資產。

我們的應收客戶建造合同款由2019年12月31日的人民幣543.8百萬元增加人民幣95.9百萬元或17.6%，至2020年12月31日的人民幣639.7百萬元，主要由於昭通市城市黑臭水體治理示範城市建設項目、尋甸縣清水海保護區海頭村環保工程、宜良縣九鄉旅遊小鎮市政環保基礎配套設施建設項目等BT項目新增建設投入以及原有建造項目正常進行。

d. 應收賬款及其他應收款

我們的應收賬款及其他應收款主要包括(i)應收地方政府、關聯方及第三方賬款；(ii)應收關聯方、第三方及地方政府的其他款項；及(iii)預付款。我們的應收賬款是指公司在TOO、TOT、BOT等項目中已為客戶提供的運營服務而應向客戶收取的款項。我們的其他應收款項主要包括向關聯方授出的貸款及應收利息以及未收取的增值稅退稅。預付款主要包括預付工程款及預付貨款等。

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The following table shows the breakdown of our consolidated trade and other receivables as of the dates indicated:

下表載列於所示日期我們的合併應收賬款及其他應收款明細：

		As at 31 December	
		於 12 月 31 日	
		2020	2019
		2020 年	2019 年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade receivables:	應收賬款：		
-Third parties	- 第三方	83,918	80,165
-Related parties	- 關聯方	85,983	123,168
-Local government	- 地方政府	990,790	780,419
-Loss allowance	- 虧損撥備	(35,312)	(16,294)
Trade receivables – net	應收賬款 – 淨額	1,125,379	967,458
Other receivables:	其他應收款：		
-Third parties	- 第三方	128,176	57,597
-Related parties	- 關聯方	1,029,152	1,026,202
-Local government	- 地方政府	53,319	47,057
-Loss allowance	- 虧損撥備	(5,533)	(3,472)
Other receivables – net	其他應收款 – 淨額	1,205,114	1,127,384
Prepayments:	預付款：		
-Local government	- 地方政府	–	3,587
-Others	- 其他	60,545	126,990
-Impairment loss	- 資產減值	(4)	(4)
Prepayments – net	預付款 – 淨額	60,541	130,573
Trade and other receivables – net	應收賬款及其他應收款 – 淨額	2,391,034	2,225,415

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Our net trade and other receivables increased by RMB165.6 million, or 7.4%, to RMB2,391.0 million as of 31 December 2020 from RMB2,225.4 million as of 31 December 2019, reflecting in (i) an increase in trade receivables due from local government by RMB210.4 million, or 27.0%, to RMB990.8 million as of 31 December 2020 from RMB780.4 million as of 31 December 2019; (ii) a decrease in amounts due from related parties by RMB37.2 million, or 30.2%, to RMB86.0 million as of 31 December 2020 from RMB123.2 million as of 31 December 2019; (iii) an increase in amounts due from other third parties by RMB70.6 million, or 122.6%, to RMB128.2 million as of 31 December 2020 from RMB57.6 million as of 31 December 2019, mainly attributable to the increase in bills receivable from Hongyu Thermal Power, our subsidiary, of RMB11.6 million, and increase in deductible input tax of RMB54.4 million for the year; and (iv) decrease in total prepayment of RMB70.1 million in 2020, mainly including the receipt and settlement of invoices for the forestry substrate soil resource utilisation project and other projects.

The ageing analysis of trade receivables of our Group is shown as follows:

我們的應收賬款及其他應收款淨額由2019年12月31日的人民幣2,225.4百萬元增加人民幣165.6百萬元或7.4%至2020年12月31日的人民幣2,391.0百萬元。有關增加反映在(i)應收地方政府的應收賬款由2019年12月31日的人民幣780.4百萬元增加人民幣210.4百萬元或27.0%至2020年12月31日人民幣990.8百萬元；(ii)應收關聯方的應收款項由2019年12月31日的人民幣123.2百萬元減少人民幣37.2百萬元或30.2%至2020年12月31日的人民幣86.0百萬元；(iii)其他應收第三方的款項由2019年12月31日的人民幣57.6百萬元增加人民幣70.6百萬元或122.6%至2020年12月31日的人民幣128.2百萬元，主要由於子公司宏宇熱電應收票據新增人民幣11.6百萬元及本年待抵扣進項稅增加人民幣54.4百萬元所致；(iv)2020年預付款項總額減少約人民幣70.1百萬元，主要包括林業基質土資源化利用工程等項目收到發票並結算。

本集團應收賬款賬齡分析如下：

		As at 31 December	
		於12月31日	
		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
–Within one year	–1年以內	971,116	935,027
–Over one year and within two years	–1至2年	175,053	37,300
–Over two years	–超過2年	14,522	11,425
		1,160,691	983,752

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(a) Ageing analysis of gross trade receivables at the respective balance sheet dates, based on the invoice dates, is as follows:

(a) 於各資產負債表日，根據銷售發票的應收賬款總額之賬齡分析如下：

		As at 31 December	
		於 12 月 31 日	
		2020	2019
		2020 年	2019 年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
-Within one year	-1 年以內	971,116	935,027
-Over one year and within two years	-1 至 2 年	175,053	37,300
-Over two years	- 超過 2 年	14,522	11,425
		1,160,691	983,752

The Group does not hold any collateral as security over these debtors.

本集團並無持有任何抵押品作為擔保。

The following table sets out our receivable turnover days for the periods indicated:

下表載列於所示期間我們的應收款項週轉天數：

		As at 31 December	
		於 12 月 31 日	
		2020	2019
		2020 年	2019 年
		Days	Days
		天	天
Trade receivable turnover days ⁽¹⁾	應收賬款週轉天數 ⁽¹⁾	199.5	155.4
Trade and other receivable turnover days ⁽²⁾	應收賬款及其他應收款 週轉天數 ⁽²⁾	440.1	315.3

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Notes:

- (1) Calculated as the average net trade receivables for the relevant period divided by the revenue for the relevant period and multiplied by 366 days. The arithmetic mean of the opening and closing balances of trade receivables is used for the years ended 31 December 2019 and 2020.
- (2) Calculated as the average net trade and other receivables for the relevant period divided by the revenue for the relevant period and multiplied by 366 days. The arithmetic mean of the opening and closing balances of trade and other receivables is used for the years ended 31 December 2019 and 2020.

e. Trade and other payables/Contract liabilities

Trade and other payables

Our trade and other payables primarily consist of trade payables, other payables, staff salaries and welfare payables, advance from customers, payables on acquisition of property, plant and equipment, payables on acquisition of land use rights from related parties, interest payables, and accrued taxes other than income tax.

The following table shows the breakdown of our trade and other payables as of the dates indicated:

附註：

- (1) 按有關年間平均應收賬款淨額除以有關年間收入再乘以366天計算。截至2019年及2020年12月31日止年度採用應收賬款期初及期末結餘的算數平均值。
- (2) 按有關年間平均應收賬款及其他應收款淨額除以有關年間收入再乘以366天計算。截至2019年及2020年12月31日止年度採用應收賬款及其他應收款期初及期末結餘的算數平均值。

e. 應付賬款及其他應付款／合同負債

應付賬款及其他應付款

我們的應付賬款及其他應付款主要包括應付賬款、其他應付款、應付職工工資和福利、預收款項、購置不動產、工廠及設備的應付款、向關聯方購買土地使用權的應付款、應付利息及除所得稅外的應計稅款。

下表載列於所示日期我們的應付賬款及其他應付款明細：

		As at 31 December	
		於12月31日	
		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade payables	應付賬款	327,203	150,971
Other payables	其他應付款	148,067	146,012
Consideration payable for acquisition of subsidiaries	購買子公司未支付的對價	53,057	21,209
Staff salaries and welfare payables	應付職工工資和福利	42,543	42,285
Payables on acquisition of property, plant and equipment	購置不動產、工廠及設備的應付款	48,566	46,207
Payables on acquisition of land use rights from related parties	向關聯方購買土地使用權的應付款	58,194	58,194
Interest payables	應付利息	5,929	4,586
Accrued taxes other than income tax	除所得稅外的應計稅款	15,537	17,384
		699,096	486,848

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Contract liabilities

合同負債

		As at 31 December	
		於 12 月 31 日	
		2020	2019
		2020 年	2019 年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Contract liabilities	合同負債		
-local government	-地方政府	30,793	-
-third parties	-第三方	14,700	7,238
		45,493	7,238

Our trade and other payables increased by RMB212.3 million, or 43.6%, to RMB699.1 million as of 31 December 2020 from RMB486.8 million as of 31 December 2019, which was mainly due to the project payables increased in 2020.

我們的應付帳款及其他應付款由2019年12月31日的人民幣486.8百萬元增加人民幣212.3百萬元或43.6%至2020年12月31日的人民幣699.1百萬元，主要因為2020年應付工程款增加。

On each balance sheet date, the ageing analysis of the total trade payables based on sales invoices is as follows:

於各資產負債表日，根據銷售發票的應付賬款總額之賬齡分析如下：

		As at 31 December	
		於 12 月 31 日	
		2020	2019
		2020 年	2019 年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
-Within one year	-1年以內	214,562	137,309
-Over one year and within two years	-1至2年	100,354	13,662
-Over two years	-超過2年	12,287	-
		327,203	150,971

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As at 31 December 2019 and 2020, all trade and other payables of the Group were not required to pay interests, and their fair values approximated their carrying amounts due to their short maturities.

於2019年及2020年12月31日，本集團所有應付賬款及其他應付款均無需支付利息。並且，應付賬款及其他應付款系因短期內到期，其公允價值與其賬面價值相近。

The following table sets out our payable turnover days for the periods indicated:

下表載列於所示期間我們的應付款項週轉天數：

		As at 31 December	
		於12月31日	
		2020	2019
		2020年	2019年
		Days	Days
		天	天
Trade and other payables turnover days ⁽¹⁾	應付賬款及其他應付款週轉天數 ⁽¹⁾	175.0	132.2
Trade payables turnover days ⁽²⁾	應付賬款週轉天數 ⁽²⁾	119.0	106.8

Notes:

附註：

- | | |
|---|--|
| <p>(1) Calculated as the average trade and other payables for the relevant period divided by cost of sales for the relevant period and multiplied by 366 days. The arithmetic mean of the opening and closing balances of trade and other payables is used for the years ended 31 December 2019 and 2020.</p> | <p>(1) 按有關年間平均應付賬款及其他應付款除以有關年間銷售成本再乘以366天計算。截至2019年及2020年12月31日止年度採用應付賬款及其他應付款期初及期末結餘的算數平均值。</p> |
| <p>(2) Calculated as the balance of trade payables at the end of the relevant period divided by total purchase of materials for such period and multiplied by 366 days for the years ended 31 December 2019 and 2020.</p> | <p>(2) 按相關年間末應付賬款餘額除以相關年間材料採購總額再乘以截至2019年及2020年12月31日止年度366天計算。</p> |

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Our trade payables turnover days increased by 12.2 days in 2020 as compared with 2019, mainly due to an increase in closing balance of trade payables.

The directors of the Company confirm that up to 31 December 2020, there was no material default in payment of trade payables.

4. Indebtedness

a. Borrowings

All of our borrowings are denominated in RMB, HKD or USD and some are secured by our property, plant and equipment and some are secured by corporate guarantee issued by the Company. The following table shows our borrowings as of the dates indicated:

我們的應付賬款週轉天數2020年較2019年增加12.2天，主要由於應付賬款期末餘額增加。

本公司董事確認，截至2020年12月31日，應付賬款的支付並無出現重大違約。

4. 債項

a. 借款

我們的借款均以人民幣、港元或美元計值，部分借款以我們的不動產、廠房及設備作抵押，部份由本公司發出的公司保證擔保。下表載列所示日期我們的借款：

		As at 31 December	
		於12月31日	
		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Non-current portion	非流動部份		
Unsecured long-term borrowings	未擔保的長期借款	850,000	340,000
Secured long-term borrowings	擔保的長期借款	2,194,263	2,828,418
Corporate bonds	公司債券	37,703	696,629
Total non-current borrowings	非流動借款總額	3,081,966	3,865,047
Current portion	流動部份		
Unsecured short-term borrowings	未擔保的短期借款	1,390,000	615,000
Secured short-term borrowings	擔保的短期借款	494,963	86,320
Total current borrowings	流動借款總額	1,884,963	701,320
Total borrowings	借款總額	4,966,929	4,566,367

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The weighted average effective interest rates at each balance sheet date are as follows:

各資產負債表日期的加權平均實際利率如下：

		As at 31 December	
		於 12 月 31 日	
		2020	2019
		2020 年	2019 年
Weighted average effective interest rates	加權平均實際利率	5.89%	4.83%

As of 31 December 2019 and 2020, our total borrowings amounted to RMB4,566.4 million and RMB4,966.9 million, respectively, mainly due to the fact that to meet the relatively significant capital requirements for project construction, the Company increased the bank borrowings of approximately RMB1,285.0 million this year. Among our indebtedness, borrowings amounting to RMB461.2 million and RMB363.9 million as of 31 December 2019 and 2020, respectively, were secured by our property, plant and equipment. In addition to the above borrowings, our total borrowings also include corporate bonds of approximately RMB700.0 million we issued on 25 December 2015 in the PRC for a term of seven years with an annual interest rate at 4.35%. At the end of the fifth year, the Company may adjust the interest rates for the remaining two years. In the event that investors disagree with the adjustment made to the interest rates, they may choose to demand an early redemption of outstanding corporate bonds.

於2019年及2020年12月31日，我們的借款總額分別為人民幣4,566.4百萬元及人民幣4,966.9百萬元，主要由於本公司的項目建設有較大的資金需求，因此本年增加了銀行借款約為人民幣1,285.0百萬元。我們債務中，截至2019年及2020年12月31日的借款人民幣461.2百萬元及人民幣363.9百萬元以不動產、工廠及設備作抵押。除上述借款外，我們的借款總額亦包括我們於2015年12月25日在中國發行金額約為人民幣700.0百萬元公司債券，其期限為7年，年利率為4.35%。於第5年末，本公司可調整餘下兩年的利率，倘投資者不同意對利率所作調整，可選擇要求提前贖回未償還的公司債券。

In 2020, the Company has repurchased corporate bonds with a nominal value of RMB660.0 million, and reduced the coupon rate of the bonds to 4.15%, which will remain unchanged in the sixth and seventh years of lifetime (from 25 December 2020 to 24 December 2022).

於2020年，本公司已回購面值為人民幣660.0百萬元公司債券，同時下調債券票面利率為4.15%，並在存續期的第6年至第7年（2020年12月25日至2022年12月24日）固定不變。

As of 31 December 2020, there was no delay or default in the repayment of our borrowings, and no bank had withdrawn any of the banking facilities previously extended to us or had demanded any early repayment.

截至2020年12月31日，我們償還借款並無出現任何延誤或違約，亦無銀行撤回之前授予我們的任何銀行融資或提前要求償還借款。

As of 31 December 2020, we were not in breach of any covenants in our loan agreements. Given our ability to access new bank borrowings and our strong credit profile, we believe we will not be subject to any risk of potential withdrawal of banking facilities or early repayment of outstanding loans. As of 31 December 2020, we had not received any requests for early repayment of the principal or interests under any of our loan agreements.

截至2020年12月31日，我們並無違反貸款協議內的任何契約。由於我們有能力從其他銀行獲得借款，且信譽良好，因此我們認為並無面臨銀行融資撤回或提前償還欠款的潛在風險。截至2020年12月31日，並無收到任何提前償還我們貸款協議相關本金或利息的要求。

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The table below sets out the maturity profiles of our borrowings as of the dates indicated:

下表載列所示日期我們借款的到期情況：

		As at 31 December	
		於 12 月 31 日	
		2020	2019
		2020 年	2019 年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
On demand or within 1 year	即期或 1 年以內	1,883,854	701,320
Between 1 and 2 years	1 至 2 年	2,431,242	241,670
Between 2 and 5 years	2 至 5 年	626,633	3,623,377
Later than 5 years	5 年以上	25,200	–
		4,966,929	4,566,367

As of 31 December 2019 and 2020, our net gearing ratios were 43.9% and 49.6%, respectively. Our net gearing ratios as at 31 December 2020 increased as compared with 31 December 2019 primarily due to an increase in closing balance of borrowings by RMB400.5 million in 2020.

於 2019 年及 2020 年 12 月 31 日，我們的淨資產負債比率分別為 43.9% 及 49.6%。相較於截至 2019 年 12 月 31 日，我們截至 2020 年 12 月 31 日的淨資產負債比率增加的主要原因是 2020 年借款期末餘額增加人民幣 400.5 百萬元。

Except as disclosed above, as of the 31 December 2020, we did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

除上文所披露者外，截至 2020 年 12 月 31 日，我們並無任何已發行及尚未償還或同意發行的借貸資本、銀行透支、貸款或其他類似債務、承兌負債或承兌信用證、債權證、按揭、質押、租購承擔、擔保或其他重大或有負債。

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b. Commitments

(a) Capital commitments

Capital expenditures contracted for at each balance sheet date, but not yet incurred are as follows:

		As at 31 December	
		於 12 月 31 日	
		2020	2019
		2020 年	2019 年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Property, plant and equipment	不動產、工廠及設備	54,099	28,609

(b) Operating lease commitments – the Group as lessee

The Group leases various buildings under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

		As at 31 December	
		於 12 月 31 日	
		2020	
		2020 年	
		RMB'000	
		人民幣千元	
Within 1 year	1 年以內	1,168	

Effective from 1 January 2019, the Group has recognised right-of-use assets for these leases.

b. 承諾

(a) 資本性承諾

於各資產負債表日期已訂約但尚未產生的資本性支出如下：

		As at 31 December	
		於 12 月 31 日	
		2020	2019
		2020 年	2019 年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Property, plant and equipment	不動產、工廠及設備	54,099	28,609

(b) 經營租賃承諾—本集團為承租人

本集團在不可撤銷經營租賃協議下租賃多幢樓宇。該租賃具有不同期限、自動調整條款和續租權。在不可撤銷經營租賃協議下，未來總計最低租賃費用如下：

		As at 31 December	
		於 12 月 31 日	
		2020	
		2020 年	
		RMB'000	
		人民幣千元	
Within 1 year	1 年以內	1,168	

自 2019 年 1 月 1 日起，本集團已確認該等租賃的使用權資產。

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(c) *Concession projects and construction projects contracted at each balance sheet date, but not yet incurred are as follows:*

(c) 於各資產負債表日期簽訂但尚未發生的特許項目及建設項目如下：

		As at 31 December	
		於12月31日	
		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Concession projects and construction projects	特許項目及建設項目	1,521,290	4,018,446

c. Capital expenditure

Our capital expenditure mainly comprises purchases of land use rights, property, plant and equipment and intangible assets. Our capital expenses were RMB264.7 million and RMB376.4 million for the years ended 31 December 2019 and 2020, respectively. We expect to fund our contractual commitments and capital expenditures principally through net cash generated from our operating activities, proceeds from borrowings and the proceeds we receive from the global offering of H shares.

Our capital expenditure for each of our segments as at the dates indicated below is as follows:

c. 資本開支

我們的資本開支主要包括購買土地使用權、不動產、廠房及設備及無形資產。截至2019年及2020年12月31日止年度，我們的資本開支分別為人民幣264.7百萬元及人民幣376.4百萬元。我們預期主要通過我們經營活動產生的現金淨額、借款所得款項及H股全球發售的所得款項為我們的合同承諾及資本開支提供資金。

於下列所示日期我們各分部的資本開支如下：

		As at 31 December	
		於12月31日	
		2020	2019
		2020年	2019年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Wastewater treatment	污水處理	355,037	205,189
Water supply	水供給	9,435	34,040
Others	其他	11,944	25,479
Total	合計	376,416	264,708

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Based on our current business plan, we expect to incur capital expenditure amounting to RMB401.2 million for the year ending 31 December 2021. Our anticipated capital expenditure is subject to change from time to time based on the reassessment of our business plan, prevailing market conditions, regulatory environment and outlook of our future operational results.

5. Off-balance sheet arrangements

Save as disclosed in this report, as of 31 December 2020, we did not have any outstanding off-balance sheet guarantees, commodity forward contracts or other off-balance sheet arrangements. We do not engage in trading activities involving non-exchange traded contracts. The Group's policy does not participate in and invest in any financial products that are speculative and/or have significant risks. In the course of our normal business, we do not enter into transactions involving, or otherwise form relationships with, unconsolidated entities or financial partnerships that are established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

6. Initial public offering and use of proceeds from initial public offering

The H shares of the Company were listed on the Stock Exchange on 6 April 2017 and the Company issued 339,430,000 H shares of par value of RMB1.00 per share with the Offer Price of HK\$3.91 per H share. The total issuance size (before deducting the expenses) amounted to approximately HK\$1,327,171,300. Following the Listing of H shares of the Company, a total of 593,000 H shares were over-allocated. After deducting (i) the net proceeds from the sale of Sale Shares by the Selling Shareholders in the Global Offering; and (ii) the underwriting commissions and other expenses relating to the Global Offering, the Company received net cash proceeds of RMB1,072.3 million from the Global Offering.

根據我們的當前業務計劃，我們預期將於截至2021年12月31日止年度產生資本開支人民幣401.2百萬元。我們的預期資本開支可能根據我們業務計劃、目前市況、監管環境及未來經營業績展望的重估不時變化。

5. 資產負債表外安排

除本報告所披露者外，於2020年12月31日，我們並無任何未結清的資產負債表外擔保、商品遠期合約或其他資產負債表外安排，我們概未從事涉及非交易買賣合約的交易活動，本集團之政策是不參與及不投資於任何具有投機性及／或有重大風險之金融產品上。於我們的經營過程中，我們概無與未合併實體訂立交易或以任何方式與其建立關係，或與為促進資產負債表外安排或為其他合約狹義或有限目的而建立的財務夥伴關係訂立交易。

6. 首次公開發售及首次公開發售所得款項用途

本公司H股於2017年4月6日在聯交所上市，並以每股3.91港元的價格發行本公司339,430,000股每股面值人民幣1.00元的H股，發行總額(扣除開支前)為約1,327,171,300港元。本公司H股上市後，合共593,000股H股獲超額配發，經扣除(i)全球發售中售股股東出售待售股份的所得款項淨額；及(ii)全球發售相關承銷佣金及其他開支後，本公司收取的全球發售所得款項現金淨額為人民幣1,072.3百萬元。

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As of 31 December 2020, approximately RMB927.4 million, accounting for 86.5% of RMB1,072.3 million of net proceeds from the Initial Public Offering, has been used in accordance with the use as stated in the paragraph headed “Future Plans and Use of Proceeds” in the Prospectus. The use of proceeds is as follows:

截至2020年12月31日，全球發售所得款項現金淨額人民幣1,072.3百萬元中約人民幣927.4百萬元(佔首次公開發售所得款項淨額的86.5%)已經按照招股說明書中未來計劃及所得款項用途一段所述用途使用。募集資金用途使用如下：

		Percentage of total net proceeds from the Initial Public Offering (as set out in the Prospectus)	Planned use of net proceeds from the Initial Public Offering (as set out in the Prospectus) RMB million	Actual use of net proceeds from the Initial Public Offering for the year ended 31 December 2020 RMB million	Actual use of net proceeds from the Initial Public Offering from the Listing Date to the period ended 31 December 2020 RMB million	Unused net proceeds from the Initial Public Offering RMB million
	Business strategies as stated in the Prospectus					
	招股說明書所述的業務策略					
Investments in BOT/BOO wastewater treatment and running water supply projects	BOT/BOO污水處理廠及自來水供應項目的投資	35%	375.3	82.6	317.6	57.7
To acquire TOT/TOO wastewater treatment plants and running water supply projects	收購TOT/TOO污水處理廠及自來水供應項目	35%	375.3	–	289.7	85.6
Repayment of bank borrowings	償還銀行借款	20%	214.5	–	212.9	1.6
To supplement working capital and for general corporate purposes	補充營運資金及作一般公司用途	10%	107.2	55.8	107.2	–
Total	總計	100%	1,072.3	138.4	927.4	144.9

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As of 31 December 2020, the unused net proceeds from the Initial Public Offering for each of the business strategies as stated in the above table have been placed as deposits in licensed banks of the PRC which will be used in accordance with the progress of the Company's investment projects. Affected by the COVID-19 pandemic, the original progress of utilisation was slight delayed, and is expected to be used up within 1 year (i.e. before 2022). The business objectives, future plans and planned use of the proceeds as stated in the Prospectus were based on the best estimation and assumptions of future market conditions and industry developments made by the Company at the time of preparing the Prospectus, while the proceeds from the Initial Public Offering were used in accordance with the business of the Group and the actual development of the relevant industry.

The net proceeds from the Initial Public Offering were used and expected to be used according to the intentions previously disclosed in the Prospectus. As of 31 December 2020, there was no material change or material delay in the use of proceeds of the Company.

7. Exchange rate risk and management

The Group still retains some foreign currency funds, mainly Hong Kong dollars and US dollars. The Group borrowed foreign currency loans with international syndicates from March to June 2019, with principals of USD170,000,000 and HKD1,015,000,000 respectively. Exchange rate fluctuations have a certain impact on the retention of foreign currency funds and the return of principal and interest on borrowings. In December 2019, the Group entered into a confirmation of RMB foreign exchange currency swap transactions with Hang Seng Bank and the agreement fixed the exchange rate at the time of loan repayment and interest payment which was used to hedge the risk of foreign exchange fluctuations when repaying foreign currency borrowings and foreign currency interest. Details are as follows:

Hang Seng Bank pays floating interest on swap agreements and the fixed interest payer is the Group. Before the Group pays the foreign currency principal and interest of each international syndicate, Hang Seng Bank will pay the equivalent currency into the Company's account. The Company can use the foreign currency to pay the principal and interest. At the same time, when the Company pays RMB to Hang Seng Bank, the interest rate is fixed. The nominal principal for calculating the interest is calculated by multiplying the principal in the syndicated loan agreement by the fixed exchange rate locked by the agreement, actually using a fixed cost in exchange for the foreign currency to be paid and turning unknown risks of exchange rate changes into fixed interest expense costs. For the year of 2020, loss on change in fair value of the swap agreement was RMB130,940,000 and exchange gain from syndicated foreign currency borrowings was RMB131,734,000.

截至2020年12月31日，上表所述每項業務策略的尚未動用首次公開發售所得款項淨額已作為存款存放於中國持牌銀行，並將按照本公司投資項目的進度使用，因受新冠肺炎疫情影響，與之前原訂的使用時間稍微延遲並預計在1年內(即2022年之前)使用完畢。招股說明書所述業務目標、未來計劃及所得款項規劃用途乃根據本公司於編製招股說明書當時對未來市場狀況及行業發展進行最貼切估計及假設而得出，首次公開發售所得款項則根據本集團的業務及有關行業的實際發展而予使用。

首次公開發售所得款項淨額已經及預期按之前於招股說明書所披露的用途予以使用。截至2020年12月31日，本公司所得款項淨額的用途或使用並無重大變動或重大延誤。

7. 匯率風險及管理

本集團仍留存部分外幣資金，主要為港元、美元。於2019年3月至6月與國際銀團借入外幣借款，本金分別為170,000,000美元及1,015,000,000港元。匯率的波動對留存外幣資金及歸還借款本息均有一定影響，本集團於2019年12月與恆生銀行簽訂了人民幣外匯貨幣掉期交易確認書，該協議固定了借款還本付息時的匯率，用於對沖歸還外幣借款及外幣利息時產生的外匯波動風險，具體情況如下：

掉期協議的浮動利息支付方為恆生銀行，固定利率支付方為本集團。恆生銀行將在本集團支付每期國際銀團外幣本息前，將等額外幣支付至公司賬戶內，本公司可使用該筆外幣支付本息。同時，本公司在支付給恆生銀行人民幣時，利率固定，計算利息的名義本金為銀團借款協議中的本金乘以該協議鎖定的固定匯率來計算，實際上是用固定的成本來換取需要支付的外幣，將未知的匯率變動風險轉化為固定的利息支出成本。2020年度，該掉期協議的公允價值變動損失為人民幣130,940,000元，銀團外幣借款產生的匯兌收益為人民幣131,734,000元。

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8. Employees and remuneration policies

Relationship with Employees

For details of the employees and remuneration policies during the Reporting Period, please refer to “Report of the Board of Directors – A. Business Review – 7. Relationship with Employees”.

9. Contingent liabilities

As at 31 December 2020, the Group did not have any significant contingent liabilities.

10. Material charges on assets

There were no material charges on the Group's assets during the Reporting Period.

11. Major investment and acquisition

On 27 December 2019, the Company (as the asset entrustor) entered into an asset management agreement with Bosera Capital Management Co., Ltd. (“**Bosera Capital**”) (as the asset manager) and Kunming Branch of China Merchants Bank Company Limited (“**China Merchants Bank**”) (as the asset trustee) on 27 December 2019 in relation to the investment and management of the entrusted assets, pursuant to which the Company agreed to entrust an amount of up to RMB400 million as the Entrusted Assets for the investment in a Single Asset Management Plan issued by Kunming Industrial Development and Investment Co., Ltd. (“**IDI**”). IDI is a wholly state-owned company, which is principally engaged in the integration of state-owned enterprise shareholding and management and operation of state-owned assets. It is an existing shareholder of the Company directly or indirectly holding 59,000,000 H Shares and 2,620,449 Domestic Shares, representing 5.99% of the total issued share capital of the Company as at the date of this report. The investment in Single Asset Management Plan included certain accounts receivables and other non-standardised credit assets transferred from IDI. The Company invested RMB200 million to the Single Asset Management Plan. For details, please refer to the announcement of the Company dated 27 December 2019.

8. 僱員及薪酬政策

與員工的關係

有關報告期內僱員及薪酬政策，請參閱「董事會報告 – A. 業務審視 – 7. 與僱員的關係」。

9. 或然負債

截至2020年12月31日，本集團並無任何重大或然負債。

10. 重大資產抵押

本集團於本報告期內無重大資產抵押。

11. 重大投資及收購

於2019年12月27日，本公司(作為資產委託人)與博時資本管理有限公司(「博時資本」)(作為資產管理人)及招商銀行股份有限公司昆明分行(「招商銀行」)(作為資產託管人)於2019年12月27日就委託資產之投資及管理訂立資產管理合同。據此，本公司同意委託金額不超過人民幣4億元作為委託資產，用於投資昆明產業開發投資有限責任公司(「產業開發投資」)發行的單一資產管理計劃。產業開發投資為一間國有獨資公司，主要從事企業國有股權整合及管理營運國有資產。其為本公司現有股東，直接或間接持有59,000,000股H股及2,620,449股內資股，相當於本報告日期本公司已發行股本總額的5.99%。單一資產管理計劃中的投資包括若干應收賬款及從產業開發投資轉移的其他非標準化信貸資產。本公司向單一資產管理計劃投資人民幣2億元。詳情請見本公司日期為2019年12月27日的公告。

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第六章 管理層討論及分析

During the Reporting Period, the above asset management agreement has been early terminated, and the Company has recovered all the entrusted amount and the investment income derived therefrom pursuant to the contract terms.

On 11 September 2020, the Company (as the asset entrustor) entered into an asset management agreement with Bosera Capital (as the asset manager) and China Merchants Bank (as the asset trustee) in relation to the investment and management of the entrusted assets. Pursuant to the agreement, the Company agreed to entrust an amount of RMB300 million as the entrusted assets for investment in the credits of accounts receivable held by Kunming Agricultural Development Investment Co., Ltd. (“KADI”). KADI is a wholly state-owned company, which is principally engaged in investment and construction of agricultural industrialisation projects, investment and construction of agricultural water conservancy and irrigation projects, land consolidation, development and investment, development and investment in elderly care and funeral industries and other agricultural and livelihood service industries, and is a third party independent of the Company. The Company invested RMB300 million in the asset management plan (2019: RMB200 million). For details, please refer to the announcement of the Company dated 11 September 2020.

These investments recorded realised gains of approximately RMB5.7 million during the year. By entering into the asset management agreement in accordance therewith, the Company intends to increase the rate of return of its cash and cash equivalents which can improve the Company’s investment income and profit earnings.

於報告期內，上述資產管理合同已提前終止，並且本公司已按照合同約定收回全部委託資金及投資收益。

於2020年9月11日，本公司(作為資產委託人)與博時資本(作為資產管理人)及招商銀行(作為資產託管人)於2020年9月11日就委託資產之投資及管理訂立資產管理合同。據此，本公司同意委託金額人民幣3億元作為委託資產，用於投資受讓昆明農業發展投資有限公司(「農業發展投資」)持有的應收賬款債權。農業發展投資為一間國有獨資公司，主要從事農業產業化項目投資與建設、農業水利項目投資與建設、土地整理與開發投資、養老與殯葬產業開發與投資等農業和民生行業。為獨立於本公司的第三方。本公司向資產管理計劃投資人民幣3億元(2019年：人民幣2億元)。詳情請見本公司日期為2020年9月11日的公告。

該等投資於本年度錄得已變現收益約人民幣5.7百萬元。透過據此訂立資產管理合同，本公司擬提升其現金及現金等價物的回報率，從而改善本公司的投資收益及盈利。

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第六章 管理層討論及分析

The Company's investments mainly focus on its main business and relevant environmental protection industries in the upstream and downstream. On the basis of prioritising the investments in the main business and related industries, and in accordance with the progress of project implementation, the Company will manage idle funds, if any, to improve the efficiency of capital utilisation on the premise of keeping the risks under control.

Save as disclosed above, the Company had no plans of major investments or capital and asset acquisition as of 31 December 2020.

12. Loans to Certain Entities

The Company entered into two entrusted loan contracts with Kunming Bus and Yunnan Branch of Bank of Communications Co., Ltd. (交通銀行股份有限公司雲南省分行) ("**Bank of Communications**") on 23 January 2020 and 13 February 2020 respectively, pursuant to which the Company entrusted Bank of Communications to grant loans of RMB60 million and RMB240 million respectively to Kunming Bus with an annual interest rate of 8.5%. As at the Latest Practicable Date, the loans under these two entrusted loan contracts have been repaid pursuant to the contracts. For details, please refer to the announcements of the Company dated 13 February and 14 February 2020.

The Company entered into an entrusted loan contract with Kunming DIG and Bank of Communications on 2 June 2020, pursuant to which the Company entrusted Bank of Communications to provide a RMB350 million loan to Kunming DIG, with an annual interest rate of 7.5%. The loan will become due on 3 June 2021. For details, please refer to the announcement of the Company dated 2 June 2020.

The Company entered into an entrusted loan contract with Xindu Investment and Kunming Dianlong Sub-branch of China Construction Bank Corporation ("**China Construction Bank**") on 4 September 2020, pursuant to which the Company entrusted China Construction Bank to provide a RMB350 million loan to Xindu Investment, with an annual interest rate of 7%. The loan will become due on 8 September 2021. For details, please refer to the announcement of the Company dated 4 September 2020.

本公司的投資主要圍繞主業及其上下游相關環保產業開展，在優先保障主業及相關產業投資的基礎上，根據項目開展進度，在有閒置資金的情況下，公司會在風險可控的基礎上，進行閒置資金的管理，以提高資金使用效率。

除上述披露外，截至2020年12月31日，本集團無重大投資或購入資本資產的計劃。

12. 給予某實體的貸款

本公司分別於2020年1月23日、2020年2月13日與昆明公交及交通銀行股份有限公司雲南省分行(「交通銀行」)簽訂兩份委託貸款合同，由本公司委託交通銀行向昆明公交分別提供人民幣6千萬元及人民幣2億4千萬元的委託貸款，年利率為8.5%。於最後可行日期，兩份委託貸款合同項下的貸款已分別按照合同按約償還。有關詳情，請參閱本公司日期為2020年2月13日及2月14日的公告。

本公司於2020年6月2日與昆明發展投資集團及交通銀行簽訂委託貸款合同，由本公司委託交通銀行向昆明發展投資集團提供人民幣3.5億元的委託貸款，年利率為7.5%。該筆款項將於2021年6月3日到期。有關詳情，請參閱本公司日期為2020年6月2日的公告。

本公司於2020年9月4日與新都投資及中國建設銀行股份有限公司昆明滇龍支行(「中國建設銀行」)簽訂委託貸款合同，由本公司委託中國建設銀行向新都投資提供人民幣3.5億元的委託貸款，年利率為7%。該筆貸款將於2021年9月8日到期。有關詳情，請參閱本公司日期為2020年9月4日的公告。

CHAPTER SIX MANAGEMENT DISCUSSION AND ANALYSIS

第六章 管理層討論及分析

According to the knowledge of the Company, Kunming Bus, Kunming DIG and Xindu Investment are all controlled or held by Kunming SASAC, and Kunming DIG holds 6.818% equity interest of Xindu Investment. Saved as disclosed above, Kunming Bus, Xindu Investment and Kunming DIG are not related to each other, and neither are they the connected persons as defined in the Listing Rules.

On the basis of prioritising the investments in the main business and related industries, and in accordance with the progress of project implementation, the Company will manage idle funds, if any, to improve the efficiency of capital utilisation on the premise of keeping the risks under control. When selecting counterparties, we will assess the risk of capital recovery based on the counterparties' operating conditions and past cooperation, and will continuously monitor whether there is any material adverse impact on the counterparties' operations so that we can take timely measures to ensure the safety of the Company's capital.

據本公司所知，昆明公交、昆明發展投資集團及新都投資均由昆明市國資委實際控制或持有，且新都投資由昆明發展投資集團持有6.818%股權，除此以外，昆明公交、新都投資、昆明發展投資集團相互並無關連，該等公司亦非上市規則中所定義的關連人士。

在優先保障主業及相關產業投資的基礎上，根據項目開展進度，在有閒置資金的情況下，本公司會在風險可控的基礎上，進行閒置資金的管理，以提高資金使用效率。我們在選擇交易對手方時，會根據對方經營情況以及以往合作，考量資金收回風險，同時會持續關注對方經營是否發生重大不利影響，以便及時採取相應措施，確保本公司資金安全。

CHAPTER SEVEN PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

第七章 董事、監事及高級管理層簡歷

A. EXECUTIVE DIRECTORS

Ms. Guo Yumei (郭玉梅), aged 53, joined our Group in July 1990. Ms. Guo was appointed as an executive Director and the general manager of our Company in January 2011 and as the Chairperson of the Board on 23 June 2016 and resigned as the general manager on 10 July 2019. She has over 30 years of experience in the water treatment industry and is responsible for strategic decision making of our Company's operations. Ms. Guo is currently the chairperson of the Strategy and Investment Decision Committee, and a member of the Remuneration and Appraisal Committee and the Nomination Committee of our Company.

Ms. Guo joined Kunming Dianchi Investment in July 2006 and is currently the Kunming Dianchi Investment Director. Positions which she held at Kunming Dianchi Investment included manager of its public affairs department, chief operating officer for its public affairs, assistant to the general manager and deputy general manager from July 2006 to January 2015. Ms. Guo worked at Kunming Municipal Utility Tariff Bureau (昆明市政公用局排水收費處) from July 1990 to December 1995. She worked at Kunming City Drainage Co. Ltd. (昆明市城市排水公司) from December 1995 to January 2002, responsible for the management of drainage, and she was a division chief of its general affairs division from January 2002 to July 2006, during which time she also worked at the Second General Affairs Division of Kunming Municipal Dianchi Administration Bureau (昆明市滇池管理局綜合二處) from October 2003 to May 2004.

Ms. Guo obtained a bachelor's degree in analytical chemistry from Yunnan University (雲南大學) in Yunnan Province, the PRC in July 1990. Ms. Guo has been recognised as a senior engineer in water supply and drainage since 2015. In January 2018, Ms. Guo was elected as a delegate to the 13th People's Congress (the "People's Congress") of Yunnan Province.

A. 執行董事

郭玉梅女士，53歲，1990年7月加入本集團，於2011年1月獲委任為本公司執行董事及總經理，於2016年6月23日獲委任為公司董事長，於2019年7月10日辭任總經理職務。郭女士在水處理行業擁有逾30年的工作經驗，負責本公司的戰略決策。郭女士現為本公司戰略與投資決策委員會主任委員、薪酬與考核委員會及提名委員會委員。

郭女士於2006年7月加入昆明滇池投資，現任昆明滇池投資董事。2006年7月至2015年1月期間，郭女士於昆明滇池投資擔任的職位包括公共事業部經理、公用事務運營總監、總經理助理及副總經理。1990年7月至1995年12月，郭女士任職於昆明市政公用局排水收費處。1995年12月至2002年1月，郭女士任職於昆明市城市排水公司，負責排水管理，2002年1月至2006年7月任綜合處處長，期間自2003年10月至2004年5月就職於昆明市滇池管理局綜合二處。

郭女士於1990年7月在中國雲南省獲得雲南大學頒發的分析化學學士學位，並於2015年獲得給水排水專業正高級工程師職稱，2018年1月，郭女士當選雲南省第十三屆人民代表大會(「人大」)代表。

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Mr. Chen Changyong (陳昌勇), aged 51, joined the Group in June 2019 and has been the general manager of the Company since 10 July 2019, responsible for the Company's operation management. He was appointed as an executive Director of the Company on 19 June 2020.

Mr. Chen worked in the Land Acquisition Office of the Municipal Land and Resources Bureau of Kunming (昆明市國土資源局) from August 1999 to November 2002 and served as the deputy director of the general office of the Municipal Land and Resources Bureau of Kunming from November 2002 to January 2005. He joined Kunming Dianchi Investment Co., Ltd. (昆明滇池投資有限責任公司), the controlling shareholder of the Company, in September 2004 and until March 2016, he successively served as a member of the party committee, director, deputy general manager, deputy secretary of the party committee, secretary of the disciplinary committee and chairman of the labor union of Kunming Dianchi Investment. He was a director and the secretary to the party committee of Kunming Drainage System Management Co., Ltd. (昆明排水設施管理有限責任公司) (a subsidiary of Kunming Dianchi Investment) from March 2016 to June 2019. He joined the Company in June 2019.

Mr. Chen graduated from the Changchun Institute of Geology, Jilin Province, China (長春地質學院) with a bachelor's degree in July 1992, majoring in geology and mineral exploration and graduated from the Changchun Institute of Geology with a master's degree in July 1995, majoring in mineral prospecting and exploration. Mr. Chen graduated from Kunming University of Science and Technology (昆明理工大學) with a doctorate in July 1999, majoring in mineral prospecting and exploration in the Department of Territorial Development and Urban and Rural Architecture. Mr. Chen is also a senior engineer.

Mr. Luo Yun (羅雲), aged 42, joined our Group in June 2013 and was appointed as an executive Director of our Company on 23 June 2016. Mr. Luo has been the deputy general manager of our Company since January 2015, responsible for supervising our Company's investment strategies, market expansion and administration. He served as an assistant to the general manager from June 2013 to January 2015, responsible for assisting the general manager in the management of our Company's operation, development, investment programs and marketing strategies. Mr. Luo is currently a member of the Strategy and Investment Decision Committee of our Company.

陳昌勇先生，51歲，於2019年6月加入本集團，並自2019年7月10日起擔任本公司總經理，負責本公司的運營管理工作；於2020年6月19日獲委任為本公司執行董事。

於1999年8月至2002年11月於昆明市國土資源局徵地處工作，並於2002年11月至2005年1月任昆明市國土資源局辦公室副主任。於2004年9月加入本公司控股股東—昆明滇池投資有限責任公司，至2016年3月歷任昆明滇池投資黨委委員、董事、副總經理、黨委副書記、紀委書記、工會主席。自2016年3月至2019年6月任昆明排水設施管理有限責任公司(昆明滇池投資附屬公司)董事及黨委書記。2019年6月加入本公司。

陳先生於1992年7月畢業於中國吉林省長春地質學院地質礦產勘查專業，並取得學士學位；於1995年7月畢業於長春地質學院礦產普查與勘探專業，並取得碩士研究生學位；於1999年7月畢業於昆明理工大學國土開發與城鄉建築系礦產普查與勘探專業，並取得博士研究生學位。陳先生亦為高級工程師。

羅雲先生，42歲，於2013年6月加入本集團，於2016年6月23日獲委任為本公司執行董事。自2015年1月起，羅先生一直擔任本公司副總經理，負責監督本公司的投資策略、市場拓展及行政管理工作。2013年6月至2015年1月，羅先生擔任總經理助理，負責協助總經理管理本公司的營運、發展、投資項目及營銷戰略。羅先生現為戰略與投資決策委員會委員。

CHAPTER SEVEN PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

第七章 董事、監事及高級管理層簡歷

Mr. Luo served as a director of coordination department at Kunming Dianchi Project Management Company (昆明滇池項目管理有限公司), a subsidiary of Kunming Dianchi Investment, from June 2008 to June 2009. He also served at Kunming Dianchi Property Development Company Limited (昆明滇池置業有限責任公司), a subsidiary of Kunming Dianchi Investment, as the deputy general manager from June 2009 to June 2013. From June 2012 to 3 November 2016, Mr. Luo served as a director of Kunming Dianxing Property Development Co., Ltd. (昆明滇星房地產開發有限責任公司) and Kunming Dianlong Property Development Co., Ltd. (昆明滇龍房地產開發有限責任公司).

Mr. Luo graduated from Yunnan University (雲南大學) in Yunnan Province, the PRC, majoring in engineering management in January 2007, and obtained a master's degree in agricultural extension from Southwest Forestry University (西南林業大學) in Yunnan Province, the PRC in January 2013.

B. NON-EXECUTIVE DIRECTORS

Ms. Song Hong (宋紅), aged 57, joined our Group in June 2016 and was appointed as a non-executive Director of our Company on 23 June 2016. Ms. Song participates in the development of our business strategies. She has over 33 years of experience in finance sector. Ms. Song joined Kunming Dianchi Investment in September 2008. She served as a director and the chief financial officer of Kunming Dianchi Investment since June 2012. Ms. Song serves concurrently as a chairperson of Kunming Diantou Bishuiyuan Water Technology Co., Ltd (昆明滇投碧水源水務科技有限公司).

Ms. Song worked at Kunming Tap Water Group Co., Ltd. (昆明市自來水集團有限責任公司) from December 1982 to September 2008, and served as the deputy Director of finance department from December 2005 to September 2008. Ms. Song served as the director of the financial center of Kunming Dianchi Investment from September 2008 to September 2012.

Ms. Song studied at the Party School of Yunnan Provincial Committee of the Chinese Communist Party (中國共產黨雲南省委員會黨校) in Yunnan Province, the PRC, majoring in economic management from September 1997 to December 1999.

於2008年6月至2009年6月，羅先生擔任昆明滇池投資子公司昆明滇池項目管理有限公司協調部部長。於2009年6月至2013年6月，擔任昆明滇池投資子公司昆明滇池置業有限責任公司副總經理。於2012年6月至2016年11月3日，羅先生擔任昆明滇星房地產開發有限責任公司及昆明滇龍房地產開發有限責任公司董事。

羅先生於2007年1月從中國雲南省的雲南大學工程管理專業畢業，並於2013年1月在中國雲南獲得西南林業大學農業推廣碩士學位。

B. 非執行董事

宋紅女士，57歲，於2016年6月加入本集團，並於2016年6月23日獲委任為本公司非執行董事，參與制定我們的業務發展戰略。宋女士擁有逾33年的財務領域的經驗，於2008年9月加入昆明滇池投資。自2012年6月起，宋女士於昆明滇池投資擔任董事及財務總監。宋女士兼任昆明滇投碧水源水務科技有限公司董事長。

1982年12月至2008年9月，宋女士任職於昆明市自來水集團有限責任公司，自2005年12月至2008年9月擔任財務處副處長。2008年9月至2012年9月，宋女士任昆明滇池投資財務中心主任。

宋女士於1997年9月至1999年12月在中國雲南省中國共產黨雲南省委員會黨校學習，主修經濟管理。

CHAPTER SEVEN PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

第七章 董事、監事及高級管理層簡歷

Ms. Ren Na (任娜), aged 40, joined the Group in November 2020 and was appointed as a non-executive Director of the Company on 6 November 2020. Ms. Ren participates in the development of our business strategies. Ms. Ren has more than 18 years of experience in the financial field. She currently serves as the deputy general manager of financial sharing center of Yunnan Investment Holding Group Co., Ltd. (雲南省投資控股集團有限公司) and a director of Yunnan Medical Investment and Management Group Co., Ltd. (雲南省醫療投資管理集團有限公司).

Ms. Ren served as the chief accountant of the hydropower station and the department head of No. 1 water resources machinery plant of Sinohydro Bureau 5 Co., Ltd. (中國水利水電第五工程局) from July 2002 to April 2008. From April 2008 to May 2009, she worked in Yunnan Tonghe Technology Development Co., Ltd. (雲南通和科技發展有限公司) and was responsible for finance management. From May 2009 to October 2013, she served as the person in charge of finance of the Lidi branch of Yunnan Lancangjiang Property Management Co., Ltd. (雲南瀾滄江物業管理有限公司裡底分公司). From November 2013 to July 2019, she served as the manager of general management department of China Southern Power Grid Integrated Energy (Yunnan) Co., Ltd. (南方電網綜合能源(雲南)有限責任公司). She joined Yunnan Investment Holding Group Co., Ltd. (雲南省投資控股集團有限公司) in August 2019 and currently serves as the deputy general manager of financial sharing center. She was appointed as a director of Yunnan Medical Investment and Management Group Co., Ltd. (雲南省醫療投資管理集團有限公司) in April 2020, and has been serving as a supervisor of CTV Yuntou Culture Tourism Industry Investment Co., Ltd. (中視雲投文化旅遊產業投資有限公司) since October 2020.

Ms. Ren graduated from Changchun Institute of Technology (長春工程學院) in July 2002, majoring in computerised accounting; and graduated from Changchun Institute of Technology in July 2013, majoring in finance management. Ms. Ren is a senior accountant, certified public accountant and certified tax agent.

Ms. Yu Yanbo (余燕波), aged 50, joined the Group in June 2020 and was appointed as a non-executive Director of the Company on 19 June 2020. Ms. Yu participates in the development of our business strategies. Ms. Yu has more than 30 years of experience in the financial field. She currently serves as supervisor and assistant to the general manager of IDI.

任娜女士，40歲，於2020年11月加入本集團並於2020年11月6日獲委任為本公司非執行董事，參與制定我們的業務發展戰略。任女士擁有逾18年的財務領域的經驗。現任雲南省投資控股集團有限公司財務共享中心副總經理、雲南省醫療投資管理集團有限公司董事。

任女士於2002年7月至2008年4月於中國水利水電第五工程局水電站任會計主管及於第一水工機械廠任部門主任；於2008年4月至2009年5月就職於雲南通和科技發展有限公司負責財務管理工作；2009年5月至2013年10月於雲南瀾滄江物業管理有限公司任裡底分公司財務負責人；2013年11月至2019年7月就職於南方電網綜合能源(雲南)有限責任公司，任綜合管理部經理；2019年8月至今，就職於雲南省投資控股集團有限公司，現任財務共享中心副總經理；於2020年4月獲委任為雲南省醫療投資管理集團有限公司董事；於2020年10月至今擔任中視雲投文化旅遊產業投資有限公司監事。

任女士於2002年7月畢業於長春工程學院會計電算化專業；於2013年7月畢業於長春工程學院財務管理專業。任女士亦為高級會計師、註冊會計師、註冊稅務師。

余燕波女士，50歲，於2020年6月加入本集團並於2020年6月19日獲委任為本公司非執行董事，參與制定我們的業務發展戰略。余女士擁有逾30年的財務領域的經驗。現任產業開發投資監事、總經理助理。

CHAPTER SEVEN PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

第七章 董事、監事及高級管理層簡歷

Ms. Yu worked in the Kunming Light Union City Credit Cooperative (昆明輕聯城市信用合作社) from August 1988 to April 1993. From May 1993 to March 1994, she worked in Kunming Lianfa City Credit Cooperative (昆明聯發城市信用合作社) and worked at Kunming International Trust and Investment Co., Ltd. (昆明國際信託投資公司) from April 1994 to November 2005. She has been working in Kunming Industrial since November 2005. She has been serving as the deputy manager of the planning and finance department, deputy manager of the contract audit department, manager of the audit legal department, manager of the capital operation department, supervisor and assistant to the general manager of Kunming Industrial.

In July 1988, Ms. Yu graduated from Kunming Second Light Industry School (昆明市二輕工業學校), majoring in finance and graduated from Yunnan Finance and Trade College (雲南財貿學院) in June 1992, majoring in finance. In December 2010, she graduated from CPC Yunnan Provincial Party School (中共雲南省委黨校), majoring in economic management. Ms. Yu is also a senior accountant in the PRC.

C. INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yin Xiaobing (尹曉冰), aged 47, joined our Group in June 2016 and was appointed as an independent non-executive Director on 23 June 2016. Mr. Yin participates in making significant decisions and advises on corporate governance, connected transactions, and various matters concerning Directors and senior management. He is currently the chairman of the Audit Committee and the Nomination Committee, and a member of the Strategy and Investment Decision Committee and the Remuneration and Appraisal Committee of our Company.

Mr. Yin currently serves as an associate professor of the School of Business Administration and Tourism Management and a tutor for master's degree students of Yunnan University (雲南大學), a visiting scholar of the Sloan School of Management of the Massachusetts Institute of Technology, and a non-practicing member of Chinese Institute of Certified Public Accountants.

余女士於1988年8月至1993年4月於昆明輕聯城市信用合作社工作。1993年5月至1994年3月於昆明聯發城市信用合作社工作。1994年4月至2005年11月於昆明國際信託投資公司工作；2005年11月至今於昆明產投工作，歷任昆明產投計劃財務部副經理、合同審計部副經理、審計法務部經理、資本運營部經理、監事、總經理助理職務。

余女士於1988年7月畢業於昆明市二輕工業學校財會專業；1992年6月畢業於雲南財貿學院金融專業；2010年12月，畢業於中共雲南省委黨校經濟管理專業。余女士亦為中國高級會計師。

C. 獨立非執行董事

尹曉冰先生，47歲，於2016年6月加入本集團並於2016年6月23日獲任為獨立非執行董事。尹先生參與作出重大決策並就企業管治、關連交易以及有關董事與高級管理層的各種事宜提供建議。尹先生現為本公司審計委員會、提名委員會主任委員以及戰略與投資決策委員會、薪酬與考核委員會委員。

尹先生是雲南大學工商管理與旅遊管理學院副教授、碩士研究生導師、美國麻省理工學院斯隆管理學院訪問學者、中國註冊會計師協會非執業會員。

CHAPTER SEVEN PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

第七章 董事、監事及高級管理層簡歷

Mr. Yin served as a director in the following companies listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange in the last three years:

尹先生最近三年於下列在上海證券交易所及深圳證券交易所上市的公司擔任董事：

Serving time 任職時間	Company name 公司名	Position 職務
May 2014 to January 2020 2014年5月至2020年1月	Yunnan Aluminum Co., Ltd. (雲南鋁業股份有限公司) (Stock code: 000807) 雲南鋁業股份有限公司(股票代碼為000807)	Independent non-executive director 獨立非執行董事
June 2016 to present 2016年6月至今	Yunnan Copper Industry Limited (雲南銅業股份有限公司) (Stock code: 000878) 雲南銅業股份有限公司(股票代碼為000878)	Independent non-executive director 獨立非執行董事
April 2019 to July 2019 2019年4月至2019年7月	Yunnan Luoping Zinc & Electricity Co., Ltd. (Stock code: 002114) 雲南羅平鋅電股份有限公司(股票代碼為002114)	Independent non-executive director 獨立非執行董事
August 2019 to present 2019年8月至今	Yunnan Baiyao Group Co., Ltd. (雲南白藥集團股份有限公司) (Stock code: 000538) 雲南白藥集團股份有限公司(股票代碼為000538)	Independent non-executive director 獨立非執行董事
February 2020 to present 2020年2月至今	Yunnan Tin Company Limited (雲南錫業股份有限公司) (Stock code: 000960) 雲南錫業股份有限公司(股票代碼為000960)	Independent non-executive director 獨立非執行董事
February 2021 to present 2021年2月至今	Huaneng Lancang River Hydropower Inc. (華能瀾滄江水電股份有限公司) (Stock code: 600025) 華能瀾滄江水電股份有限公司(股票代碼為600025)	Independent non-executive director 獨立非執行董事

Mr. Yin also currently serves as the general manager of Yunnan Tianshu Yuheng Equity Investment Fund Management Co., Ltd. (雲南天樞玉衡股權投資基金管理有限公司), the chairman of the board of directors of Kunming Zhongbei Financing Guarantee Company (昆明中北融資擔保公司), and a director of Kunming Land Development Investment Management Co., Ltd. (昆明市土地開發投資經營有限責任公司) and the State-owned Assets Operation and Investment Management Company Limited (國有資產經營投資集團有限公司) in Panlong District, Kunming.

尹先生現亦於雲南天樞玉衡股權投資基金管理有限公司擔任總經理；於昆明中北融資擔保公司擔任董事會主席；以及於昆明市土地開發投資經營有限責任公司及昆明市盤龍區國有資產經營投資集團有限公司擔任董事。

Mr. Yin obtained a bachelor's degree in applied mathematics from Yunnan University (雲南大學) in Yunnan Province, the PRC, in June 1997, a master's degree in management from Yunnan University (雲南大學) in July 2000, and a doctorate degree in political economy from Yunnan University (雲南大學) in December 2012.

尹先生於1997年6月在中國雲南省獲得雲南大學應用數學專業學士學位，於2000年7月獲得雲南大學管理學碩士學位，並於2012年12月獲得雲南大學政治經濟學博士學位。

CHAPTER SEVEN PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

第七章 董事、監事及高級管理層簡歷

Mr. He Xifeng (何錫鋒), aged 58, joined our Group in June 2016 and was appointed as an independent non-executive Director on 23 June 2016. Mr. He participates in making significant decisions and advises on corporate governance, connected transactions, and various matters concerning Directors and senior management. Mr. He is currently the chairman of the Remuneration and Appraisal Committee and a member of the Audit Committee and the Nomination Committee of our Company. Based on publicly available information, Mr. He was arrested for alleged involvement in a bribery case, and the Company could not get in touch with Mr. He and he could not perform his duties normally, after the Board meeting of the Company held on 9 February 2021 considered and passed the removal proposal regarding Mr. He, the Board recommended that Mr. He be removed as an independent non-executive Director, the chairman of the Remuneration and Appraisal Committee and a member of the Audit Committee and the Nomination Committee of our Company. Such removal proposal is subject to the consideration and approval at the general meeting of the Company. For details, please refer to the announcements of the Company dated 9 February and 25 February 2021.

Mr. He currently serves as the chief partner and previously served as the legal representative and the head of Yunnan Weizhen Law Office (雲南唯真律師事務所). Mr. He serves as a legal counsel of several government agencies, public institutions and associations, such as International Cooperation Center of the Ministry of Agriculture and Rural Affairs (農業農村部國際合作中心), etc. Mr. He currently serves as a standing director of China-ASEAN Legal Cooperation Center (中國東盟法律合作中心), a director of China-ASEAN Business Council (中國東盟商務理事會) and a director of Yunnan International Trade and Investment Association (雲南省國際貿易投資商會).

Mr. He graduated from Yunnan University (雲南大學) in Yunnan Province, the PRC, majoring in law in December 1990 and from Yunnan Normal University (雲南師範大學) in Yunnan Province, the PRC, with a master's degree in history, in June 1996.

The biographical details of Mr. He disclosed above were based on his confirmation during the interim period of 2020, and as of the date of this annual report, the Company was not aware of the latest status of his biographical details due to inability to contact with him.

Mr. Johnson Wan (雲浚淳), aged 42, joined our Group in November 2020 and was appointed as an independent non-executive Director on 6 November 2020. Mr. Wan participates in making significant decisions and advises on corporate governance, connected transactions and various matters concerning Directors and senior management. Mr. Wan is currently a member of the Audit Committee of our Company.

何錫鋒先生，58歲，於2016年6月加入本集團，於2016年6月23日獲委任為獨立非執行董事。何先生參與作出重大決策及就企業管治、關連交易及董事及高級管理層的各種事宜提出建議。何先生現為本公司薪酬與考核委員會主任委員、審計委員會及提名委員會委員。根據公開資料顯示，何先生因涉嫌涉及賄賂案被作出逮捕決定，且本公司無法與何先生取得聯繫，其無法正常履行職務，經本公司於2021年2月9日召開的董事會審議通過何先生的免職建議，董事會建議免去其於本公司擔任的獨立非執行董事、薪酬與考核委員會主任委員、審計委員會及提名委員會委員職務，免職建議尚需通過本公司股東大會審議方可做實。有關詳情，請參考本公司日期為2021年2月9日及2月25日的公告。

何先生現任雲南唯真律師事務所首席合夥人，歷任其法定代表人及主任。何先生為農業農村部國際合作中心等若干家國家機關、事業單位及協會的法律顧問。現為中國東盟法律合作中心常務理事、中國東盟商務理事會理事、雲南省國際貿易投資商會理事。

何先生於1990年12月在中國雲南省雲南大學畢業，主修法律專業，於1996年6月在中國雲南省取得雲南師範大學歷史系碩士學位。

以上所披露何先生簡歷乃根據其於2020年中期所做的確認而披露，截至本年報日期，因未能與何先生取得聯繫，本公司並不知悉其履歷的最新情況。

雲浚淳先生，42歲，於2020年11月加入本集團並於2020年11月6日獲委任為本公司獨立非執行董事。雲先生參與作出重大決策並就企業管治、關連交易以及有關董事與高級管理層的各種事宜提供建議。雲先生現為本公司審計委員會委員。

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第七章 董事、監事及高級管理層簡歷

Mr. Wan served as the head of compensation and benefits consulting of Hewitt Associates (Hong Kong) from July 2004 to August 2006. From January 2008 to June 2019, he worked in Deutsche Bank AG (Hong Kong) and successively served as an associate, vice president and a director, and was responsible for equity sales trading in Asia, debt capital markets and corporate coverage, equity research, research in APAC energy and basic materials and team management. From June 2019 to August 2020, he served as the portfolio manager of Brilliance Capital Management. He was appointed as an independent non-executive director of Longhui International Holdings Limited (a company listed on the Hong Kong Stock Exchange (stock code: 1007)) in August 2020. He was appointed as an independent non-executive director of New Provenance Everlasting Holdings Limited (a company listed on the Hong Kong Stock Exchange (stock code: 2326)) in October 2020, and is currently serves as the managing director and head of new energy/industry/bulk commodity research department of Jefferies Hong Kong Limited. Mr. Wan has accumulated extensive experiences in equity research, IPO and listing, global roadshow and debt financing.

Mr. Wan graduated from University of Toronto in Canada in June 2002 with a bachelor of science (honours) in computer science and mathematics; obtained a master's degree in statistics from University of Michigan in the United States in June 2004; and obtained a master's degree in business administration from London Business School in the United Kingdom in June 2008.

D. SUPERVISORS

Mr. Na Zhiqiang (那志強), aged 59, is the chairman of our Board of Supervisors and an employee representative Supervisor, responsible for leading the daily work of our Board of Supervisors, overseeing the Directors, managers and other management personnel to ensure compliance with laws and regulations, the Articles of Association and the resolutions of shareholders' general meetings. Mr. Na joined our Group in February 1990. On 19 January 2011, he was appointed as the chairman of our Board of Supervisors and an employee representative Supervisor. Mr. Na has over 30 years' working experience in the wastewater treatment industry.

Mr. Na worked successively as the office manager, assistant to the plant manager, and the plant manager of Kunming No. 1 Water Purification Plant from February 1990 to December 2007. From January 2008 to June 2009, Mr. Na served as the deputy general manager of Kunming Municipal Wastewater Treatment Co. Ltd., a wholly-owned subsidiary of the Company. From June 2009 to June 2011, he served as the manager of general affairs department of Kunming Dianchi Investment.

雲先生於2004年7月至2006年8月於怡安翰威特諮詢(香港)擔任薪酬福利諮詢主管;於2008年1月至2019年6月,就職於德意志銀行(香港),歷任經理、副總裁、董事職務,從事亞洲股票交易、債務資本市場與企業覆蓋、股票研究、亞太能源和基本材料研究團隊管理等方面的工作;2019年6月至2020年8月,就職於才華資本管理任基金經理;2020年8月獲委任為龍輝國際控股有限公司(一間於香港聯交所上市的公司(股份代號:1007))獨立非執行董事;於2020年10月獲委任為新源萬恒控股有限公司(一間於香港聯交所上市的公司(股份代號:2326))獨立非執行董事;現任富瑞金融集團香港有限公司董事總經理、中國新能源/工業/大宗商品研究部主管。雲先生於股票研究、IPO發行上市、全球路演、債務融資等方面均積累了豐富的經驗。

雲先生於2002年6月畢業於加拿大多倫多大學,取得榮譽計算機科學與數學理學學士學位;於2004年6月取得美國密歇根大學統計學碩士學位;於2008年6月取得英國倫敦商學院工商管理碩士學位。

D. 監事

那志強先生, 59歲,為監事會主席及職工代表監事,負責主持監事會的日常工作,及監督董事、經理及其他管理人員,確保遵守法律及法規、組織章程細則及股東會議的決議案。那先生於1990年2月加入本集團,於2011年1月19日獲委任為監事會主席及職工代表監事。那先生在污水處理行業擁有逾30年的經驗。

那先生於1990年2月至2007年12月先後擔任昆明市第一水質淨化廠辦公室主任、廠長助理及廠長。2008年1月至2009年6月任本公司全資子公司昆明城市污水處理運營有限責任公司副總經理。2009年6月至2011年6月擔任昆明滇池投資綜合部經理。

CHAPTER SEVEN PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

第七章 董事、監事及高級管理層簡歷

Mr. Na graduated from the Party School of Yunnan Provincial Committee of the Chinese Communist Party (中國共產黨雲南省委員會黨校) in Yunnan Province, the PRC, in December 2004, majoring in economics and management.

Mr. Yao Jianhua (姚建華), aged 62, joined our Group in November 1995 and has been an employee representative Supervisor of our Company since 19 January 2011 in charge of overseeing the Directors, managers and other management personnel to ensure compliance with laws and regulations, the Articles of Association and the resolutions of shareholders' general meetings. Mr. Yao has over 28 years' working experience in the wastewater treatment industry. From June 2005 to November 2019, Mr. Yao has been the executive director, the general manager and the legal representative of Kunming Dianchi Logistics, a wholly-owned subsidiary of the Company.

Prior to joining our Group, Mr. Yao served successively as a section clerk and deputy section chief of Kunming Municipal Facilities Management Cashier Office (昆明市市政設施收費管理處) from February 1988 to February 1998, and deputy chief of the Management Cashier Office of Kunming City Drainage Company Limited (昆明城市排水公司收費管理處) from February 1998 to June 1999.

Mr. Yao graduated from Chinese People's Liberation Army Kunming Army College (中國人民解放軍昆明陸軍學院) in Yunnan Province, the PRC, majoring in political theory in July 1999.

Mr. Shao Wei (邵偉), aged 40, joined our Group on 7 May 2016 and is a Supervisor of our Company in charge of overseeing the Directors, managers and other management personnel to ensure compliance with laws and regulations, the Articles of Association and the resolutions of shareholders' general meetings. Mr. Shao has over 10 years' working experience in the corporate finance management. Mr. Shao worked as the accounting manager of planning and financing department of Kunming DIG, responsible for corporate finance and accounting affairs. He was transferred to Kunming Development New Energy Industry Investment Operation Co., Ltd. (昆明發展新能源產業投資運營有限公司) in August 2018 and has been serving as the deputy general manager since October 2018. He has been serving as the financial controller of Kunming Zhongchuang Sanyou Kun Development New Energy Technology Co., Ltd. (昆明中創三優昆發展新能源科技有限公司) since March 2018. He has also served as the executive deputy general manager of Kunming Petrochina Kunlun CNG Co., Ltd. (昆明中石油崑崙車用天然氣有限公司) since March 2019; a director of Kunming Petrochina Kunlun CNG Co., Ltd. since June 2020; and the chairman of the board of supervisors of Kunming Petrochina Energy Investment and Development Co., Ltd. (昆明中油能源投資發展有限公司) since March 2021.

那先生於2004年12月在中國雲南省中國共產黨雲南省委員會黨校畢業，主修經濟管理。

姚建華先生，62歲，於1995年11月加入本集團，自2011年1月19日起擔任本公司職工代表監事，負責監督董事、經理及其他管理人員，確保遵守法律及法規、組織章程細則及股東會議的決議案。姚先生擁有逾28年的污水處理行業經驗。姚先生自2005年6月至2019年11月擔任本公司全資子公司昆明滇池物流執行董事、總經理及法定代表人。

加入本集團前，姚先生於1988年2月至1998年2月曆任昆明市市政設施收費管理處科員及副主任。1998年2月至1999年6月擔任昆明城市排水公司收費管理處副處長。

姚先生於1999年7月畢業於中國雲南省中國人民解放軍昆明陸軍學院，主修政治理論。

邵偉先生，40歲，於2016年5月7日加入本集團，擔任本公司監事，負責監督董事、經理及其他管理人員，確保遵守法律及法規、組織章程細則及股東會議的決議案。邵先生在公司財務管理方面擁有逾10年的工作經驗。邵先生曾擔任昆明發展投資集團計劃財務部會計主管，負責公司財務及會計事務，並於2018年8月調入昆明發展新能源產業投資運營有限公司，且自2018年10月起任該公司副總經理。其自2018年3月起兼任昆明中創三優昆發展新能源科技有限公司財務總監，自2019年3月起兼任昆明中石油崑崙車用天然氣有限公司常務副總經理；於2020年6月至今擔任昆明中石油崑崙車用天然氣有限公司董事；於2021年3月至今任昆明中油能源投資發展有限公司監事會主席。

CHAPTER SEVEN PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

第七章 董事、監事及高級管理層簡歷

Mr. Shao worked at Yunnan Yatai Electronic Information Technology Co., Ltd. (雲南亞太電子信息技術有限公司) from March 2004 to March 2009. He worked at the financial department of and served as the deputy director of legal and risk control department of Yunnan Electrical and Mechanical Equipment Corporation (雲南省機電設備總公司) from May 2010 to August 2011 and May 2012 to November 2015, respectively. He worked at Yunnan Yunrui Automobile Sales and Service Co., Ltd. (雲南雲瑞汽車銷售服務有限公司) from August 2011 to May 2012, responsible for financial management.

邵先生於2004年3月至2009年3月就職於雲南亞太電子信息技術有限公司；先後於2010年5月至2011年8月及2012年5月至2015年11月就職於雲南省機電設備總公司財務部並兼任法律與風險控制部副部長；2011年8月至2012年5月就職於雲南雲瑞汽車銷售服務有限公司，從事財務管理工作。

Mr. Shao graduated from Kunming University of Science and Technology (昆明理工大學) in Yunnan Province, the PRC, majoring in accounting computerisation in July 2010. He received a certificate in accounting (intermediate level) in September 2010 and obtained the professional and technical qualification certificate of senior accountants in June 2018.

邵先生於2010年7月畢業於中國雲南省昆明理工大學，主修會計電算化專業。於2010年9月獲得中級會計師專業技術資格證書，並於2018年6月獲高級會計師專業技術資格證書。

E. SENIOR MANAGEMENT

Each member of our senior management satisfies the qualification requirements under the relevant PRC laws and regulations for his or her position. The senior management is responsible for the day-to-day management of our business. During the year until the end of the Reporting Period, the following table sets forth the information regarding our senior management:

E. 高級管理層

各高級管理層成員均滿足相關中國法律及法規對其所任職位的資格要求。高級管理層負責本公司日常業務的管理。下表載列於本年度內直至報告期末有關各高級管理層成員的資料：

Name	Age	Position	Roles and responsibilities	Appointment date	Date of joining our Group	Relationship with other Directors, Supervisors and senior management
姓名	年齡	職位	角色及職責	委任日期	加入本集團的日期	與其他董事、監事及高級管理層的關係
Mr. Chen Changyong	51	Executive Director and General Manager	Participate in the Company's strategic decision-making and be responsible for the Company's operation and management	Appointed as General Manager in 10 July 2019 and as Executive Director on 19 June 2020	June 2019	None
陳昌勇先生	51	執行董事兼總經理	參與公司戰略決策及負責本公司的運營管理	2019年7月10日獲委任為總經理及於2020年6月19日獲委任為執行董事	2019年6月	無

CHAPTER SEVEN PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

第七章 董事、監事及高級管理層簡歷

Name	Age	Position	Roles and responsibilities	Appointment date	Date of joining our Group	Relationship with other Directors, Supervisors and senior management
姓名	年齡	職位	角色及職責	委任日期	加入本集團的日期	與其他董事、監事及高級管理層的關係
Mr. Mei Yili	59	Deputy General Manager	Responsible for the Company's production safety management work	29 January 2015	May 1997	None
梅益立先生	59	副總經理	負責本公司生產安全管理 工作	2015年1月29日	1997年5月	無
Mr. Luo Yun	42	Executive Director and Deputy General Manager	Responsible for supervising our Company's investment strategies, market expansion and administration	Appointed as Deputy General Manager in January 2015 and as Executive Director on 23 June 2016	June 2013	None
羅雲先生	42	執行董事兼副總經理	負責監督本公司的投資策略、市場開拓及行政管理 工作	2015年1月獲委任為副總經理及於2016年6月23日獲委任為執行董事	2013年6月	無
Mr. Yang Yang ⁽¹⁾	48	Chief Financial Officer and Secretary of Board	Responsible for the management of our Company's finance, financing, capital operation and securities affairs, as well as daily affairs of the Board	Appointed as the Chief Financial Officer on 29 January 2015 and appointed as Secretary of Board on 23 June 2016	January 2015	None
楊陽先生 ⁽¹⁾	48	財務總監兼董事會秘書	負責管理本公司的財務、融資、資本運作及證券事務、董事會日常事務工作	2015年1月29日獲委任為財務總監及於2016年6月23日獲委任為董事會秘書	2015年1月	無

Note:

註：

(1) On 9 February 2021, Mr. Yang Yang has tendered his resignation as chief financial officer, secretary of Board and the joint company secretary of the Company to the Board due to work reallocation, with effect from 9 February 2021.

(1) 楊陽先生因工作變動的原因，於2021年2月9日向董事會提交辭呈，辭去本公司財務總監、董事會秘書、聯席公司秘書職務，其辭任已於2021年2月9日生效。

CHAPTER SEVEN PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

第七章 董事、監事及高級管理層簡歷

Mr. Chen Changyong (陳昌勇) is an executive Director and the general manager of our Company. Please see the section headed “Profiles of Directors, Supervisors and Senior Management – A. Executive Directors” in this report for details of Mr. Chen Changyong’s biography.

陳昌勇先生，為本公司執行董事及總經理，有關陳昌勇先生履歷的詳情，請參閱本報告「董事、監事及高級管理層簡歷—A.執行董事」一節。

Mr. Mei Yili (梅益立), aged 59, joined our Group in May 1997 and has been the deputy general manager of our Company since 29 January 2015, responsible for the Company’s production safety management work.

梅益立先生，59歲，於1997年5月加入本集團，並自2015年1月29日起擔任本公司副總經理，負責本公司生產安全管理工作。

From June 2005 to June 2013, Mr. Mei served as the deputy general manager, the general manager, and an executive Director of Kunming Wastewater Treatment and Operation Co. Ltd. (昆明城市污水處理運營有限責任公司). From January 2008 to June 2013, he served as the general manager and an executive director of Kunming Wastewater Treatment and Operation Co. Ltd. (昆明城市污水處理運營有限責任公司). From August 2012 to June 2013, he served as the deputy general manager of the Company. From June 2013 to January 2015, he served as the deputy chief engineer of Kunming Dianchi Investment.

於2005年6月至2013年6月，梅先生歷任昆明城市污水處理運營有限責任公司副總經理、總經理及執行董事。2008年1月至2013年6月任昆明城市污水處理運營有限責任公司總經理及執行董事。於2012年8月至2013年6月，梅先生擔任本公司副總經理。2013年6月至2015年1月擔任昆明滇池投資副總工程師。

Mr. Mei obtained a bachelor’s degree in engineering majoring in railway cable communication from Department of Telecom and Automatic Control, Lanzhou Tiedao Institute (蘭州鐵道學院) in Gansu Province, the PRC, in January 1982.

梅先生於1982年1月在中國甘肅省取得蘭州鐵道學院電信與自動控制系鐵道有線通信專業工學學士學位。

Mr. Luo Yun (羅雲), is an executive Director and the deputy general manager of our Company. Please see the section headed “Profiles of Directors, Supervisors and Senior Management – A. Executive Directors” in this report for details of his biography.

羅雲先生，為本公司執行董事及副總經理，有關羅雲先生履歷的詳情，請參閱本報告「董事、監事及高級管理層簡歷—A.執行董事」一節。

CHAPTER SEVEN PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

第七章 董事、監事及高級管理層簡歷

Mr. Yang Yang (楊陽), aged 48, joined our Group in January 2015 and has been the chief financial officer of our Company since 29 January 2015. Mr. Yang has also been appointed as one of our joint company secretaries and our Board secretary in June 2016, responsible for the management of our Company's finance, financing, capital operation and securities affairs, as well as daily affairs of the Board. On 9 February 2021, he has resigned as chief financial officer, secretary of Board and the joint company secretary of the Company due to work reallocation.

From January 2005 to April 2008, he served as the chief financial officer of Sichuan Province Chengdu Yunnei Power Co., Ltd. (四川省成都雲內動力有限公司). From May 2008 to May 2012, he served as the chief financial officer of Kunming Yunnei Power Co., Ltd. (昆明雲內動力股份有限公司). He served as the deputy factory director of Yunnan Gas Turbine Plant (雲南內燃機廠) from May 2012 to May 2013; a director and the deputy general manager of Yunnan Yuxi City Fuxian Lake Protection and Development Investment Co., Ltd. (雲南省玉溪市撫仙湖保護開發投資有限責任公司) from May 2013 to January 2015, respectively.

Mr. Yang graduated from Kunming Metallurgy College (昆明冶金高等專科學校) in Yunnan Province, the PRC, in June 1991, majoring in corporate management (finance and accounting). He also obtained a master's degree in business administration for senior management from Yunnan University (雲南大學) in Yunnan Province, the PRC, in June 2014.

Except as disclosed above:

- (1) none of our Directors has any interests in any business, which competes or is likely to compete, either directly or indirectly, with our business;
- (2) none of our Directors, Supervisors and senior management has been a director of any public company, the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this report; and
- (3) there is no other information that needs to be brought to the attention to the Shareholders under Rule 13.51(2) of the Hong Kong Listing Rules.

楊陽先生，48歲，於2015年1月加入本集團，自2015年1月29日起擔任本公司財務總監，並於2016年6月獲委任為本公司聯席公司秘書及董事會秘書，負責管理本公司的財務、融資、資本運作及證券事務、董事會日常事務工作。其因工作變動的原因，已於2021年2月9日辭去本公司財務總監、董事會秘書、聯席公司秘書職務。

2005年1月至2008年4月任四川省成都雲內動力有限公司財務總監，2008年5月至2012年5月任昆明雲內動力股份有限公司財務總監，2012年5月至2013年5月任雲南內燃機廠副廠長，2013年5月至2015年1月任雲南省玉溪市撫仙湖保護開發投資有限責任公司董事、副總經理。

楊先生於1991年6月畢業於中國雲南省昆明冶金高等專科學校，主修企業管理(財會)，並於2014年6月在中國雲南省取得雲南大學高級管理人員工商管理碩士學位。

除上文所披露者外：

- (1) 概無董事於直接或間接與或可能與本公司業務競爭的任何業務中擁有任何權益；
- (2) 本公司董事、監事及高級管理層於本報告日期前三年並無擔任任何公眾公司(其證券在香港或海外任何證券市場上市)的董事職務；及
- (3) 概無其他信息須根據香港上市規則第13.51(2)條提請股東注意。

CHAPTER SEVEN PROFILES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

第七章 董事、監事及高級管理層簡歷

F. JOINT COMPANY SECRETARIES

During the Reporting Period, Mr. Yang Yang (楊陽) and Mr. Chiu Ming King (趙明璟) are our joint company secretaries. As at the date of this report, Mr. Yang Yang has resigned his position as the joint company secretary, secretary to the Board and chief financial officer of the Company due to work reallocation.

Mr. Yang Yang (楊陽) is also the chief financial officer of our Company during the Reporting Period. Please see the section headed “Profiles of Directors, Supervisors and Senior Management – E. Senior Management” in this report for details of his biography.

Mr. Chiu Ming King (趙明璟) currently serves as an executive director of Corporate Services of Vistra Corporate Services (HK) Limited. He has over 10 years of experience in the company secretarial field and provides professional services to customers of various listed companies.

Mr. Chiu has been an associate member of The Chartered Governance Institute in United Kingdom and the Hong Kong Institute of Chartered Secretaries (“HKICS”) since 2003 and became a fellow member of the HKICS since September 2015. He has been a vice-chairman of the Membership Committee and Chairman of Professional Services Panel of HKICs and a Council member of HKICS since 2020.

Mr. Chiu obtained a bachelor of arts from University of Toronto in Toronto, Canada, in June 1999 and received a master of arts in professional accounting and information systems from City University of Hong Kong in November 2003.

F. 聯席公司秘書

於報告期內，楊陽先生及趙明璟先生為本公司聯席公司秘書。於本報告日期，楊陽先生因工作變動原因已辭去本公司聯席秘書、董事會秘書及財務總監職務。

楊陽先生於報告期內亦為本公司的財務總監。有關楊陽先生履歷的詳情，請參閱本報告「董事、監事及高級管理層簡歷—E.高級管理層」一節。

趙明璟先生，現時為Vistra Corporate Services (HK) Limited的企業服務的執行董事，彼於公司秘書行業擁有逾10年經驗，並為多間上市公司客戶提供專業服務。

趙先生自2003年起一直為英國特許公司治理公會會士和香港特許秘書公會（「香港特許秘書公會」）會員，並自2015年9月起成為香港特許秘書公會之資深會員。自2020年起，彼為香港特許秘書公會的會籍委員會的副主席及專業服務小組的主席，並為香港特許秘書公會的理成會成員。

趙先生於1999年6月取得加拿大多倫多市多倫多大學的文學學士學位，2003年11月取得香港城市大學的專業會計與資訊系統的文學碩士學位。

CHAPTER EIGHT REPORT OF THE BOARD OF DIRECTORS

第八章 董事會報告

The Board hereby submit their report together with the audited financial statements of the Group for the year ended 31 December 2020.

A. BUSINESS REVIEW

1. Operating Environment and Prospects

The Company is a leading wastewater treatment and reclaimed water services enterprise in Yunnan Province, the PRC, and the largest wastewater treatment company in Yunnan Province, the PRC. The Company enjoys exclusive rights to provide wastewater treatment services in Kunming and certain other parts of China. The concession helps the Company maintain and consolidate its operating advantages and competitive edge in the water market in Yunnan Province. Leveraging our concession-based business model, technology, the capability of project implementation, and expansion of service regions, we have achieved stable income and steady business growth. Meanwhile, we closely follow the development requirements and opportunities of the industry and continuously improve the development and layout in relevant industry chain in order to enhance our capability in providing comprehensive environmental management services.

2020 is the concluding year for China's goal of comprehensively building a moderately prosperous society and the "13th Five-Year Plan", and is also a decisive year for pollution prevention and control and a critical year for the Company's "Three-Year Key Project" of management and improvement of Dianchi Lake. The work report of the government provided general plan for environmental protection, which mainly included: to continue to reduce the unit energy consumption of GDP and emission of major pollutants, and strive to achieve the objectives and tasks of the "13th Five-Year" plan; put more efforts in protecting our blue sky, clear water and clean soil and achieve the milestones for pollution prevention and control; and improve the results and effectiveness of ecological environment management. Despite the impact of COVID-19 on the economic and social development, the Ministry of Ecology and Environment issued the Opinions on Actively Implementing the Task of "Ensuring Security in Six Areas" and Firmly Carrying out Pollution Prevention and Control under the Premise of Putting Continuous Efforts in Pandemic Prevention and Control (《關於在疫情防控常態化前提下積極服務落實“六保”任務堅決打贏打好污染防治攻堅戰的意見》), which explicitly required that there will be no compromise on achieving the milestones of environmental management, and the binding targets of the "13th Five-Year Plan" for ecological environment protection must be achieved.

董事會現向股東提呈本集團截至2020年12月31日止年度報告及經審計財務報表。

A. 業務審視

1. 經營環境及展望

本公司是中國雲南省污水處理及再生水服務行業的領軍企業，也是中國雲南省污水處理規模最大的企業，享有向昆明市及中國其他若干地區提供污水處理服務的獨家權利。特許經營權有利於本公司繼續保持和鞏固在雲南省水務市場的經營優勢和競爭地位。憑借基於特許經營的業務模式、技術、項目執行力及服務區域的拓展，我們已取得穩定的收入及平穩的業務增長。同時，我們緊跟行業發展要求及機遇，不斷完善相關產業鏈的發展與佈局，以提升企業環境治理綜合服務能力。

2020年是中國全面建成小康社會和「十三五」規劃的收官之年，是打贏污染防治攻堅戰的決勝之年，同時也是公司負責滇池治理「三年攻堅」項目的關鍵年。政府工作報告對於環境保護工作作出了部署，主要包括：單位國內生產總值能耗和主要污染物排放量繼續下降，努力完成「十三五」規劃目標任務；打好藍天、碧水、淨土保衛戰，實現污染防治攻堅戰階段性目標；提高生態環境治理成效等。雖然經濟社會發展受到新冠肺炎疫情影響，但生態環境部在《關於在疫情防控常態化前提下積極服務落實「六保」任務堅決打贏打好污染防治攻堅戰的意見》中明確要求，環保治理階段目標不打折扣，「十三五」規劃的生態環境保護約束性指標必須確保完成。

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During the Reporting Period, the central government strengthened in counter-cyclical adjustment of macro policies and increased the investment and construction in new types of infrastructure, new urbanisation and major transportation and water projects, which was favourable to environmental protection, infrastructure and other key areas and facilitated the further development of the industry. The People's Bank of China, the Ministry of Finance, the China Banking and Insurance Regulatory Commission, the China Securities Regulatory Commission and the State Administration of Foreign Exchange jointly issued the Notice on Further Strengthening the Financial Support for Prevention and Control of COVID19 Pandemic (《關於進一步強化金融支持防控新型冠狀病毒感染疫情的通知》), which required that financial institutions shall take a series of measures to further strengthen financial support for the prevention and control of the pandemic, protect people's livelihood and facilitate the stable development of the real economy; provide sufficient liquidity to maintain a reasonable abundance of liquidity in the financial market and promote reasonable growth in monetary credit facilities. With the implementation of such policies and measures, the rigid demands in water service market were released rapidly with continuous expansion of market potential.

In the trend of market-oriented development of the water industry, market competition will gradually intensify, and the industry will become more centralised, which will pose challenges to regional water service enterprises as the existing landscape of regional domination gradually weakens and existing water market becomes increasingly saturated. In order to expand the market share, such enterprises may adopt the development strategy of expansion to markets in other regions through mergers and acquisitions or PPP model in the future, thereby achieving large-scale operation and enhancing competitive advantages.

The Company always adheres to the operation strategy of "unitary domination with diversified development", and extends its industrial chain, from wastewater treatment to reclaimed water utilisation, sludge resource utilisation, running water supply, aquatic biotechnology, pharmacy and other related sectors, with operations gradually expanding to solid waste treatment, soil restoration, watershed management and other areas of "Macro Environmental Protection". During the Reporting Period, the Company launched the Kunming Domestic Waste Sanitary Landfill Project, which further promoted the Company's development in solid waste treatment sector. It also completed the acquisition of 100% equity interest in Putian Huake Environmental Protection Engineering Co. Ltd. and 100% equity interest in Kunming Dongchuan Guozhen Sewage Treatment Co., Ltd. to expand its business market. Meanwhile, the Company continued to develop existing market and secured the Rural Wastewater Comprehensive Treatment Project in Xishan District, Kunming, the Luquan County Municipal Wastewater Collection and Treatment Construction Project and the Rural Wastewater and Habitat Environment Treatment Project in Yingjiang County, Dehong Prefecture. With years of experience in water service operation, the Company will face both opportunities and challenges for its development in the market environment of intensifying market competition and increasingly concentrated industry landscape.

報告期內，中央政府加大宏觀政策逆周期調節力度，加大「兩新一重」領域投資建設，一定程度上對環保基建等重點領域形成利好，促進行業進一步繁榮。人民銀行、財政部、銀保監會、證監會、外匯局等五部門聯合印發的《關於進一步強化金融支持防控新型冠狀病毒感染疫情的通知》中要求，金融部門要採取一系列措施，進一步強化金融支持疫情防控工作，保障民生和支持實體經濟穩定發展；提供充足流動性，保持金融市場流動性合理充裕，促進貨幣信貸合理增長。伴隨系列政策措施，水務市場剛性需求加速釋放，市場空間不斷拓展。

在水務行業市場化發展的趨勢下，市場競爭逐步加劇，行業集中度進一步提高，區域性水務企業面臨區域壟斷特徵逐漸弱化、原有水務市場逐漸飽和的挑戰，為擴大市場份額，通過兼併收購或者PPP模式開闢異地市場將成為其未來發展的戰略選擇，以實現規模化經營，增強競爭優勢。

本公司一直以來堅持「一元為主、相關多元發展」經營戰略，產業鏈從污水處理延伸到再生水利用、污泥資源化利用、自來水、水生生物科技及藥劑生產等相關領域，並逐步向固廢處置、土壤修復、流域治理等「大環保」領域邁進。報告期內，本公司新增了昆明市垃圾衛生填埋場項目，進一步推進本公司在固廢業務板塊的發展。完成了莆田市華科環保工程有限公司及昆明市東川區國禎污水處理有限公司100%股權收購，擴大了業務市場。同時，本公司繼續加大對現有市場的深耕，開拓了昆明市西山區農村污水綜合治理項目、祿勸縣城鎮污水收集處理項目、德宏盈江農村污水人居環境治理項目等。本公司擁有多年的水務運營經驗，在當前市場競爭加劇、行業集中度不斷提高的市場環境下，本公司的發展將是機遇與挑戰並存。

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With the rapid development and in-depth application of cloud-computing, internet of things, mobile internet and other innovative information technologies, China experienced rapid information-based urban development. Water service management, as an integral part of urban management, is set to join the trend of informatisation development. During the period of “14th Five-Year Plan”, with the improvement of intelligent water service technology and the in-depth integration of the industry, the water industry will become more mature, creating development opportunities in improvement of dark and odorous water, comprehensive management of water environment and rural water supply and drainage. Specific development trends will be reflected in following aspects: first, water service enterprises will facilitate in-depth integration of the industry through external expansion, break technical and geographical barriers through merger and acquisition, thereby expanding the business coverage and strengthening the dominant position; second, with rapid implementation of improvement of urban sewage pipeline and network, the domestic sewage collection and treatment facilities will be established in urban villages, old urban areas and rural-urban fringe, and dark and odorous water will be basically eliminated; third, by enhancing the competitiveness in water service business with intelligent water service technology, water service enterprises may fully utilise the benefits of collaborative management and effectively reduce the overall operating costs, and the integration of intelligent water services into the smart city development system will help create a smart water environment and promote the construction of urban ecological civilisation. The Company is accelerating the implementation of its plan of “intelligent water services”, which will be an important way for the Company to strengthen refined management, reduce operating costs, improve operational management, and enhance the decision-making efficiency and accuracy.

2. Business

For principal business activities of the Company during the Reporting Period and the discussion and analysis thereof, please refer to the section headed “Management Discussion and Analysis – C. Business Review”.

隨著雲計算、物聯網、移動互聯網等新一輪信息技術的迅速發展和深入應用，我國城市信息化快速發展，水務管理作為城市管理的重要組成部分，信息化發展成為必然趨勢。「十四五」期間，隨著智慧水務技術的提升和行業的深化融合，水務行業將愈加成熟，在黑臭水體治理和水環境綜合治理、鄉鎮供排水等方面具有發展機會。具體發展趨勢體現在以下方面：一是水務企業利用外延式擴張促進行業深度融合，通過並購整合打破技術及地域限制，拓展業務布局、強化優勢地位；二是快速推進城鎮污水管網提質工作，基本消除城中村、老舊城區和城鄉結合部生活污水收集處理設施空白區，基本消除黑臭水體；三是通過智慧水務技術提升水務業務的競爭力，有利於充分發揮協同管理效應，有效降低整體運營成本，將智慧水務融合於智慧城市發展體系有助於打造智慧水環境，推動城市生態文明建設。本公司正在加快建設「智慧水務」規劃的實施，未來將成為本公司加強管理精細化、降低運營成本、提高運行管理水平、提升決策效率和精準度的重要途徑。

2. 業務

有關本公司報告期內的主要業務活動及對主要業務活動的討論與分析，請參閱「管理層討論及分析—C、業務回顧」。

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3. Key Financial Ratios

The following table shows some major financial ratios of the Group to reflect the Group's profitability, operational capabilities and solvency, for shareholders to analyse the Group's potential to grow and develop:

3. 財務關鍵指標

下表載列本集團若干主要財務比率，以反映本集團的盈利能力、運營能力及償債能力，以供股東對本集團的成長和發展能力作出分析：

		As at or for the year ended 31 December 於 12 月 31 日 或 於 截至 12 月 31 日 止 年度	
		2020 2020 年	2019 2019 年
Gross profit margin ⁽¹⁾	毛利率 ⁽¹⁾	35.4%	34.8%
Net profit margin ⁽²⁾	淨利潤率 ⁽²⁾	18.3%	20.2%
Return on equity ⁽³⁾	股本回報率 ⁽³⁾	8.2%	9.0%
Return on total assets ⁽⁴⁾	總資產回報率 ⁽⁴⁾	3.3%	3.9%
Current ratio ⁽⁵⁾	流動比率 ⁽⁵⁾	124.3%	305.0%
Quick ratio ⁽⁶⁾	速動比率 ⁽⁶⁾	123.9%	303.3%
Gearing ratio ⁽⁷⁾	淨資產負債比率 ⁽⁷⁾	49.6%	43.9%

Notes:

- (1) Equals to gross profit divided by our total revenue for the same period.
- (2) Equals to profit for the year divided by our total revenue for the same period.
- (3) Represents profit for the year as a percentage of total equity for the same period.
- (4) Represents profit for the year as a percentage of total assets for the same period.
- (5) Equals to current assets divided by current liabilities as at the end of the period.
- (6) Equals to current assets less inventories divided by current liabilities as at the end of the period.
- (7) Calculated as net debt divided by total capital at the end of the period. Net debt is calculated as total borrowings less cash and cash equivalents at the end of the period. Total capital is calculated as total equity plus net debt.

附註：

- (1) 等於毛利除以我們於相同期間的總收入。
- (2) 等於年內利潤除以我們於相同期間的總收入。
- (3) 年內利潤所佔相同期間權益總額的百分比。
- (4) 年內利潤所佔相同期間總資產的百分比。
- (5) 等於流動資產除以期末流動負債。
- (6) 等於流動資產減存貨再除以期末流動負債。
- (7) 按債務淨額除以期末資本總額計算。債務淨額按借款總額減期末現金及現金等價物計算。資本總額按權益總額加債務淨額計算。

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Gross profit margin and net profit margin

Please refer to “Management Discussion and Analysis – E. Financial Review – 1. Consolidated Results of Operations” for a discussion of the factors affecting our gross profit margin and net profit margin during the Reporting Period.

Return on equity

Our return on equity decreased from 9.0% in 2019 to 8.2% in 2020, primarily due to the decrease in profit for the year by RMB19.7 million in 2020.

Return on total assets

Our return on total assets decreased from 3.9% in 2019 to 3.3% in 2020, primarily due to an increase in total assets by RMB920.2 million in 2020.

Current ratio and quick ratio

Our current ratio and quick ratio decreased from 305.0% and 303.3% as of 31 December 2019 to 124.3% and 123.9% as of 31 December 2020, respectively, primarily because current assets decreased by RMB393.4 million and current liabilities increased by RMB1,537.0 million in 2020.

Gearing ratio

Please refer to “Management Discussion and Analysis – E. Financial Review – 4. Indebtedness” for a discussion of the factors affecting our gearing ratio during the Reporting Period.

Based on the above indicators, we believe that the Group possesses strong competitiveness and operational capabilities to create value for shareholders on an ongoing basis.

毛利率及淨利潤率

有關報告期內影響我們毛利率及淨利潤率的因素的討論，請參閱「管理層討論及分析—E、財務回顧—1. 合併經營業績」。

股本回報率

我們的股本回報率從2019年的9.0%下降至2020年的8.2%，主要由於2020年年度利潤下降人民幣19.7百萬元。

總資產回報率

我們的總資產回報率從2019年的3.9%下降至2020年的3.3%，主要由於2020年總資產增加人民幣920.2百萬元。

流動比率及速動比率

我們的流動比率及速動比率從於2019年12月31日的305.0%及303.3%分別下降至於2020年12月31日的124.3%及123.9%，主要由於2020年流動資產減少人民幣393.4百萬元，流動負債增加人民幣1,537.0百萬元。

資產負債比率

有關報告期內影響我們資產負債比率的因素的討論，請參閱「管理層討論及分析—E、財務回顧—4. 債項」。

根據上述指標，我們認為，本集團存在較高的競爭力及運營能力，可以為股東持續創造價值。

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4. Laws, Regulatory and Compliance Matters

Our operations are subject to various national and local laws and regulations governing environmental protection, safety production and product quality, among others. As for our compliance measures, we aim to meet regulatory and industrial standards of the relevant central and local government authorities and our industry associations.

As of 31 December 2020, there are no material pending or threatened litigation matters or other proceedings, and the Group is not involved in any litigation or other proceedings that would materially and adversely affect our business, financial condition or results of operations.

Directors confirmed that during the Reporting Period, the Group had complied with the applicable PRC laws and regulations in all material respects, and did not have any incidents of material non-compliance, and had obtained all relevant permits, approval documents, qualifications, authorisations and approvals that are material to our business operations.

5. Major Financial Risk Factors

The major risks that the Company's business is exposed to are as follows:

Market Risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk primarily arising from currency exposure with respect to Hong Kong dollars ("HKD") and United States dollars ("USD"). Foreign exchange risk arises from cash and cash equivalents and borrowings denominated in HKD and USD. The Group has entered into a currency swap agreement with a bank to manage the currency risk in related to the borrowings.

As at 31 December 2020, if RMB had weakened/strengthened by 1% (2019: 1%) against HKD and USD denominated cash and cash equivalent with all other variables held constant, net profit for the year would have been approximately RMB2,004,000 (2019: approximately RMB7,373,000) higher/lower. If RMB had weakened/strengthened by 1% (2019: 1%) against HKD and USD denominated borrowings with all other variables held constant, finance cost for the year would have been approximately RMB23,002,000 (2019: approximately RMB20,952,000) higher/lower.

4. 法律、監管及合規事項

我們的業務須遵守各類關於環境保護、安全生產、產品質量等方面的國家性及地方性法律法規。我們的合規性措施旨在遵循相關中央及地方政府部門及行業協會的監管及行業標準。

截至2020年12月31日止，本集團並無重大的未決或潛在的訴訟或其他法律程序，本集團也並無捲入任何會對其業務、財務狀況或營運業績產生重大不利影響的訴訟或其他法律程序。

董事確認，於報告期內，本集團已於所有重大方面遵守中國適用法律法規，並無任何重大不合規事件，且本集團已取得就業務營運而言屬重要的所有相關許可、批文及資格證書、授權及審批。

5. 主要財務風險因素

公司業務面臨的主要風險如下：

市場風險

(i) 外匯風險

本集團由於業務中使用多種貨幣導致面臨外匯風險，涉及的貨幣主要為港元（「港元」）及美元（「美元」）。外匯風險產生以港元及美元計的現金及現金等價物及借貸。本集團已與一間銀行訂立貨幣掉期協議，以管理與借款有關的貨幣風險。

於2020年12月31日，在其他參數均不變的情況下，若人民幣兌港元及美元計價的現金及現金等價物貶值／增值達1%（2019年：1%），年度淨利潤會增加／減少約人民幣2,004,000元（2019年：約人民幣7,373,000元）。若人民幣兌港元及美元計價的借款貶值／增值達1%（2019年：1%），年度財務成本會增加／減少約人民幣23,002,000元（2019年：約人民幣20,952,000元）。

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(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings.

Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest-rate risk.

Borrowed weighted average effective interest rate and borrowing maturity date are disclosed in Note 30 to the consolidated financial statements.

As at 31 December 2020, if the interest rate on floating interest rate borrowings had been higher/lower by 0.5%, the Group's net profit for each year would have changed mainly as a result of higher/lower interest expenses on floating rate borrowings. Details of changes are as follows:

(ii) 現金流量及公允價值利率風險

利率風險是指由於市場利率變化造成的金融工具公允價值或未來現金流量波動的風險。本集團承受因市場利率變化帶來的風險主要在於借款。

浮動利率下的借款使本集團承受現金流量利率風險。按固定利率取得的借款則使本集團承受公允價值利率風險。

借貸加權平均實際利率及借款到期日在合併財務報表附註30中披露。

於2020年12月31日，如浮動利率借款的利息上升／下降0.5%，則本集團該年度的淨利潤將發生變化，主要因為浮動利率借款的利息費用上升／下降所致。具體變化如下：

Year ended 31 December 截至12月31日止年度

2020	2019
2020年	2019年
RMB'000	RMB'000
人民幣千元	人民幣千元

Year ended:	截至本年度止：		
Net profit (decrease)/increase	淨利潤(減少)／增加		
- 0.5% higher	- 增加0.5%	(15,720)	(13,768)
- 0.5% lower	- 減少0.5%	15,720	13,768

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Credit risk

The carrying amounts of cash and bank balances, restricted funds, term deposits with initial term of over three months, trade and other receivables, receivables under service concession arrangements, amounts due from customers for construction contracts and financial assets at amortised cost included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem.

All the cash and cash equivalents and term deposits with initial term of over three months were deposited in the major financial institutions in Hong Kong and the PRC, which the directors of the Company believe are of high credit quality.

For receivables, the Group assessed the credit quality of the counterparties by taking into account their financial position, credit history and other factors. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each Reporting Period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It also considers available reasonable and supportive forwarding-looking information.

(i) Trade receivables

For trade receivables, the customers are primarily local governments and PRC state-owned entities. The Group applies the simplified approach to provide the expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 12 month before 1 January 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables. There has been no change in the estimation techniques or significant assumptions made throughout the year.

信用風險

合併財務狀況表中包含的現金及銀行結餘、受限制資金、原期限為3個月以上的定期存款、應收賬款及其他應收款、特許經營權協議下的應收款項、應收客戶建造合同款及以攤銷成本計量的金融資產的賬面價值表明了本集團所承受的金融資產相關的最大信用風險。本集團的信用風險管理措施的目標是控制潛在可收回風險。

所有的現金及現金等價物及原期限為3個月以上的定期存款都存放於香港及中國的主要金融機構，本公司董事認為其信用質量高。

對於應收款項，本集團透過評估債務人的財務狀況、信貸記錄及其他因素評估其信貸質素。管理層亦會定期檢討該等應收款項的可收回性及跟進糾紛或逾期款項(如有)。

本集團在資產的初始確認時考慮違約的可能性，也評估在每個資產存續的報告期間信貸風險是否會持續顯著增加。在評估信貸風險是否顯著增加時本集團將報告日時資產發生違約的可能性與初始確認時發生違約的可能性進行比較，同時也考慮可獲得的合理及支持性前瞻資訊。

(i) 貿易應收款項

就貿易應收款項而言，客戶主要為地方政府及中國國有企業。本集團根據國際財務報告準則第9號的規定應用簡易方法為預期信貸虧損計提撥備，該準則允許就所有貿易應收款項採用整個存續期的預期虧損撥備。

預期虧損率基於2020年1月1日前12個月期間銷售的付款情況及本期間內出現的相應過往信貸虧損。過往虧損率作出調整以反映影響客戶結算應收款項能力的宏觀經濟因素的當前及前瞻性資料。年內，估計技術或作出的重大假設並無變動。

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On that basis, loss allowance provision for trade receivables amounting to approximately RMB35,312,000 (2019: approximately RMB16,294,000) was recognised as at 31 December 2020. The expected loss rate for the remaining trade receivables as at 31 December 2020 is determined as follows:

按此基準，於2020年12月31日確認貿易應收款項虧損撥備約人民幣35,312,000元(2019年：約人民幣16,294,000元)。於2020年12月31日，餘下貿易應收款項的預期虧損率釐定如下：

		Up to 1 year 最長1年	1 to 2 years 1至2年	2 to 3 years 2至3年	Total 總計
Trade receivables	貿易應收款項				
As at 31 December 2020	於2020年12月31日				
Expected loss rate	預期虧損率	2.36%	3.68%	40.97%	
Gross carrying amount (RMB'000)	總賬面值(人民幣千元)	971,116	175,053	14,522	1,160,691
Loss allowance provision (RMB'000)	虧損撥備(人民幣千元)	(22,921)	(6,442)	(5,949)	(35,312)
		948,195	168,611	8,573	1,125,379

(ii) *Receivables under service concession arrangements/amounts due from customers for construction contracts/financial assets at amortised cost/other receivables*

(ii) *特許經營權協議下的應收款項/應收客戶建造合同款/以攤銷成本計量的金融資產/其他應收款項*

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each Reporting Period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It also considers available reasonable and supportive forwarding-looking information.

本集團在資產的初始確認時考慮違約的可能性，也評估在每個資產存續的報告期間信貸風險是否會持續顯著增加。在評估信貸風險是否顯著增加時本集團將報告日時資產發生違約的可能性與初始確認時發生違約的可能性進行比較，同時考慮可獲得的合理及支持性前瞻資訊。

The Group uses four categories for other receivables, which reflect their credit risk and how the loss provision is determined for each of those categories.

本集團將其他應收款項分為四類，反映各類別的信用風險及如何釐定虧損撥備。

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On the basis as stated above, a total loss allowance provision for receivables under service concession arrangements, amounts due from customers for construction contracts and other receivables (other than tax refunds that are not financial assets) amounted at 31 December 2020 as follows.

在上文所述的基礎上，特許經營權協議下的應收款項的總虧損撥備、應收客戶建造合同款及其他應收款項(除不屬於金融資產的退稅外)的金額於2020年12月31日如下。

		Receivables under service concession arrangements 特許經營權 協議下的 應收款項	Amounts due from customers for construction contracts 應收客戶 建造合同款	Other receivables 其他 應收款項	Financial assets at amortised cost 以攤銷成本 計量的 金融資產	Total 總計
As at 31 December 2020	於2020年12月31日					
Expected loss rate	預期虧損率	0.01%-0.6%	0.5%-1.2%	0.3%-1%	0%	
Gross carrying amount (RMB'000)	總賬面金額(人民幣千元)	2,440,245	646,908	1,200,799	300,000	4,587,952
Loss allowance provision (RMB'000)	虧損撥備(人民幣千元)	(13,053)	(7,225)	(5,533)	-	(25,811)
		2,427,192	639,683	1,195,266	300,000	4,562,141

A summary of the assumptions underpinning the Group's ECL credit loss model is as follows:

本集團預期信貸虧損模式的相關假設概述如下：

Category 類別	Group definition of category 本集團對各類的定義	Basis for recognition of expected credit loss provision 確認預期信貸損失撥備的基準
Performing 正常	Customers have a low risk of default and a strong capacity to meet contractual cash flows 客戶違約風險低，且有能力產生合約現金流量	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime 12個月預期損失。倘資產的預期存續期少於12個月，預期損失按其預期存續期計量
Underperforming 關注	Receivables for which there is a significant increase in credit risk 信貸風險顯著增加的應收款項	Lifetime expected losses 整個存續期內預期損失
Non-performing 不良	Customers have difficulties in making full payment despite numerous reminders 儘管多次提醒，但客戶仍難以全額付款	Lifetime expected losses 整個存續期內預期損失
Write-off 撤銷	There is no reasonable expectation of recovery 合理預期不能收回	Asset is written off 撤銷資產

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The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of other receivables and adjusts for forward looking macro-economic data.

To measure the expected credit losses of these receivables, they have been grouped based on shared credit risk characteristics and the days past due. As at 31 December 2020, the expected loss rate of the then unfulfilled service concession arrangements and amounts due from customers for construction contracts was approximately 0.5% and 1.1% respectively, with a carrying amount of approximately RMB2,440,245,000 and RMB646,908,000, respectively, and a provision of approximately RMB13,053,000 and RMB7,225,000, respectively. The expected loss rate of other receivables (excluding refund tax and other non-financial assets) being performed is approximately 0.5% with a carrying amount of approximately RMB1,200,799,000 and the allowance provision was approximately RMB5,533,000.

Liquidity risk

Our objective is to maintain sufficient cash and sources of funding through available banking facilities and maintain flexibility in funding by maintaining committed credit lines. We had net current assets of RMB682.8 million as of 31 December 2020. With respect to our future capital commitments and other financing requirements, we had unutilised banking facilities of RMB1,525.0 million as of 31 December 2020.

To manage the liquidity risk, our management monitors rolling forecasts of our liquidity reserve (including undrawn banking facilities) and cash and cash equivalents on the basis of expected cash flows. We expected to fund the future cash flow needs through cash flows generated internally from operations and borrowings from financial institutions.

本集團通過適當地按及時基準計提預期信貸損失撥備來說明其信貸風險。計算預期信貸損失率時，本集團考慮各類其他應收款項的過往損失率，並就前瞻宏觀數據進行調整。

為計量該等應收款項的預期信貸虧損，已根據共享信貸風險特徵及過期天數對其進行分組。於2020年12月31日，當時未履行特許經營權協議及應收客戶建造合同款預期虧損率分別約為0.5%及1.1%，賬面值分別約為人民幣2,440,245,000元及人民幣646,908,000元，撥備分別約為人民幣13,053,000元及人民幣7,225,000元。正在履行的其他應收款項（不包括退稅及其他非金融資產）預期損失率約為0.5%，賬面金額約為人民幣1,200,799,000元，撥備約為人民幣5,533,000元。

流動資金風險

我們的目標是通過可得的銀行信貸維持充足的現金和資金來源，並通過維持承諾信貸額度來保持資金的靈活性。於2020年12月31日我們的流動資產淨額為人民幣682.8百萬元。就我們未來的資本性承諾及其他融資需求而言，於2020年12月31日，我們擁有未動用銀行融資人民幣1,525.0百萬元。

為管理流動性風險，管理層監督我們關於流動資金儲備（包括未提取的銀行融資）的滾動預測和基於預計現金流量的現金及現金等價物。我們預期通過內部經營活動產生的現金流量以及向金融機構的借款來滿足未來現金流量需求。

6. Significant Subsequent Events

(a) Dividends

Pursuant to a resolution of the Board of the Directors dated 26 March 2021, the Company has proposed final dividends of RMB0.120 per share (inclusive of tax), which is RMB123,493,320 in total (inclusive of tax). The proposal is subject to approval by the Shareholders at the annual general meeting of the Company.

(b) Provision of entrusted loans

The Company entered into two entrusted loan contracts with Kunming Bus and Bank of Communications on 23 January 2020 and 13 February 2020 respectively, pursuant to which the Company entrusts Bank of Communications to grant loans of RMB60,000,000 and RMB240,000,000 respectively to Kunming Bus, which shall become due on 23 January 2021 and 14 February 2021, respectively. On 22 February 2021, all the loans under these entrusted loan contracts have been repaid pursuant to relevant entrusted loan contracts, and interest of approximately RMB3,613,000 was received subsequently after the Reporting Period.

The Company entered into an entrusted loan contract with Kunming Bus and Bank of Communications on 22 February 2021, pursuant to which the Company entrusts Bank of Communications to grant loans of RMB300,000,000 to Kunming Bus with a term from 24 February 2021 to 24 February 2022 at an interest rate of 8.5% per annum.

6. 重大期後事項

(a) 股利

經2021年3月26日董事會批准，本公司擬向所有股東派發年度現金股利，每股人民幣0.120元(含稅)，合計人民幣123,493,320元(含稅)。該議案將提交本公司股東週年大會以供股東批准。

(b) 提供委託貸款

本公司於2020年1月23日及2020年2月13日與昆明公交及交通銀行分別簽訂兩份委託貸款合同。由本公司委託交通銀行向昆明公交分別提供人民幣60,000,000元及人民幣240,000,000元的貸款，到期日分別為2021年1月23日及2021年2月14日。於2021年2月22日，該等委託貸款合同項下所有貸款均已按相關委託貸款合同償還，並於報告期後收取利息約人民幣3,613,000元。

本公司於2021年2月22日與昆明公交及交通銀行簽訂委託貸款合同，由本公司委託交通銀行向昆明公交提供人民幣300,000,000元的貸款，貸款期限自2021年2月24日至2022年2月24日，年利率為8.5%。

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7. Relationship with Employees

As of 31 December 2020, we had 1,360 full-time employees, all of whom were in China and most of whom were based in Yunnan. The following table sets forth the breakdown of our employees by function as of 31 December 2020:

Function	職能	Number 人數
Management and Administration	管理及行政	166
Finance	財務	39
Research and Development	研發	85
Quality Monitoring	質量監測	232
Marketing	營銷	17
Operations	運營	779
Construction and Maintenance	建設及維護	42
Total	總計	1,360

We recruit our employees on the open market. Compensation for our employees includes basic wages, performance-based wages, bonuses and other staff benefits. For the years ended 31 December 2019 and 2020, our employee benefits amounted to approximately RMB161.1 million and RMB177.9 million, respectively.

We believe our employees are the most valuable resources to achieve our success. To ensure the quality of our employees at all levels, we have in-house training programs to train our staff. New employees at our production facility receive trainings pertinent to their job duties. We also own Kunming Dianchi Water Treatment Vocational Training School, which provides more training courses for our employees.

Our labor union communicates closely with the management regarding labor matters and represents our employees' interests. During the Reporting Period, we had not experienced any interruptions to our operations caused by major labor disputes and there were no complaints or claims from our employees which had a material adverse effect on our business. Our Directors believe that we have a good relationship with our employees. During the Reporting Period, the Group had no major labor disputes which might produce significant impact on the normal business and operation of the Group.

7. 與員工的關係

於2020年12月31日，我們有1,360名全職僱員，全部在中國，大部分在雲南。下表載列我們截至2020年12月31日按職能劃分的僱員明細：

我們在公開市場上招募僱員。我們僱員的報酬包括基本工資、績效工資、獎金及其他僱員福利。於截至2019年及2020年12月31日止年度，我們的僱員福利分別約為人民幣161.1百萬元和人民幣177.9百萬元。

我們認為僱員是我們獲得成功的最寶貴資源。為確保各級僱員的素質，我們開設公司內部的培訓計劃為僱員提供培訓。工廠的新員工會接受與其職責對應的培訓。我們同時擁有昆明滇池水處理職業培訓學校，為我們的員工提供更多培訓。

我們的工會代表員工的利益，就有關勞工事宜與我們的管理層密切溝通。報告期內，我們並無因重大勞動糾紛引致的運營中斷，亦無對我們的業務產生嚴重不利的員工投訴與索償。我們的董事認為我們與僱員的關係良好，報告期內，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。

8. Relationship with Customers

Customers of our wastewater treatment services were primarily local governments in Yunnan Province, the PRC. Customers of our reclaimed water supply services were municipal government agencies, public parks, and residential property management companies. Customers of our running water supply service were generally local residents, commercial and industrial users and other institutions located in the areas covered by our concession agreements.

Our largest customer during the Reporting Period was the Kunming Finance Bureau. The revenue attributable to our largest customer was approximately RMB564.3 million, accounting for approximately 29.4% of the total revenue of the Group. During the Reporting Period, the revenue attributable to our top five largest customers was approximately RMB1,060.1 million, accounting for approximately 55.2% of the total revenue of the Group.

Our revenue mainly comes from wastewater treatment service in Kunming. The wastewater treatment fee paid to us came either from government purchase, public procurement, or direct collection from individuals and entities using self-supplied water sources. Of those fees, payment from government purchase comes directly from the Kunming Finance Bureau which was our largest customer during the Reporting Period; payment from public procurement is collected by Kunming CGE Water Supply Co., Ltd., which was the running water supplier in Kunming main city area and our second largest customer during the Reporting Period, and Kunming Qingyuan Water Supply Co., Ltd., a running water supplier in Chenggong District of Kunming. Specifically, end users of running water in Kunming main city area would pay a statutory wastewater treatment fee to Kunming CGE Water Supply Co., Ltd., and end users of running water in Kunming Chenggong District would pay a statutory wastewater treatment fee to Kunming Qingyuan Water Supply Co., Ltd., and any difference between the amount that we are entitled to receive under the concession agreement and the amount we actually received from public procurement and direct collection would be paid to us by the Kunming Finance Bureau through government purchase.

During the Reporting Period, we also provided management services to our Controlling Shareholder. Our other major customers included Housing and Urban-Rural Construction Bureau of Zhaotong City and Xundian County Government, etc. We provided wastewater treatment and construction services to Xundian County and Zhaotong City under the relevant concession agreements.

8. 與客戶的關係

我們的污水處理服務的客戶主要是中國雲南省地方政府。我們再生水供應服務的客戶為市政機構、公園及住宅物業管理公司。我們的自來水供應服務的客戶通常是位於所覆蓋區域內的當地居民、工商業用戶及其他機構。

本報告期內，我們的最大客戶為昆明市財政局，來自我們的最大客戶的收入約為人民幣564.3百萬元，佔本集團總收入比例約為29.4%。本報告期內，來自我們的前五大客戶的收入約為人民幣1,060.1百萬元，佔本集團總收入比例約為55.2%。

我們的收入主要來自昆明的污水處理服務。支付給我們的污水處理費來自政府採購、社會採購或直接來自使用自備水源的個人和實體。該等費用中，來自政府採購的支付款項直接由昆明市財政局(報告期內為我們的最大客戶)撥款支付，來自社會採購的支付款項由位於昆明市主城區的自來水供應商昆明通用水務自來水有限公司(報告期內為我們的第二大客戶)與昆明市呈貢區的自來水供應商昆明清源自來水有限責任公司代收。具體而言，昆明市主城區的自來水終端用戶會向昆明通用水務自來水有限公司支付一筆法定污水處理費，昆明市呈貢區的自來水終端用戶會向昆明清源自來水有限責任公司支付一筆法定污水處理費，而我們根據特許經營權協議有權收取的金額與我們實際收到來自社會採購和直接收款的金額之間的差額將由昆明市財政局通過政府採購向我們支付。

於本報告期內，我們亦向控股股東提供管理服務。我們其他主要客戶包括昭通市住建局，尋甸縣政府等。我們根據相關特許經營權協議向尋甸縣、昭通市等提供污水處理及施工服務。

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Except for our Controlling Shareholder, all of our five largest customers are independent third parties, and none of our Directors, their associates or any Shareholder (who, to the knowledge of our Directors, owned 5% or more of our Company's share capital) had any interest in any of our five largest customers during the Reporting Period. We did not have any major customers who were also our suppliers.

9. Relationship with Suppliers

Our principal suppliers are power suppliers who provide electricity to our facilities, construction contractors who designed and constructed our facilities and suppliers of raw materials including wastewater treatment chemicals and other equipment maintenance replacements. We have been working with our major suppliers for a period ranging from one to more than five years.

During the Reporting Period, our largest supplier was Hunan Jinkai Garden Group Co., Ltd. Our purchases from our largest supplier were RMB140.3 million, accounting for approximately 11.9% of our total purchases. During the Reporting Period, our purchases from our top five suppliers were RMB361.8 million, accounting for approximately 30.6% of our total purchases.

Hunan Jinkai Garden Group Co., Ltd., a private enterprise, provides project construction services for us. Our other major suppliers include Kunming Power Supply Bureau of Yunnan Power Grid Company Limited which provides electricity for our operation, construction contractors such as Shidian Branch of Yunnan Jiantou Zhongxing Construction Co., Ltd. and Inner Mongolia Yingang Construction Group Co., Ltd. which undertake the construction portions of our projects and raw materials providers such as Kunming Kejingyuan Environmental Protection Technology Co., Ltd., Beijing Bishuiyuan Environmental Protection Technology Co., Ltd. and Yunnan Haida New Ecological Environment Construction Co., Ltd. which provide water treatment chemicals and others materials for the operation and maintenance of our facilities.

All of our five largest suppliers are independent third parties based in China, and none of the Directors, their associates or any Shareholder (who, to the knowledge of Directors, owned more than 5% of the Company's share capital) had any interest in any of our five largest raw material and equipment suppliers during the Reporting Period. We did not enter into any long-term agreements with our major suppliers during the Reporting Period.

我們的前五大客戶(控股股東除外)均為獨立第三方，且報告期內，概無董事、其聯繫人士或任何股東(就董事所知，持有本公司5%或以上的股本者)持有我們的前五大客戶的權益。我們並無主要客戶同時為我們的供應商的情況。

9. 與供應商的關係

我們的主要供應商為電力供應商(為我們的設施供電)、工程承包商(設計並建造我們的設施)及原材料供應商(供應包括污水處理化學品及其他設備維護易耗品)。我們與主要供應商的合作介乎一至五年以上。

本報告期內，我們的最大供應商是湖南省金凱園林集團有限公司，自最大供應商的採購額為人民幣140.3百萬元，約佔採購總額的11.9%。本報告期內，我們自五大供應商的採購額為361.8百萬元，約佔採購總額的30.6%

湖南省金凱園林集團有限公司，其為一家民營企業，為我們提供項目施工服務。我們其他的主要供應商包括為我們提供運營用電的雲南電網有限責任公司昆明供電局，承接我們項目施工部分的雲南建投中行建設有限公司施甸分公司、內蒙古寅崗建設集團有限公司等施工承包商，以及為我們提供污水處理化學品及其他設施運行維護材料的昆明科淨源環保科技有限公司、北京碧水源科技環保有限公司、雲南海達新生態環境建設有限公司等原材料供應商。

我們的前五大供應商均為位於中國的獨立第三方，且報告期內，概無董事、其聯繫人士或任何股東(就董事所知，持有本公司5%以上股本的股東)持有我們前五大原材料及設備供貨商的任何權益。我們報告期內未與主要供應商訂立任何長期協議。

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Except for our utility service providers, we have established a centralised procurement policy for our cooperated suppliers. Under such policy, our subsidiaries are required to solicit bids from different suppliers, and select the suppliers based on price, quality, and timely delivery of the products. All supply contracts will be required to be reviewed and approved by the headquarters which will conduct periodic tests to check the quality of the delivered products.

We have sourced our raw materials from a few local suppliers located near Kunming in order to benefit from the economies of scale and convenient transportation, which allowed for faster and cheaper delivery of raw materials. We generally pay our suppliers within 10 to 15 days after receiving the delivery of goods, subject to internal review and approval. For our major suppliers, we often settle accounts monthly, and as of 31 December 2020, we did not have any payments in arrears.

We may from time to time cooperate with any suppliers in the market who offer similar raw materials with terms comparable to our existing suppliers so as to replace the existing suppliers. To mitigate the risks associated with any reliance on our major suppliers, we periodically seek potential alternative suppliers and obtain quotations from such suppliers with a view to keeping in contact with potential suppliers. In addition, in order to secure reliable supply channels and ensure the quality of our supplies, in 2015, we acquired 51% interest in Kunming Heertai Environmental Industry & Trade Co. Ltd., a producer of wastewater treatment chemicals, from which we intend to procure a majority of our chemicals in the future. As of 31 December 2020, we had not experienced any material difficulty in obtaining any utility services, construction services, or supplies of raw materials or equipment for our business operations.

10. Environmental Policies and Performance

We must observe the national and local environmental protection laws and regulations in China, including the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Law of the PRC on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Water Law of the PRC (《中華人民共和國水法》), the Regulations on Urban Drainage and Sewage Treatment (《城鎮排水與污水處理條例》) and Yunnan Dianchi Lake Protection Regulations (《雲南省滇池保護條例》).

除我們的公共服務供應商外，我們已對合作的供應商制定集中採購政策。根據該政策，我們的子公司須向不同的供應商招標，並基於產品的價格、質量及交貨及時性選擇供應商。所有供應合約需經總部審查及批准，總部會對其進行定期測試以檢查交付產品的質量。

為獲取規模經濟及交通便利的效益，我們從位於昆明附近的幾家當地供應商採購原材料，以實現原材料更快捷實惠的交付。在通過內部審查及批准後，我們通常於收貨後10至15日內付款予供應商。就主要供應商而言，我們通常每月進行結算，截至2020年12月31日止，我們並無任何逾期欠款。

我們可隨時與市場上按可比條款提供類似原材料的供應商合作，以替代現有供應商。為減輕我們對主要供應商的依賴所帶來的風險，我們定期物色潛在的替代供應商並收集其報價，從而與潛在供應商保持聯繫。此外，為確保可靠的供應渠道及供應質量，我們於2015年收購了昆明和而泰環保工業有限責任公司(污水處理化學藥品生產商)51%的股權，我們擬在未來向其採購大部分化學藥品。截至2020年12月31日，我們為業務營運取得任何公共服務、建設服務或採購任何原材料或設備的過程中並無遭遇任何重大困難。

10. 環境政策及表現

我們須遵守中國的全國性及地方性環境保護法律法規，包括《中華人民共和國環境保護法》、《中華人民共和國水污染防治法》、《中華人民共和國水法》、《城鎮排水與污水處理條例》及《雲南省滇池保護條例》。

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We have implemented the corresponding measures in the operation of our business to ensure the compliance with the applicable requirements under the PRC environmental protection laws and regulations. As of 31 December 2020, we had not received any material claims issued for failing to comply with the relevant licensing and environmental requirements.

As of 31 December 2020, we obtained all the material environmental licenses and certificates for each of our facilities, and we had complied in all material respects with the relevant environmental laws and regulations.

Our environmental compliance expenses were RMB8.7 million and RMB6.8 million for the years ended 31 December 2020 and 2019, respectively. To the best of our Directors' knowledge, information and belief, we do not expect our costs of compliance with environmental laws and regulations to increase significantly in the near future.

B. BUSINESS PERFORMANCE

The audited results of the Company and its subsidiaries for the year ended 31 December 2020 are stated in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on pages 167 to 168. The financial positions of the Company and its subsidiaries for the year ended 31 December 2020 are stated in the Consolidated Statement of Financial Position on pages 169 to 170. The consolidated cash flows of the Company and its subsidiaries for the year ended 31 December 2020 are stated in the Consolidated Statement of Cash Flows on pages 172 to 173.

The discussion and analysis on the Group's business performance and financial position for the current year are stated under "Management Discussion and Analysis" on pages 22 to 63 hereof.

C. SHARE CAPITAL

As of 31 December 2020, the Company had issued 1,029,111,000 shares (comprising 689,088,000 Domestic Shares and 340,023,000 H Shares) with a nominal value of RMB1 each.

我們在業務營運中已實施相應措施，以確保我們遵守中國環境法律法規的適用要求。截至2020年12月31日，我們並無遭遇因未能遵守有關許可證及環保要求而發出的重大索賠。

截至2020年12月31日止，我們已為各個設施獲取所有重要的環境許可證，而且我們已全面遵守相關環境法律法規。

截至2020年及2019年12月31日止年度，我們的環境合規支出分別為人民幣8.7百萬元和人民幣6.8百萬元。據董事所知、所悉及所信，我們預期近期遵守環境法律法規的成本不會大幅增加。

B. 業績

本公司及其附屬公司截至2020年12月31日止年度經審計業績載於第167頁至第168頁的合併損益及其他全面收益表。本公司及其附屬公司截至2020年12月31日止年度的財務狀況載於第169頁至第170頁的合併財務狀況表。本公司及其附屬公司截至2020年12月31日止年度的合併現金流量載於第172頁至第173頁的合併現金流量表。

有關本集團本年度的業績表現、財務狀況的討論與分析，載於本年報第22頁至第63頁的管理層討論及分析。

C. 股本

於2020年12月31日，本公司已發行1,029,111,000股股份(包括689,088,000股內資股及340,023,000股H股)，每股面值為人民幣1元。

D. ISSUANCE OF CORPORATE BONDS

We issued corporate bonds with par value of RMB700.0 million for a term of seven years, bearing interest at 4.35% per annum on 25 December 2015. At the end of the fifth year, the Company may adjust the interest rates for the remaining two years. In the event that investors disagree with the adjustment made to the interest rates, they may choose to demand for an early redemption of corporate bonds outstanding. The proceeds from the issuance of the bonds will all be used in four projects, namely the second wastewater treatment plant in Yiliang County and the supporting pipe network project, the construction of Yunnan Water Quality Monitoring Center and the supporting wastewater treatment plant management building, the acquisition of Luolonghe and Laoyuhe Wastewater Treatment Plants (including reclaimed water plant) and the acquisition of the tenth wastewater treatment plant in Kunming City.

In 2020, the Company has repurchased the corporate bonds with a nominal value of RMB660.0 million, and reduced the coupon rate of the bonds to 4.15%, which will remain unchanged in the sixth and seventh years of its lifetime (from 25 December 2020 to 24 December 2021).

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

Save as disclosed in "D. Issuance of Corporate Bonds" in this section, neither the Company nor any of its subsidiaries had made any other purchase, sale or redemption of the Company's listed securities during the Reporting Period.

F. PRE-EMPTIVE RIGHT TO ACQUIRE

In accordance with the Company Law of the PRC, other applicable laws and regulations and the provisions of the Articles of Association of the Company, there are no provisions in relation to the Company's shareholders' entitlement to the pre-emptive right to acquire.

D. 公司債券發行

我們已於2015年12月25日於中國發行面值為人民幣700.0百萬元的公司債券，期限7年，年利率為4.35%。於第5年末，本公司可調整餘下兩年的利率，倘投資者不同意對利率所作調整，可選擇要求提前贖回未償還的公司債券。該債券發行的募集資金將全部用於宜良縣第二污水處理廠項目及配套管網工程、雲南水質監測中心及污水廠管理配套用房建設、收購洛龍河、撈魚河污水廠(含再生水廠)和收購昆明市第十污水處理廠4個項目。

於2020年，本公司已回購賬面值為人民幣660.0百萬元公司債券，同時下調債券利率為4.15%，並在存續期的第6至第7年(2020年12月25日至2021年12月24日)固定不變。

E. 購買、出售或贖回本公司上市證券

除本章節「D. 公司債券發行」所披披露外，於報告期內，本公司或其任何附屬公司並無其他購買、出售或贖回本公司任何上市證券事宜。

F. 優先購買權

根據中國《公司法》，其他適用法律法規以及本公司章程規定，並無有關本公司股東享有優先購買權之規定。

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G. RESERVE AND DISTRIBUTABLE RESERVE

The details in relation to the changes in the reserve of the Company for the current year are stated in Note 41 to the Financial Statements. Pursuant to the Company Law of the PRC, undistributed profit could be distributed as dividend after allocation is made to the statutory surplus reserve. According to the requirements of the Articles of Association, when the Company is to distribute its profit after tax in the relevant accounting year, the profit after tax shall be deemed to be the lesser of the amounts stated in the financial statements prepared in accordance with the China Accounting Standards and the International Financial Reporting Standards. For the calculation in accordance with the International Financial Reporting Standards, as at the end of 2020, the undistributed profit of the Company amounted to RMB1,389.9 million. For the calculation in accordance with the China Accounting Standards, as at the end of 2020, the undistributed profit of the Company amounted to RMB1,387.2 million.

H. PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment mainly include those property, plant and equipment that we operate in our business and are located in China, including such property leased during the operational lease for our business operating under concession.

I. PROFIT DISTRIBUTION

The Board proposes to distribute a final cash dividend (the “**2020 Final Dividend**”) of RMB0.120 per share (tax inclusive), totalling RMB123,493,320 (tax inclusive) to all Shareholders whose names appear on the Company’s registers of shareholders of domestic shares and H shares as at Tuesday, 29 June 2021, subject to the approval by the Shareholders at the 2020 annual general meeting (the “**2020 Annual General Meeting**”) intended to be held by the Company on Friday, 18 June 2021. The dividend of domestic Shareholders shall be declared and paid in RMB while the dividend of H Shareholders shall be declared in RMB but paid in Hong Kong dollars, with the exchange rate being subject to the average exchange rate published by the People’s Bank of China within one week prior to the 2020 Annual General Meeting. The expected 2020 Final Dividend distribution date is Thursday, 5 August 2021.

The proposal regarding the distribution of 2020 Final Dividend shall be confirmed subject to the approval by Shareholders at the 2020 Annual General Meeting.

G. 儲備及可供分派儲備

有關本公司本年度的儲備變動詳情，載於財務報表附註41。根據中國公司法，在撥往法定盈餘公積後，未分派利潤可當作股息分派。根據本公司的公司章程的規定，本公司在分派有關會計年度的稅後利潤時，以按中國會計準則和國際財務報告準則編製的財務報表所載稅後利潤數較少者為準。按國際財務報告準則計算，2020年末本公司的未分派利潤為人民幣1,389.9百萬元。按中國會計準則計算，2020年末本公司的未分派利潤為人民幣1,387.2百萬元。

H. 不動產、工廠及設備

不動產、工廠及設備主要包括位於中國且用於我們業務經營的不動產、工廠及設備，包括我們就特許經營服務業務基於經營租賃所租賃的不動產。

I. 利潤分派

董事會建議向於2021年6月29日(星期二)名列本公司內資股及H股股東名冊的所有股東派發末期現金股息(「**2020年度末期股息**」)每股人民幣0.120元(含稅)，合計人民幣123,493,320元(含稅)，惟須待股東於2021年6月18日(星期五)舉行之2020年度股東週年大會(「**2020年度股東週年大會**」)上批准。內資股股東的股息以人民幣宣派和支付，而H股股東的股息則將以人民幣宣派，以港幣支付，匯率將按照本公司擬於2020年度股東週年大會前一個星期內中國人民銀行公佈的平均匯率計算。2020年末期股息的預計派發日期為2021年8月5日(星期四)。

分派2020年度末期股息建議須待股東於2020年度股東週年大會上批准，方可作實。

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According to the provisions of the “Circular on Questions Concerning Withholding and Remitting Enterprise Income Tax for Dividends Received by Overseas H-share Holders (Non-resident Enterprise Shareholders) from Chinese Resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》)” (Guo Shui Han [2008] No. 897) issued by the State Administration of Taxation, an enterprise income tax at the rate of 10% shall be levied on dividends paid in or after 2008 by Chinese resident enterprises to overseas H shareholders that are non-resident enterprises,

Any shares registered in the name of the non-individual registered Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organisations, will be treated as being held by nonresident enterprise Shareholders and therefore will be subject to the withholding of the enterprise income tax. If H shareholders intend to change its Shareholder status, please enquire about the relevant procedures with your agents or transferee agent. The Company will strictly comply with the law or the requirements of the relevant government authority to withhold and pay enterprise income tax and individual income tax on behalf of the relevant Shareholders based on the register of members for H Shares of the Company as at the dividend registration date. The Company assumes no responsibility and will not entertain any claims arising from any failure to timely determine, or inaccurate determination of, the status of the Shareholders or any dispute over the arrangement of withholding and paying enterprise tax and individual income tax on behalf of such Shareholders. Shareholders should consult their tax advisers regarding the PRC, Hong Kong and other tax implications of owning and disposing of the H Shares of the Company.

根據國家稅務局《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)的規定，中國居民企業向境外H股非居民企業股東派發2008年及以後年度股息時，統一按10%的稅率代扣代繳企業所得稅。

任何以非個人股東名義，包括以香港中央結算(代理人)有限公司、其他代理人或受託人、其他組織及團體名義登記的股份皆被視為非居民企業股東所持股份，因此，其應得股息將被扣除企業所得稅。如H股股東需要更改股東身份，請向代理人或受讓機構查詢相關手續。本公司將嚴格依照有關法例或條例並嚴格按照於股息登記日本公司H股股東名冊的登記代扣代繳企業所得稅及個人所得稅，對於任何因股東身份未能及時確定或確定不準而提出的任何要求或申索或對代扣代繳企業所得稅及個人所得稅安排的爭議，本公司將不予受理，也不會承擔任何責任。股東應當向稅務顧問諮詢有關擁有及處置公司H股所涉及的中國、香港及其他稅務影響。

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If the individual H shareholders who are Hong Kong or Macau residents or residents of the countries which had an agreed tax rate of 10% for dividend with China under the relevant tax treaties, the Company should withhold and pay individual income tax on behalf of the relevant H shareholders at a rate of 10%. Should the individual H shareholders are residents of the countries which had an agreed tax rate of less than 10% with China under the relevant tax treaties, the Company shall withhold and pay individual income tax on behalf of the relevant H shareholders at a rate of 10%. If the relevant individual H shareholders wish to apply for a refund of the additional amount of tax withheld and paid, the Company can assist the relevant H shareholders to handle the application for the underlying preferential tax benefits pursuant to tax treaties. If the individual H shareholders who are residents of the countries which had an agreed tax rate of higher than 10% but lower than 20% for dividend with China under the relevant tax treaties, the Company should withhold and pay individual income tax on behalf of the relevant H shareholders at the actual rate specified under relevant tax treaties. In the case that the individual holders of H shares are residents of the countries which had an agreed tax rate of 20% with China under the tax treaties, or which has not entered into any tax treaties with China, or otherwise, the Company shall withhold and pay the individual income tax on behalf of the relevant H shareholders at a rate of 20%.

H股個人股東為香港或澳門居民以及其他與中國簽訂10%股息稅率的稅收協議的國家的居民，本公司將按10%的稅率代扣代繳個人所得稅。H股個人股東為與中國簽訂低於10%股息稅率的稅收協議的國家的居民，本公司將按10%的稅率代扣代繳股息的個人所得稅。如相關H股股東欲申請退還多扣繳的稅款，本公司可根據稅收協議代為辦理享有稅收協議待遇的申請。H股個人股東為與中國簽訂高於10%但低於20%股息稅率的稅收協議的國家的居民，本公司將按相關稅收協議實際稅率代扣代繳個人所得稅。H股個人股東為與中國簽訂20%股息稅率的稅收協議的國家的居民、與中國並沒有簽訂任何稅收協議的國家的居民以及在任何其他情況下本公司將最終按20%稅率代扣代繳個人所得稅。

To determine the list of H Shareholders attending the 2020 Annual General Meeting:

為確定有關出席2020年度股東週年大會之H股股東名單：

Deadline for submitting the share transfer documents:	4:30 pm on Thursday, 27 May 2021	遞交過戶文件最後期限：	2021年5月27日(星期四)下午4時30分
Date of closure of register of members:	From Friday, 28 May to and until Friday, 18 June (both days inclusive)	暫停辦理股份過戶登記日期：	2021年5月28日(星期五)起至2021年6月18日(星期五)止(包括首尾兩天)
Date of Record:	Friday, 18 June 2021	記錄日期：	2021年6月18日(星期五)
Date for convening 2020 Annual General Meeting:	Friday, 18 June 2021	2020年度股東週年大會舉行日期：	2021年6月18日(星期五)

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If the proposal of distribution of 2020 Final Dividend is approved by the 2020 Annual General Meeting, the Shareholders will be entitled to the proposed 2020 Final Dividend:

Deadline for submitting the share transfer documents:	4:30 pm on Wednesday, 23 June 2021
Date of closure of register of members:	From Thursday, 24 June 2021 to and until Tuesday, 29 June 2021 (both days inclusive)
Record date of 2020 Final Dividend:	Tuesday, 29 June 2021
Expected distribution date of 2020 Final Dividend:	Thursday, 5 August 2021

J. BANK BORROWINGS AND OTHER BORROWINGS

The details in relation to the bank borrowings and other borrowings of the Company and its subsidiaries as of 31 December 2020 are stated in Note 30 to the Financial Statements.

K. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, the Company's board of directors consisted of nine Directors, among whom, three are executive Directors, three are non-executive Directors and three are independent non-executive Directors. The Directors have been appointed by the shareholders of the Company with a term of three years, after which they may be re-elected.

The Board of Supervisors currently consists of three Supervisors, among whom, two are employee representative Supervisors. The remaining Supervisor has been appointed by our shareholders and the current employee representative Supervisors have been appointed by the representatives of our labor union. The Supervisors are appointed for a term of three years, after which they may be re-elected.

若分派2020年度末期股息的方案獲2020年度股東週年大會審議通過，為確定股東享有2020年度末期股息：

遞交過戶文件最後期限：	2021年6月23日(星期三) 下午4時30分
暫停辦理股份過戶登記日期：	2021年6月24日(星期四)起 至2021年6月29日(星期二) 止(包括首尾兩天)
2020年度末期股息記錄日期：	2021年6月29日(星期二)
預計2020年度末期股息派發日期：	2021年8月5日(星期四)

J. 銀行借款及其他借款

本公司及其附屬公司於2020年12月31日的銀行借款及其他借款詳情載於財務報表附註30。

K. 董事、監事和高級管理層

報告期內，公司董事會包括9名董事，其中3名執行董事、3名非執行董事及3名獨立非執行董事。董事由本公司股東委任，任期3年，此後可膺選連任。

監事會目前包括3名監事，其中2名職工代表監事。其餘監事已由股東委任，現有職工代表監事已由工會代表委任。監事任期3年，此後可膺選連任。

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During the year until the end of the Reporting Period, the information regarding the Company's Directors and Supervisors are set out as follows:

於本年度內直至報告期末，本公司董事、監事的資料如下：

Name	Age	Position	Roles and responsibilities	Appointment date	Date of joining our Group	Relationship with other Directors, Supervisors and senior management
姓名	年齡	職位	角色及職責	委任日期	加入本集團的日期	與其他董事、監事及高級管理層的關係
Ms. Guo Yumei	53	Chairperson; Executive Director (Chairperson of the Strategy and Investment Decision Committee, and member of the Remuneration and Appraisal Committee and the Nomination Committee)	Responsible for strategic decision making	Appointed as Executive Director in January 2011 and as Chairperson on 23 June 2016	July 1990 ⁽¹⁾	Nil
郭玉梅女士	53	董事長、執行董事(戰略與投資決策委員會主任委員、薪酬與考核委員會及提名委員會委員)	負責本公司的戰略決策	2011年1月獲委任為執行董事及於2016年6月23日獲委任為董事長	1990年7月 ⁽¹⁾	無
Mr. Chen Changyong ⁽²⁾	51	Executive Director and General Manager	Participates in strategic decision making of the Company and responsible for operation management of the Company	Appointed as General Manager on 10 July 2019 and as Executive Director on 19 June 2020	June 2019	None
陳昌勇先生 ⁽²⁾	51	執行董事兼總經理	參與公司戰略決策及負責本公司的運營管理	2019年7月10日獲委任為總經理及於2020年6月19日獲委任為執行董事	2019年6月	無

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Name	Age	Position	Roles and responsibilities	Appointment date	Date of joining our Group	Relationship with other Directors, Supervisors and senior management 與其他董事、監事及高級管理層的關係
姓名	年齡	職位	角色及職責	委任日期	加入本集團的日期	
Mr. Luo Yun	42	Executive Director and Deputy General Manager (member of the Strategy and Investment Decision Committee)	Responsible for supervising our Company's investment strategies, market expansion and administration	Appointed as Deputy General Manager in January 2015 and as Executive Director on 23 June 2016	June 2013	None
羅雲先生	42	執行董事兼副總經理(戰略與投資決策委員會委員)	監督本公司的投資策略、市場拓展及行政管理工作	2015年1月獲委任為副總經理及於2016年6月23日獲委任為執行董事	2013年6月	無
Ms. Song Hong	57	Non-executive Director	Participates in the development of business strategies of the Company	23 June 2016	June 2016	None
宋紅女士	57	非執行董事	參與制定本公司的業務發展戰略	2016年6月23日	2016年6月	無
Ms. Zhao Zhu ⁽³⁾	41	Non-executive Director	Participates in the development of business strategies of the Company	21 June 2019 to 6 November 2020	June 2019	None
趙竹女士 ⁽³⁾	41	非執行董事	參與制定本公司的業務發展戰略	2019年6月21日至2020年11月6日	2019年6月	無
Ms. Ren Na ⁽⁴⁾	40	Non-executive Director	Participates in the development of business strategies of the Company	6 November 2020	November 2020	None
任娜女士 ⁽⁴⁾	40	非執行董事	參與制定本公司的業務發展戰略	2020年11月6日	2020年11月	無

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Name	Age	Position	Roles and responsibilities	Appointment date	Date of joining our Group	Relationship with other Directors, Supervisors and senior management 與其他董事、監事及高級管理層的關係
姓名	年齡	職位	角色及職責	委任日期	加入本集團的日期	
Ms. Yu Yanbo ⁽⁵⁾	50	Non-executive Director	Participates in the development of business strategies of the Company	19 June 2020	June 2020	None
余燕波女士 ⁽⁵⁾	50	非執行董事	參與制定本公司的業務發展戰略	2020年6月19日	2020年6月	無
Mr. Yin Xiaobing	47	Independent Non-executive Director (Chairman of the Audit Committee and the Nomination Committee, and member of the Strategy and Investment Decision Committee and the Remuneration and Appraisal Committee)	Participates in making significant decisions and advises on corporate governance, connected transactions, and various matters concerning Directors and senior management	23 June 2016	June 2016	None
尹曉冰先生	47	獨立非執行董事(審計委員會、提名委員會主任委員以及戰略與投資決策委員會、薪酬與考核委員會委員)	參與作出重大決策及就企業管治、關連交易及董事及高級管理層之各種事宜提出建議	2016年6月23日	2016年6月	無
Mr. He Xifeng ⁽⁶⁾	58	Independent Non-executive Director (Chairman of the Remuneration and Appraisal Committee, and member of the Audit Committee and the Nomination Committee)	Participates in making significant decisions and advises on corporate governance, connected transactions, and various matters concerning Directors and senior management	23 June 2016	June 2016	None
何錫鋒先生 ⁽⁶⁾	58	獨立非執行董事(薪酬與考核委員會主任委員、審計委員會及提名委員會委員)	參與作出重大決策及就企業管治、關連交易及董事及高級管理層之各種事宜提出建議	2016年6月23日	2016年6月	無

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Name	Age	Position	Roles and responsibilities	Appointment date	Date of joining our Group	Relationship with other Directors, Supervisors and senior management 與其他董事、監事及高級管理層的關係
姓名	年齡	職位	角色及職責	委任日期	加入本集團的日期	
Mr. Sin Lik Man ⁽⁷⁾	42	Independent Non-executive Director (Member of the Audit Committee)	Participation in making significant decisions and advises on corporate governance, connected transactions and various matters concerning Directors and senior management	16 November 2018 to 6 November 2020	November 2018	None
冼力文先生 ⁽⁷⁾	42	獨立非執行董事(審計委員會委員)	參與作出重大決策及就企業管治、關連交易及董事及高級管理層之各種事宜提出建議	2018年11月16日至2020年11月6日	2018年11月	無
Mr. Johnson Wan ⁽⁸⁾	42	Independent Non-executive Director (Member of the Audit Committee)	Participation in making significant decisions and advises on corporate governance, connected transactions and various matters concerning Directors and senior management	6 November 2020	November 2020	None
雲浚淳先生 ⁽⁸⁾	42	獨立非執行董事(審計委員會委員)	參與作出重大決策及就企業管治、關連交易及董事及高級管理層之各種事宜提出建議	2020年11月6日	2020年11月	無

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Name	Age	Position	Roles and responsibilities	Appointment date	Date of joining our Group	Relationship with other Directors, Supervisors and senior management 與其他董事、監事及高級管理層的關係
姓名	年齡	職位	角色及職責	委任日期	加入本集團的日期	
Mr. Na Zhiqiang	59	Chairman of the Board of Supervisors, Employee Representative Supervisor	Responsible for leading the daily work of the Board of Supervisors, overseeing the Directors, managers and other management personnel to ensure the compliance with laws and regulations, the Articles of Association and the resolutions of shareholders' general meetings	19 January 2011	February 1990 ⁽⁹⁾	None
那志強先生	59	監事會主席、職工代表監事	負責主持監事會的日常工作，監督董事、經理及其他管理人員，確保遵守法律及法規、組織章程細則及股東會議的決議案	2011年1月19日	1990年2月 ⁽⁹⁾	無
Mr. Yao Jianhua	62	Employee Representative Supervisor	Responsible for overseeing the Directors, managers and other management personnel to ensure the compliance with laws and regulations, the Articles of Association and the resolutions of shareholders' general meetings	19 January 2011	November 1995 ⁽¹⁰⁾	None
姚建華先生	62	職工代表監事	負責監督董事、經理及其他管理人員，確保遵守法律及法規、組織章程細則及股東會議的決議案	2011年1月19日	1995年11月 ⁽¹⁰⁾	無

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Name	Age	Position	Roles and responsibilities	Appointment date	Date of joining our Group	Relationship with other Directors, Supervisors and senior management 與其他董事、監事及高級管理層的關係
姓名	年齡	職位	角色及職責	委任日期	加入本集團的日期	與其他董事、監事及高級管理層的關係
Mr. Shao Wei	40	Supervisor	Responsible for overseeing the Directors, managers and other management personnel to ensure the compliance with laws and regulations, the Articles of Association and the resolutions of shareholders' general meetings	7 May 2016	May 2016	None
邵偉先生	40	監事	負責監督董事、經理及其他管理人員，確保遵守法律及法規、組織章程細則及股東會議的決議案	2016年5月7日	2016年5月	無

Notes:

- (1) Ms. Guo joined the Kunming Municipal Utility Tariff Bureau (昆明市政公用局排水收費處) in July 1990, which subsequently merged into the management cashier office of Kunming City Drainage Co., Ltd., a predecessor of the Group. Before the establishment of the Company in January 2011, Ms. Guo was responsible for the management of the Company through her positions in Controlling Shareholder and subsidiaries.
- (2) Mr. Chen was appointed as an executive Director of the Company at the annual general meeting (the "2019 Annual General Meeting") of the Company held on 19 June 2020.
- (3) Ms. Zhao requested to resign from the position of non-executive Director of the Company on 21 August 2020 due to job transfer and her resignation took effect on 6 November 2020.
- (4) Ms. Ren was appointed as a non-executive Director of the Company at the 2020 first extraordinary general meeting (the "2020 First Extraordinary General Meeting") of the Company held on 6 November 2020.
- (5) Ms. Yu was appointed as a non-executive Director of the Company at the 2019 Annual General Meeting.

附註：

- (1) 郭女士於1990年7月加入昆明市政公用局排水收費處，其隨後併入昆明城市排水公司收費管理處（本集團的前身之一）。本公司於2011年1月成立之前，郭女士透過其於控股股東及子公司的職位負責本公司的管理。
- (2) 陳先生已於2020年6月19日召開的本公司股東週年大會（「2019年股東週年大會」）上獲委任為本公司執行董事。
- (3) 趙女士因工作調動的原因已於2020年8月21日請求辭去本公司非執行董事的職務，其辭任於2020年11月6日生效。
- (4) 任女士已於2020年11月6日召開的本公司2020年第一次臨時股東大會（「2020年第一次臨時股東大會」）上獲委任為本公司非執行董事。
- (5) 余女士已於2019年股東週年大會上獲委任為本公司非執行董事。

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- (6) Based on publicly available information, Mr. He was arrested for alleged involvement in a bribery case, and the Company could not get in touch with Mr. He and he could not perform his duties normally, after the Board meeting of the Company held on 9 February 2021 considered and passed the removal proposal regarding Mr. He, the Board recommended that Mr. He be removed as an independent non-executive Director, the chairman of the Remuneration and Appraisal Committee and a member of the Audit Committee and the Nomination Committee of the Company. Such removal proposal is subject to the consideration and approval at the general meeting of the Company.
- (7) Due to working schedule and his desire to devote more time to his other businesses, Mr. Sin requested to resign from the position of independent non-executive director and a member of the Audit Committee of the Company on 29 September 2020 and his resignation took effect on 6 November 2020.
- (8) Mr. Wan was appointed as an independent non-executive Director of the Company at the 2020 First Extraordinary General Meeting, and was appointed as a member of the Audit Committee at the Board meeting convened after the general meeting.
- (9) Mr. Na joined Kunming No. 1 Water Purification Plant in February 1990.
- (10) Mr. Yao joined the management cashier office of Kunming City Drainage Co., Ltd., a predecessor of the Group, in November 1995.
- (6) 根據公開資料顯示，何先生因涉嫌涉及賄賂案被作出逮捕決定，且本公司無法與何先生取得聯繫，且其無法正常履行職務，經本公司於2021年2月9日召開的董事會審議通過何先生的免職建議，董事會建議免去其於本公司擔任的獨立非執行董事、薪酬與考核委員會主任委員、審計委員會及提名委員會委員職務，免職建議尚需通過本公司股東大會審議方可做實。
- (7) 沈先生因工作時間安排且希望投放更多時間於其他事務，已於2020年9月29日請求辭去本公司獨立非執行董事及審計委員會委員的職務，其辭任於2020年11月6日生效。
- (8) 雲先生已於2020年第一次臨時股東大會上獲委任為本公司獨立非執行董事及於股東大會後召開的董事會上獲委任為審計委員會委員。
- (9) 那先生於1990年2月加入昆明市第一水質淨化廠。
- (10) 姚先生於1995年11月加入本集團的前身之一昆明城市排水公司收費管理處。

During the year until the end of the Reporting Period, the Company had four senior management members. For details, please refer to “Chapter Seven – Profiles of Directors, Supervisors and Senior Management – E. Senior Management” in the report.

於本年度內直至報告期末止，本公司高級管理層包括4名成員，資料詳情請參閱本報告「第七章董事、監事及高級管理層簡歷 – E.高級管理層」一節。

The Company has received the confirmation of independence issued by the independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules and is of the opinion that all independent non-executive Directors are independent of the Company.

本公司已獲獨立非執行董事根據上市規則第3.13條出具對本公司獨立性之確認，以及本公司認為所有獨立非執行董事均獨立於本公司。

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Changes to the information of Directors

During the Reporting Period, the Company's Directors, Supervisors and senior management changed as follows:

1. Mr. Chen Changyong was appointed as an executive Director of the first session of the Board of the Company at the 2019 Annual General Meeting.
2. Ms. Yu Yanbo was appointed as a non-executive Director of the first session of the Board of the Company at the 2019 Annual General Meeting.
3. Ms. Zhao Zhu requested to resign from the position of non-executive director of the first session of the Board of the Company on 21 August 2020 due to job transfer and her resignation took effect on 6 November 2020.
4. Ms. Ren Na was appointed as a non-executive Director of the first session of the Board of the Company at the 2020 First Extraordinary General Meeting.
5. Due to working schedule and his desire to devote more time to his other businesses, Mr. Sin Lik Man requested to resign from the position of independent non-executive director and a member of the Audit Committee of the Company on 29 September 2020 and his resignation took effect on 6 November 2020.
6. Mr. Johnson Wan was appointed as an independent non-executive Director of the first session of the Board of the Company at the 2020 First Extraordinary General Meeting, and was appointed as a member of the Audit Committee at the Board meeting convened after the general meeting.
7. Due to work reallocation, Mr. Yang Yang has resigned as a chief financial officer, secretary to the Board and joint company secretary of the Company on 9 February 2021.
8. Based on publicly available information, Mr. He was arrested for alleged involvement in a bribery case, and the Company could not get in touch with Mr. He and he could not perform his duties normally, after the Board meeting of the Company held on 9 February 2021 considered and passed the removal proposal regarding Mr. He, the Board recommended that Mr. He be removed from all positions in the Company. Such removal proposal is subject to the consideration and approval at the general meeting of the Company.

董事資料的變動

於報告期內，本公司董事、監事、高級管理人員變動如下：

1. 陳昌勇先生於2019年股東週年大會上獲委任為本公司第一屆董事會執行董事。
2. 余燕波女士於2019年股東週年大會上獲委任為本公司第一屆董事會非執行董事。
3. 趙竹女士因工作調動的原因已於2020年8月21日請求辭去本公司第一屆董事會非執行董事的職務，其辭任於2020年11月6日生效。
4. 任娜女士於2020年第一次臨時股東大會上獲委任為本公司第一屆董事會非執行董事。
5. 冼力文先生因工作時間安排且希望投放更多時間於其他事務，已於2020年9月29日請求辭去本公司獨立非執行董事及審計委員會委員的職務，其辭任於2020年11月6日生效。
6. 雲浚淳先生於2020年第一次臨時股東大會上獲委任為本公司第一屆董事會獨立非執行董事及於股東大會後召開的董事會上獲委任為審計委員會委員。
7. 楊陽先生因工作變動的原因，已於2021年2月9日辭去本公司財務總監、董事會秘書、聯席公司秘書職務。
8. 根據公開資料顯示，何先生因涉嫌涉及賄賂案被作出逮捕決定，且本公司無法與何先生取得聯繫，其無法正常履行職務。經公司於2021年2月9日召開的董事會審議通過何先生的免職建議，董事會建議免去何先生於本公司擔任的所有職務。免職建議尚需通過本公司股東大會審議方可作實。

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Changes to the information of Directors and Supervisor during the Reporting Period required to be disclosed under Rule 13.51B(1) of the Listing Rules are as follows:

1. Ms. Ren Na, a non-executive director of the Company, has been serving as a supervisor of CTV Yuntou Culture Tourism Industry Investment Co., Ltd. (中視雲投文化旅遊產業投資有限公司) since October 2020.
2. Mr. Yin Xiaobing, an independent non-executive director of the Company, ceased to serve as an independent non-executive director of Yunnan Aluminum Co., Ltd. (雲南鋁業股份有限公司) (Stock code: 000807) from January 2020; ceased to serve as an executive director and manager of Guokuangtengda (Beijing) Investment Fund Management Co., Ltd. (國礦騰達(北京)投資基金管理有限公司) from June 2020; ceased to serve as a director of Kunming Economic and Technological Development Zone Investment and Development Group Co. Ltd. (昆明經濟技術開發區投資開發(集團)有限公司) from November 2020; ceased to serve as the head of the financial management department of the School of Business Administration and Tourism Management of Yunnan University (雲南大學) since January 2021; and has been serving as an independent non-executive director of Huaneng Lancang River Hydropower Inc. (華能瀾滄江水電股份有限公司) (stock code: 600025) since February 2021.
3. Mr. Johnson Wan, an independent non-executive Director of the Company, has been serving as the managing director and head of new energy/industry/bulk commodity research department of Jefferies Hong Kong Limited since February 2021.
4. Mr. Shao Wei, a supervisor of the Company, ceased to serve as the financial controller of Xundian County Wenlu Investment and Development Co., Ltd. (尋甸縣文旅投資開發有限公司) since January 2021; has been serving as a director of Kunming Petrochina Kunlun CNG Co., Ltd. (昆明中石油崑崙車用天然氣有限公司) since June 2020; and the chairman of the board of supervisors of Kunming Petrochina Energy Investment and Development Co., Ltd. (昆明中油能源投資發展有限公司) since March 2021.

根據上市規則13.51B(1)條，須予披露的董事、監事的資料變動如下：

1. 本公司非執行董事任娜女士於2020年10月至今擔任中視雲投文化旅遊產業投資有限公司監事。
2. 本公司獨立非執行董事尹曉冰先生自2020年1月起不再擔任雲南鋁業股份有限公司(股票代碼000807)獨立非執行董事；自2020年6月起不再擔任國礦騰達(北京)投資基金管理有限公司執行董事及經理；自2020年11月起不再擔任昆明經濟技術開發區投資開發(集團)有限公司董事；自2021年1月起不再擔任雲南大學工商管理與旅遊管理學院財務管理系系主任；於2021年2月至今，擔任華能瀾滄江水電股份有限公司(股票代碼為600025)獨立非執行董事。
3. 本公司獨立非執行董事雲浚淳先生自2021年2月起擔任富瑞金融集團香港有限公司董事總經理、中國新能源/工業/大宗商品研究部主管。
4. 本公司監事紹偉先生自2021年1月起不再擔任尋甸縣文旅投資開發有限公司財務總監；於2020年6月至今擔任昆明中石油崑崙車用天然氣有限公司董事；於2021年3月至今擔任昆明中油能源投資發展有限公司監事會主席。

L. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

None of the Directors or Supervisors of the Company has entered into a service contract with the Company or any of its subsidiaries that may not be terminated by the employer within one year without the payment of compensation (other than statutory compensation).

M. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The details of the remuneration of the Company's Directors, Supervisors and senior management are stated in Note 12 to the Financial Statements.

The scope of the remuneration of the senior management officers is as follows:

Range of remuneration (RMB'000)
薪酬範圍(人民幣千元)

0-500
500-1,000

Notes:

- The remuneration in the above table is pre-tax remuneration. The remuneration range includes salary (wages, bonuses and allowances, employee benefits), benefit plans (basic pension insurance and enterprise annuity paid by the employer) and others (housing provident fund, medical insurance and other social insurance paid by the employer).

N. INTERESTS OF DIRECTORS, SUPERVISORS (AND SUCH ENTITIES CONNECTED THEREWITH) IN MAJOR TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

At the end of 2020 or at any time during 2020, none of the Company's Directors, Supervisors (and such entities connected therewith) had any individual interests, directly or indirectly, in the major transactions, arrangements or contracts as established by the Company or any of its subsidiaries.

L. 董事及監事服務合約

本公司所有董事和監事均未與本公司或其附屬公司訂立任何僱主在一年內不能在不予賠償(法定賠償除外)的情況下終止的服務合約。

M. 董事、監事及高級管理層的薪酬

本公司董事、監事及高級管理層的薪酬詳情載於財務報表附註12。

高級管理人員的薪酬範圍載列如下：

Number of Senior Management
高級管理人員人數

—
4

註：

- 上表薪酬為稅前薪酬，薪酬範圍包括：工資(工資、獎金和津貼、職工福利)、福利計劃(僱主支付的基本養老保險和企業年金)、其他(僱主支付的住房公積金、醫療保險和其他社會保險)

N. 董事、監事(及與其有關連的實體)於重要交易、安排或合約的權益

於2020年度結束時或2020年度內的任何時間，本公司所有董事、監事(及與其有關連的實體)概無在本公司或其任何附屬公司所設立的重要的交易、安排或合約直接或間接擁有任何個人利益。

CHAPTER EIGHT REPORT OF THE BOARD OF DIRECTORS

第八章 董事會報告

O. INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETITIVE BUSINESS

During the Reporting Period, none of the Directors, Supervisors nor their associates (as defined in the Listing Rules) had any competitive interests in such business that is in direct or indirect competition with any of the Group's business.

P. INTEREST AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 31 December 2020, none of the Directors, Supervisors and senior management had any interest or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

As of 31 December 2020, none of the Directors or Supervisors or their respective spouses or children below 18 was granted any right to subscribe for the shares of the Company or any of its associated corporations or to have exercised any such rights.

O. 董事、監事於競爭性業務的權益

本報告期內，概無董事、監事及彼等的聯繫人(定義見上市規則)與任何本集團業務直接或間接構成競爭的業務中擁有任何競爭權益。

P. 董事、監事及高級管理層於股份、相關股份及債券的權益及淡倉

截至2020年12月31日，本公司董事、監事及高級管理人員概無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、相關股份或債權證中，擁有《證券及期貨條例》第XV部第7及8分部須知會本公司及香港聯交所的任何權益或淡倉(包括根據《證券及期貨條例》的該等條文彼被當作或視為擁有的權益或淡倉)，或根據《證券及期貨條例》第352條須計入該條所指的登記冊內的任何權益或淡倉，或根據《上市發行人董事進行證券交易的標準守則》須知會本公司及香港聯交所的任何權益或淡倉。

截至2020年12月31日，概無董事或監事或彼等各自的配偶或18歲以下的子女獲本公司授予任何權利以認購本公司或其任何相聯法團的股份或已行使任何該等權利。

**Q. INTERESTS OF SUBSTANTIAL SHAREHOLDERS
IN SHARES**

As at 31 December 2020 and to the best knowledge of the Company's Directors, the following persons (except for the Company's Directors, the chief executives or Supervisors) had some interest or short positions in the shares or underlying shares of the Company which had to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO:

Q. 主要股東於股份之權益

截至2020年12月31日，就本公司董事所知，下列人士(本公司董事、最高行政人員或監事除外)於本公司股份或相關股份中擁有根據《證券及期貨條例》第XV部第2及3部分須向本公司披露或根據《證券及期貨條例》第336條在本公司所存置的登記冊中記錄之權益或淡倉：

Name of shareholder	Identity/Nature of interest	Class of shares	Number of shares (share)	Approximate percentage of the total issued share capital of the Company (%) 佔本公司 已發行股本 總額的概約 百分比(%)	Approximate percentage of the relevant class of shares of the Company (%) 佔本公司 相關類別股份 的概約百分比(%)
股東名稱	身份/權益性質	股份類別	股份數目(股)		
Kunming Dianchi Investment Co., Ltd. (昆明滇池投資有限責任公司)	Beneficial Owner	Domestic Shares	660,318,635 (long position)	64.16%	95.82%
昆明滇池投資有限責任公司	實益擁有人	內資股	660,318,635 (好倉)	64.16%	95.82%
Kunming Industrial Development & Investment Co., Ltd. (昆明產業開發投資有限責任公司)	Interest of Controlled Corporation	H Shares	59,000,000 (long position)	5.73%	17.35%
昆明產業開發投資有限責任公司	受控法團權益	H股	59,000,000 (好倉)	5.73%	17.35%
Kunming State-owned Assets Management and Operations Co. Ltd. (昆明市國有資產管理營運有限責任公司)	Beneficial Owner	H Shares	39,790,000 (long position)	3.87%	11.70%
昆明市國有資產管理營運有限責任公司	實益擁有人	H股	39,790,000 (好倉)	3.87%	11.70%
Yunnan Provincial Investment Holdings Group Co., Ltd. (雲南省投資控股集團有限公司)	Beneficial Owner	H Shares	64,770,000 (long position)	6.29%	19.05%
雲南省投資控股集團有限公司	實益擁有人	H股	64,770,000 (好倉)	6.29%	19.05%

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Name of shareholder	Identity/Nature of interest	Class of shares	Number of shares (share)	Approximate percentage of the total issued share capital of the Company (%) 佔本公司 已發行股本 總額的概約 百分比(%)	Approximate percentage of the relevant class of shares of the Company (%) 佔本公司 相關類別股份 的概約百分比(%)
股東名稱	身份/權益性質	股份類別	股份數目(股)		
Modern Orient Limited	Interest of Controlled Corporation	H Shares	47,754,000 (long position) (Notes 2 and 3)	4.64%	14.04%
Modern Orient Limited	受控法團權益	H股	47,754,000 (好倉) (附註2及3)	4.64%	14.04%
Beijing Enterprises Water Group Limited	Beneficial Owner	H Shares	47,754,000 (long position) (Notes 2 and 3)	4.64%	14.04%
Beijing Enterprises Water Group Limited	實益擁有人	H股	47,754,000 (好倉) (附註2及3)	4.64%	14.04%
Beijing Enterprises Investments Limited	Interest of Controlled Corporation	H 股	47,754,000 (long position) (Notes 2 and 3)	4.64%	14.04%
Beijing Enterprises Investments Limited	受控法團權益	H股	47,754,000 (好倉) (附註2及3)	4.64%	14.04%
Beijing Enterprises Holdings Limited	Interest of Controlled Corporation	H 股	47,754,000 (long position) (Notes 2 and 3)	4.64%	14.04%
Beijing Enterprises Holdings Limited	受控法團權益	H股	47,754,000 (好倉) (附註2及3)	4.64%	14.04%
Beijing Enterprises Group Company Limited	Interest of Controlled Corporation	H 股	47,754,000 (long position) (Notes 2 and 3)	4.64%	14.04%
Beijing Enterprises Group Company Limited	受控法團權益	H股	47,754,000 (好倉) (附註2及3)	4.64%	14.04%

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Name of shareholder	Identity/Nature of interest	Class of shares	Number of shares (share)	Approximate percentage of the total issued share capital of the Company (%) 佔本公司 已發行股本 總額的概約 百分比(%)	Approximate percentage of the relevant class of shares of the Company (%) 佔本公司 相關類別股份 的概約百分比(%)
股東名稱	身份/權益性質	股份類別	股份數目(股)		
Beijing Enterprises Group (BVI) Company Limited	Interest of Controlled Corporation	H 股	47,754,000 (long position) (Notes 2 and 3)	4.64%	14.04%
Beijing Enterprises Group (BVI) Company Limited	受控法團權益	H 股	47,754,000 (好倉) (附註2及3)	4.64%	14.04%
Beijing Enterprises Environmental Construction Limited	Interest of Controlled Corporation	H 股	47,754,000 (long position) (Notes 2 and 3)	4.64%	14.04%
Beijing Enterprises Environmental Construction Limited	受控法團權益	H 股	47,754,000 (好倉) (附註2及3)	4.64%	14.04%

Notes:

- The above information disclosed is primarily based on the information provided by the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the records of the register maintained by the Company under section 336 of the SFO.
- Pursuant to Section 336 of the SFO, if certain conditions are fulfilled, the shareholders of the Company are required to submit a form for disclosure of interests. In the event of changes in the shareholding of the shareholders of the Company, the shareholders will not be required to notify the Company and the Hong Kong Stock Exchange unless certain conditions have been fulfilled, so that the latest shareholding of the shareholders of the Company may be different from the shareholding submitted to the Hong Kong Stock Exchange.
- The 47,754,000 shares belong to the same batch of shares.
- Save as disclosed above, as at 31 December 2020, the Company is not aware of any other persons (other than the Directors, Supervisors and chief executives of the Company) who have interest or short position in the shares or underlying shares of the Company that are required to be recorded in the register under the provisions of Section 336 of the SFO.

註：

- 以上所披露數據主要基於香港聯交所網站 (<http://www.hkexnews.hk>) 所提供的信息及本公司根據《證券及期貨條例》第336條規定存置的登記冊之記錄作出。
- 根據《證券及期貨條例》第336條，倘若若干條件達成，則本公司股東須呈交披露權益表格。倘股東於本公司的持股量變更，除非若干條件已達成，否則股東毋須知會本公司及香港聯交所，故股東於本公司之最新持股量可能與呈交予香港聯交所的持股量不同。
- 該47,754,000股股份屬同一批股份。
- 除上述披露外，截至2020年12月31日，本公司並不知悉任何其他人士(本公司董事、監事及最高行政人員除外)於本公司股份或相關股份中擁有根據證券及期貨條例第336條規定須記錄於登記冊內之權益或淡倉。

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第八章 董事會報告

R. MANAGEMENT CONTRACTS

During the Reporting Period, the Group did not enter into any contracts and there were no existing contracts in respect of the management and administration of all or any significant portion of the business (except for such service contracts entered into with the Group's Directors, Supervisors and all employees).

S. CONNECTED TRANSACTIONS

We have entered into some transactions with the Controlling Shareholder. In accordance with Chapter 14A of the Listing Rules, such transactions have constituted the connected transactions or continuing connected transactions of the Company.

1. Non-exempt Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements

Entrusted Operation and Management Framework Agreement

The Company disclosed in the Prospectus that the Company entered into certain agreements with the Controlling Shareholder prior to the Listing, pursuant to which the Company provided certain operation and management services to the Controlling Shareholder in relation to wastewater treatment plants, reclaimed water supply facilities and running water facilities owned by the Controlling Shareholder. Such operation and management service, depending on the development stage of the project, typically includes operating, testing and adjusting the equipment and facilities, arranging operating personnel and experts to maintain the daily operation of such plants and ensure the effluent quality meets the relevant discharge standard, setting up management policies and operation guidelines, chemicals purchase, and sludge transportation and disposal. The Company does not provide construction service to the Controlling Shareholder. The transactions continued during the Reporting Period.

R. 管理合約

本報告期內，本集團並無就有關全部或任何重大部分業務的管理及行政工作簽訂或存在任何合約(與本集團董事、監事及全體僱員的服務合約除外)。

S. 關連交易

我們已經與控股股東訂立若干交易。根據上市規則第14A章，該等交易將構成本公司的關連交易或持續關連交易。

1. 須遵守申報、年度審核、公告、通函及獨立股東批准規定的非豁免持續關連交易

委託運行管理框架協議

本公司於招股說明書中披露，本公司在上市前與控股股東訂立若干協議，據此，本公司就控股股東擁有的污水處理廠、再生水供應設施及自來水設施向控股股東提供若干運行管理服務。根據項目的開發階段，該運行管理服務通常包括運行、測試及調整設備及設施，安排操作人員及專家維護有關工廠日常運營及確保污水出水水質符合相關排放標準，制定管理政策及運行方針，採購化學品以及運輸及處理污泥。本公司不向控股股東提供建築服務。報告期內，該等交易繼續進行。

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To regulate the terms and conditions under which the Company will provide such operation and management services to the Controlling Shareholder after the Listing, the Company entered into an entrusted operation and management framework agreement with the Controlling Shareholder on 25 April 2016 (the “**Entrusted Operation and Management Framework Agreement**”), for the period from 25 April 2016 to 31 December 2018, as may be amended from time to time. The Entrusted Operation and Management Framework Agreement may, upon mutual written consent between the parties, be extended for an additional term of three years, provided that such renewal is in compliance with the relevant laws and regulations, and the Listing Rules.

On 31 December 2018, the entrusted operation management framework agreement entered into between the Company and the controlling shareholder expired. As the specific contract between the Company and the controlling shareholder is still valid and the Company has obtained the approval for the annual cap of the transaction under the entrusted operation framework agreement valid for three years until 31 December 2019, during the renewal negotiation of the entrusted operation framework agreement, the Company continued to provide operation management services to the controlling shareholder and its subsidiaries. In order to further regulate the terms and conditions of the Company’s provision of operation and management services to the controlling shareholders for the three years ended 31 December 2021, the parties entered into a new entrusted operation management framework agreement (the “**New Framework Agreement**”) on 30 April 2019, pursuant to which the Company would continue to provide operation and management services to the controlling shareholder and its subsidiaries for a period of three years. The term of the New Framework Agreement will be from the date of approval at the Annual General Meeting held on 21 June 2019 to 31 December 2021.

We provide our entrusted operation and management services in relation to the wastewater treatment plants in two main stages, which are prior to the wastewater treatment plant completing inspection and acceptance formalities and entering commercial operations, being: (i) the pre-trial operation stage; and (ii) the trial operation stage. If, after the trial operation stage, the Company chooses not to acquire such excluded business, the Company will continue to provide entrusted operation and management services to the Controlling Shareholder.

為規範本公司於上市後向控股股東提供該等運行管理服務而須遵守的條款及條件，本公司與控股股東於2016年4月25日訂立委託運行管理框架協議（「**委託運行管理框架協議**」），期限自2016年4月25日起至2018年12月31日止（經不時修訂）。經雙方書面同意，委託運行管理框架協議可再續期三年，惟續期須遵守相關法律及法規以及上市規則。

2018年12月31日本公司與控股股東簽訂的委託運行管理框架協議到期。鑑於本公司與控股股東之間的具體合同仍然有效，且本公司已取得委託運行框架協議項下有關交易年度上限的批准，有效期三年，直至2019年12月31日，因此在委託運行框架協議續簽協商期間，本公司繼續向控股股東及其附屬公司提供運行管理服務。為進一步規範本公司於截至2021年12月31日止三個年度向控股股東提供運行管理服務的條款及條件，雙方於2019年4月30日訂立了新的委託運行管理框架協議（「**新框架協議**」），據此，本公司將繼續為控股股東及其附屬公司提供運行管理服務，為期三年，新框架協議期限由於2019年6月21日舉行的股東週年大會批准當日至2021年12月31日。

我們在污水處理廠完成竣工驗收手續及投產前的兩個主要階段為污水處理廠提供委託運行管理服務：(i) 預試運行階段；及(ii) 試運行階段。倘於試運行階段後，本公司選擇不收購該保留業務，則本公司將繼續向控股股東提供委託運行管理服務。

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The controlling shareholder and the Company may enter into separate independent service agreements and specify specific terms of each transaction in accordance with the scope stipulated in the New Framework Agreement to regulate the transactions contemplated under the New Framework Agreement. These individual service agreements shall comply with the terms of the New Framework Agreement and set out the specific terms of each transaction. The price of operation and management services under the New Framework Agreement will be determined based on the following principles:

- (1) the fees as prescribed by the PRC government, if any;
- (2) if there is a market price, it shall be executed at market price; and
- (3) if there is no market price reference, the price is determined based on reasonable costs + reasonable profit (not more than 10%). Reasonable costs refer to the costs mutually agreed through negotiation between the Company and the controlling shareholder for actual expenses incurred for provision of products or services under the New Framework Agreement to the controlling shareholder or the costs mutually agreed through negotiation between both parties (including taxes and fees). The reasonable profit was fixed at no more than 10%. On the one hand, the Company considers that it is commercially reasonable to adopt an overall margin for different types of projects to be transacted under the New Framework Agreement, which will allow the Company to have more flexibility to negotiate with the controlling shareholder regarding the pricing for individual projects. On the other hand, the Company will ensure that the overall profit margin for the transactions under the New Framework Agreement will not be lower than 8%. When determining the price and specific terms of an individual agreement, the Company will strictly follow relevant internal control measures to ensure that the price is fair and reasonable, and the terms of individual agreement conforms with the principles stipulated under the New Framework Agreement.

控股股東及本公司可按照新框架協議規定的範圍另行訂立個別獨立服務協議及規定各項交易的具體條款，以規管新框架協議項下擬進行的交易。該等個別服務協議應遵守新框架協議的條款，並載明各項交易的具體條款。新框架協議下運行管理服務的價格，將根據下列原則確定：

- (1) 中國政府規定的費用(如有)；
- (2) 倘有市場價，按市場價執行；及
- (3) 倘無市價參考，則按照合理成本+合理利潤(不超過10%)方式確定價格。合理成本指本公司與控股股東雙方協商認可的為控股股東提供新框架協議下產品或服務所發生的實際費用或雙方協商認可的成本(含稅、費)。合理利潤確定為不超過10%，一方面，本公司認為針對新框架協議項下的不同類型項目採納一個整體利潤率在商業上屬合理，這將使本公司可以更靈活地與控股股東就個別項目的定價進行磋商。另一方面，本公司將確保新框架協議項下交易的整體利潤率將不會低於8%。當釐定具體合同的價格及具體條款時，本公司將嚴格遵守相關的內部控制措施，以確保價格公平合理，且具體合同條款符合新框架協議規定的原則。

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Under the New Framework Agreement, we shall have the priority to be chosen as the provider of operation and management services by the Controlling Shareholder, provided that the terms of service and service fee offered by us are the same as that offered by a third party or third parties. The Controlling Shareholder may engage a third party or third parties for the provision of operation and management services only if we fail to satisfy the needs of the Controlling Shareholder, or if the terms of service and service fee offered by such third-party service provider are more favorable than those offered by us.

Individual Service Agreements

The Company and the Controlling Shareholder have entered into 13 individual service agreements in relation to the treatment plants conducting the excluded business, including entrusted operation management agreements, pre-trial operation agreements and trial operation agreements, which are governed by the terms of the New Framework Agreement. The management fees under individual service agreements are calculated based on the actual wastewater treatment volume multiplied by the price per cubic meter. The price per cubic meter is based on the pricing principles determined in the New Framework Agreement. If there is a market price, it shall be executed at market price. If there is no market price reference, the price is calculated based on reasonable costs + reasonable profit (not more than 10%).

根據新框架協議，我們應有權優先獲控股股東挑選為運行管理服務供應商，惟我們提供的服務條款及服務費應等同於第三方所提供者。僅當我們未能滿足控股股東需要或第三方服務提供商所提供的服務條款及服務費優於本公司所提供者時，控股股東方可委託第三方提供運行管理服務。

個別服務協議

本公司已就從事保留業務的各處理廠與控股股東訂立個別服務協議，包括委託運行管理協議、預試運行階段協議及試運行階段協議共計13個個別服務協議。該等協議受新框架協議條款的規管，個別服務協議項下的管理費均根據實際污水處理量乘以每立方米價格計算，每立方米價格乃根據新框架協議確定的定價原則，有市場價，按市場價執行；倘無市價參考，則按照合理成本+合理利潤(不超過10%)計算。

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第八章 董事會報告

Annual caps and actual transaction amount

During the Reporting Period, the annual cap for the transactions under the Entrusted Operation and Management Framework Agreement for 2020 was RMB193,440,000, with the actual transaction value being RMB129,719,099.

2. Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Circular and Independent Shareholders' Approval Requirements

Sludge Treatment and Disposal Agreement

On 17 November 2020, Kunming Dianchi Logistics, a wholly owned subsidiary of the Company and Kunming Dianchi Investment entered into the Sludge Treatment and Disposal Agreement pursuant to which Kunming Dianchi Investment shall provide sludge treatment and disposal services to Dianchi Logistics for three years ending 31 December 2022, for some of the sludge generated from wastewater treatment plants of the Group in Kunming.

The service provided by Kunming Dianchi Investment to Kunming Dianchi Logistics includes the treatment and disposal of sludge collected by Dianchi Logistics and transported to Kunming Dianchi Investment in respect of some of the sludge generated from various wastewater treatment plants facilities of the Group in Kunming. The costs of transporting the sludge shall be borne by Kunming Dianchi Logistics.

The consideration of the services contemplated under the Sludge Treatment and Disposal Agreement is the equivalent of the unit price of sludge treatment and disposal per tonne (“Unit Price”) multiplied by the quantity of sludge received by Kunming Dianchi Investment. As of the date of this report, the Unit Price is determined with reference to the market price which is at RMB120 per tonne (excluding tax). The market price is determined with reference to prices charged in contracts entered into by the Group and independent third parties who provide similar services of the sludge treatment and disposal on normal commercial terms to the Group. Kunming Dianchi Logistics took reference from such relevant contracts entered into in the past year and took the average of the relevant contractual prices in arriving at the market price.

年度上限及實際交易金額

報告期內，委託運行管理框架協議下的交易2020年年度上限為人民幣193,440,000元，實際交易金額為人民幣129,719,099元。

2. 須遵守申報、年度審核、公告，但豁免通函及獨立股東批准的持續關連交易

污泥處理處置服務合同

於2020年11月17日，本公司之全資附屬公司昆明滇池物流與昆明滇池投資訂立污泥處理處置服務合同，據此，昆明滇池投資將就本集團位於昆明市各污水處理廠產生的部分污泥向滇池物流提供截至2022年12月31日止三個年度的污泥處理及處置服務。

昆明滇池投資向昆明滇池物流提供的服務包括滇池物流收集及運輸至昆明滇池投資的本集團位於昆明市各污水處理廠設施產生的部分污泥的處理處置服務。污泥運輸費用由昆明滇池物流承擔。

污泥處理處置服務合同項下的服務代價相當於每噸污泥處理處置單位價(「單位價格」)乘以昆明滇池投資接收的污泥數量。截至本報告日期單位價格參照市場價格確定，市場價格為人民幣120元/噸(不含稅)。市場價格乃參考本集團及按正常商業條款向本集團提供類似污泥處理及處置服務的獨立第三方所訂立的合約的價格而釐定。昆明滇池物流參考過去一年訂立的相關合同，並採用相關合同價格的平均數得出市場價格。

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We expected that the local government will determine a government-guided price in respect of the Unit Price of sludge treatment and disposal. In the absence of a clear rollout timetable of such government-guided price, the parties under the Sludge Treatment and Disposal Agreement shall adhere to the market price for the time being. Should the government-guided price become available, the parties shall enter into a separate agreement in writing to adjust the Unit Price.

Annual caps and actual transaction amount

During the Reporting Period, the annual cap for the transactions under the Sludge Treatment and Disposal Agreement for 2020 was RMB3,300,000, with the actual transaction value being RMB1,783,447.

The Company has formulated the Regulations on Management of Connected Transactions, and our relevant operation and management departments regularly review whether the amount of connected transactions incurred has exceeded the annual caps. In addition, for individual service agreements under continuing connected transactions, the Company has formulated the Contract Management Regulations and takes various measures to ensure that the signing of such individual service agreements comply with the terms of the framework agreement, thereby ensuring that the Company's connected transactions are under proper control and supervision.

All the above connected transactions have complied with the relevant requirements of the Listing Rules in respect of connected transactions. Save as disclosed above, none of the related party transactions disclosed in the Group's financial statements are connected transactions within the meaning of the Listing Rules.

我們預期當地政府將就污泥處理及處置的單位價格釐定政府指導價格。在沒有明確的政府指導價格出台時間表的情況下，污泥處理處置服務合同下的各方應暫時遵守市場價格。如政府指導價格出台後，雙方應另行訂立書面協議調整單位價格。

年度上限及實際交易金額

報告期內，污泥處理處置服務合同下的交易2020年年度上限為人民幣3,300,000元，實際交易金額為人民幣1,783,447元。

公司制定了《關聯交易管理辦法》，我們的相關運營、管理部門也定期檢視關連交易發生額是否有超過年度上限的情況。同時，就持續關連交易下的個別服務協議，公司制定了《合同管理辦法》，通過層層把關，確保該等個別服務協議的簽署遵守了框架協議的約定，以確保公司關連交易得到妥善控制及監控。

上述關連交易均已遵守《上市規則》對於關連交易的有關規定。除上述所披露外，本集團財務報表中所披露的關聯方交易中概無屬於《上市規則》中所述的關連交易。

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3. Confirmation by the independent non-executive Directors

The independent non-executive Directors (except Mr. He Xifeng who the Company cannot get into touch with) have reviewed each of the aforementioned continuing connected transactions and confirmed that the transactions have been conducted:

- a. in the ordinary and usual course of business of the Group;
- b. either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to the Group than terms available to or from (as case may be) independent third parties; and
- c. in accordance with the agreement governing the relevant transactions, on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

4. Confirmation of Auditor

The Board has received a confirmation letter in relation to above continuing connected transactions from Mazars CPA Limited (“Mazars”), confirming with respect to the above continuing connected transactions as at 31 December 2020 that:

- a. nothing has come to the auditors’ attention that causes the auditors to believe that the disclosed continuing connected transactions have not been approved by the Board;
- b. for the transactions involving the provision of goods or service by the Group, nothing has come to the auditors’ attention that causes the auditors to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- c. nothing has come to the auditors’ attention that causes the auditors to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- d. nothing has come to the auditors’ attention that causes the auditors to believe that the disclosed continuing connected transactions have exceeded the annual cap.

3. 獨立非執行董事確認

獨立非執行董事(除了未能聯絡的何錫鋒先生以外)已審核上述各項持續關連交易，並確認：

- a. 該等交易屬本集團的日常業務；
- b. 該等交易按照一般商務條款進行，或如可供比較的交易不足以判斷該等交易的條款是否一般商務條款，則對本集團而言，該等交易的條款不遜於獨立第三方可取得或提供(視屬何情況而定)；及
- c. 該等交易是根據有關交易的協議條款進行，而交易條款公平合理，並且符合本公司股東的整體利益。

4. 核數師確認

董事會已收到核數師中審眾環(香港)會計師事務所有限公司(「中審眾環(香港)」)就上述持續關連交易的確認函，確認截至2020年12月31日止，針對上述持續關連交易：

- a. 未注意到任何事項，使其相信該等已披露的持續關連交易未經董事會批准；
- b. 針對涉及到需要本集團提供貨品或服務的交易，未注意到任何事項，使其相信交易在所有重大方面未按照本集團的定價政策進行；
- c. 未注意到任何事項，使其相信交易在所有重大方面未根據有關該等交易的協議進行；及
- d. 未注意到任何事項，使其相信該等已披露的持續關連交易已超逾全年上限。

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Please refer to Note 37 to the Consolidated Financial Statements prepared under the IAS for details of the significant related party transactions. The information disclosure on connected transactions and continuing connected transactions required by the Listing Rules is set out in this chapter. Saved as disclosed above, it does not constitute connected transactions or continuing connected transactions of the Company or connected transactions or continuing connected transactions exempted from disclosure. Directors confirm that the Company has complied with the disclosure rules under Chapter 14A of the Listing Rules in relation to the above connected transactions and the related party transactions set out in Note 37 to the Consolidated Financial Statements.

T. COMPLIANCE WITH NON-COMPETITION AGREEMENT

On 25 April 2016, the Company and Kunming Dianchi Investment, the Controlling Shareholder, entered into the Non-competition Agreement, whereby Kunming Dianchi Investment will not and will procure its associated enterprises not to compete against the Group in respect of the relevant business. Kunming Dianchi Investment will also grant the Company the option to choose the new business opportunities, the option regarding the acquisition of the retained business and new business and the preemptive right to buy.

The independent non-executive Directors will be responsible for examining, reviewing, considering and determining whether to adopt and accept the new business opportunities referred to the Company by Kunming Dianchi Investment or its subsidiaries, to exercise the option for acquisition and the preemptive right to buy.

Kunming Dianchi Investment has committed that for the year 2020, it has complied with the Non-competition Agreement. The independent non-executive Directors have examined and reviewed the implementation of the Non-competition Agreement during the year of 2020 and have confirmed that Kunming Dianchi Investment was fully complied with the agreement and there were no violations of agreement.

U. RETIREMENT AND EMPLOYEE BENEFIT PLANS

Details of the retirement and employee benefits plans of the Group are set out in Note 10 to the Financial Statements.

有關重大關聯方交易詳情詳見按照國際會計準則編製的合併財務報表附註37。上市規則要求披露的關連交易和持續性關連交易信息已載於本章。就上述關連交易及於合併財務報表附註37披露的關聯方交易，除上文披露外，並不構成本公司關連交易或持續性關連交易，或為獲豁免披露的關連交易或持續性關連交易，董事確認本公司已符合上市規則第14A章的披露規定。

T. 《避免同業競爭協議》的遵守

2016年4月25日，本公司與控股股東昆明滇池投資簽署了《避免同業競爭協議》，根據該協議約定，昆明滇池投資不會，並促使其附屬企業不會在相關業務方面與本集團競爭，並授予本公司新業務機會選擇權、收購保留業務及新業務的選擇權及優先購買權。

獨立非執行董事將負責審查、考慮及決定是否採納昆明滇池投資或其附屬公司向本公司轉介的新業務機會、行使收購選擇權及優先購買權。

昆明滇池投資承諾，於2020年度遵守了《避免同業競爭協議》。獨立非執行董事已審查2020年度內《避免同業競爭協議》的執行，並確認昆明滇池投資已全面遵守協議，並無違反協議的情形。

U. 退休及僱員福利計劃

本集團的退休及僱員福利計劃詳情載於財務報表附註10。

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第八章 董事會報告

V. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Being a company listed on the Hong Kong Stock Exchange, the Company is always dedicated to maintaining the corporate governance practices at a high standard. During the Reporting Period, the Company had established various committees under the Board and formulated the relevant corporate governance system in accordance with the provisions contained in the Code of Corporate Governance.

W. PUBLIC FLOAT

Based on publicly available information and to the knowledge of the Directors, there is sufficient public float of at least 25% of the Company's issued H Shares as at the Latest Practicable Date, which is in compliance with the requirements of minimum public float of the Listing Rules.

X. DONATIONS

During the Reporting Period, the Company had made donations for charity of RMB6,000 in an aggregate.

Y. PERMITTED INDEMNITY PROVISIONS

During the Reporting Period, the Company had purchased and maintained a group liability insurance for the Directors of (including but not limited to) the Company and its "Associated Companies" (as defined for such term under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)).

Z. AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Financial Statements of the Group for the year ended 31 December 2020 prepared in accordance with the International Financial Reporting Standards in 2020.

V. 遵守《企業管治守則》

本公司作為香港聯交所上市公司，始終致力於保持高水平的企業管治常規，本報告期內，本公司已根據守則內所載之條文設置了各個董事委員會並制訂了相關的企業管治制度。

W. 公眾持股量

根據本公司可公開獲得的資料及據董事所知，於最後實際可行日期，公眾人士持有本公司已發行H股不少於25%，符合上市規則的最低公眾人持股量的要求。

X. 捐贈

於本報告期內，本公司合共作出人民幣6,000元的慈善捐贈。

Y. 獲准許的彌償條文

於報告期內，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。

Z. 審計委員會

本公司的審計委員會已審閱本集團2020年按《國際財務報告準則》編製的截至2020年12月31日止年度的財務報表。

AA. AUDITOR

PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) and PricewaterhouseCoopers Certified Public Accountants, being the Company's domestic and international auditors for the year 2018 respectively, retired at the annual general meeting of the Company held on 21 June 2019. On the same date, the Board has been authorised to approve the appointment of Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership) and Mazars CPA Limited as the domestic and international auditors of the Company respectively.

According to the annual general meeting of the Company held on 19 June 2020, the Board of Directors has been authorised to determine the domestic and international auditors of the Company for the year 2020 and their remunerations. After such annual general meeting, based on the tender result of the Company, the Board of Directors approved the appointment of Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership) and Mazars CPA Limited as the domestic and international auditors of the Company respectively.

Mazars CPA Limited is appointed as the auditor for the Financial Statements for the year ended 31 December 2020 prepared in accordance with the International Financial Reporting Standards. Such Financial Statements prepared in accordance with the International Financial Reporting Standards as stated herein have been audited by Mazars CPA Limited and a standard unqualified audit report has been issued.

By order of the Board
Guo Yumei
Chairperson

Kunming, the PRC

AA. 核數師

於2019年6月21日舉行的本公司的股東週年大會上，本公司2018年度的中國境內及國際核數師，普華永道中無會計師事務所(特殊普通合夥)及羅兵咸永道會計師事務所均於當日退任。同時，於當日董事會已獲授權批准委任中審眾環會計師事務所(特殊合夥)及中審眾環(香港)會計師事務所有限公司分別為本公司中國境內及國際核數師。

根據2020年6月19日舉行的本公司的股東週年大會，董事會已獲授權確定本公司2020年度中國境內核數師及國際核數師并釐定其報酬。於該股東週年大會後，根據本公司招標結果，董事會批准委任中審眾環會計師事務所(特殊普通合夥)及中審眾環(香港)會計師事務所有限公司分別為本公司中國境內及國際核數師。

中審眾環(香港)會計師事務所有限公司就截至2020年12月31日止之年度根據《國際財務報告準則》編製的財務報表獲委任為核數師。本年報內根據《國際財務報告準則》編製的財務報表已由中審眾環(香港)會計師事務所有限公司審計，並出具標準無保留意見的審計報告。

承董事會命
郭玉梅
董事長

中國，昆明

CHAPTER NINE CORPORATE GOVERNANCE REPORT

第九章 企業管治報告

The Board of Directors of the Company has hereby submitted its Corporate Governance Report for 2020 to the shareholders.

A. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is mainly engaged in the comprehensive development of sewage treatment, reclaimed water and running water supply and environmental protection related industries. The Company focuses on its main business and intensively cultivates its existing businesses while continuously optimising the extended development along the industrial chain, committing itself to providing shareholders with continuous and stable investment income. At the same time, the Company attaches great importance to maintaining a high standard of corporate governance to enhance shareholders' value and protect shareholders' rights and interests, ensure the continuous and effective corporate governance and provide effective guarantees for the Company's business expansion, competitiveness enhancement, long-term stability and sustainable development.

The Company has adopted the code provisions of the Corporate Governance Code (the "CG Code") and Corporate Governance Report as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and as its own corporate governance code. The Company has established and enhanced the corporate governance structure in accordance with the Listing Rules and the CG Code and has set up a series of corporate governance policies. The directors of the Company believe that during the Reporting Period, the Company has been observing all mandatory code provisions as stipulated in the CG Code except for provision A.4.2.

本公司董事會現向股東提呈其2020年度的企業管治報告。

A. 企業管治守則的遵守情況

本公司主要從事污水處理、再生水及自來水供應以及環保相關產業的綜合發展，圍繞主業，精耕現有業務，同時不斷優化產業鏈延伸發展，致力於為股東提供持續、穩健的投資收益。同時，本公司注重維持高水準之企業管治，以提升股東價值及保障股東之權益，保障公司治理持續有效，為公司業務拓展、競爭力提升、長期穩定、可持續發展提供有效保障。

本公司已採納《香港聯合交易所有限公司證券上市規則》（「上市規則」）附錄十四所載的企業管治守則（「企業管治守則」）及企業管治報告內的守則條文，作為其本身的企業管治守則。本公司已根據上市規則及企業管治守則的要求建設和完善企業管治架構，建立一系列企業管治制度。本公司董事認為，於報告期內，除守則條文A.4.2外，其已遵守企業管治守則所載的一切強制性守則條文。

Under code provision A.4.2, every director, including those appointed for a specific term, should be subjected to retirement by rotation at least once every three years. As of the end of the Reporting Period, the terms of office of the first Board and the board of supervisors of the Company have expired for 3 years, but the relevant nomination work of relevant candidates has not yet ended. At the same time, the Board considers the continuity of the Board and the board of supervisors of the Company. Under the relevant provisions of the articles of association of the Company, if, upon the expiry of a director's term of office, a new director cannot be elected on a timely basis, before the re-elected director commences his/her term of office, such director shall continue to perform his/her duties in accordance with the laws, administrative regulations, departmental rules and the articles of association of the Company. Therefore, the Board considers that deviations from provision A.4.2 of the Corporate Governance Code will not have a significant impact on the Group's operation as a whole and the Company will complete the relevant work as soon as possible.

The Board will examine and review, from time to time, the Company's corporate governance practices and operation in order to comply with the relevant provisions under the Listing Rules and to protect shareholders' interests.

B. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES DEALINGS BY THE DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct for its directors, supervisors and relevant employees (has the same meaning ascribed to it under the CG Code) in respect of their dealings in the Company's securities. After making specific enquiries to all of the directors and supervisors of the Company, the directors and supervisors of the Company confirmed that they had strictly complied with the required standards as set out in the Model Code during the Reporting Period.

根據企業管治守則第A.4.2條，每名董事(包括有指定日期的董事)應輪流退任，至少每三年一次。截至報告期末，本公司第一屆董事會、監事會任期已滿三年，惟相關候選人的提名工作尚未結束，與此同時，董事會考慮到本公司董事會、監事會工作的連續性，在《公司章程》的相關規定下，董事任期屆滿未及時改選，在改選出的董事就任前，原董事仍應當依照法律、行政法規、部門規章和《公司章程》的規定，履行董事職務。故董事會認為偏離企業管治守則條文第A.4.2條的情形整體上不會對本集團的運營造成重大影響。並且本公司將盡快完成相關工作。

董事會將不時審查本公司的企業管治常規及運作，以符合上市規則項下有關規定並保障股東的權益。

B. 遵守董事及監事進行證券交易之標準守則

本公司已採納上市規則附錄十所載《上市發行人董事進行證券交易的標準守則》(「標準守則」)，作為所有董事、監事及有關僱員(定義與企業管治守則相同)進行本公司證券交易的行為守則。根據對本公司董事及監事的專門查詢後，各董事及監事於報告期內均已嚴格遵守標準守則所訂之標準。

CHAPTER NINE CORPORATE GOVERNANCE REPORT

第九章 企業管治報告

C. BOARD OF DIRECTORS

1. Board of Directors

a. *Composition of the Board of Directors*

During the Reporting Period, the Board comprises nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors.

During the Reporting Period, pursuant to Rules 19A.54 of the Listing Rules, we have entered into a contract with each of our Directors in respect of, among other things, compliance with relevant laws and regulations, observance of the Articles of Association and provisions on arbitration. Save as disclosed above, we have not entered into, and do not propose to enter into, any service contracts with any of the Directors or Supervisors in their respective capacities as Directors/ Supervisors (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

The Company complies with the requirement under the Listing Rules that it has at least three independent non-executive Directors (representing at least one-third of the Board), among whom, at least one independent non-executive Director must have appropriate professional qualifications or accounting or related financial management expertise. Moreover, after taking into consideration the factors regarding the evaluation of the independence of independent non-executive Directors as set out in Rule 3.13 of the Listing Rules and the written confirmation of all independent non-executive Directors (except Mr. He Xifeng who the Company cannot get into touch with), the Board of Directors believe that all of its independent non-executive Directors are independent individuals.

C. 董事會

1. 董事會

a. 董事會組成

報告期內，本公司的董事會由9名董事組成，其中包括3名執行董事、3名非執行董事以及3名獨立非執行董事。

報告期內，根據上市規則第19A.54條，我們與各董事就(其中包括)符合相關法律法規、遵守組織章程細則及仲裁條款訂立合約。除上文披露者外，我們並無且不擬與我們的任何董事或監事以彼等各自董事/監事身份訂立任何服務合同(於一年內屆滿或由僱主於一年內終止而毋須賠償(法定賠償除外)的合約除外)。

本公司符合上市規則所載擁有至少三名獨立非執行董事(佔董事會最少三分之一)的規定，且其中最少一名獨立非執行董事須具備合適專業資格或會計或相關財務管理專業知識。此外，經考慮上市規則第3.13條所載有關評估獨立非執行董事獨立性的因素及各獨立非執行董事的書面確認(惟除了未能聯絡的何錫鋒先生以外)，董事會認為其全體獨立非執行董事均為獨立人士。

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第九章 企業管治報告

As of the end of the Reporting Period, the composition of the Board is as follows: 截至本報告期末，董事會組成如下：

Name 姓名	Age 年齡	Sex 性別	Position 職位	Appointment date 委任日期	Term 任期
Ms. Guo Yumei 郭玉梅女士	53	Female 女	Chairperson; Executive Director 董事長、執行董事	Appointed as Executive Director in January 2011 and as Chairperson on 23 June 2016 2011年1月獲委任為執行董事，並於2016年6月23日獲委任為董事長	3 years 3年
Mr. Chen Changyong 陳昌勇先生	51	Male 男	Executive Director and General Manager 執行董事兼總經理	Appointed as General Manager on 10 July 2019 and as Executive Director on 19 June 2020 2019年7月10日獲委任為總經理及於2020年6月19日獲委任為執行董事	3 years 3年
Mr. Luo Yun 羅雲先生	42	Male 男	Executive Director and Deputy General Manager 執行董事兼副總經理	Appointed as Deputy General Manager in January 2015 and as Executive Director on 23 June 2016 2015年1月獲委任為副總經理及於2016年6月23日獲委任為執行董事	3 years 3年
Ms. Song Hong 宋紅女士	57	Female 女	Non-executive Director 非執行董事	23 June 2016 2016年6月23日	3 years 3年
Ms. Ren Na 任娜女士	40	Female 女	Non-executive Director 非執行董事	6 November 2020 2020年11月6日	3 years 3年
Ms. Yu Yanbo 余燕波女士	50	Female 女	Non-executive Director 非執行董事	19 June 2020 2020年6月19日	3 years 3年
Mr. Yin Xiaobing 尹曉冰先生	47	Male 男	Independent Non-executive Director 獨立非執行董事	23 June 2016 2016年6月23日	3 years 3年
Mr. He Xifeng 何錫鋒先生	58	Male 男	Independent Non-executive Director 獨立非執行董事	23 June 2016 2016年6月23日	3 years 3年
Mr. Johnson Wan 雲浚淳先生	42	Male 男	Independent Non-executive Director 獨立非執行董事	6 November 2020 2020年11月6日	3 years 3年

The biographies of the Directors and the relationships with each other are set out in the section headed “Profiles of Directors, Supervisors and Senior Management” of this annual report.

董事履歷資料及董事會成員間關係於本年報之「董事、監事及高級管理層簡歷」一節中披露。

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第九章 企業管治報告

b. Job Duties and Authority of the Board of Directors

The Board of Directors shall be accountable to the general meeting and have the duty to report to the general meeting. The Board of Directors shall be responsible for implementing the resolutions of the general meeting. The authority of the Board of Directors are expressly stated in the Articles of Association of the Company and the major responsibility of the Board of Directors include: being responsible for convening the general meeting, implementing the resolutions of the general meeting, determining the operating plan and investment proposals of the Company, setting up the annual financial budget proposal, final accounts, profit distribution proposal, proposal for increase or decrease of capital and others, deciding on the establishment of the Company's management authority, determining the appointment or dismissal of general manager, deputy general manager and other senior management officers, formulating the basic management system of the Company and determining the establishment of the special committees of the Board of Directors.

c. Job Duties and Authority of the Management

The management is responsible for the specific implementation of the resolutions of the Board of Directors and the daily business management of the Company. In accordance with the Articles of Association of the Company, the major responsibility of the management includes: to propose the Company's operating plan and investment proposal, to propose the plan of establishing the internal management authority, to propose the basic management system of the Company and to formulate the Company's specific regulations.

2. Meetings of Board of Directors and General Meeting

In accordance with the provisions of the Articles of Association of the Company, meetings of the Board of Directors shall be convened at least four times a year. The Chairperson is responsible for the convening of the Board meeting and is responsible for preparing the Board meeting agenda. A notice of regular Board meeting shall be given to all Directors at least 14 days before the meeting is convened pursuant to the requirements of the Code, and such notice shall state the date, time and venue of the meeting to be convened and the format to be adopted for such meeting. For other interim Board meetings, reasonable notices shall be delivered to all Directors.

b. 董事會職責及職權

董事會對股東大會負責並向其報告工作，負責執行股東大會決議。董事會職權已在本公司章程中有明確規定，其主要職權如下：負責召集股東大會、執行股東大會決議，決定公司的經營計劃和投資方案，制訂年度財務預算方案、決算方案、利潤分配方案、增減資方案等，決定公司管理機構的設置，決定聘任或者解聘總經理、副總經理等高級管理人員，制定公司基本管理制度以及決定董事會專門委員會的設置等。

c. 管理層職責及職權

管理層負責具體執行董事會決議及公司日常經營管理。根據本公司章程，管理層主要職權如下：擬定公司經營計劃和投資方案，擬定內部管理機構設置方案，擬定公司基本管理制度及制定公司具體規章等。

2. 董事會會議及股東大會

根據本公司章程的規定，董事會每年至少召開四次會議，董事長負責董事會會議的召集，並負責擬定董事會會議議程。定期董事會會議通知會按守則的要求於會議舉行前14天送呈各董事，並會於通知上列明會議召開的時間、地點以及會議將採取的方式。其他臨時董事會會議則向各董事發出合理通知。

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In accordance with the provisions of the Listing Rules, in the event that the Company decides to declare, propose or pay dividends, or it shall pass at the meeting of the Board of Directors such resolutions in respect of profits or loss for any year, half-year or other periods, the Company must give a notice to the Hong Kong Stock Exchange at least seven working days before the convening of such meeting and must issue an announcement thereof.

Save for the circumstances where connected transactions are reviewed and considered at a meeting of the Board of Directors as required by the Articles of Association of the Company, meetings of the Board of Directors shall be held only if half or more of the Directors are present. Directors shall attend Board meetings in person. If a Director is unable to attend a Board meeting for some reasons, he or she may entrust another Director to attend the meeting on his or her behalf and shall specify the scope of the authorisation in a power of attorney. The secretary of the Company's Board of Directors is responsible for preparing and safekeeping the minutes of the Board meetings and ensuring that the Directors can enquire about such minutes.

The Directors confirm that during the Reporting Period, the Company has strictly complied with the provisions in relation to the meetings of the Board of Directors. The Chairperson also held a meeting with the independent non-executive Directors without presence of other Directors during the year. During the Reporting Period, the Board of Directors convened a total of 24 meetings. The attendance of the meetings by the Directors was as follows:

根據上市規則規定，在決定宣派、建議或支付股息，或將於會上通過任何年度、半年度或其他期間有關盈利或虧損的議案的董事會會議，公司必須在進行該等會議至少足七個工作日之前通知香港聯交所並進行公告。

除公司章程規定的董事會審議關連交易事項的情況外，董事會會議應由過半數董事出席方可舉行。董事會會議應當由董事本人出席，如因故不能出席，可委託其他董事代為出席，但應當在委託書中載明授權範圍。公司董事會秘書負責製作和保管董事會會議記錄，並確保董事能夠查詢該等記錄。

董事確認，報告期內，本公司嚴格遵守有關董事會會議的規定。董事長還於年內與獨立非執行董事舉行了沒有其他董事在場的會議。報告期內，董事會共召開了24次會議，董事出席會議的情況如下：

Name	Position	Number of meetings attended/should attend 出席/應參加 會議次數	Attendance Rate 出席率
姓名	職位		
Ms. Guo Yumei 郭玉梅女士	Chairperson; Executive Director 董事長、執行董事	24/24	100%
Mr. Chen Changyong ⁽¹⁾ 陳昌勇先生 ⁽¹⁾	Executive Director and General Manager 執行董事兼總經理	15/15	100%
Mr. Luo Yun 羅雲先生	Executive Director and Deputy General Manager 執行董事兼副總經理	24/24	100%
Ms. Song Hong 宋紅女士	Non-executive Director 非執行董事	24/24	100%

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Name	Position	Number of meetings attended/should attend	Attendance Rate
姓名	職位	出席／應參加 會議次數	出席率
Ms. Zhao Zhu ⁽²⁾ 趙竹女士 ⁽²⁾	Non-executive Director 非執行董事	18/18	100%
Ms. Ren Na ⁽³⁾ 任娜女士 ⁽³⁾	Non-executive Director 非執行董事	6/6	100%
Ms. Yu Yanbo ⁽⁴⁾ 余燕波女士 ⁽⁴⁾	Non-executive Director 非執行董事	15/15	100%
Mr. Yin Xiaobing 尹曉冰先生	Independent Non-executive Director 獨立非執行董事	24/24	100%
Mr. He Xifeng ⁽⁵⁾ 何錫鋒先生 ⁽⁵⁾	Independent Non-executive Director 獨立非執行董事	13/24	54.2%
Mr. Sin Lik Man ⁽⁶⁾ 冼力文先生 ⁽⁶⁾	Independent Non-executive Director 獨立非執行董事	18/18	100%
Mr. Johnson Wan ⁽⁷⁾ 雲浚淳先生 ⁽⁷⁾	Independent Non-executive Director 獨立非執行董事	6/6	100%

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Notes:

- (1) Mr. Chen Changyong was an executive Director newly appointed after an approval had been given by shareholders of the Company at the 2019 Annual General Meeting, and he participated in all Board meetings held after his appointment.
- (2) The resignation of Ms. Zhao Zhu from her position as a non-executive Director of the Company took effect after the 2020 First Extraordinary General Meeting in which a new non-executive Director was elected, and she was not required to participate in any Board meetings held after the effective date of her resignation.
- (3) Ms. Ren Na was a non-executive Director newly appointed after an approval had been given by shareholders of the Company at the 2020 First Extraordinary General Meeting, and she participated in all Board meetings held after her appointment.
- (4) Ms. Yu Yanbo was a non-executive Director newly appointed after an approval had been given by shareholders of the Company at the 2019 Annual General Meeting, and she participated in all Board meetings held after her appointment.
- (5) Based on publicly available information, Mr. He was arrested for alleged involvement in a bribery case, and the Company could not get in touch with Mr. He and he could not perform his duties normally, after the Board meeting of the Company held on 9 February 2021 considered and passed the removal proposal regarding Mr. He, the Board recommended that Mr. He be removed as an independent non-executive Director, the chairman of the Remuneration and Appraisal Committee and a member of the Audit Committee and the Nomination Committee of the Company. Such removal proposal is subject to the consideration and approval at the general meeting of the Company.
- (6) The resignation of Mr. Sin Lik Man from his position as an independent non-executive Director of the Company took effect after the 2020 First Extraordinary General Meeting at which a new independent non-executive Director was elected, and he was not required to participate in any Board meetings held after the effective date of his resignation.
- (7) Mr. Johnson Wan was an independent non-executive Director newly appointed after an approval had been given by shareholders of the Company at the 2020 First Extraordinary General Meeting, and he participated in all Board meetings held after his appointment.

註：

- (1) 陳昌勇先生是經2019年股東週年大會批准後新委任的執行董事，參加了獲委任後的全部董事會會議。
- (2) 趙竹女士辭任本公司非執行董事於2020年第一次臨時股東大會選出新任非執行董事後生效，毋須參加其辭任生效後的董事會會議。
- (3) 任娜女士是經2020年第一次臨時股東大會批准後新委任的非執行董事，參加了獲委任後的全部董事會會議。
- (4) 余燕波女士是經2019年股東週年大會批准後新委任的非執行董事，參加了獲委任後的全部董事會會議。
- (5) 根據公開資料顯示，何先生因涉嫌涉及賄賂案被作出逮捕決定，且本公司無法與何先生取得聯繫，且其無法正常履行職務，經公司於2021年2月9日召開的董事會審議通過何先生的免職建議，董事會建議免去其於本公司擔任的獨立非執行董事、薪酬與考核委員會主任委員、審計委員會及提名委員會委員職務，免職建議尚需通過本公司股東大會審議方可做實。
- (6) 冼力文先生辭任本公司獨立非執行董事於2020年第一次臨時股東大會選出新任獨立非執行董事後生效，毋須參加其辭任生效後的董事會會議。
- (7) 雲淩淳先生是經2020年第一次臨時股東大會批准後新委任的獨立非執行董事，參加了獲委任後的全部董事會會議。

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During the Reporting Period, one annual general meeting, one extraordinary general meeting, one domestic shareholders' class meeting and one H shareholders' class meeting of the Company were held. The attendance of the Directors was as follows:

報告期內，本公司共召開了1次股東週年大會、1次臨時股東大會、1次內資股類別股東大會及1次H股類別股東大會。董事出席會議的情況如下：

Name	Position	Number of meetings attended/should	Attendance rate
		attend 出席／應參加 會議次數	
姓名	職位		出席率
Ms. Guo Yumei 郭玉梅女士	Chairperson; Executive Director 董事長、執行董事	4/4	100%
Mr. Chen Changyong ⁽¹⁾ 陳昌勇先生 ⁽¹⁾	Executive Director and General Manager 執行董事兼總經理	3/3	100%
Mr. Luo Yun 羅雲先生	Executive Director and Deputy General Manager 執行董事兼副總經理	4/4	100%
Ms. Song Hong 宋紅女士	Non-executive Director 非執行董事	1/4	25%
Ms. Zhao Zhu ⁽²⁾ 趙竹女士 ⁽²⁾	Non-executive Director 非執行董事	1/1	100%
Ms. Ren Na ⁽³⁾ 任娜女士 ⁽³⁾	Non-executive Director 非執行董事	3/3	100%
Ms. Yu Yanbo ⁽⁴⁾ 余燕波女士 ⁽⁴⁾	Non-executive Director 非執行董事	4/4	100%
Mr. Yin Xiaobing 尹曉冰先生	Independent non-executive Director 獨立非執行董事	4/4	100%
Mr. He Xifeng 何錫鋒先生	Independent non-executive Director 獨立非執行董事	1/4	25%
Mr. Sin Lik Man ⁽⁵⁾ 冼力文先生 ⁽⁵⁾	Independent non-executive Director 獨立非執行董事	1/1	100%
Mr. Johnson Wan ⁽⁶⁾ 雲浚淳先生 ⁽⁶⁾	Independent non-executive Director 獨立非執行董事	3/3	100%

Notes:

- (1) Mr. Chen Changyong is a newly appointed executive Director approved by the 2019 Annual General Meeting, and he attended the general meeting held after his appointment.
- (2) Ms. Zhao Zhu submitted her resignation to the board of directors on 21 August 2020 and resigned as the non-executive Director of the Company. The resignation as a non-executive Director of the Company took effect after the 2020 First Extraordinary General Meeting.
- (3) Ms. Ren Na is a newly appointed non-executive Director approved by the 2020 First Extraordinary General Meeting who attended the extraordinary general meeting and the shareholders' class meeting held after his appointment as a director candidate.
- (4) Ms. Yu Yanbo was a non-executive Director newly appointed after being approved at the 2019 Annual General Meeting, and she participated in the 2019 Annual General Meeting as a candidate of Director and participated in all general meetings held after her appointment.
- (5) Mr. Sin Lik Man submitted his resignation to the board of directors on 29 September 2020 and resigned as the independent non-executive Director of the Company. The resignation as an independent non-executive Director of the Company took effect after the 2020 First Extraordinary General Meeting.
- (6) Mr. Johnson Wan is a newly appointed independent non-executive Director approved by the 2020 First Extraordinary General Meeting who attended the extraordinary general meeting and the shareholders' class meeting held after his appointment as a director candidate.

3. Chairperson and President

During the Reporting Period, Company fully complied with the relevant requirements that the roles of chairperson and chief executive officer should be separated and should not be held by the same person under the provision A.2.1 of the Corporate Governance Code. Ms. Guo Yumei was the Chairperson of the Company and Mr. Chen Changyong was the general manager (President) of the Company. The role of the Chairman and general manager was separate from that of the President, and they performed corresponding duties respectively in accordance with relevant laws and regulations and provision of the Company's Articles of Association.

註：

- (1) 陳昌勇先生是經2019年股東週年大會批准後新委任的執行董事，其出席了獲委任後的股東大會。
- (2) 趙竹女士已於2020年8月21日向董事會提交辭呈，辭去本公司非執行董事職務，辭任本公司非執行董事於2020年第一次臨時股東大會後生效。
- (3) 任娜女士是經2020年第一次臨時股東大會批准後新委任的非執行董事，其以董事候選人的身份參加了該次臨時股東大會及獲委任後的類別股東大會。
- (4) 余燕波女士是經2019年股東周年大會批准後新委任的非執行董事。其以董事候選人的身份參加了2019年股東周年大會及獲委任後的所有股東大會。
- (5) 冼力文先生已於2020年9月29日向董事會提交辭呈，辭去本公司獨立非執行董事職務，辭任本公司獨立非執行董事於2020年第一次臨時股東大會後生效。
- (6) 雲淩淳先生是經2020年第一次臨時股東大會批准後新委任的獨立非執行董事，其以董事候選人的身份參加了該次臨時股東大會及獲委任後的類別股東大會。

3. 董事長及總裁

於報告期內，本公司已完全遵守企業管治守則第A.2.1條，董事長與行政總裁的角色應分開，不由同一人擔任的相關規定。本公司董事長由郭玉梅女士擔任，總經理(總裁)由陳昌勇先生擔任，董事長及總經理(總裁)職務已明確劃分，並根據相關法律法規及本公司《公司章程》的規定分別履行相應的職責。

CHAPTER NINE CORPORATE GOVERNANCE REPORT

第九章 企業管治報告

4. Appointment of Directors

In accordance with the provisions of the Articles of Association of the Company, the Directors shall be elected and appointed at the general meeting for a term of three years, after which they may be re-elected. The Company has formulated the procedures of such appointment. The Nomination Committee shall be responsible for nominating new Directors and then submitting such nomination to the Board of Directors for review and consideration. All newly nominated Directors must be elected and approved at the general meeting.

Under code provision A.4.2, every director, including those appointed for a specific term, should be subjected to retirement by rotation at least once every three years. As of the end of the Reporting Period, the terms of office of the first Board and the board of supervisors of the Company have expired for 3 years, but the relevant nomination work of relevant candidates has not yet ended. At the same time, the Board considers the continuity of the Board and the board of supervisors of the Company. Under the relevant provisions of the articles of association of the Company, where the directors has not been re-elected upon the expiration of term of office, the original directors shall, before their posts are taken up by the re-elected directors, continue to perform their duties in accordance with the laws, administrative regulations, departmental rules and the Articles of Association of the Company. Therefore, the Board considers that deviations from provision A.4.2 of the Corporate Governance Code will not have a significant impact on the Group's operation as a whole and the Company will complete the relevant work as soon as possible.

4. 委任董事

根據本公司章程規定，董事須於股東大會上選任，任期為三年，可連選連任。公司制定了董事的委任程序。提名委員會負責提名新董事，然後提交董事會審議，所有新提名董事均須於股東大會上選舉及批准。

據企業管治守則第A.4.2條，每名董事(包括有指定日期的董事)應輪流退任，至少每三年一次。截至報告期末，本公司第一屆董事會、監事會任期已滿三年，惟相關候選人的提名工作尚未結束，與此同時，董事會考慮到本公司董事會、監事會工作的連續性，在《公司章程》的相關規定下，董事任期屆滿未及時改選，在改選出的董事就任前，原董事仍應當依照法律、行政法規、部門規章和《公司章程》的規定，履行董事職務。故董事會認為偏離企業管治守則條文第A.4.2條的情形整體上不會對本集團的運營造成重大影響。並且本公司將盡快完成相關工作。

5. Remuneration of Directors

The Directors of the Company may receive basic salary, non-monetary advantage, right to pension, bonuses, and compensations (including such compensation provided due to the loss or termination of their job duties or appointment).

The independent non-executive Directors of the Company receive their remuneration from the Company, whereby the Company shall pay Mr. Yin Xiaobing and Mr. He Xifeng an amount of pre-tax remuneration RMB150,000, respectively on a yearly basis, and Mr. Sin Lik Man (resigned on 6 November 2020) and Mr. Johnson Wan (appointed on 6 November 2020) an amount of pre-tax remuneration RMB220,000, respectively on a yearly basis. The remuneration is the annual remunerations and is paid to each of the independent non-executive Directors after deducting the relevant taxes and fees during their respective terms of office in the year. Travel and accommodation expenses incurred for the Company's Board meetings, general meetings and the relevant activities organised by the Board of Directors attended by the independent non-executive Directors shall be borne by the Company. As for those non-executive Directors who do not take any management job duties in the Company, they do not receive their remuneration from the Company. The executive Directors who undertake management job duties in the Company shall receive their remuneration from the Company. The remuneration of all executive Directors shall be determined pursuant to the standards as provided in the "Measures Regarding Remuneration Management" of the Company, and in particular, such remuneration shall include the basic salary, performance bonus and other benefits. The basic salary is determined based on the position held by an executive Director in the Company and the performance bonus is determined subject to the Company's operating results. Other benefits shall include the statutory pension, medical and housing provident funds. Details in relation to the remuneration of Directors are provided in Note 12 to the Financial Statements.

5. 董事薪酬

本公司的董事可收取基本薪金、非金錢利益、退休金權利及獎金，以及賠償金額(包括喪失或終止職務或任命的賠償)。

本公司獨立非執行董事在公司領取薪酬，公司每年向尹曉冰先生、何錫鋒先生分別支付稅前薪酬人民幣15萬元，向冼力文先生(已於2020年11月6日辭任)、雲凌淳先生(於2020年11月6日獲委任)分別支付稅前薪酬人民幣22萬元，該等薪酬為全年薪酬標準，公司根據每位獨立非執行董事在年度內的任職期限扣除相關稅費後支付予各位獨立非執行董事，獨立非執行董事參加公司董事會會議、股東大會會議及董事會組織的相關活動的差旅費用由公司負擔。未在公司擔任管理職務的非執行董事，不在公司領取薪酬。在公司擔任管理職務的執行董事，在公司領取薪酬。各執行董事的薪酬按照本公司《薪酬管理辦法》規定的標準釐定，具體包括基本薪金、績效獎金和其他福利。基本薪金根據執行董事在公司的職位釐定，績效獎金依據公司的經營業績決定，其他福利則包括法定的養老、醫療和住房公積金。有關董事薪酬的詳情載於財務報表附註12。

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第九章 企業管治報告

6. Training of Directors

The newly appointed Directors have all received comprehensive, official and customised induction training upon their first appointments, so that they can have adequate understanding of the Company's business and operation and be fully aware of their responsibilities and duties under the Listing Rules and relevant regulatory rules.

For the year ended 31 December 2020, the Directors have participated in the following training:

Director	董事	Type of training 培訓類型	Duration of training days 培訓課時
Ms. Guo Yumei (<i>Chairperson</i>)	郭玉梅女士(董事長)	A, B	20
Mr. Chen Changyong (<i>General Manager</i>)	陳昌勇先生(總經理)	A, B	15
Mr. Luo Yun	羅雲先生	A, B	20
Ms. Song Hong	宋紅女士	A, B	20
Ms. Ren Na	任娜女士	A, B	8
Ms. Yu Yanbo	余燕波女士	A, B	15
Mr. Yin Xiaobing	尹曉冰先生	A, B	20
Mr. He Xifeng	何錫鋒先生	A, B	12
Mr. Johnson Wan	雲浚淳先生	A, B	8
A:	Reading materials related to continuous compliance responsibilities, corporate governance and other relevant topics	A:	閱讀有關持續合規責任、企業管治及其他相關課題的相關材料
B:	Reading newspapers, periodicals, newsletters of the Company and updates on economy, general business and water industry, or materials about Directors' responsibilities and duties	B:	閱讀報章、期刊、本公司簡報及有關經濟、一般業務、水務行業的最新消息或董事職責及責任等

7. Joint Company Secretaries and their training

During the Reporting Period, Mr. Yang Yang (楊陽) and Mr. Chiu Ming King (趙明璟) act as the Joint Company Secretaries and are responsible for facilitating the procedures of the Board of Directors and facilitating the communication between the Directors and between the Directors and shareholders and the management level. Mr. Chiu Ming King has his main contact with the Company as Mr. Yang Yang and Mr. Yang Yang shall report significant events to the Chairperson. The profiles of the Joint Company Secretaries are stated in the section headed "Profiles of Directors, Supervisors and Senior Management" in this Report. During the Reporting Period, the Joint Company Secretaries received professional training for no less than 15 hours to update their technique and knowledge.

6. 董事培訓

每位新委任董事均已於首次接受委任時獲得全面、正式及專門為其設計之入職培訓，以確保該董事對本公司之業務及運作均有適當之理解，並充分知悉其於上市規則及相關監管規定之下責任及義務。

截至2020年12月31日止年度，董事曾參與下列培訓：

Director	董事	Type of training 培訓類型	Duration of training days 培訓課時
Ms. Guo Yumei (<i>Chairperson</i>)	郭玉梅女士(董事長)	A, B	20
Mr. Chen Changyong (<i>General Manager</i>)	陳昌勇先生(總經理)	A, B	15
Mr. Luo Yun	羅雲先生	A, B	20
Ms. Song Hong	宋紅女士	A, B	20
Ms. Ren Na	任娜女士	A, B	8
Ms. Yu Yanbo	余燕波女士	A, B	15
Mr. Yin Xiaobing	尹曉冰先生	A, B	20
Mr. He Xifeng	何錫鋒先生	A, B	12
Mr. Johnson Wan	雲浚淳先生	A, B	8
A:	Reading materials related to continuous compliance responsibilities, corporate governance and other relevant topics	A:	閱讀有關持續合規責任、企業管治及其他相關課題的相關材料
B:	Reading newspapers, periodicals, newsletters of the Company and updates on economy, general business and water industry, or materials about Directors' responsibilities and duties	B:	閱讀報章、期刊、本公司簡報及有關經濟、一般業務、水務行業的最新消息或董事職責及責任等

7. 聯席公司秘書及其培訓

報告期內，聯席公司秘書由楊陽先生和趙明璟先生擔任，負責促進董事會程序，以及董事之間及董事與股東及管理層之間溝通。趙明璟先生在本公司的主要聯絡人為楊陽先生，並由楊陽先生向董事長就重大事項進行匯報。聯席公司秘書的簡歷載於本報告「董事、監事及高級管理層簡歷」一節。報告期內，聯席公司秘書均接受不少於15小時更新其技能及知識的專業培訓。

D. COMMITTEES UNDER THE BOARD OF DIRECTORS

Our Board of Directors delegates certain responsibilities to various committees. In accordance with relevant PRC laws, regulations, the Articles of Association of the Company and certain rules and regulations, we have formed four committees, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the Strategy and Investment Decision Committee, and have expressly stated its terms of reference for the committees in writing.

1. Audit Committee

The Audit Committee of the Company consists of three members. During the Reporting Period, such members include Mr. Yin Xiaobing (尹曉冰) (an independent non-executive Director, acting as the chairman of the Audit Committee since 16 November 2018), Mr. Sin Lik Man (冼力文) (an independent non-executive Director, resigned on 6 November 2020), Mr. Johnson Wan (雲浚淳) (an independent non-executive Director, acting as a member of the Audit Committee since 6 November 2020) and Mr. He Xifeng (何錫鋒) (an independent non-executive Director, as of the date of this report, due to the failure of Mr. He Xifeng to perform his duties properly, the Board has recommended the removal of his positions as an independent non-executive Director and member of the relevant committees. The proposed removal is subject to consideration and approval at the general meeting of the Company).

The principal responsibilities of the Audit Committee are to review and supervise the Company's financial reporting process, financial control, internal control and risk management systems, to supervise the Company's internal audit system and perform corporate governance duties, and to oversee the audit process and to recommend the engagement or replacement of external auditors. The Audit Committee is also responsible for the communications between the internal and the external auditors and performing other duties and responsibilities as assigned by the Board.

As for the selection, appointment and dismissal of external auditors or resignation of auditors, the Board and the Audit Committee have reached a consensus.

D. 董事會委員會

董事會將若干職責授予不同的委員會。根據中國相關法律、法規、本公司組織章程細則及具體規則及法規，本公司已成立四個委員會，即：審計委員會、薪酬與考核委員會、提名委員會及戰略與投資決策委員會，並書面訂明其職權範圍。

1. 審計委員會

本公司審計委員會包括三名委員，報告期內成員包括：尹曉冰先生（獨立非執行董事，自2018年11月16日起擔任委員會主任委員）、冼力文先生（獨立非執行董事，已於2020年11月6日辭任）及雲浚淳先生（獨立非執行董事，於2020年11月6日起擔任審計委員會委員）、何錫鋒先生（獨立非執行董事，於本報告日期，因何錫鋒先生無法正常履職，董事會已建議免除其獨立非執行董事及相關委員會委員職務，建議免職尚需通過本公司股東大會審議方可做實）。

審計委員會的主要職責為檢討及監督本公司財務申報程序、財務控制、內部監控及風險管理制度、監察本公司內部審計制度及履行企業管治職責，監督審計程序及提議委任或更換外部核數師。審計委員會還負責內外核數師之間的溝通及履行董事會賦予的其他職責與責任。

對於外聘核數師的挑選、委任、罷免外聘核數師或核數師辭任事宜，董事會與審計委員會意見一致。

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第九章 企業管治報告

During the Reporting Period, the Audit Committee held 4 meetings, the details of which are as follows:

On 22 January 2020, a meeting of the Audit Committee was held, at which 3 proposals including the Proposal on the Internal Audit Plan were considered and unanimously approved by all members of the Audit Committee.

On 27 March 2020, a meeting of the Audit Committee was held, at which 11 proposals including the Proposal on Financial Statements Reviewed by External Auditors in the Previous Year and the Proposal on Profit Distribution Plan were considered and unanimously approved by all members of the Audit Committee.

On 19 June 2020, a meeting of the Audit Committee was held, at which 2 proposals including the Proposal on the Proposed Appointment of the Company's Auditors for the year of 2020 were considered and unanimously approved by all members of the Audit Committee.

On 21 August 2020, a meeting of the Audit Committee was held, at which 8 proposals including the Proposal on 2020 Interim Results Report were considered and unanimously approved by all members of the Audit Committee.

During the Reporting Period, the attendance of the meetings by the committee members was as follows:

報告期內，審計委員會共召開4次會議，詳情如下：

於2020年1月22日在本公司內召開審計委員會會議，會議審議了包括內部審計計劃等3項議題並獲得審計委員會全體委員一致通過。

於2020年3月27日在本公司內召開審計委員會會議，會議審議了包括對上一年度經外聘核數師審核的財務報表、利潤分配方案等共11項議題並獲得審計委員會全體委員一致通過。

於2020年6月19日在本公司內召開審計委員會會議，會議審議了包括建議委任公司2020年度核數師等共2項議題並獲得審計委員會全體委員一致通過。

於2020年8月21日在本公司內召開審計委員會會議，會議審議了包括2020年中期業績報告等共8項議題並獲得審計委員會全體委員一致通過。

報告期內，各委員出席會議情況如下：

Name	姓名	Number of meetings attended/should attend	Attendance rate
		出席／應參加 會議次數	出席率
Mr. Yin Xiaobing (Chairman)	尹曉冰先生(主任委員)	4/4	100%
Mr. He Xifeng	何錫鋒先生	4/4	100%
Mr. Sin Lik Man	冼力文先生	4/4	100%
Mr. Johnson Wan ⁽¹⁾	雲浚淳先生 ⁽¹⁾	0/0	—

Note:

(1) Mr. Wan was appointed as an independent non-executive Director at the 2020 First Extraordinary General Meeting, and was appointed as a member of the Audit Committee at the Board meeting convened after the general meeting. After his appointment and up to the end of the Reporting Period, the Company has not convened any meeting of the Audit Committee.

註：

(1) 雲先生於2020年第一次臨時股東大會上獲委任為獨立非執行董事，並於股東大會後舉行的董事會上獲委任為審計委員會委員，獲委任後至報告期末，本公司未召開審計委員會會議。

2. Remuneration and Appraisal Committee

During the Reporting Period, the Remuneration and Appraisal Committee of the Company consists of three members, namely Mr. He Xifeng (何錫鋒), Mr. Yin Xiaobing (尹曉冰) and Ms. Guo Yumei (郭玉梅). Except for Ms. Guo Yumei, who is an executive Director, all other members are independent non-executive Directors. Mr. He Xifeng (何錫鋒) is the chairman of the Remuneration and Appraisal Committee. As of the date of this report, due to his failure to perform his duties properly, the Board has recommended the removal of Mr. He from his positions as an independent non-executive Director and member of the relevant committees. The proposed removal is subject to consideration and approval at the general meeting of the Company.

The principal responsibilities of the Remuneration and Appraisal Committee are to formulate and review the policy and structure of the remuneration for the Directors and senior management, to establish the performance evaluation standards, procedures and system, to annually evaluate the performance of the Directors and senior management, to make corresponding recommendations to the Board, and to perform other duties and responsibilities as assigned by the Board.

During the Reporting Period, the Remuneration and Appraisal Committee held 4 meetings, the details of which are as follows:

On 21 August 2020, a meeting of the Remuneration and Appraisal Committee was held in the Company. The meeting considered a proposal of determining the salary of the director candidates which were unanimously approved by all members of the Remuneration and Appraisal Committee. The candidate's remuneration plan will not take effect until the appointment of director of the candidates is considered and approved by the general meeting.

On 29 September 2020, a meeting of the Remuneration and Appraisal Committee was held in the Company. The meeting considered a proposal of determining the salary of two director candidates which were unanimously approved by all members who attended the meeting. The candidate's remuneration plan will not take effect until the appointment of director of the candidates is considered and approved by the general meeting.

On 23 October 2020, a meeting of the Remuneration and Appraisal Committee was held in the Company. The meeting considered a proposal of the appraisal and realisation of the incentive income of the person in charge of the Company for the term of office during 2016-2018 which was unanimously approved by all members who attended the meeting.

2. 薪酬與考核委員會

報告期內，本公司薪酬與考核委員會包括三名委員，即何錫鋒先生、尹曉冰先生及郭玉梅女士。除郭玉梅女士為執行董事外，所有其他成員均為獨立非執行董事。何錫鋒先生為薪酬與考核委員會主任委員。於本報告日期，因何先生無法正常履職，董事會已建議免除其獨立非執行董事及相關委員會委員職務，建議免職尚需通過本公司股東大會審議方可做實。

薪酬與考核委員會的主要職責為制定及檢討董事及高級管理層薪酬政策及結構、制定績效評估標準、程序及體系、每年評估董事及高級管理層的績效並向董事會提出相應建議，以及履行董事會賦予的其他職責與責任。

報告期內，薪酬與考核委員會共召開4次會議，詳情如下：

於2020年8月21日在本公司內召開薪酬與考核委員會會議，會議審議了釐定董事候選人薪酬的項議題並獲得薪酬與考核委員會全體委員一致通過候選人薪酬方案待股東大會審議通過候選人士擔任董事後方可生效執行。

於2020年9月29日在本公司內召開薪酬與考核委員會會議，會議審議了釐定董事候選人薪酬的項議題並獲得出席會議全體委員一致通過，候選人薪酬方案待股東大會審議通過候選人士擔任董事後方可生效執行。

於2020年10月23日在本公司內召開薪酬與考核委員會會議，會議審議了兌現企業負責人2016-2018年度任期激勵收入的項議題並獲得出席會議全體委員一致通過。

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On 18 December 2020, a meeting of the Remuneration and Appraisal Committee was held in the Company. The meeting considered a proposal of the appraisal and realisation of the remuneration of the person in charge of the Company for the year of 2019 which was unanimously approved by all members who attended the meeting.

於2020年12月18日在本公司內召開薪酬與考核委員會會議，會議審議了考核兌現2019年度企業負責人薪酬的議題並獲得出席會議全體委員一致通過。

During the Reporting Period, the attendance of the meetings by the committee members was as follows:

報告期內，各委員出席會議情況如下：

Name	姓名	Number of meetings attended/should attend	Attendance rate
		出席／應參加 會議次數	出席率
Mr. He Xifeng (<i>Chairman</i>)	何錫鋒先生(主任委員)	1/4	25%
Mr. Yin Xiaobing	尹曉冰先生	4/4	100%
Ms. Guo Yumei	郭玉梅女士	4/4	100%

3. Nomination Committee

3. 提名委員會

During the Reporting Period, the Nomination Committee of the Company consists of three members, namely Mr. Yin Xiaobing (尹曉冰), Ms. Guo Yumei (郭玉梅) and Mr. He Xifeng (何錫鋒) (as of the date of this report, due to the failure of Mr. He Xifeng to perform his duties properly, the Board has recommended the removal of his positions as an independent non-executive Director and member of the relevant committees. The proposed removal is subject to consideration and approval at the general meeting). Except for Ms. Guo Yumei, who is an executive Director, all other members are independent non-executive Directors. Mr. Yin Xiaobing (尹曉冰) is the chairman of the Nomination Committee.

報告期內，本公司提名委員會包括三名委員，即尹曉冰先生、郭玉梅女士及何錫鋒先生(於本報告日期，因何錫鋒先生無法正常履職，董事會已建議免除其獨立非執行董事及相關委員會委員職務，建議免職尚需通過股東大會審議方可做實)。除郭玉梅女士為執行董事外，所有其他成員均為獨立非執行董事。尹曉冰先生為提名委員會主任委員。

The principal responsibilities of the Nomination Committee are to make recommendations to our Board on the scale, structure, and composition of the Board and on the nomination of Directors, to review the Director and senior management candidates, to review the independency of the independent non-executive Directors, and to perform other duties and responsibilities as assigned by the Board.

提名委員會的主要職責為就董事會的規模、架構及組成及提名董事向董事會提出建議、檢討董事及高級管理層候選人、檢討獨立非執行董事的獨立性及履行董事會賦予的其他職責與責任。

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During the Reporting Period, the Nomination Committee held 4 meetings, the details of which are as follows:

報告期內，提名委員會共召開4次會議，詳情如下：

On 27 March 2020, a meeting of the Nomination Committee was held in the Company, at which 3 proposals of reviewing the scale, structure, size and composition of the Board of the Company, assessing the independence of the independent non-executive Directors of the Company and reviewing the diversity policy of the Board of the Company and the progress on achieving the objectives set for implementing the said policy were considered and unanimously approved by all members of the Nomination Committee.

於2020年3月27日在本公司內召開提名委員會會議，會議審議了檢討本公司董事會規模、架構、人數及構成、評核本公司獨立非執行董事的獨立性、檢討本公司董事會成員多元化政策及該政策所制定的目標的執行進度共3項議題，並獲得提名委員會全體委員一致通過。

On 21 August 2020, a meeting of the Nomination Committee was held in the Company, at which a proposal of approving the change of a Director was considered and unanimously approved by all members of the Nomination Committee.

於2020年8月21日在本公司內召開提名委員會會議，會議審議了批准變更一名董事的議題並獲得提名委員會全體委員一致通過。

On 29 September 2020, a meeting of the Nomination Committee was held in the Company, at which 2 proposals including the proposal of changing an independent non-executive Director were considered and unanimously approved by all members who attended the meeting.

於2020年9月29日在本公司內召開提名委員會會議，會議審議了變更一名獨立非執行董事等共2項議題並獲得出席會議全體委員一致通過。

On 6 November 2020, a meeting of the Nomination Committee was held in the Company, at which a proposal of electing a member of the Audit Committee was considered and unanimously approved by all members who attended the meeting.

於2020年11月6日在本公司內召開提名委員會會議，會議審議了補選一名審計委員會委員的議題並獲得出席會議全體委員一致通過。

During the Reporting Period, the attendance of the meetings by the committee members was as follows:

報告期內，各委員出席會議情況如下：

Name	姓名	Number of meetings attended/should attend	Attendance rate
		出席／應參加 會議次數	
Mr. Yin Xiaobing (<i>Chairman</i>)	尹曉冰先生(主任委員)	4/4	100%
Ms. Guo Yumei	郭玉梅女士	4/4	100%
Mr. He Xifeng	何錫鋒先生	2/4	50%

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4. Strategy and Investment Decision Committee

During the Reporting Period, the Strategy and Investment Decision Committee of the Company consists of three members, namely Ms. Guo Yumei (郭玉梅), Mr. Luo Yun (羅雲) and Mr. Yin Xiaobing (尹曉冰). Except for Mr. Yin Xiaobing, who is an independent non-executive Director, all other members are executive Directors. Ms. Guo Yumei (郭玉梅) is the chairperson of the Strategy and Investment Decision Committee.

The principal responsibilities of the Strategy and Investment Decision Committee are to conduct studies and make recommendations to the Board on the long-term development plan and strategies, the significant investment or financing plans of the Company, and significant capital investment for operation projects, to review the implementation of those investment and financing plans, and to perform other duties and responsibilities as assigned by the Board.

During the Reporting Period, the Strategy and Investment Decision Committee held 1 meeting. Details are as follows:

On 5 March 2020, a meeting of the Strategy and Investment Decision Committee was held in the Company which discussed and reviewed 2 proposals concerning the investment plan of the Company for 2020 and were unanimously approved by all members of the Strategy and Investment Decision Committee.

4. 戰略與投資決策委員會

報告期內，本公司戰略與投資決策委員會包括三名委員，即郭玉梅女士、羅雲先生及尹曉冰先生。除尹曉冰先生為獨立非執行董事外，所有其他成員均為執行董事。郭玉梅女士為戰略與投資決策委員會主任委員。

戰略與投資決策委員會的主要職責為開展調研及就本公司的長期發展計劃及戰略、重大投資或融資計劃以及經營項目的重大資本投資向董事會提出建議、檢討該等投融資計劃的實施情況及履行董事會賦予的其他職責與責任。

報告期內，戰略與投資決策委員會共召開1次會議，詳情如下：

於2020年3月5日在本公司內召開戰略與投資決策委員會會議，會議討論並審議了本公司2020年投資計劃等2項議題並獲得戰略與投資決策委員會全體委員一致通過。

Name	姓名	Number of meetings attended/should attend	Attendance rate
		出席/應參加 會議次數	出席率
Ms. Guo Yumei (Chairman)	郭玉梅女士(主任委員)	1/1	100%
Mr. Luo Yun	羅雲先生	1/1	100%
Mr. Yin Xiaobing	尹曉冰先生	1/1	100%

E. NOMINATION POLICY OF DIRECTORS, BOARD DIVERSITY POLICY AND DIVERSITY ANALYSIS

According to the Company's Articles of Association and the relevant nomination system of directors, the Nomination Committee provides consultation to the Board with respect to the nomination of Directors. It will first consider and determine the candidates for nomination, then make recommendations to the Board. The Board will decide whether to propose such candidate to the general meeting for election. In the course of selecting candidates of new directors, the Nomination Committee and the Board will consider the cultural, educational background and professional experience, etc. of relevant parties in accordance with the "Diversity Policy of Members of The Board of Directors". They will also consider the business operation models. The final decision will be based on the nominated candidates who will bring about benefits and contributions to the Board. Details of the appointment of directors are set out in the section headed "C. BOARD OF DIRECTORS – 4. Appointment of Directors" above.

For purposes of reaching a sustainable balanced development, the Company has regarded the increasing diversity of the members of the Board of Directors as the key element that supports the Company to achieve its strategic objective and to maintain the sustainable development.

The Company has formulated the "Diversity Policy of Members of The Board of Directors", the contents of which include:

- When the Company is establishing the composition of the members of the Board of Directors, it will take into consideration from different aspects and achieve the diversity of the member of the Board of Directors. Such aspects shall include but is not limited to sex, age, cultural and educational background, races, professional experience, technique, knowledge and term of service. All the appointment for the members of the Board of Directors are made on the principle of recruiting meritocratic professional. Meanwhile, the candidates are selected based on objective conditions, fully taking into consideration the benefits brought by the diversity of members of the Board of Directors.
- The Company's selection of candidates will be subject to a series of standards regarding diversity, including but not limited to sex, age, cultural and educational background, races, professional experience, technique, knowledge and term of service. The final decision will be made based on the strength of the candidates and such contribution they can make to the Board of Directors.

E. 董事提名政策、董事會成員多元化政策及分析

根據本公司章程及董事提名相關制度，提名委員會在董事提名方面擔任董事會顧問角色，首先商議新董事的提名人選，然後向董事會推薦，並由董事會決定是否提交股東大會選舉。在商議新董事人選時，提名委員會及董事會根據《董事會成員多元化政策》考慮有關人士的文化及教育背景、專業經驗等，同時亦會考慮有關自身的業務運作模式，最終決定乃基於提名人選將帶給董事會的神益及貢獻。有關委任董事的詳情載列於上文標題為「C.董事會—4.委任董事」的章節。

為達致可持續的均衡發展，本公司視董事會成員日益多元化為支持其達到戰略目標及維持可持續發展的關鍵要素。

本公司已制定《董事會成員多元化政策》，其內容包括：

- 本公司在設定董事會成員組合時，會從多個方面考慮並實現董事會成員多元化，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務任期。董事會所有委任均以用人唯才為原則，並以客觀條件考慮人選，同時會充分顧及董事會成員多元化的裨益。
- 本公司甄選人選將以一系列多元化範疇為基準，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務任期。最終將按人選的長處及可為董事會提供的貢獻而作決定。

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The Nomination Committee has selected new Directors pursuant to the requirements of the “Diversity Policy of Members of the Board of Directors”, while a special meeting was held during the Reporting Period to review the implementation and progress of the “Diversity Policy of Members of the Board of Directors”, with a view to achieving the objective of diversifying the members of the Board of Directors.

At the end of the Reporting Period, an analysis of diversification of the Board of Directors is as follows. The composition of the Board of Directors, the background of its members and procedures of selection of new Directors during the Reporting Period are in line with the requirements of the “Diversity Policy of Members of the Board of Directors”.

提名委員會已按照《董事會成員多元化政策》的要求，甄選新董事，同時在報告期內召開了專門的會議檢視《董事會成員多元化政策》的執行及推進情況，以期達致董事會成員多元化目標。

於報告期末，董事會多元化分析如下。報告期內董事會的組成、成員背景及甄選新董事的程序符合《董事會成員多元化政策》的要求。

Item 項目	Category 類別	Number 人數	Percentage in the members of the Board of Directors 佔董事會成員比例
Gender 性別	Male 男性	5	56%
	Female 女性	4	44%
Age 年齡	40 to 50 40歲至50歲	5	56%
	51 to 60 51歲至60歲	4	44%
Post 職銜	Executive Director 執行董事	3	33%
	Non-executive Director 非執行董事	3	33%
	Independent non-executive Director 獨立非執行董事	3	33%

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Item 項目	Category 類別	Number 人數	Percentage in the members of the Board of Directors 佔董事會成員比例
Length of service as Board members 出任公司董事會成員年資	1 year to 4 year or less 1年至4年以內	4	44%
	4 years or more 4年以上(含4年)	5	56%
Experience in water treatment industry 水務行業經驗	20 years or less 20年以內(含20年)	7	78%
	21 years or more 21年以上(含21年)	2	22%
Major or expertise 專業或特長	Engineering, project 工程、項目	3	33%
	Finance and accounting 金融及財會	5	56%
	Law 法律	1	11%

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F. RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the effectiveness of risk management and internal control systems of the Group. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against any misstatement or loss that is not significant. Internal control and risk management systems are reviewed annually and adjusted timely according to the business development and operating conditions of the Company to ensure its continuous effectiveness. In 2020, in response to the operational risks brought by the COVID-19 pandemic, the Company established a COVID-19 Prevention and Control Leading Team for the coordination and organised of the procurement of materials for pandemic prevention and control, daily information collection, resumption of work and transportation, etc., which have effectively controlled the risks brought by the COVID-19 pandemic to the Company.

We have established a set of consolidated risk management policies and measures for purposes of identifying, evaluating and managing the operating risk. Our Audit Committee is responsible for monitoring the Group's financial control, internal control procedures and risk management system. The head of the internal audit department is responsible for making periodic report of the results and, where necessary, discussing with external legal advisors about any possible issues so as to ensure that we do not violate the relevant regulatory provisions or applicable laws.

For purposes of such various risks we are exposed to during our operation, we focus on the strengthening of the internal control and risk management systems. We have implemented many policies and measures in order to ensure that effective risk management is conducted in respect of the operation, financial reports and records, fund management and the compliance with applicable laws and regulations of Hong Kong and China.

F. 風險管理及內部監控

董事會確認其對本集團風險管理及內部監控系統有效性之責任。該等系統旨在管理而非消除未能達成業務目標的風險，並且只能就不會有重大的失實陳述或損失作出合理而非絕對的保證。內部監控和風險管理系統會每年檢視，並根據公司業務發展及運行情況適時調整，以確保其持續有效性。2020年，為應對新冠肺炎疫情帶來的運營風險，公司成立了新冠肺炎疫情防控領導小組，統籌、組織公司疫情防控物資採購、每日信息匯總、復工保運等工作，有效控制了新冠肺炎疫情對公司帶來的風險。

我們已設立一套綜合風險管理政策及措施，以識別、評估及管理營運風險。我們審計委員會負責監察本集團的財務控制、內部控制程序及風險管理系統。內部審計部門的主管負責定期匯報結果，並在必要時與外部法律顧問討論任何可能出現的問題，幫助確保我們不違反相關監管規定或適用法律。

就我們的營運面臨各種風險而言，我們專注於加強內部控制與風險管理系統。我們已實施多項政策及措施，以確保營運、財務報告及記錄、資金管理及遵守香港與中國的適用法律法規等各方面均設有有效的風險管理。

The major characteristics of the risk management and internal control systems are: the Company has consolidated the risk management and internal control systems and has formulated the systematic framework from the level of the Company and business. Under such framework, a mutual mapping between key risk points and control points is established by setting up risk control matrix in order to implement the control measures in relation to risk identification, evaluation and addressing in various business processes within the enterprise. As a result, risk management and internal control can be merged in organic manner, significantly enhancing the enterprise's capability in risk precaution and control and its control means and creating practicable effect on the corporate management. The Company shall classify the internal control system into three layers, namely the basic management system, specific regulations/management measures and detailed rules for implementation according to the defined subject matter, the level involved and the restriction scope. The effectiveness of various rules and regulations shall be evaluated each year and annual construction plan of the system shall be devised in accordance with the evaluation results and the regulatory requirements and based on the business need of the Company and such rules and regulations that need to be established, amended and abolished shall be expressly provided. Meanwhile, by referencing to the framework requirements of the internal control elements and the logic relationship between Company's systems, the Company's rules and regulations shall be classified pursuant to the business types, for purposes of establishing procedures for and standardising the management of the Company's rules and regulations. As a result, the compliant operation and strategic development of the Company can be safeguarded. The Company highly values the dynamic monitoring of risk management. Based on the changes of the internal and external environments of the Company, risk information so collected is to be analysed; the impact created on the Company's operating process by various risks and the possibility of the loss caused by such various risks are to be quantified; such risks in relation to achieving the goal for internal control during operating activities are timely identified and analysed by systems; and the Company's risk tolerance and risk addressing strategies are reasonably confirmed. The Company seriously concerns about the management and control of major risks, focus on the major risks evaluated, refines the solution thereof; analyses in depth the root cause for the generation of the major risks, causes of risks, possible impacts and addressing strategies to be adopted; and formulates practicable measures for risk management and control.

風險管理及內部監控系統的主要特點：公司整合了風險管理和內部控制體系，制定了公司層面和業務層面的體系框架。在該框架下，通過編製風險控制矩陣將關鍵風險點與控制點建立相互映射的關係，將風險辨識、評估、應對的控制措施落實至企業內部各項業務流程，從而實現風險管理與內部控制有機融合，顯著提高了企業風險防控能力和控制手段，對企業的管理具有實效作用；公司將內控制度按制定的主體、所涉及層次和約束範圍，劃分為基本管理制度、具體規章／管理辦法和實施細則三個層級。每年評估各項規章制度的有效性，並按照評估結果，根據監管要求和公司發展需要擬定制度體系的年度建設計劃，明確需要制定、修訂和廢止的規章制度。同時，對照內控要素的框架性要求和公司制度之間的邏輯關係，將公司規章制度按業務類別劃分，使公司規章制度的管理工作程序化、規範化、標準化，保障了公司合規經營和戰略發展；公司重視風險管理的動態監測工作。根據公司內外部環境變化，對所收集風險信息進行分析，量化評估各類風險對公司經營過程造成的影響和損失的可能性，及時識別、系統分析經營活動中與實現內部控制目標相關的風險，合理確定公司風險承受度和風險應對策略。公司重點關注重大風險的管控，針對評估出的重大風險，細化解決方案，深入分析重大風險產生根源、風險成因、可能產生的影響、擬採取的應對策略，制定切實可行的風險管控措施。

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The procedures by which the Company examines the effectiveness of the risk management and internal supervision system shall include: to formulate an appraisal proposal, to establish appraisal team, to implement on-site test, to identify and control defects, to summarise and compile the appraisal results, and to prepare an appraisal report. The Company shall authorise the legal audit department to be responsible for the specific organisation and implementation of the appraisal on internal control. The Company shall put forward some confirmed opinions after conducting comprehensive analysis on the defects in internal control. Then, the Company shall make a final confirmation after it has carried out the review pursuant to the stipulated authority and procedures and shall classify such defects as material defects, important defects and general defects based on the impact produced by such defects. Such confirmed opinions shall be proposed in form of a written report to report to the Board of Directors and the Operating Meeting. Material defects shall be finally confirmed by the Board of Directors. The Company shall timely adopt the corresponding strategies with respect to the material defects and important defects, and practicably control risks within the range that the Company can undertake. In addition, the Company shall pursue the liabilities of the relevant department or personnel.

In addition, the Company places a great emphasis on inside information management. For the purposes of strengthening the confidentiality of inside information, maintaining the fairness of information disclosure and protecting the legal interests and rights of the general investors, the Company's information disclosure system and mechanism is established in accordance with the Company Law of the People's Republic of China (《the PRC Company Law》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Information Disclosure System of Kunming Dianchi Water Treatment Co., Ltd. (《昆明滇池水務股份信息披露制度》), the Internal Reporting System of Material Information of Kunming Dianchi Water Treatment Co., Ltd. (《昆明滇池水務股份重大信息內部報告制度》), the Listing Rules and domestic or foreign laws, regulations and other regulatory documents. During the Reporting Period, the Company carried out information disclosure strictly pursuant to the regulatory requirements and expressly stipulated that the Board of Directors shall manage in a uniform manner and be responsible for the Company's information disclosure. The Chairperson is the first officer in charge of the Company's information disclosure and the Company Secretary is the main person in charge of the Company's information disclosure. Moreover, detailed provisions in respect of the managerial responsibility of the Directors, Supervisors, senior management and officers in charge of branches or subsidiaries shall be made.

公司檢查風險管理及內部監督系統有效性的程序包括：制定評價工作方案、組成評價工作組、實施現場測試、認定控制缺陷、匯總評價結果、編報評價報告等環節。公司授權法務審計部負責內部控制評價的具體組織實施工作。公司對內控缺陷進行綜合分析後提出認定意見，按照規定的權限和程序進行審核後予以最終認定，並按缺陷的影響程度分為重大缺陷、重要缺陷和一般缺陷。提出的認定意見以書面報告的形式向董事會、經營層會議報告，重大缺陷由董事會予以最終認定。本公司對認定的重大、重要缺陷，及時採取應對策略，切實將風險控制在可承受之內，並追究有關部門或相關人員的責任。

此外，本公司高度重視內幕信息管理工作，為加強內幕信息保密工作，維護信息披露的公平，保護廣大投資者的合法權益，根據《中華人民共和國公司法》、《中華人民共和國證券法》、《昆明滇池水務股份有限公司信息披露制度》、《昆明滇池水務股份有限公司重大信息內部報告制度》、上市規則等境內外法律、法規及其他規範性文件建立本公司的信息披露制度和機制。報告期內，本公司嚴格根據監管要求開展信息披露工作，明確規定本公司信息披露工作由董事會統一管理並負責，董事長是本公司信息披露工作的第一責任人，公司秘書為本公司信息披露工作的主要責任人，並對董事、監事、高管及分支機構負責人的信息披露管理責任進行詳細規定。

Our Board of Directors and the senior management are accountable for the overall responsibility in respect of monitoring the implementation of internal control and risk management procedures and other measures in the Group. The Company's risk management and internal control systems aim at managing but not eliminating the risk for not being able to achieve the business objective. Moreover, only reasonable but not absolute guarantee is made for misrepresentation or loss that are not significant. The Board of Directors will conduct an examination on the Company's risk management and internal control systems once a year. The Board of Directors states that it has reviewed and examined the Company's risk management and internal control systems as of 31 December 2020. The Board of Directors confirms that it has examined the effectiveness of the Company's risk management and internal control systems. The Board believes that the Company's risk management and internal control systems are effective and sufficient. The Company's risk management and internal control systems can effectively guard against such risks existing in the operation.

We have also appointed and reappointed external professional advisors (including the auditor, legal or other advisors) for provision of professional advice and continuous guidance on how we observe all applicable related laws and regulations.

G. DIVIDEND POLICY

According to the Company Law in China and the Articles of Association of the Company, the Company can only pay dividends from the after-tax profits after making the following distribution:

- Compensation for accumulated losses (if any);
- Allocating the equivalent of 10% of after-tax profits to the statutory reserve; and
- The amount (if any) approved by the shareholders at the general meeting will be allocated to arbitrary provident fund.

After the statutory reserve fund has reached and maintained at 50% or above the registered capital, no further transfer is required. The Company's distributable profit in relation to the above transfer and the Company's dividend distribution are expected to be paid by after-tax profit determined in accordance with the Generally Accepted Accounting Principles in China or IFRS, whichever is lower.

All shareholders of the Company are entitled the same right to receive dividends and distributions distributed by shares or cash.

我們的董事會與高級管理層就監督內部控制與風險管理程序以及其他措施在本集團的實施情況承擔整體責任。本公司的風險管理及內部監控系統旨在管理而非消除未能達成業務目標的風險，而且只能就不會有重大的失實陳述或損失作出合理而非絕對的保證。董事會每年對公司的風險管理及內部監控系統檢討一次。董事會聲明已經作出本公司截至2020年12月31日的有關風險管理及內部監控系統的審核、檢討。董事會確認已經檢討本公司的風險管理及內部監控系統的有效性，董事會認為本公司的風險管理和內部監控系統是有效、足夠的，本公司的風險管理及內部監控系統有效防範了經營中存在的風險。

我們亦已委聘及續聘外部專業顧問(包括審計師、法律或其他顧問)就我們如何遵守所有適用的相關法律法規提供專業建議及持續的指導。

G. 股息政策

根據中國公司法及本公司組織章程細則，本公司僅在作出下列分配後方可自除稅後利潤中派付股息：

- 彌補累計虧損(如有)；
- 將相當於除稅後利潤的10%劃撥至法定公積金；及
- 將於股東大會上獲股東批准的款項(如有)劃撥至任意公積金。

法定公積金達到並維持在註冊資本的50%或以上後，毋須再就此進行劃撥。本公司就上述劃撥的可供分派利潤及本公司的股息分派預期以根據中國一般公認會計原則或國際財務報告準則釐定的稅後利潤(以較低者為準)支付。

本公司的所有股東享有同等權利收取以股票或現金形式派付的股息及分派。

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The proposal of payment and the amounts of dividends will be made at the discretion of the Board and will depend on the Company's general business condition and strategies, cash flows, financial results and capital requirements, the interests of the Company's shareholders, taxation conditions, statutory and regulatory restrictions, and other factors that our Board deems relevant. Any dividend distribution shall also be subject to the approval of our shareholders in a shareholders' general meeting.

H. THE DIRECTORS' LIABILITY TO THE FINANCIAL STATEMENTS

The Company has not encountered with any significant and uncertain events and circumstances that might produce significant doubts on the Company's capability of its continuous operation of business. The Board of Directors has confirmed to undertake the liabilities for the preparation of the Group's financial statements as of 31 December 2020.

I. REMUNERATION OF AUDITOR

Auditors engaged by the Company shall be openly selected and nominated by the Board and approved by or with the authorisation of the general meeting of shareholders. Their remuneration is determined by the Board as authorised by the general meeting of shareholders. To ensure better alignment between the Company's audit works in the PRC and overseas, the Company appointed Mazars CPA Limited as its international auditor and engaged Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership) to handle its PRC domestic audit work in 2020. During the year, the Group paid RMB3.2 million to auditors for their audit service for the Group, and paid RMB Nil for their non-audit service.

J. SHAREHOLDERS' RIGHTS

1. Shareholders have the right to initiate and convene the extraordinary general meeting

In accordance with the provisions of the Articles of Association of the Company, the shareholders shall be entitled to the following right: A shareholder solely holding or shareholders aggregately holding more than ten percent (inclusive) of shares having voting powers in the Company may sign a written request to suggest the Board of Directors for convening an extraordinary shareholders' general meeting.

股息派付建議及其金額由董事會酌情釐定，並視乎本公司的整體業務狀況及策略、現金流量、財務業績及資金需求、本公司股東的權益、稅務狀況、法定及監管限制以及董事會視作相關的其他因素而定。任何股息派付亦須在股東大會上獲得股東批准後方可作實。

H. 董事對財務報表承擔的責任

本公司並無面臨可能對本公司持續經營業務之能力產生重大疑慮的重大不確定事件和情況。董事會確認其承擔編製本集團截至2020年12月31日止財務報表的責任。

I. 審計師酬金

本公司聘請之審計師通過公開方式甄選並由董事會提名，由股東大會批准或授權批准。其酬金由股東大會授權董事會釐定。為確保本公司中國境內審計工作和國際審計工作更好的銜接，2020年度本公司聘任中審眾環(香港)會計師事務所有限公司為本公司國際審計師，而中國境內審計工作由中審眾環會計師事務所(特殊普通合伙)處理。於本年度就本集團審計服務支付審計師酬金為人民幣3.2百萬元，非審計服務支付審計師酬金為人民幣零元。

J. 股東權利

1. 股東有權提請召開臨時股東大會

本公司章程規定，股東享有如下權利：單獨或者合計持有本公司有表決權股份達百分之十以上(含百分之十)的股東，可以簽署書面要求，提請董事會召集臨時股東大會。

2. Shareholders have the right to submit an interim draft resolution to the Company at the general meeting

It is also provided in the Articles of Association of the Company that when the Company is to convene a general meeting, a shareholder holding more than three percent (inclusive) of shares having voting powers in the Company shall have the right to submit an interim draft resolution in writing to the Company. Being located at the Company's registered office in China and the Company's headquarters, the Office of the Board of Directors shall be responsible for handling with such draft resolution submitted by such shareholder. Should some items in such interim draft resolution fall into the scope of the job duties of the general meeting, the Company should have such items included in the agenda of such meeting.

3. Shareholders are entitled to the inquiry right

As for the inquiry required to be concerned by the Board of Directors, the shareholders may send an email to the email address at dshbgs@kmdcwt.com for the Board of Directors or a letter to the following address. The Company will timely process all the inquiries in an appropriate manner:

No. 7 Water Purification Plant
Dianchi Tourist Resort
Kunming City, Yunnan Province, the PRC
(For the attention of the Board)

K. COMMUNICATIONS WITH SHAREHOLDERS

The Company believes that effective communications with shareholders is essential to enhancement of investors relation and enhancement of investors' understanding of the Company's business and strategies. The Company highly values shareholders' opinions and suggestions, and actively organises and conducts various activities related to investors relation in order to keep the communications with shareholders, and to timely satisfy the reasonable demands of all shareholders.

2. 股東有權向公司提出股東大會臨時提案

本公司章程亦規定，公司召開股東大會，持有公司有表決權的股份總數百分之三以上(含百分之三)的股東，有權以書面形式向公司提出臨時提案，公司於其中國註冊辦事處及總部的董事會辦公室負責處理股東的提案，公司應當將臨時提案中屬於股東大會職責範圍內的事項，列入該次會議的議程。

3. 股東享有的查詢權

股東可將需要董事會關注的查詢電郵(電郵地址：dshbgs@kmdcwt.com)至董事會或致函至以下地址，本公司會及時以適當的方式處理所有查詢：

中國雲南省昆明市滇
池旅遊度假區
第七水質淨化廠
(請註明董事會查收)

K. 與股東的溝通

本公司認為，股東有效溝通對提升投資者關係及投資者了解本公司之業務及策略至關重要。本公司高度重視股東的意見和建議，積極開展各類投資者關係活動與股東保持溝通，及時滿足各股東的合理需求。

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L. INVESTORS RELATION

The Company believes that good investors relation may help build more stable and consolidated shareholder base. As a result, the Company has been and will be dedicated to maintaining a higher degree of transparency, observing the Listing Rules and timely providing investors with comprehensive and accurate information, and constantly performing the obligation of the listed company on information disclosure.

In 2020, although the Company has reduced direct face-to-face communication with investors due to the impact of the COVID-19 pandemic, it actively strengthens its communications with investors via investor special line, conference calls, online roadshows, making voluntary information disclosure and others so as to enable investors to understand the corporate strategy and business operation of the Company in a timely manner.

The Company will continue to maintain open-up and effective investors communication policies for the purposes of timely providing investors with the latest information on the Company's business subject to the compliance with the relevant regulatory provisions.

M. ARTICLES OF ASSOCIATION

During the Reporting Period, the Company made the following amendments to the Articles of Association for better adaptation to the development of the Company:

1. In order to meet the actual needs of the Company and better adapt to future business development needs, the Board proposed to increase members of the Board to contribute to the Company's business planning and management advice and thus proposed to revise the relevant articles in the Articles of Association. For details, please refer to the announcement of the Company dated 14 November 2019. The resolution of the proposed amendments to the Articles of Association was approved by way of special resolution at the 2019 Annual General Meeting.

L. 投資者關係

本公司認為，良好的投資者關係有助於建立更穩固的股東基礎，因此，本公司一直並將致力於維持較高的透明度，遵照上市規則及時向投資者提供全面、準確的信息，持續履行上市公司的信息披露義務。

2020年，儘管受新冠肺炎疫情影響，本公司減少了與投資者直接面對面的溝通交流，但為了讓投資者及時了解本公司之企業策略及業務營運狀況，積極通過投資者專線、電話會議、線上路演、自主信息披露等方式加強與投資者之間的溝通。

本公司將繼續維持開放及有效的投資者溝通政策，在符合相關監管規定的情況下，及時向投資者提供有關本公司業務的最新資料。

M. 公司章程

報告期內，為更好適應公司發展，本公司對公司章程進行了如下修訂：

1. 為滿足本公司實際情況需要及更好地適應未來業務發展需求，董事會建議增加董事會成員以為本公司的業務規劃和管理建言獻策，因此建議對《公司章程》中涉及的相關條款進行修訂。詳情請見本公司日期為2019年11月14日的公告。本次建議修訂公司章程的議題已經2019年股東週年大會上以特別決議案形式批准做實。

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- In order to further strengthen the party building work of state-owned enterprises and take into account the actual needs of the Company, the Board proposed to make amendments to certain articles concerning party building in the Articles of Association. For details, please refer to the announcement of the Company dated 27 March 2020. The resolution of the proposed amendments to the Articles of Association was approved by way of special resolution at the 2019 Annual General Meeting.
- 為進一步加強國有企業黨建工作，同時結合本公司實際需要，董事會建議對《公司章程》中涉及黨建的部分條款進行修訂。詳情請見本公司日期為2020年3月27日的公告。本次建議修訂公司章程的議題已經2019年股東週年大會上以特別決議案形式批准做實。
- According to relevant requirements of the Reply of the State Council on the Adjustment of the Notice Period of the General Meetings and Other Matters Applicable to Overseas Listed Companies (Guo Han [2019] No. 97), the Company Law of the People's Republic of China and the Notice on Further Facilitating the "Inclusion of Party Construction Works in the Articles of Association" of State-owned Enterprises, the Board proposed to make amendments to certain articles concerning the notice period of the general meetings and party building in the Articles of Association based on the actual situation of the Company. For details, please refer to the announcement of the Company dated 25 September 2020. The resolution of the proposed amendments to the Articles of Association was approved by way of special resolution at the 2020 First Extraordinary General Meeting, 2020 first domestic shareholders' class meeting and 2020 first H shareholders' class meeting of the Company held on 16 November 2020.
- 根據《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》（國函[2019]97號）、《中華人民共和國公司法》及《關於進一步推進國有企業「黨建入章」工作的通知》相關規定及要求，並結合公司實際情況，董事會建議對本公司的《公司章程》中涉及股東大會通知期限、黨建部分條款進行修訂。詳情請見本公司日期為2020年9月25日的公告。本次建議修訂公司章程的議題已經本公司於2020年11月6日召開的2020年第一次臨時股東大會及2020年第一次內資股類別股東大會、H股類別股東大會上以特別決議案形式批准做實。

Save for the above amendments, there were no other amendments made to the Articles of Association during the Reporting Period.

本報告期內，除上述修訂外，公司章程無其他修訂。

N. ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

N. 環境、社會及管治報告

During the Reporting Period, the Company has complied with the provisions of "Comply or Explain" ("不遵守就解釋") stated in the Environmental, Social and Governance ("ESG") Reporting Guide. The Environmental, Social and Governance Report is set out in Chapter 13 of the "Environmental, Social and Governance Report" of this annual report.

報告期內，本公司已遵守有關《環境、社會及管治報告指引》載列的「不遵守就解釋」條文。環境、社會及管治報告載於本年報之「環境、社會及管治報告」第十三章。

CHAPTER TEN REPORT OF THE BOARD OF SUPERVISORS

第十章 監事會報告

I. COMPOSITION OF THE BOARD OF SUPERVISORS

As of 31 December 2020, the Board of Supervisors of the Company consists of three Supervisors, of whom two are employee representative Supervisors. The remaining Supervisor has been appointed by our shareholders and the current employee representative Supervisors have been appointed by the representatives of our labor union. The Supervisors are appointed for a term of three years after which they may be re-elected.

The composition of the Board of Supervisors of the Company is as follows:

Name 姓名	Position 職位	Appointment date 委任日期
Na Zhiqiang 那志強	Chairman of the Board of Supervisors; Employee Representative Supervisor 監事會主席、職工代表監事	19 January 2011 2011年1月19日
Yao Jianhua 姚建華	Employee Representative Supervisor 職工代表監事	19 January 2011 2011年1月19日
Shao Wei 邵偉	Supervisor 監事	7 May 2016 2016年5月7日

一、 監事會組成

截至2020年12月31日，本公司監事會包括3名監事，其中2名職工代表監事。其餘監事已由股東委任，現有職工代表監事已由工會代表委任。監事任期3年，此後可連選連任。

本公司的監事會組成如下：

II. MEETING OF THE BOARD OF SUPERVISORS

In 2020, the Board of Supervisors of the Company convened 24 meetings of the Board of Supervisors in total. The attendance of the supervisors is as follows:

Name 姓名	Number of meetings attended/ should attend 出席／應參加會議次數	Attendance rate 出席率
Na Zhiqiang 那志強	24/24	100%
Yao Jianhua 姚建華	24/24	100%
Shao Wei 邵偉	24/24	100%

二、 監事會會議情況

2020年，本公司監事會共召開了24次監事會會議，各位監事出席會議情況如下：

III. MAJOR WORK IN 2020

(1) Monitoring the operation of the Company

In 2020, the members of the Board of Supervisors of the Company reviewed the proposals submitted to the Board of Directors and the general meetings for consideration and examined the operating activities of the Company by attending all the Board meetings and general meetings of the Company. The Board of Supervisors believes that the operating activities of the Company are in compliance with the provisions of the relevant laws and regulations of the state and the Articles of Association, the decision-making procedures are legal, and the Company has not engaged in any operating activities that are in violation of laws and regulations or exceed the scope of business operation as prescribed in laws and regulations.

(2) Monitoring the Directors and senior management of the Company for their performance of duties

In 2020, the members of the Board of Supervisors of the Company monitored the Directors and senior management of the Company performing their duties by attending the Board meetings, reviewing various proposals of the Board and examining the daily operation and management of the Company. During the Reporting Period, based on publicly available information, Mr. He Xifeng, an independent non-executive Director of the Company, was arrested for alleged involvement in a bribery case, and the Company could not get in touch with Mr. He and he could not perform his duties normally. Save for the above, the Board of Supervisors believes that the Directors and senior management of the Company are in compliance with laws, carry out their duties responsibly, and perform their work in a practicable, diligent and due manner. The decision-making procedures are scientific and legal. None of the Directors or senior management has been found to act illegally or in violation of laws and regulations or to the detriment of the rights and interests of the Company and shareholders when performing their duties.

(3) Monitoring the financial position of the Company

In 2020, the Board of Supervisors of the Company carefully reviewed the relevant financial information and audit reports of the Company. The Board of Supervisors believes that the preparation of the financial statements of the Company is in compliance with the Financial Reporting Standards. The report has followed the principle of consistency and has reflected the financial position and operating results of the Company in an accurate, complete, true and fair manner.

三、2020年主要工作情況

(一) 監察公司經營情況

2020年，本公司監事會成員通過列席公司歷次董事會、股東大會，對提交董事會及股東大會審議的各項議案進行審閱，對本公司的經營活動進行審查。監事會認為，公司的經營活動符合國家有關法律法規和本公司章程的規定，決策程序合法，公司未從事任何違法、違規或超出依法核定的經營範圍的經營活動。

(二) 監察公司董事及高級管理人員履行職責情況

2020年，本公司監事會成員通過列席董事會，審閱董事會各項議案，以及檢查公司日常經營管理，監察公司董事、高級管理人員的履行職責情況。報告期內，根據公開資料顯示，本公司獨立非執行董事何錫鋒先生因涉嫌涉及賄案被作出逮捕決定，且公司無法與其取得聯繫，其無法正常履行職務，除此之外，監事會認為，本公司董事及高級管理人員遵紀守法，恪盡職守，務實敬業，勤勉、盡職地履行了本職工作，決策程序科學、合法，未發現董事、高級管理人員在執行職務時存在違法、違規或損害公司及股東權益的行為。

(三) 監察公司財務狀況

2020年，本公司監事會仔細審查了本公司的有關財務資料和審計報告。監事會認為，公司財務報表的編製符合《財務報告準則》，該報告遵循了一貫性原則，準確、完整、真實、公允地反映了公司的財務狀況和經營成果。

CHAPTER TEN REPORT OF THE BOARD OF SUPERVISORS

第十章 監事會報告

(4) Monitoring the connected transactions of the Company

In 2020, the Board of Supervisors reviewed the information regarding the connected transactions between the Company and the Controlling Shareholder. The Board of Supervisors believes that such connected transactions were conducted on normal commercial terms, were fair, equitable and reasonable, and there existed no damages to the interests of the Company and other shareholders.

(5) Internal control

In 2020, the Company established a rather complete internal control system, which was in compliance with the requirements of the relevant laws and regulations of the state and meeting the actual needs of production, operation and management of the Company. Such system could be effectively implemented. The establishment of the internal control system has produced effect on better risk prevention and control on various sectors of production, operation and management of the Company. During the Reporting Period, the supervisory activities of the Board of Supervisors did not identify any material risk existing in the Company and there was no objection to the supervision matters during the Reporting Period.

IV. 2021 ANNUAL WORK PLAN

(1) In accordance with the Articles of Association and the “Rules of Procedure of the Board of Supervisors of the Company” and the requirements of the relevant provisions, the Board of Supervisors will discuss matters during its normal meetings and diligently and responsibly perform its duties. Meetings of the Board of Supervisors will be convened according to the actual situation of the Company. The Board of Supervisors will make its best efforts to review and consider various proposals. The financial situation of the Company will be examined and checked. By regularly understanding and reviewing financial reports, it will monitor the financial operation of the Company in order to prevent against operational risks and further safeguard the interests of the Company and shareholders.

(四) 監察公司關聯交易情況

2020年，監事會審查了本公司與控股股東之間的關聯交易資料。監事會認為，該等關聯交易是按照一般商務條款進行的，是公平、公正、合理的，不存在損害公司及公司其他股東利益的情況。

(五) 內部控制情況

2020年，本公司建立了較完善的內部控制體系，符合國家相關法律法規要求以及公司生產經營管理實際需要，並能得到有效執行，內部控制體系的建立對公司生產經營管理的各環節起到了較好的風險防範和控制作用。監事會在報告期內的監督活動未發現公司存在重大風險，對報告期內的監督事項無異議。

四、2021年度工作計劃

(一) 按照本公司章程及《公司監事會議事規則》等相關規定的要求開展監事會日常議事活動，勤勉盡責地履行職責；根據公司實際情況召開監事會會議，做好各項議案的審議工作；檢查公司財務情況，通過定期了解和審閱財務報告，對公司的財務運作情況實施監督，防範經營風險，進一步維護公司和股東的利益。

CHAPTER TEN REPORT OF THE BOARD OF SUPERVISORS

第十章 監事會報告

- (2) The Board of Supervisors will seriously study the relevant state laws and regulations and the newly released policies. It will continuously enhance the efficiency of supervision and actively urge the construction and effective operation of the internal control system. It will establish a long-term effective mechanism of corporate governance, facilitating the sustainable and healthy development of the Company. Moreover, it will give full play to its role as the Board of Supervisors by practicably assuming the responsibility of protecting the interests of shareholders and safeguarding a healthy and stable development of the Company.
- (二) 認真學習國家有關法律法規和新出台的相關政策，不斷提高監督效率，積極督促內部控制體系的建設和有效運行。建立公司規範治理的長效機制，促使公司持續、健康的發展，充分發揮好監事會作用，切實擔負起保護廣大股東權益的責任，保障企業健康穩定發展。
- (3) The Board of Supervisors will diligently, responsibly and actively participate in the Board meetings, general meetings and other important meetings of the Company. It will participate in the decision-making process in relation to some important matters and ensure the legality of decision-making procedures in relation to some important decision-making matters, which can better safeguard the interests of the Company and shareholders as a whole.
- (三) 勤勉盡職，積極參加公司董事會、股東大會等重要會議，參與重大事項的決策過程，掌握重大決策事項決策程序的合法性，更好地維護公司和全體股東的利益。
- (4) The Board of Supervisors will continue to strengthen its supervision over the Directors and senior management of the Company in respect of performance of duties, implementation of resolutions, compliance with laws and others. In particular, it will strengthen the supervision over the violation of regulations by senior management, dereliction of duty, inaction and the rectification thereof, for the purposes of enabling the senior management's decision-making and operating activities to be more standardised and legal.
- (四) 繼續加強對公司董事和高級管理人員在履行職責、執行決議和遵守法規等方面的監督，特別是對高級管理人員違規、失職、不作為的監督與糾正，以便使其決策和經營活動更加規範、合法。

In 2021, the Board of Supervisors will seriously abide by the provisions of laws, regulations and the Articles of Association and perform their duties and obligations, and effectively safeguard the interests of the Company and the shareholders, so as to ensure that the Company can operate in a standardised and healthy manner.

2021年，監事會將認真遵守法律、法規和公司章程的規定，履行職權和義務，切實維護公司及廣大股東的利益，確保公司規範健康運作。

CHAPTER ELEVEN INDEPENDENT AUDITOR'S REPORT

第十一章 獨立核數師報告

To the members of Kunming Dianchi Water Treatment Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Kunming Dianchi Water Treatment Co., Ltd. (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 167 to 311, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”) 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 Hong Kong Institute of Certified Public Accountants (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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

致昆明滇池水務股份有限公司全體股東
(於中華人民共和國註冊成立的有限公司)

意見

我們審計了後附第167頁至第311頁昆明滇池水務股份有限公司(「**貴公司**」)及其子公司(統稱「**貴集團**」)的合併財務報表，包括 貴集團於2020年12月31日的合併財務狀況表、截至該日止年度的合併損益及其他全面收益表、合併權益變動表、合併現金流量表、合併財務報表附註以及主要會計政策。

我們認為，該等綜合財務報表已根據國際會計準則理事會(「**國際會計準則理事會**」)頒佈的《國際財務報告準則》真實而中肯地反映了貴集團於2020年12月31日的綜合財務狀況及其截至該日止年度的財務表現及現金流量，並已遵照香港《公司條例》的披露要求妥為擬備。

意見的基礎

我們按照香港會計師公會(「**香港會計師公會**」)頒佈的《香港審計準則》(「**香港審計準則**」)的規定執行了審計工作。核數師報告的「核數師對合併財務報表審計的責任」部分進一步闡述了我們在這些準則下的責任。按照香港會計師公會頒佈的《職業會計師道德守則》(「**道德守則**」)的要求，我們獨立於貴集團，並履行了道德守則職業道德方面的其他責任。我們相信，我們獲得的審計證據是充分、適當的，為發表審計意見提供了基礎。

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2020. 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.

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對截至2020年12月31日止年度的綜合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綜合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。

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Recoverability of trade receivables, receivables under service concession arrangements and construction contracts</p> <p>Refer to Note 26 "Trade and other receivables", Note 18 "Receivables under service concession arrangements", Note 19 "Amounts due from customers for construction contracts" and Note 2 "Significant accounting policies – Critical accounting estimates and judgements" to the consolidated financial statements.</p> <p>As at 31 December 2020, the net carrying amounts of trade receivables, receivables under service concession arrangements and construction contracts were approximately RMB1,125,379,000, RMB2,427,192,000 and RMB639,683,000 respectively, and loss allowance provisions for trade receivables, receivables under service concession arrangements and construction contracts were approximately RMB35,312,000, RMB13,053,000 and RMB7,225,000 respectively. To a large extent of receivables under service concession arrangements and construction contracts and approximately RMB990,790,000 out of the trade receivables were due from local government authorities.</p> <p>Management assesses the recoverability of trade receivables, receivables under service concession arrangements and construction contracts based on the risk portfolio, customers' liquidity, historical credit losses, past collection history, subsequent settlement and other current and forward-looking information on macro economy.</p> <p>We identified the above matter as a key audit matter area because of the significant judgement involved in determining the recoverability of trade receivables, receivables under service concession arrangements and construction contracts and their significant amounts.</p>	<p>Our audit procedures, among others, included:</p> <ul style="list-style-type: none"> – evaluated management's controls over the Group's assessment process in relation to the recoverability of trade receivables, receivables under service concession arrangements and construction contracts respectively; – tested, on a sample basis, the accuracy and completeness of the ageing report and historical credit losses for trade receivables, receivables under service concession arrangements and construction contracts respectively; – obtained management's assessment of future expected credit losses and the change of credit risk of individually significant balances and evaluated management's assessment against available evidence including but not limited to obtaining market data for our analysis; and – examined subsequent settlements of trade receivables, receivables under service concession arrangements and construction contracts respectively.

CHAPTER ELEVEN INDEPENDENT AUDITOR'S REPORT (Continued)

第十一章 獨立核數師報告(續)

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

關鍵審計事項	我們的審計如何處理關鍵審計事項
<p>貿易應收款項、特許經營權協議及建造合同下的應收款項的可回收性</p> <p>提述綜合財務報表之附註26「應收賬款及其他應收款」、附註18「特許經營權協議下的應收款項」、附註19「應收客戶建造合同款」及附註2「重要會計政策—關鍵會計估計及判斷」。</p> <p>於2020年12月31日，貿易應收款項、特許經營權協議及建造合同下的應收款項的賬面淨值分別約為人民幣1,125,379,000元、人民幣2,427,192,000元及人民幣639,683,000元，貿易應收款項、特許經營權協議及建造合同下的應收款項的虧損撥備分別約為人民幣35,312,000元、人民幣13,053,000元及人民幣7,225,000元。特許經營權協議及建造合同下的大部分應收款項及貿易應收賬款中約人民幣990,790,000元為應收地方政府部門的款項。</p> <p>依據風險組合、客戶的流動性狀況、歷史信貸虧損、過往收款歷史、後續入賬及宏觀經濟的其他當前及前瞻性資料，管理層評估了貿易應收款項、特許經營權協議及建造合同下的應收款項的可回收程度。</p> <p>我們將上述事項確定為關鍵審計事項領域，原因是確定貿易應收款項、特許經營權協議及建造合同下的應收款項的重大金額可回收程度涉及重大判斷。</p>	<p>我們的審計程序包括：</p> <ul style="list-style-type: none"> - 已評估管理層對貴集團有關評估程序的控制，分別涉及貿易應收款項、特許經營權協議及建造合同下的應收款項的可收回性； - 已分別抽樣測試貿易應收款項、特許經營權協議及建造合同下的應收款項的賬齡報告及歷史信貸虧損的準確性及完整性； - 獲得管理層對未來預期信貸虧損的評估以及個別重大結餘的信貸風險變化，並評價管理層對現有證據的評估，包括但不限於獲取市場數據以供我們分析；及 - 已檢查分別就貿易應收款項、特許經營權協議及建造合同下的應收款項的後續入賬。

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Receivables and revenue recognised for service concession arrangements under financial asset model</p> <p>Refer to Note 2 for the accounting policy of service concession arrangements under financial asset model, Note 2 "Significant accounting policies – Critical accounting estimates and judgements", and Note 18 to the consolidated financial statements for the receivables under service concession arrangements.</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, reclaimed water supply and running water supply. 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 2020, the carrying amount of receivables under service concession arrangements amounted to approximately RMB2,427,192,000, which accounted for 23% of the Group's total assets.</p> <p>Management conducted the valuation for those service concession arrangements under financial asset model at initial recognition, and performed 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 management, 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>We identified the above matter as a key audit matter area because of the significant judgement involved in determining the receivables and revenue recognised for service concession arrangements under financial asset model and their significant amounts.</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 management, the valuation processes and significant assumptions adopted. We also evaluated the reasonableness of the methodologies and assumptions used in the valuation.</p> <p>We selected samples of service concession arrangements under financial asset model for testing. The key procedures included:</p> <ol style="list-style-type: none"> 1. Examining the agreements between the Group and the Grantors. 2. Testing the reasonableness and appropriateness of critical assumptions adopted in the cash flow forecasts, mainly in relation to: <ul style="list-style-type: none"> – sending confirmations to the Grantors to confirm the current unit price; – assessing and analysing the reasonableness of the operating costs by comparing to the actual costs of other existing service concession arrangements of the Group; and – assessing and analysing the profit margins of the operating services by comparing with the average profit margin of the operating services of the industry. <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>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>

CHAPTER ELEVEN INDEPENDENT AUDITOR'S REPORT (Continued)

第十一章 獨立核數師報告(續)

KEY AUDIT MATTERS (continued)

關鍵審計事項(續)

關鍵審計事項	我們的審計如何處理關鍵審計事項
<p>按金融資產模型核算的特許經營權協議下的應收款項及收入</p> <p>按金融資產模型核算的特許經營權協議的會計政策參見綜合財務報表附註2「主要會計政策—重大會計估計及判斷」，特許經營權協議下的應收款項參見綜合財務報表附註18。</p> <p>貴集團與若干政府機關或其指定機構(「授予人」)就提供污水處理、再生水供應及自來水供應的「建設—經營—移交」安排及「移交—經營—移交」安排，訂立了多項特許經營權協議。該等特許經營權協議中有一部分乃按照「金融資產」模型核算，其餘則按照「無形資產」模型核算。就貴集團按金融資產模型核算的特許經營權協議而言，其確認的應收款項及收入的公允價值由估值得出，其中運用了多項關鍵假設。於2020年12月31日，貴集團特許經營權協議下的應收款項賬面金額約為人民幣2,427,192,000元，佔資產總額的23%。</p> <p>管理層在初始確認時對按金融資產模型核算的特許經營權協議進行估值，若有跡象表明初始確認時的估值所採用的關鍵假設在初始確認後受到重大影響並出現偏差，則進行重估。該等估值及重估乃根據相關項目將產生的預測現金流量釐定，當中涉及關鍵判斷及假設，包括但不限於實際利率、預測的服務費單價、經營成本及經營服務的利潤率。經參考管理層進行的估值及重估，管理層釐定了年內就按金融資產模型核算的特許經營權協議而確認的應收款項及收入金額，以及應收款項及收入的後續計量。</p> <p>由於釐定就按金融資產模型核算的特許經營權協議確認的應收款項及收入涉及重大判斷，且其金額巨大，我們將上述事項確定為關鍵審計事項領域。</p>	<p>對於年內進行的按金融資產模型核算的特許經營權協議的估值和重估，我們評估了管理層使用的方法、估值過程及採用的重要假設。我們亦評估了估值方法及所用假設的合理性。</p> <p>我們對按金融資產模型核算的特許經營權協議進行了抽樣測試。主要程序包括：</p> <ol style="list-style-type: none"> 1. 檢查貴集團與授予人簽署的合約。 2. 對現金流量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： <ul style="list-style-type: none"> — 向授予人發送函證以核實現時單價； — 對比貴集團其他現有的特許經營權協議的實際成本，評估並分析經營成本的合理性；及 — 對比同行業經營服務的平均毛利率，評估並分析經營服務的毛利率。 <p>我們亦質疑管理層就按金融資產模型核算的特許經營權協議下的應收款項及收入的後續計量是否需要進行重估而作出的評估，方法是將實際結果(如有)與過往年度估值時應用的關鍵假設進行比較，並評估關鍵假設的合理可能變動的潛在影響。</p> <p>根據我們的審計工作，我們認為管理層就按金融資產模型核算的特許經營權協議所使用的關鍵假設與我們取得的證據一致。</p>

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2020 annual report, but does not include 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 IFRSs issued by the IASB, and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company 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 of the Company 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2020年年度報告內的所有信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合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鑑證結論。

結合我們對綜合財務報表的審計，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綜合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。

董事及負責監管人士就綜合財務報表須承擔的責任

貴公司董事須負責根據國際會計準則理事會頒佈的《國際財務報告準則》及香港《公司條例》的披露要求擬備真實而中肯的綜合財務報表，並對其認為為使綜合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。

在擬備綜合財務報表時，貴公司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，除非貴公司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。

負責監管人士須負責監督貴集團的財務報告過程。

CHAPTER ELEVEN INDEPENDENT AUDITOR'S REPORT (Continued)

第十一章 獨立核數師報告(續)

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. This report is made solely to you, as a body, in accordance with our agreed terms of engagement 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 ISAs 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 ISAs, we exercise professional judgement and maintain professional skepticism 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.

核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告，僅根據我們協定的委聘條款向閣下(作為整體)作出報告，而不可用作其他用途。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《國際審計準則》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滙總起來可能影響綜合財務報表使用者依賴綜合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《國際審計準則》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綜合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。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

核數師就審計綜合財務報表承擔的責任 (續)

- 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.
- 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綜合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。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合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，以便對綜合財務報表發表意見。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。

CHAPTER ELEVEN INDEPENDENT AUDITOR'S REPORT (Continued)

第十一章 獨立核數師報告(續)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

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, actions taken to eliminate threats or safeguards applied.

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.

Mazars CPA Limited

Certified Public Accountants

Hong Kong, 26 March 2021

The engagement director on the audit resulting in this independent auditor's report is:

Fung Shiu Hang

Practising Certificate number: P04793

核數師就審計綜合財務報表承擔的責任 (續)

除其他事項外，我們與負責監管人士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。

我們還向負責監管人士提交聲明，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，為消除威脅而採取的行動及相關的防範措施。

我們通過與負責監管人士溝通，確定本期綜合財務報表審計工作中最重要的事項，即關鍵審計事項。除非法律或法規不容許公開披露此等事項或在極罕有的情況下，我們認為披露此等事項可合理預期的不良後果將超過公眾知悉此等事項的利益而不應在報告中予以披露，否則我們會在核數師報告中描述此等事項。

中審眾環(香港)會計師事務所有限公司

執業會計師

香港，2021年3月26日

出具本獨立核數師報告的審計項目董事是：

馮兆恒

執業證書編號：P04793

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
第十二章 合併財務報表 合併損益及其他全面收益表

FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
		Notes 附註	
Revenue	收入	5	1,919,423
Cost of sales	銷售成本	6	(1,240,246)
Gross profit	毛利		679,177
Selling expenses	銷售費用	6	(13,703)
Administrative expenses	行政費用	6	(151,365)
Research and development expenses	研發費用	6	(7,398)
Net impairment losses on financial assets	金融資產減值損失淨額		(26,671)
Other (expenses)/income – net	其他(開支)/收益淨額	7	(42,845)
Other losses	其他虧損	8	(7,671)
Operating profit	經營利潤		429,524
Finance income	財務收入	9	71,789
Finance costs	財務成本	9	(85,520)
Finance costs – net	財務成本–淨額	9	(13,731)
Share of results of associates	聯營公司經營成果份額	21	(312)
Profit before tax	稅前利潤	10	415,481
Income tax expenses	所得稅費用	11	(65,053)
Profit for the year	年度利潤		350,428

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS
 CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
 第十二章 合併財務報表 合併損益及其他全面收益表(續)

FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

		Year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
		Notes 附註	
Other comprehensive income	其他綜合收益		
<i>Item that will not be reclassified to profit or loss:</i>	<i>不會重新分類至損益的項目：</i>		
Surplus on property revaluation upon transfer to investment properties (Note 15)	轉撥至投資物業時的物業重估盈餘(附註15)	11,145	-
<i>Item that may be reclassified subsequently to profit or loss:</i>	<i>其後可能重新分類至損益之項目：</i>		
Exchange differences on consolidation	滙兌差額	2,145	871
		13,290	871
Total comprehensive income for the year	年度綜合收益總額	363,718	370,949
Profit attributable to:	利潤歸屬：		
- Equity holders of the Company	- 本公司權益持有人	348,547	368,411
- Non-controlling interests	- 非控制性權益	1,881	1,667
		350,428	370,078
Total comprehensive income attributable to:	綜合收益總額歸屬於：		
- Equity holders of the Company	- 本公司權益持有人	361,837	369,282
- Non-controlling interests	- 非控制性權益	1,881	1,667
		363,718	370,949
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)	歸屬於本公司權益持有人的利潤的每股收益 (以每股人民幣計)		
- Basic and diluted earnings per share	- 基本及稀釋每股收益	14	0.34
			0.36

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

第十二章 合併財務報表 合併財務狀況表

AS AT 31 DECEMBER 2020 於2020年12月31日

		Notes	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
		附註		
Non-current assets	非流動資產			
Investment properties	投資物業	15	273,755	–
Right-of-use assets/land use rights	使用權資產/土地使用權	16	437,025	464,182
Property, plant and equipment	不動產、工廠及設備	17	2,840,698	3,058,900
Receivables under service concession arrangements	特許經營權協議下的 應收款項	18	2,420,630	1,381,995
Amounts due from customers for construction contracts	應收客戶建造合同款	19	612,729	516,266
Intangible assets	無形資產	20	329,289	199,420
Investments in associates	聯營投資	21	14,521	14,833
Deferred tax assets	遞延所得稅資產	22	73,606	52,990
			7,002,253	5,688,586
Current assets	流動資產			
Receivables under service concession arrangements	特許經營權協議下的 應收款項	18	6,562	7,548
Inventories	存貨	23	11,759	22,636
Amounts due from customers for construction contracts	應收客戶建造合同款	19	26,954	27,578
Financial assets at fair value through profit or loss	按公允價值計入損益的 金融資產	24	–	246,327
Financial assets at amortised cost	以攤銷成本計量的金融 資產	25	300,000	–
Trade and other receivables	應收賬款及其他應收款	26	2,391,034	2,225,415
Cash and bank balances	現金及銀行結餘	27	749,940	1,290,199
Restricted funds	受限制資金	27	7,990	67,966
			3,494,239	3,887,669
Current liabilities	流動負債			
Trade and other payables	應付賬款及其他應付款	28	699,096	486,848
Tax payables	應付稅項		96,091	75,273
Borrowings	借款	30	1,884,963	701,320
Lease liabilities	租賃負債	29	1,168	3,786
Contract liabilities	合同負債	28	45,493	7,238
Financial liabilities at fair value through profit or loss	按公允價值計入損益的 金融負債	24	84,613	–
			2,811,424	1,274,465
Net current assets	流動資產淨值		682,815	2,613,204
Total assets less current liabilities	總資產減流動負債		7,685,068	8,301,790

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
第十二章 合併財務報表 合併財務狀況表(續)

AS AT 31 DECEMBER 2020 於2020年12月31日

		Notes 附註	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Non-current liabilities	非流動負債			
Deferred revenue	遞延收益	31	248,429	266,354
Borrowings	借款	30	3,081,966	3,865,047
Lease liabilities	租賃負債	29	—	1,495
Deferred tax liabilities	遞延所得稅負債	22	82,246	74,473
			3,412,641	4,207,369
NET ASSETS	淨資產		4,272,427	4,094,421
Capital and reserves	資本及儲備			
Share capital	股本	32	1,029,111	1,029,111
Other reserves	其他儲備	33	1,523,380	1,489,179
Accumulated profits	留存收益	34	1,712,800	1,569,375
Equity attributable to equity holders of the Company	本公司權益持有人 應佔權益		4,265,291	4,087,665
Non-controlling interests	非控制性權益		7,136	6,756
TOTAL EQUITY	權益總額		4,272,427	4,094,421

The consolidated financial statements on pages 167 to 311 were approved and authorised for issue by the Board of Directors on 26 March 2021 and signed on its behalf by:

第167頁至第311頁之綜合財務報表乃經董事會於2021年3月26日批准及授權刊發，並由以下董事代表簽署：

Guo Yumei
Director

Chen Changyong
Director

郭玉梅
董事

陳昌勇
董事

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

第十二章 合併財務報表 合併權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

		Attributable to the equity holders of the Company					
		本公司權益持有人應佔					
		Share capital	Other reserves	Accumulated profits	Total	Non-controlling interests	Total equity
		股本	其他儲備	留存收益	總額	非控制性權益	權益總額
		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
		(Note 32)	(Note 33)	(Note 34)			
		(附註32)	(附註33)	(附註34)			
At 1 January 2019	於2019年1月1日	1,029,111	1,452,284	1,413,378	3,894,773	6,148	3,900,921
Profit for the year	年度利潤	-	-	368,411	368,411	1,667	370,078
Other comprehensive income:	其他綜合收益：						
<i>Item that may be reclassified subsequently to profit or loss</i>	<i>其後可能重新分類至損益之項目</i>						
Exchange differences on consolidation	滙兌差額	-	871	-	871	-	871
Total comprehensive income for the year	年度全面收益總額	-	871	368,411	369,282	1,667	370,949
Transactions with owners:	與所有者的交易：						
<i>Contributions and Distributions</i>	<i>注資及分派</i>						
Dividends (Note 13)	分派股息(附註13)	-	-	(176,390)	(176,390)	(1,059)	(177,449)
Transfer to statutory reserves (Note 33(a))	提取法定儲備(附註33(a))	-	36,024	(36,024)	-	-	-
At 31 December 2019	於2019年12月31日	1,029,111	1,489,179	1,569,375	4,087,665	6,756	4,094,421
At 1 January 2020	於2020年1月1日	1,029,111	1,489,179	1,569,375	4,087,665	6,756	4,094,421
Profit for the year	年度利潤	-	-	348,547	348,547	1,881	350,428
Other comprehensive income:	其他綜合收益：						
<i>Item that will not be reclassified to profit or loss</i>	<i>不會重新分類至損益的項目</i>						
Surplus on property revaluation upon transfer to investment properties (Note 15)	轉撥至投資物業時的物業重估盈餘(附註15)	-	11,145	-	11,145	-	11,145
<i>Item that may be reclassified subsequently to profit or loss</i>	<i>其後可能重新分類至損益之項目</i>						
Exchange differences on consolidation	滙兌差額	-	2,145	-	2,145	-	2,145
Total comprehensive income for the year	年度全面收益總額	-	13,290	348,547	361,837	1,881	363,718
Transactions with owners:	與所有者的交易：						
<i>Contributions and Distributions</i>	<i>注資及分派</i>						
Dividends (Note 13)	分派股息(附註13)	-	-	(184,211)	(184,211)	(1,501)	(185,712)
Transfer to statutory reserves (Note 33 (a))	提取法定儲備(附註33(a))	-	20,911	(20,911)	-	-	-
At 31 December 2020	於2020年12月31日	1,029,111	1,523,380	1,712,800	4,265,291	7,136	4,272,427

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

第十二章 合併財務報表 合併現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

		Notes 附註	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
OPERATING ACTIVITIES 經營活動				
Cash (used in)/generated from operations	經營(使用)/產生的現金	35(a)	(339,349)	52,394
Interest paid	已付利息		(217,040)	(156,123)
Income tax paid	已付所得稅		(57,078)	(69,083)
Net cash used in operating activities	經營活動使用的現金淨額		(613,467)	(172,812)
INVESTING ACTIVITIES 投資活動				
Purchase of property, plant and equipment	購買不動產、工廠及設備		(186,776)	(219,700)
Purchase of intangible assets	購買無形資產		(5,089)	(3,247)
Proceeds from disposal of property, plant and equipment	出售不動產、工廠及設備所得款	35(b)	573	25
Advances to related parties	預付關聯方資金	37(b)(ii)	(1,000,000)	(1,000,000)
Repayments from related parties	關聯方還款	37(b)(iii)	1,000,000	–
Proceeds from disposal of financial assets at FVPL	出售以公允價值計量且變動計入損益的金融資產的所得款	24(b)	200,000	–
Interest received	已收利息		71,789	61,408
Government grants received relating to purchase of property, plant and equipment	收到與購買不動產、工廠和設備有關之政府補助	31	3,001	60,000
Refund of government grants	退回政府補助	31	(10,000)	–
Net cash outflow for the acquisition of subsidiaries which are not businesses	收購不屬於業務的子公司產生的淨現金流出	38	(64,231)	–
Purchase of financial assets at amortised cost	購買以攤銷成本計量的金融資產		(300,000)	–
Purchase of financial assets at FVPL	購買按公允價值計入損益的金融資產		–	(200,000)
Proceeds from disposal of structured deposits	出售結構性存款所得款		–	170,000
Net cash used in investing activities	投資活動使用的現金淨額		(290,733)	(1,131,514)

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
第十二章 合併財務報表 合併現金流量表(續)

FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

		<i>Notes</i>	2020 2020年 <i>RMB'000</i> 人民幣千元	2019 2019年 <i>RMB'000</i> 人民幣千元
		附註		
FINANCING ACTIVITIES	融資活動			
Decrease/(Increase) of restricted funds	減少/(增加)受限制資金		59,976	(50,050)
Dividends declared and paid to the Company's equity holders	向本公司權益持有人宣派及支付股利		(184,211)	(176,390)
Dividends declared and paid to non-controlling interests of non-wholly owned subsidiaries	向非全資附屬公司的非控股權益宣派及支付股利		(1,501)	(1,059)
New borrowings raised	借款所得款		2,211,000	3,409,272
Repayments of borrowings	償還借款		(1,693,728)	(1,676,725)
Repayments of lease liabilities	償還租賃負債		(3,989)	(4,082)
Net cash from financing activities	融資活動產生的現金淨額	<i>35(c)</i>	387,547	1,500,966
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物淨(減少)/增加		(516,653)	196,640
Effect on exchange rate changes	匯率變動影響		(23,606)	13,845
Cash and cash equivalents at the beginning of the Reporting Period	報告期初的現金及現金等價物		1,290,199	1,079,714
Cash and cash equivalents at the end of the Reporting Period	報告期末的現金及現金等價物		749,940	1,290,199

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

第十二章 合併財務報表 合併財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

1. GENERAL

Kunming Dianchi Water Treatment Co., Ltd. (the “**Company**”) was incorporated in Yunnan Province of the People’s Republic of China (“**PRC**”) on 23 December 2010 as a joint stock company with limited liabilities under the Company Law of the PRC and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is located at Kunming Dianchi No. 7 Water Treatment Plant.

The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the development, design, construction, operation and maintenance of water supply and wastewater treatment facilities in the PRC. The activities of the principal subsidiaries of the Company are set out in Note 39 to the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”), which collective term includes all applicable individual IFRSs, International Accounting Standards (“**IASs**”) and Interpretations issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). There is no significant difference between the data recognised through the IASs and the data recognised in accordance with the Chinese Accounting Standards.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company, and rounded to the nearest thousands unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2019 consolidated financial statements except for the adoption of the new/revised IFRSs that are relevant to the Group and effective from the current year as set out below.

1. 一般資料

昆明滇池水務股份有限公司(「**本公司**」)是按照《中華人民共和國(「**中國**」)公司法》於2010年12月23日在中華人民共和國(「**中國**」)雲南省註冊成立的股份有限公司(「**聯交所**」)主板上市。本公司的註冊辦事處位於昆明滇池第七污水處理廠。

本公司及其子公司(統稱「**本集團**」)在中國主要從事水供給和污水處理設施的開發、設計、施工、運營和維護。本公司主要附屬公司的活動載於綜合財務報表附註39。

2. 主要會計政策

合規聲明

該等綜合財務報表已按照國際會計準則理事會(「**國際會計準則理事會**」)頒佈的國際財務報告準則(「**國際財務報告準則**」)，其包括所有適用的個別國際財務報告準則、國際會計準則(「**國際會計準則**」)及詮釋，以及香港公司條例的披露規定而編製。本綜合財務報表亦遵守聯交所證券上市規則(「**上市規則**」)的適用披露規定。通過國際會計準則確認的數據與按照中國會計準則確認的數據不存在重大差異。

綜合財務報表均以人民幣(「**人民幣**」)(與本公司之功能貨幣相同)列值，並四捨五入至最接近之千位數(除另有註明外)。

綜合財務報表乃按照與本集團於2019年的綜合財務報表所採用會計政策一致的基準編製，惟採用下列與本集團相關及於本年度生效的新訂/經修訂的國際財務報告準則除外。

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
第十二章 合併財務報表 合併財務報表附註(續)

FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2. 主要會計政策(續)

Adoption of new/revised IFRSs

採納新訂/經修訂國際財務報告準則

The Group has applied, for the first time, the following new/revised IFRSs:

本集團首次應用下列新訂/經修訂國際財務報告準則：

Amendments to IASs 1 and 8 Definition of Material

國際會計準則第1號及 重大性的定義
第8號(修訂本)

Amendments to IAS 39, IFRSs 7 and 9 Interest Rate Benchmark
Reform – Phase 1

國際會計準則第39號、 利率基準改革—第一階段
國際財務報告準則
第7號及第9號(修訂本)

Amendments to IFRS 3 Definition of a Business

國際財務報告準則 業務的定義
第3號(修訂本)

Amendments to IFRS 16 COVID-19-Related Rent
Concessions

國際財務報告準則 與2019冠狀病毒疫情有
第16號(修訂本) 關的租金優惠

Amendments to IASs 1 and 8: Definition of Material

國際會計準則第1號及第8號(修訂本)：重大性的定義

The amendments clarify the definition of material and align the definition used across IFRSs.

該等修訂澄清重大性的定義並統一國際財務報告準則中使用的該定義。

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

採納該等修訂並無對綜合財務報表造成任何重大影響。

Amendments to IAS 39, IFRSs 7 and 9: Interest Rate Benchmark Reform – Phase 1

國際會計準則第39號、國際財務報告準則第7號及第9號(修訂本)：利率基準改革—第一階段

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform (the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark). In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

該等修訂修改若干特定對沖會計規定，以減輕利率基準改革(整個市場的利率基準改革，包括將一項利率基準替換為另一項基準)所產生不確定因素之潛在影響。此外，該等修訂要求公司向投資者提供有關其受該等不確定因素直接影響的對沖關係的更多資料。

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

採納該等修訂並無對綜合財務報表造成任何重大影響。

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

第十二章 合併財務報表 合併財務報表附註(續)

FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of new/revised IFRSs (continued)

Amendments to IFRS 3: Definition of a Business

The amendments, among others, revise the definition of a business and include new guidance to evaluate whether an acquired process is substantive.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IFRS 16: COVID-19-Related Rent Concessions

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021. The amendments do not affect lessors.

These amendments shall be applied for annual periods beginning on or after 1 June 2020 with earlier application permitted. The Group has elected to early adopt the amendments in the current year. In accordance with the transition provisions therein, the amendments have been applied retrospectively by the Group recognising the cumulative effect of initially applying the amendments as an adjustment to the opening balance of accumulated profits and therefore the comparative information has not been restated.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

A summary of the principal accounting policies adopted by the Group is set out below.

2. 主要會計政策(續)

採納新訂/經修訂國際財務報告準則(續)

國際財務報告準則第3號(修訂本):業務的定義

該等修訂(其中包括)修改了業務的定義,並加入新指引以評估所收購的程序是否屬實質性。

採納該等修訂並無對綜合財務報表造成任何重大影響。

國際財務報告準則第16號(修訂本):與2019冠狀病毒疫情有關的租金優惠

該等修訂豁免承租人考慮個別租賃合約以釐定2019冠狀病毒疫情直接導致的租金優惠是否屬租賃變更,並允許承租人將有關租金優惠視為並非租賃變更而入賬。其適用於扣減在2021年6月30日或之前到期的租賃付款的與2019冠狀病毒疫情有關的租金優惠。該等修訂並不影響出租人。

該等修訂將適用於2020年6月1日或之後開始的年度期間,並可提早應用。本集團已選擇於本年度提早採納該等修訂。根據該等修訂的過渡條文,本集團已追溯應用該等修訂,並確認初步應用該等修訂的累計影響,作為對留存收益期初結餘的調整,因此比較資料並無重列。

採納該等修訂並無對綜合財務報表造成任何重大影響。

本集團採用的主要會計政策摘要如下。

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
第十二章 合併財務報表 合併財務報表附註(續)

FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost basis, except for investment properties, financial assets at fair value through profit or loss ("FVPL") and financial liabilities at FVPL which is measured at fair value as explained in the accounting policy set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from equity holders of the Company, in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, are measured initially either at fair value or at the present ownership instrument's proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by IFRSs.

2. 主要會計政策(續)

計量基礎

編製合併財務報表所用的計量基礎為歷史成本基準，但誠如下文所載會計政策所述，投資物業、按公允價值透過損益內列賬(「按公允價值透過損益內列賬」)之金融資產及按公允價值透過損益內列賬之金融負債乃按其公允價值計量。

合併基礎

合併財務報表包括本公司及其附屬公司的財務報表。附屬公司的財務報表採用一致的會計政策，與公司報告年度相同。

集團內公司間之所有結餘、交易以及集團內公司間交易產生的收支及盈虧均全數對銷。附屬公司之業績自本集團獲得其控制權當日起綜合入賬，並持續綜合入賬至該控制權終止為止。

非控股權益於綜合損益及其他全面收益表內與本公司股權持有人分開呈列，並在綜合財務狀況表中的權益內呈列。於被收購方的屬現時擁有權權益及賦予其持有人在清盤時可按比例分得被收購方淨資產的非控股權益，乃初步以公允價值或目前所有權文書於被收購方可辨認淨資產已確認金額的應佔比例計算。計量基準依個別收購事項而選擇。其他類別的非控股權益初步以公允價值計量，惟國際財務報告準則規定須按其他計量基準除外。

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

第十二章 合併財務報表 合併財務報表附註(續)

FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income is attributed to the equity holders of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interests

Changes in the Group's ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the equity holders of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the holding company had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

2. 主要會計政策(續)

合併基礎(續)

分配全面收益總額

本公司股權持有人及非控股權益分佔損益及其他全面收益之各部分。全面收益總額須分配予本公司股權持有人及非控股權益，即使此舉會導致非控股權益出現虧絀結餘。

擁有權權益出現變動

倘本集團於附屬公司的擁有權權益變動並無導致失去控制權，則列賬為股本交易。控股權益及非控股權益的賬面值將會調整，以反映其於附屬公司的有關權益變動。非控股權益的經調整金額與已付或已收代價的公允價值間任何差額直接於權益中確認並歸屬於本公司權益持有人。

倘本集團失去對附屬公司的控制權，出售時產生的損益按下列兩者的差額計算：(i)於失去控制權當日已收代價的公允價值與任何保留權益的公允價值的總和；及(ii)於失去控制權當日附屬公司及任何非控股權益的資產(包括商譽)及負債的賬面值。先前於其他全面收入確認的有關所出售附屬公司的金額按與假設控股公司直接出售相關資產或負債的同一基準列賬。於前附屬公司保留的任何投資及前附屬公司結欠或應付前附屬公司的任何金額自失去控制權當日起視適用情況列賬為金融資產、聯營公司、合營公司或其他。

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FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position as set out in Note 41 to the consolidated financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses, if any. The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group's investment in associate is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

2. 主要會計政策(續)

附屬公司

附屬公司為本集團控制之實體。倘本集團因參與實體之營運而承受或享有其可變動回報，並有能力透過其對實體之權力影響該等回報，則本集團對該實體擁有控制權。倘有事實及情況顯示，控制權之一項或多項元素出現變動，本集團將重新評估其是否對被投資公司有控制權。

在合併財務報表附註41載列的本公司財務狀況表中，附屬公司投資以成本減去累計減值虧損列值(如有)。倘投資之賬面值高於其可回收金額，則投資之賬面值按個別基準削減至其可收回金額。附屬公司業績由本公司按已收及應收股息基準入賬。

聯營公司

聯營公司為本集團對其擁有重大影響力的實體。重大影響力為參與被投資方的財務及營運政策的決策的權力，惟並不能夠控制或共同控制有關政策。

本集團於聯營公司之投資乃以股本會計法入賬，惟投資或其部分被歸類為持作銷售則除外。根據權益法，投資初步按成本記錄並隨後就本集團分佔投資對象的淨資產以及有關投資之減值虧損之收購後的變化做調整。除本集團已代表投資對象產生合法或推定義務或付代款，倘本集團於投資對象應佔虧損相等於或超過該投資對象之權益賬面值(包括任何長期權益實際上是本集團對投資對象之投資淨額)，本集團不再確認其應佔之進一步虧損。

本集團與聯營公司之間交易所產生之未變現損益，均按本集團於投資對象所佔之權益予以抵銷；惟證明已轉讓資產減值之未變現虧損除外，在此情況下，該等未變現虧損會及時在損益內確認。

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

第十二章 合併財務報表 合併財務報表附註(續)

FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Associates (continued)

In the Company's statement of financial position which is presented within these notes, investments in associates is stated at cost less impairment loss. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of associates and joint ventures are accounted for by the Company on the basis of dividends received and receivable using the equity method.

If an investment in an associate becomes an investment in a joint venture, any retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, on the loss of significant influence, the Group remeasures any retained interest in the former investee at fair value. The difference between the fair value of any retained investment and proceeds from disposing of the partial interest in the investee and the carrying amount of the investment at the date when significant influence is lost is recognised in profit or loss. In addition, all amounts previously recognised in other comprehensive income in respect of the former investee are accounted for on the same basis as would be required if the former investee had directly disposed of the related assets or liabilities. The fair value of the retained interests on the date of ceasing to be an associate is regarded as the fair value on initial recognition as a financial asset.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

2. 主要會計政策(續)

聯營公司(續)

於本公司在該等附註內呈列的財務狀況表中，於聯營公司的投資按成本減減值虧損列賬。倘投資的賬面值高於可收回金額，則按個別基準減至其可收回金額。本公司按所收到的股息及應收款項使用權益法將聯營公司及合營企業的業績入賬。

倘於聯營公司的投資變為於合資企業的投資，任何保留權益不予再計量。反之，投資繼續按權益法入賬。在所有其他情況下，倘喪失重大影響力，本集團按公允價值重新計量於前投資對象中保留之任何權益。任何保留投資的公允價值與出售投資對象部份權益之所得款項及投資於喪失重大影響力當天之賬面金額之間差額在損益中確認。此外，之前就前投資對象在其他全面收益中確認之所有金額核算基準，與前投資對象直接出售有關資產或負債所要求相同處理。保留權益在不再為聯營公司日期的公允價值被視為金融資產初始確認的公允價值。

不動產、工廠及設備

除在建工程外，不動產、工廠及設備以成本減累計折舊及累計減值虧損列賬。不動產、工廠及設備項目的成本包括其購買價及為使資產達至其營運狀況及運抵營運地點作擬定用途之任何直接應佔成本。維修及保養會於其發生年度內於損益內扣除。

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FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

As described in Note 32(a) to the consolidated financial statements, the Group received certain completed water supply or wastewater treatment facilities as capital injection from its controlling shareholder and undertakes the operation and maintenance of such facilities owned by the Group in the concession period, during which the Group can charge service fees based on the supplied water or treated wastewater to recover its costs of investment, operations and maintenance and obtain reasonable return, according to the concession agreement entered into by the Group and the governmental authority (“Transfer-Own-Operate” Model or “TOO Model”). Since the Group directed the use of the assets and controlled the significant residual interest in the assets under the TOO Model during the concession period and the Group has the exclusive priority right to extend its operation period and is not required to return these assets to the governmental authority at the end of the concession period, the fixed assets under the TOO Model are accounted for as property, plant and equipment.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment other than construction in progress, over their estimated useful lives from the date on which they are available for use and after taking into account their estimated residual value, using the straight-line method at the following rates per annum. Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis and depreciated separately.

Buildings and facilities	20 to 50 years
Machinery and equipment	8 to 18 years
Office and electronic equipment	3 to 10 years
Motor vehicles	8 to 10 years

2. 主要會計政策(續)

不動產、工廠及設備(續)

如合併財務報表附註32(a)所述，本集團收到控股股東投入的若干已完工水供給和污水處理設施作為資本，並在特許期間內承擔該等設施的運營和維護。在此期間內，根據本集團與政府部門簽訂的特許經營權協議，本集團可根據供應的水或處理的廢水收取服務費，以收回其投資、運營和維護成本並獲取合理回報(「轉讓－擁有－經營」模式或「TOO模式」)。鑑於本集團在特許期間內指定資產的用途並控制TOO模式下資產的重大剩餘權益，並且享有延長運營期限的獨家優先權且沒有被要求在特許期間結束後將資產返還予政府部門。因此，TOO模式下的固定資產按不動產、工廠和設備入賬。

除在建工程外，折舊乃自不動產、工廠及設備可供使用日期起，就彼等之估計可用年期撇銷成本減累計減值虧損，計入彼等之估計剩餘價值後，以直線法及依以下年率計算。倘不動產、工廠及設備項目部份的可使用年期相異，則該項目的成本或估值按合理基準分配並分開折舊。

建築物及設施	20至50年
機械和工具	8至18年
辦公及電子設備	3至10年
汽車	8至10年

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

第十二章 合併財務報表 合併財務報表附註(續)

FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

Construction in progress represents property, plant and equipment under construction or pending installation and is stated at cost less provision for impairment loss, if any. Cost includes the costs of construction and acquisition as well as interest expenses during the periods of construction and installation. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

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

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other losses" in the consolidated statement of profit or loss and other comprehensive income.

2. 主要會計政策(續)

不動產、工廠及設備(續)

不動產、工廠及設備項目於出售時或預期繼續使用該資產不會產生未來經濟利益時終止確認。任何因該資產終止確認而產生之收益或虧損(按項目出售所收款項淨額與賬面值之差額計算)於終止確認該項目之年度計入損益。

在建工程是指建設當中或待安裝的不動產、工廠及設備，按成本減減值損失準備(如有)列賬。成本包括在建築和安裝期間的建築成本、收購成本以及利息費用。當資產達到可使用狀態時，成本結轉計入不動產、工廠及設備並按上述政策計提折舊。

資產的剩餘價值及可使用年限在每個報告期末進行檢討，及在適當時調整。

若資產的賬面價值高於其估計可收回價值，其賬面價值實時撇減至可收回金額。

處置的利得和損失按所得款與賬面價值的差額釐定，並在合併損益及其他全面收益表內「其他虧損」中確認。

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FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

The Group transfers a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use, include:

- (a) commencement of owner-occupation, or of development with a view to owner-occupation, for a transfer from investment property to owner-occupied property;
- (b) commencement of development with a view to sale, for a transfer from investment property to inventories;
- (c) end of owner-occupation, for a transfer from owner-occupied property to investment property; and
- (d) inception of an operating lease to another party, for a transfer from inventories to investment property.

The Group uses the fair value model for investment property.

If an owner-occupied property becomes an investment property that will be carried at fair value, the Group applies IAS 16 up to the date of change in use. The Group treats any difference at that date between the carrying amount of the property in accordance with IAS 16 and its fair value in the same way as a revaluation in accordance with IAS 16.

2. 主要會計政策(續)

不動產、工廠及設備(續)

當且僅當出現用途變動時，本集團會將物業轉至或轉出投資物業。當物業符合或不再符合投資物業定義及存在用途變動證據時，視作發生用途變動。獨立而言，管理層關於物業用途的意向變更不構成用途變更之證據，包括：

- (a) 開始業主自用時，或進行開發以作自用，將投資物業轉撥至自用物業；
- (b) 進行開發用以出售時，將投資物業轉撥至存貨；
- (c) 終止業主自用時，將自用物業轉撥至投資物業；及
- (d) 開始向另一方進行經營租賃時，將存貨轉撥至投資物業。

本集團對投資物業採用公允價值模型。

如果一項業主自用物業成為將以公允價值計價的投資物業，本集團採用國際會計準則第16號，直至用途變動之日。本集團將該日根據國際會計準則第16號規定的物業賬面金額與其公允價值之間的任何差額，以與根據國際會計準則第16號進行重新估值相同的方式處理。

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

第十二章 合併財務報表 合併財務報表附註(續)

FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are buildings that are held by owner or lessee to earn rental income and/or for capital appreciation. These include properties held for a currently undetermined future use.

Investment properties are stated at fair value at the end of the Reporting Period. Any gain or loss arising from a change in fair value is recognised in profit or loss. The fair value of investment properties is based on valuations by independent valuer who hold recognised professional qualification and have recent experience in the location and category of property being valued. The fair value reflects, among other things, rental income from current leases and other assumptions that market participants would use when pricing investment properties under current market conditions, and is adjusted based on separately recognised assets or liabilities to avoid double counting assets or liabilities.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised.

Intangible assets

(i) Operating concession

The Group engages with government authorities in the development, financing, operating and maintenance of wastewater treatment services (the "Concession Services") over a specified period of time (the "Service Concession Period"). The Group has access to operate the wastewater treatment facilities to provide the concession services in accordance with the terms specified in the arrangement.

2. 主要會計政策(續)

投資物業

投資物業乃由業主持有或承租人持有以賺取租金收入及/或實現資本增值的樓宇，包括持有現時未釐定未來用途的物業。

投資物業在報告期末按公允價值列賬。因公允價值變動而產生的任何收益或虧損於損益確認。投資物業公允價值乃根據獨立估值師(持有認可專業資格並於所估值物業的地點及類別方面擁有新近經驗)所作的估值計算。公允價值反映(其中包括)當前租賃的租金收入以及市場參與者於當前市況下為投資物業定價時會使用的其他假設，並根據已單獨確認的資產或負債進行調整，以避免重複計算資產或負債。

當投資物業被出售或永久不再使用，而其出售預期不會產生未來經濟利益時，投資物業將取消確認。取消確認資產所產生的任何收益或虧損(按出售該資產的所得款項淨額與其賬面值的差額計算)計入取消確認該項目的年度損益內。

無形資產

(i) 特許經營權

本集團與政府部門進行合作，在特定期間內(「特許經營期間」)內，進行污水處理服務的開發、融資、運營和維護(「特許經營服務」)。本集團有權在協議規定的範圍內對污水處理設施進行運營，提供特許經營服務。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

(i) Operating concession (continued)

The Group recognises the related rights in the service concession arrangements as intangible assets or financial assets. The operator shall recognise an intangible asset to the extent that it receives a right (license) to charge users of the concession service and shall recognise a financial asset to the extent that it has an unconditional contractual right to receive a guaranteed minimum volume from the grantor. Therefore, intangible assets – concession rights are recognised for the rights under these service concession arrangements by the Group, which are amortised on a straight-line basis over the Service Concession Period ranging from 20 to 30 years.

(ii) Computer software

Purchased computer software license are capitalised on the basis of the costs incurred to acquire the specific software. These costs are amortised over periods ranging from 5 to 10 years.

(iii) Development cost

Development costs relate to the cost incurred for improving technology and techniques to improve the wastewater treatment plants. Capitalised development costs are amortised from the point at which the assets are ready for use on a straight-line basis over their estimated useful lives.

Right-of-use assets

As described in note 16 to the consolidated financial statement, all land in the PRC is state-owned or collectively-owned and no individual land ownership exists. The land use rights of certain land of the Group were contributed by Kunming Dianchi Investment Co., Ltd. (昆明滇池投資有限公司, “KDI”). The land use rights are stated at cost less accumulative amortisation and accumulated impairment losses, if any. Land use rights are amortised over the lease period of 48 to 50 years using straight-line method.

If an owner-occupied property becomes an investment property that will be carried at fair value, the Group applies IFRS 16 for property held by a lessee as a right-of-use asset up to the date of change in use. The Group treats any difference at that date between the carrying amount of the property in accordance with IFRS 16 and its fair value in the same way as a revaluation in accordance with IAS 16.

2. 主要會計政策(續)

無形資產(續)

(i) 特許經營權(續)

本集團將特許經營權協議中的相關權利作為無形資產或金融資產予以確認。作為運營方確認的無形資產以獲取的收費權利(經營執照)規定向使用該特許經營服務者可收取金額為限，確認的金融資產以向授予方無條件收取的保底污水處理量處理費的金額為限。因此本集團將特許經營權協議項下的權利作為無形資產—特許經營權予以確認，並在20至30年的特許經營期間內以直線法進行攤銷。

(ii) 計算機軟件

外購計算機軟件使用權按購買該軟件產生的成本予以資本化。該等成本於5至10年的年限內攤銷。

(iii) 開發成本

開發成本指為改善污水處理廠的技術水平而產生的成本。已資本化的開發成本由資產可供使用時起以直線法按其估計可使用年期予以攤銷。

使用權資產

如合併財務報表附註16所述，所有土地在中國均為國有或集體所有，無個人擁有土地使用權存在。本集團某些土地的使用權由昆明滇池投資有限責任公司(「昆明滇池投資」)提供。土地使用權按成本減累計攤銷及減值損失(如有)入賬。土地使用權按直線法在48至50年租賃期內攤銷。

如果一項業主自用物業成為將以公允價值計價的投資物業，本集團就由承租人持作使用權資產的物業採用國際財務報告準則第16號，直至用途變動之日。本集團將該日根據國際財務報告準則第16號規定的物業賬面金額與其公允價值之間的任何差額，以與根據國際會計準則第16號進行重新估值相同的方式處理。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Service concession arrangements

The Group has entered into certain service concession arrangements with governmental authorities (the “Grantor”). The service concession arrangements consist of Build-Operate-Transfer (the “BOT”) arrangement and Transfer-Operate-Transfer (the “TOT”) arrangements. Under the BOT arrangements, the Group carries out construction and upgrade work of the wastewater treatment and water supply facilities for the Grantor and receives in return a right to operate the service projects concerned for a specified period of time (the “Operation Period”) in accordance with the pre – established conditions set by the Grantor, and the service projects should be transferred to the Grantor 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 wastewater treatment and water supply facilities that have been built.

(a) Consideration given by the Grantor

A financial asset (receivable 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 and upgrade services rendered and/or the consideration paid and payable by the Group to the Grantor. 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 services and specified or determinable amounts.

An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge users of public services, which is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the services.

If the Group is paid for the construction and upgrade services (under BOT arrangement) or the cash payments for the rights to charge public users (under TOT arrangement) 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 in accordance with IFRS 15.

2. 主要會計政策(續)

特許經營權協議

本集團與政府部門(「授予方」)訂立了若干特許經營權協議。特許經營權協議包括建設—經營—移交(「BOT」)協議和移交—經營—移交(「TOT」)協議。根據BOT協議，本集團向授予方提供污水處理和水供給設施的建造和升級改造，並以在指定期間內(「經營期間」)根據授予方預先設定的條件，經營服務項目作為回報。服務項目在經營期間結束後按零對價轉讓予授予方。除本集團須就經營已完工污水處理和水供給設施支付對價外，TOT協議與BOT協議類似。

(a) 授予方付出的對價

在本集團對於向授予方提供的建造和升級改造服務擁有無條件收取現金或其他金融資產的權利和/或向授予方支付和應付對價時，金融資產(特許經營權協議下的應收款項)予以確認。若授予方於合約中保證依下列金額給付本集團，則本集團具有能無條件收取現金之權利：(1)特定或可確定金額，或(2)本集團向公共服務使用者收費之金額若少於特定或可確定金額，兩者間不足之差額(如有)。

在本集團獲得向公共服務使用者收費之權利時，對無形資產(特許經營權)予以確認。向公共服務使用者收費之權利並非無條件收取現金之權利，因可收取金額應以使用該公共服務之程度而定。

若本集團提供建造和升級改造服務(根據BOT協議)所獲得之給付，或因向公共服務使用者收費之權利(根據TOT協議)而取得的現金付款，部分系金融資產而部分系無形資產，則需對本集團對價之各組成要素分別處理，並根據國際財務報告準則第15號按向授予方收取的或應收取的對價之公允價值進行初始確認。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Service concession arrangements (continued)

(b) Construction and upgrade services

Revenue from construction service is recognised over time based on the percentage of completion of the contract, which is determined by the direct proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

(c) Operating service

During the Operation Period of the service concession arrangements, receipts up to the level of the guarantee are treated as the financial asset. Costs for operating services are expensed in the period in which they are incurred.

(d) Contractual obligations to restore the facilities to a specified level of serviceability

The Group has contractual obligations which it must fulfil as a condition of its licenses, that is (i) to maintain the wastewater treatment 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 arrangement. These contractual obligations to maintain or restore the water treatment plants, except for upgrade element, 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 Reporting Period. In the opinion of the directors of the Company, the contractual obligations to maintain or restore infrastructure were not material to the Group.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2. 主要會計政策(續)

特許經營權協議(續)

(b) 建造和升級改造服務

建造服務收入根據合約完成百分比隨時間確認，該收益乃按迄今進行工程所產生的合約成本相對估計總合約成本的比例釐定。

(c) 營運服務

在特許經營權協議規定的經營期間內，收取的不超過保底污水處理費的部分作為金融資產處理。營運服務的成本在產生的期間內費用化。

(d) 將設施重置到特定可使用狀態的合同規定義務

作為特許經營權利的一個條件，本集團須承擔的合同義務包括：(i)將所運營的污水處理站維護在一個特定的可使用狀態以及/或(ii)在特許經營權協議到期時將設施移交給授予方前將設施恢復到特定可使用狀態。關於本集團承擔的除改造升級外、合同中規定的將污水處理站維護或重置的義務，根據管理層對現時義務所需的支出的最佳估計在報告期末予以確認和計量。本公司董事認為，將所運營的污水處理站維護或恢復至一個特定的可使用狀態的合同規定義務對本集團來說都不重大。

存貨

存貨乃以成本值及可變現淨值之較低者入賬。成本(包括一切購入成本，在適用之情況，亦包括將存貨達致現時地點及狀況所支銷之其他成本)乃採用加權平均成本法計算。可變現淨值指日常業務過程中的估計售價減去進行銷售所需的估計成本。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Classification and measurement

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("Mandatory FVOCI"); (iii) equity investment measured at fair value through other comprehensive income ("Designated FVOCI"); or (iv) measured at FVPL.

2. 主要會計政策(續)

金融工具

金融資產

確認及終止確認

金融資產於且僅於本集團成為該工具合約條文之一方時按交易日基準確認。

金融資產於且僅於(i)本集團來自該金融資產之未來現金流量之合約權利屆滿時或(ii)本集團轉讓該金融資產，且(a)本集團已轉移該金融資產擁有權之絕大部份風險及回報，或(b)本集團並未轉移或保留該金融資產擁有權之絕大部份風險及回報，惟其放棄對該金融資產之控制權時終止確認。

倘本集團仍保留已轉讓金融資產擁有權之絕大部份風險及回報，本集團會繼續確認該金融資產。

倘本集團既不轉移亦不保留已轉讓資產擁有權之絕大部份風險及回報，且繼續控制該已轉讓資產，本集團按其持續參與程度及可能須支付之相關負債金額確認該金融資產。

分類及計量

金融資產(無重大融資成分的貿易應收款項除外)初步按其公允價值確認，倘金融資產並未按公允價值計入損益(「按公允價值計入損益」)，則加上收購金融資產之直接應佔交易成本。該等貿易應收款項初步按其交易價計量。

於初步確認時，金融資產分類為(i)按攤銷成本計量；(ii)按公允價值計入其他全面收益計量之債務投資(「強制性按公允價值計入其他全面收益」)；(iii)按公允價值計入其他全面收益計量之股本投資(「指定為按公允價值計入其他全面收益」)；或(iv)按公允價值計入損益。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and measurement (continued)

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the following annual Reporting Period following the change in the business model.

Derivatives embedded in a hybrid contract in which a host is an asset within the scope of IFRS 9 are not separated from the host. Instead, the entire hybrid contract is assessed for classification.

1) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- (a) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include receivables under service concession arrangements, amounts due from customers for construction contracts, financial assets at amortised cost, trade and other receivables, cash and bank balances and restricted funds.

2. 主要會計政策(續)

金融工具(續)

金融資產(續)

分類及計量(續)

金融資產於初步確認之分類取決於本集團管理金融資產之業務模式及金融資產之合約現金流量特徵。金融資產於彼等初步確認後不予重新分類，除非本集團改變其管理業務模式，而在此情況下所有受影響之金融資產於業務模式變動後以下年度報告期間之首日進行重新分類。

嵌入衍生工具的混合式合約(其主合約為國際財務報告準則第9號範圍內的資產)不得與主合約分開計量。相反，整項混合式合約乃作分類評估。

1) 按攤銷成本計量之金融資產

當金融資產同時符合以下條件，且並無指定為按公允價值計入損益，則該金融資產按攤銷成本計量：

- (a) 該金融資產由一個旨在通過持有金融資產收取合約現金流量之業務模式所持有；及
- (b) 該金融資產之合約條款使於特定日期產生現金流量僅為支付本金及未償還本金利息。

其後，按攤銷成本計量的金融資產採用實際利率方法計量並須計提減值。因減值、終止確認或進行攤銷時產生之收益及虧損乃於損益中確認。

本集團按攤銷成本計量的金融資產包括特許經營權協議下的應收款項、應收客戶建造合同款、按攤銷成本計量的金融資產、應收賬款及其他應收款、現金及銀行結餘及受限制資金。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and measurement (continued)

2) Financial assets at FVPL

These investments include financial assets that are not measured at amortised cost or FVOCI, including financial assets held for trading, financial assets designated upon initial recognition at FVPL, financial assets resulting from a contingent consideration arrangement in a business combination to which IFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets.

A financial asset is classified as held for trading if it is:

- (i) acquired principally for the purpose of selling it in the near term;
- (ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or
- (iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

The Group's financial assets measured at FVPL include the derivatives as hedging instruments – Cross Currency swap in Hong Kong.

2. 主要會計政策(續)

金融工具(續)

金融資產(續)

分類及計量(續)

2) 按公允價值計入損益之金融資產

該等投資包括非按攤銷成本計量或按公允價值計入其他全面收益之金融資產，包括持作交易之金融資產、初步確認時指定按公允價值計入損益之金融資產，以及國際財務報告準則第3號適用之業務合併中之或然代價安排所導致之金融資產及其他須按公允價值計入損益之金融資產。彼等按公允價值列賬，所導致之任何收益及虧損於損益中確認，不包括該等金融資產所賺取之任何股息或利息。

金融資產分類為持作交易，則其：

- (i) 獲收購之主要目的是在短期內出售；
- (ii) 於初步確認時為集中管理且具有短期獲利之最近實際模式跡象之可識別金融工具組合之一部份；或
- (iii) 不屬於財務擔保合同，或並非指定且有效對沖工具之衍生工具。

本集團按公允價值計入損益之金融資產包括作為對沖工具的衍生工具—於香港的交叉貨幣掉期。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables, borrowings, lease liabilities and financial liabilities at FVPL. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Financial liabilities are designated at initial recognition as at FVPL only if:

- (i) the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases;
- (ii) they are part of a group of financial liabilities or financial assets and financial liabilities that are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or
- (iii) they contain one or more embedded derivatives, in which case the entire hybrid contract may be designated as a financial liability at FVPL, except where the embedded derivatives do not significantly modify the cash flows or it is clear that separation of the embedded derivatives is prohibited.

2. 主要會計政策(續)

金融工具(續)

金融負債

確認及終止確認

金融負債於且僅於本集團成為該工具合約條文之一方時確認。

金融負債於且僅於負債消除時，即在有關合約訂明之責任獲解除、註銷或屆滿時，方終止確認。

分類及計量

金融負債初步按其公允價值確認，倘金融負債並未按公允價值計入損益，則加上發行金融負債之直接應佔交易成本。

本集團的金融負債包括應付賬款及其他應付款、借款、租賃負債及以公允價值計量且變動計入損益的金融負債。所有金融負債均初步按其公允價值確認及隨後採用實際利率法按攤銷成本計量，惟貼現將不會產生重大影響時，則於該情況下按成本列賬。

倘符合下列條件，則金融負債於初步確認時指定為以公允價值計量且其變動計入當期損益處理：

- (i) 該分類會消除或明顯減少按不同基準計量資產或負債或確認其盈虧所產生的計量或確認不一致；
- (ii) 其屬於一組受管理之金融負債或金融資產及金融負債的一部份且根據明文規定之風險管理策略按公允價值基準評估其表現；或
- (iii) 其包含一個或多個嵌入式衍生工具，在此情況下，整個混合合約可能被指定為以公允價值計量且其變動計入當期損益的金融負債，惟嵌入式衍生工具不會顯著改變現金流量，或者明顯禁止分離嵌入式衍生工具者除外。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities (continued)

Classification and measurement (continued)

Derivatives embedded in a hybrid contract with a host that is not an asset within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their economic characteristics and risks are not closely related to those of the host, and the hybrid contract is not measured at FVPL.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer of the contract to make specified payments to reimburse the holder of the contract for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contract is initially recognised as deferred income within trade and other payable at fair value (being the transaction price, unless the fair value can otherwise be reliably estimated).

Subsequently, the financial guarantee is measured at the higher of (i) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with IFRS 15 and (ii) the amount of the loss allowance determined in accordance with the expected credit losses (“ECL”) model under IFRS 9, unless the financial guarantee is measured at FVPL or arises from a transfer of a financial asset.

2. 主要會計政策(續)

金融工具(續)

金融負債(續)

分類及計量(續)

嵌入主合約不屬於國際財務報告準則第9號範圍內資產的混合合約中的衍生工具，當符合衍生工具定義、其經濟特徵及風險與主合約並無密切關係及混合合約並非以公允價值計量且其變動計入當期損益處理時被視為獨立衍生工具。

財務擔保合約

財務擔保合約要求發出合約者向合約持有人付出指定金額，以補償合約持有人因指定借貨人無法按債務票據之條款償還債務而蒙受之損失。財務擔保合約最初按公允價值(即交易價格，除非能夠以其他方式可靠地計量公允價值)以遞延收入形式計入應付賬項及其他應付款項。

其後，財務擔保按以下兩者中的較高者計量(i)初步確認金額減去(如適用)根據國際財務報告準則第15號確認的累計收入金額與(ii)根據國際財務報告準則第9號下預期信貸虧損(「預期信貸虧損」)模式釐定的虧損撥備金額，除非財務擔保以於損益賬以公允價值列賬計量或因金融資產轉移而產生。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets and other items

The Group recognises loss allowances for ECL on financial assets that are measured at amortised cost issued to which the impairment requirements apply in accordance with IFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

- (a) past due status
- (b) nature of financial instrument
- (c) nature, size and industry of debtors
- (d) local economy environment of provinces in the PRC

2. 主要會計政策(續)

金融工具(續)

金融資產及其他項目的減值

本集團確認按攤銷成本計量的金融資產的預期信貸虧損之虧損撥備(其減值要求按照國際財務報告準則第9號適用)。除下文詳述的特定處理外，於各報告日期，倘金融資產的信貸風險自初步確認以來顯著增加，本集團會按等同全期預期信貸虧損的金額計量虧損撥備。倘金融資產的信貸風險自初步確認以來無顯著增加，本集團則按等同12個月預期信貸虧損的金額計量該金融資產之虧損撥備。

預期信貸虧損之計量

預期信貸虧損乃金融工具預期年期的信貸虧損(即所有現金短欠的現值)的概率加權估計。

就金融資產而言，信貸虧損為合約項下應付某一實體的合約現金流量與該實體預期收取的現金流量之間的現值差額。

全期預期信貸虧損指金融工具預期年期所有可能的違約事件產生的預期信貸虧損，而12個月預期信貸虧損為全期預期信貸虧損的一部份，其預期源自可能在報告日期後12個月內發生的金融工具違約事件。

倘以集體基準計量預期信貸虧損，金融工具乃依據下列一項或以上共享信貸風險特徵而分組：

- (a) 逾期狀況
- (b) 金融工具性質
- (c) 債務人的性質、規模及行業
- (d) 中國各省的當地經濟環境

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets and other items (continued)

Measurement of ECL (continued)

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

- (a) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or
- (b) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. 主要會計政策(續)

金融工具(續)

金融資產及其他項目的減值(續)

預期信貸虧損之計量(續)

虧損撥備於各報告日期重新計量以反映初步確認以來金融工具信貸風險及虧損的變動。虧損撥備得出的變動於損益確認為減值盈虧並對金融工具賬面值作相應調整。

違約的定義

本集團認為以下情況就內部信貸風險管理目的而言構成違約事件，因為歷史經驗顯示如金融工具符合以下任何一項準則，本集團或未能收回全數未償還合約金額。

- (a) 有內部衍生資料或取自外部來源資料顯示債務人不大可能全數向其債權人(包括本集團)支付欠款(未考慮本集團所持任何抵押品);或
- (b) 對手方有違反財務契諾。

無論上述分析如何，本集團認為金融資產逾期超過90日已屬發生違約，除非本集團有合理及可靠資料證明較為滯後的違約準則更為適當則作別論。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets and other items (continued)

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

2. 主要會計政策(續)

金融工具(續)

金融資產及其他項目的減值(續)

信貸風險顯著增加的評估

評估金融工具的信貸風險自初步確認以來有否顯著增加時，本集團會將截至報告日期金融工具發生違約的風險，與截至初步確認日期金融工具發生違約的風險比較。作出此評估時，本集團會同時考慮合理和可靠的定量及定性資料，包括無須付出過多成本或努力後即可獲得的歷史經驗及前瞻性資料。評估時特別會考慮以下資料：

- 債務人未能於到期日支付本金或利息款項；
- 金融工具的外部及內部信貸評級(如可獲得)有實際或預期的顯著惡化；
- 債務人的經營業績有實際或預期的顯著惡化；及
- 技術、市場、經濟或法律環境方面有實際或預期的變化而會或可能會對債務人履行其對本集團的責任有重大不利影響。

無論上述評估結果如何，本集團假定合約付款逾期超過30日時，金融工具的信貸風險自初步確認以來已顯著增加。

儘管有前述分析，如金融工具於報告日期被釐定為低信貸風險，本集團會假設金融工具的信貸風險自初步確認以來無顯著增加。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets and other items (continued)

Low credit risk

A financial instrument is determined to have low credit risk if:

- (a) it has a low risk of default;
- (b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near terms; and
- (c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

As detailed in Note 3.1(b) to the consolidated financial statements, cash and bank balances and restricted funds are determined to have low credit risk.

Simplified approach of ECL

For trade and other receivables, receivables under service concession arrangements and amounts due from customers for construction contracts, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. 主要會計政策(續)

金融工具(續)

金融資產及其他項目的減值(續)

低信貸風險

如有下列情況，金融工具會被釐定為低信貸風險：

- (a) 其具低違約風險；
- (b) 借款人有實力履行其近期合約現金流量責任；及
- (c) 較長遠的經濟或營商條件的不利變動可能(但不一定)會減低借款人履行其合約現金流量責任的能力。

誠如綜合財務報表附註3.1(b)所詳述，現金及銀行結餘及受限制資金被確定為具有低信貸風險。

預期信貸虧損之簡化法

本集團就應收賬款及其他應收款、特許經營權協議下的應收款項及應收客戶建造合同款應用簡化法計算預期信貸虧損。本集團於各報告日期根據全期預期信貸虧損確認虧損撥備，並已設立撥備矩陣，以其過往信貸虧損經驗為基準，並就應收賬款及經濟環境之特定前瞻性因素作出調整。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets and other items (continued)

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower.
- (b) a breach of contract, such as a default or past due event.
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- (e) the disappearance of an active market for that financial asset because of financial difficulties.
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

2. 主要會計政策(續)

金融工具(續)

金融資產及其他項目的減值(續)

信貸減值金融資產

金融資產在一項或以上事件(對該金融資產估計未來現金流量構成不利影響)發生時出現信貸減值。金融資產出現信貸減值之證據包括有關下列事件之可觀察數據：

- (a) 發行人或借款人的重大財困。
- (b) 違反合約(如違約或逾期事件)。
- (c) 借款人的貸款人因有關借款人財困的經濟或合約理由而向借款人批出貸款人不會另行考慮的優惠。
- (d) 借款人將可能陷入破產或其他財務重組。
- (e) 因財務困難導致金融資產失去活躍市場。
- (f) 按反映已產生信貸虧損之大幅折扣購買或發起金融資產。

撇銷

倘本集團並無合理期望全數或部分收回金融資產之合約現金流量，本集團會撇銷金融資產。然而，在考慮會計法律意見(如適用)後，所撇銷金融資產仍可根據本集團收回過期款項之程序實施強制執行。任何其後進行的收回均於損益確認。

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第十二章 合併財務報表 合併財務報表附註(續)

FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

Revenue recognition

Revenue from contracts with customers within IFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is as follows:

- (i) Wastewater treatment services.
- (ii) Water supply services.
- (iii) Revenue from construction contracts.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

2. 主要會計政策(續)

現金等價物

就綜合現金流量表而言，現金等價物指可隨時轉換為已知現金金額且價值變動風險較低之短期高流動性投資。

收益確認

國際財務報告準則第15號範疇內的客戶合約收益

貨品或服務的性質

本集團所提供貨品或服務的性質如下：

- (i) 污水處理服務。
- (ii) 供水服務。
- (iii) 建築合同收入。

識別履約責任

於合約開始時，本集團會評估與客戶所訂合約中承諾的貨品或服務，並識別為各承諾轉移給客戶以下兩者之一的履約責任：

- (a) 明確的貨品或服務(或一束貨品或服務)；或
- (b) 連串明確的貨品或服務，大致相同且轉移給客戶的模式相同。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers within IFRS 15 (continued)

Identification of performance obligations (continued)

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- (b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

2. 主要會計政策(續)

收益確認(續)

國際財務報告準則第15號範疇內的客戶合約收益(續)

識別履約責任(續)

如同時符合以下準則，則承諾給客戶的貨品或服務謂之明確：

- (a) 客戶自身或連同其他可隨時利用的資源受惠於貨品或服務(即貨品或服務謂之明確)；及
- (b) 本集團轉移給客戶貨品或服務的承諾可與合約中其他承諾分開識別(即轉移貨品或服務就合約文本而言謂之明確)。

收益確認的時間性

收益當(或如)本集團藉轉移所承諾貨品或服務(即資產)給客戶而達致履約責任時確認。資產當(或如)客戶取得其控制權時謂之轉移。

如符合以下其中一項準則，本集團隨時間轉移貨品或服務的控制權，故達致履約責任並隨時間確認收益：

- (a) 客戶於本集團履約時同時接受及使用本集團履約所提供的利益；
- (b) 本集團履約創造或提昇客戶於資產被創造或提昇時所控制的資產(如在建工程)；或
- (c) 本集團履約時並無創造對本集團而言具替代用途的資產，且本集團對迄今完成的履約付款具有可強制執行權利。

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers within IFRS 15 (continued)

Timing of revenue recognition (continued)

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Revenue from wastewater treatment operation and other services is recognised when the services are rendered.

Revenue from water supply services is recognised when a Group entity has delivered water to the customer.

Revenue from construction services is recognised over time based on the percentage of completion of the contract, which is determined by the direct proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, at the end of each Reporting Period. The Group provides construction services under Build-Transfer (the "BT") arrangements and Build-Operate-Transfer (the "BOT") arrangements. Under these construction arrangements, the Group carries out construction work of the wastewater treatment and water supply facilities and returns the assets to the counter parties of the construction arrangements after completion of the construction or expiry of the operation period. In particular, the finance income arising from construction services under BT arrangements of approximately RMB48,353,000 during the year was recognised in revenue (2019: finance income of approximately RMB61,238,000).

Revenue from management services is recognised over time on a straight-line basis over the life of the related service contracts. The management service income arising from the operation management service contracts of approximately RMB190,154,000 during the year was presented in revenue (2019: approximately RMB139,108,000). Revenue from thermal power service is recognised based on the volume of thermal power supplied under the contract. The thermal power service income arising from the operation under thermal power service contracts of approximately RMB77,671,000 during the year was recognised in revenue (2019: approximately RMB110,587,000).

2. 主要會計政策(續)

收益確認(續)

國際財務報告準則第15號範疇內的客戶合約收益(續)

收益確認的時間性(續)

如履約責任不隨時間達致，本集團於客戶取得所承諾資產的控制權時於某個時間點達致履約責任。釐定控制權轉移何時發生時，本集團會考慮控制權概念及諸如法定業權、實質管有、付款權、資產所有權的重大風險與酬報及客戶認受等指標。

經營污水處理和其他服務取得的收入在提供服務時予以確認。

當本集團主體向客戶供水時，確認供水服務收入。

建造服務收入根據合約完成百分比隨時間確認，該收益乃按迄今進行工程所產生的合約成本相對各報告期末估計總合約成本的直接比例釐定。本集團的建造服務存在於建造-轉讓("BT")合同、建造-運營-移交("BOT")合同。在上述建造合同下，本集團實施污水處理及水供給等設施的建造並於建造完成後或運營期屆滿後將資產交付予簽署建造合同的另一方。其中，於年內BT合同建造服務產生的財務收入約人民幣48,353,000元在收入中確認(2019年：財務收入約人民幣61,238,000元)。

管理服務收入於相關服務合約的期限內按直線法隨時間確認。於年內運行管理服務合同產生的管理服務收入約人民幣190,154,000元在收入中呈列(2019年：約人民幣139,108,000元)。熱電服務根據合約，按供應熱電量確認收入。於年內運行熱電服務合同產生的熱電服務收入約人民幣77,671,000元在收入中確認(2019年：約人民幣110,587,000元)。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers within IFRS 15 (continued)

Timing of revenue recognition (continued)

For revenue recognised over time under IFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Group applies the output method (i.e. based on the direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract) to measure the progress towards complete satisfaction of the performance obligation because the method provides a faithful depiction of the Group's performance and reliable information is available to the Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

The following output methods are applied:

- construction services income: revenue recognition for entrusted construction management services; revenue is recognised according to the progress of construction projects; and
- management services income: revenue recognition for wastewater treatment entrusted operation management services; revenue is recognised based on the volume of wastewater treatment service provided to the customers in each period in accordance with the contractual settlement cycle.

2. 主要會計政策(續)

收益確認(續)

國際財務報告準則第15號範疇內的客戶合約收益(續)

收益確認的時間性(續)

對於根據國際財務報告準則第15號隨時間確認的收入，只要能夠合理地計量履約責任的結果，本集團會應用產出法(即直接計量至今已轉移給客戶的貨品或服務的價值相對合約下所承諾剩餘貨品或服務)以計量達致履約責任的完成進度，因為此法可真實反映本集團的履約情況，且本集團有可靠資料以應用此方法。否則，收入僅以所招致成本為限，直至可合理地計量履約責任的結果為止。

本集團已採用以下產出法：

- 建設服務收入：委託建設管理服務的收入確認；根據建設工程項目工程進度，確認收入；及
- 管理服務收入：污水處理委託運行管理服務的收入確認；根據合同結算週期，基於各期間為委託方提供的污水處理量結算，確認收入。

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

For the wastewater treatment service and water supply services, it is common for the Group to receive from the customer the whole or some of the contractual payments before the services are completed or when the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

2. 主要會計政策(續)

收益確認(續)

利息收入

金融資產利息收入以實際利率法確認。就按攤銷成本計量而無信貸減值的金融資產而言，實際利率應用於資產的賬面總值，如屬有信貸減值的金融資產則應用於攤銷成本(即賬面總值減去虧損撥備)。

合約資產及合約負債

倘本集團於客戶支付代價前或在支付到期應付前將貨品或服務轉移予客戶，合約將呈列為合約資產，不包括呈列為應收款項之任何金額。相反，倘客戶支付代價，或本集團有權無條件取得代價金額，則於本集團向客戶轉讓貨品或服務前，合約將於作出付款或付款到期應付(以較早者為準)時呈列為合約負債。應收款項為本集團無條件僅在支付到期代價前所需時間流逝之取得代價權利。

單一合約或一組相關合約以合約資產淨值或合約負債淨額呈列。無關合約之合約資產及合約負債並不按淨額基準呈列。

就污水處理服務及水供應服務而言，本集團於服務完成前或貨品交付時(即有關交易的收益確認時間)自客戶收取全部或部分合約款項屬常見。直至合約負債確認為收益，本集團確認合約負債。期內，除非利息開支合資格資本化，任何重大融資成分(如適用)將計入合約負債並將按應計開支支銷。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contract assets and contract liabilities (continued)

On the consolidated statement of financial position, the Group reports the net contract position for each contract as either an asset or a liability. Amount due from customers for construction contracts represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Since the Group's main operation is carried out in the PRC, the amounts shown in the consolidated financial statements are presented in RMB.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses resulting from the retranslation of non-monetary items carried at fair value are recognised in profit or loss except for those arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the gains or losses are also recognised directly in equity.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented and fair value adjustments on the carrying amounts of assets and liabilities arising on an acquisition of a foreign operation which are to be treated as assets and liabilities of that foreign operation, are translated at the closing rate at the end of the Reporting Period.
- Income and expenses for each statement of comprehensive income are translated at average exchange rate.

2. 主要會計政策(續)

合約資產及合約負債(續)

在合併財務狀況表上，本集團就每項合同將淨合同狀況報告為資產或負債。當已產生的成本加已確認的利潤(減已確認虧損)超過進度付款時，應收客戶建造合同款相當於一項資產。

外幣換算

本集團各實體財務報表所包含的項目乃以實體經營所在主要經濟環境的貨幣(「功能貨幣」)計量。由於本集團之業務主要於中國開展，於綜合財務報表所示金額乃以人民幣呈列。

以外幣進行之交易乃按於交易日期之現行匯率換算為功能貨幣。結算此等交易及以外幣計值之貨幣資產及負債以年終匯率折算產生之匯兌收益及虧損於損益內確認。重新換算按公允價值列賬的非貨幣項目產生之外匯收益及虧損於損益內確認，惟就直接於權益確認的重新換算非貨幣項目產生的外匯收益及虧損除外，在此情況下，該等收益或虧損亦直接於權益確認。

有別於呈列貨幣的所有集團實體(「海外業務」)的業績及財務狀況的功能貨幣按下列基準轉換成呈列貨幣：

- 所呈列各財務狀況表的資產及負債，及收購海外業務產生的資產及負債(被視為該海外業務的資產及負債)賬面值的公允價值調整，按報告期末的收市匯率轉換。
- 各全面收益表的收入及開支按平均匯率轉換。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation (continued)

- All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity.
- On the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest is no longer equity-accounted for, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.
- On the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.
- On all other partial disposals, which includes partial disposal of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

2. 主要會計政策(續)

外幣換算(續)

- 因源於上述貨幣項目(構成本集團對海外業務淨投資之部份)之換算及匯兌差異而產生之所有匯兌差異均確認為獨立權益部份。
- 就出售海外業務(包括出售本集團於海外業務之全部權益)而言,倘一項出售涉及失去對一間附屬公司(包括一項海外業務)之控制權或部份出售於包含海外業務之合營安排或聯營公司之權益,而不再以權益會計法處理當中之保留權益時,該海外業務涉及之匯兌差異累計金額於其他全面收入確認,以及於獨立權益成份累計,並於確認出售損益時,從權益重新分類至損益。
- 部份出售本集團於附屬公司(包括海外業務)的權益且該出售不會導致本集團失去對該附屬公司控制權時,於獨立權益部份確認的匯兌差異的累計金額,按比例重新歸入該海外業務的非控股權益,且不會重新分類至損益。
- 就所有其他部份出售(包括部份出售聯營公司或合營公司,而本集團不會因此失去重大影響力或共同控制權)而言,於獨立權益部份確認的匯兌差異的累計金額,按比例重新分類至損益。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of other assets

At the end of each Reporting Period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment, right-of-use assets, intangible assets, investments in associates and investments in subsidiaries may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. In addition, the Group tests its intangible assets that are not yet available for use for impairment by estimating their recoverable amount on an annual basis and whenever there is an indication that those assets may be impaired. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as losses in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as an income in profit or loss immediately.

Borrowings costs

Borrowings costs which are directly attributable to the acquisition, construction and production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as and included in finance costs in profit or loss in the period in which they are incurred.

2. 主要會計政策(續)

其他資產減值

於各報告期末，本集團會審核內部及外部資料來源，以評估是否有任何跡象顯示其不動產、工廠及設備、使用權資產、無形資產、於聯營公司的投資及於附屬公司的投資出現減值或以往確認之減值虧損已不再存在或可能已減少。倘出現任何該等跡象，將按有關資產之公允價值減出售成本或使用價值(以較高者為準)估計其可收回金額。此外，對於目前不可使用之無形資產，本集團每年透過估計其可收回金額對其進行減值測試，或於有跡象顯示該等資產或會出現減值時進行減值測試。若不可能估計個別資產之可收回金額，本集團將評估獨立產生現金流量之最小資產組別(即現金產生單位)之可收回金額。

倘一項資產或一個現金產生單位之可收回金額估計將低於其賬面值，則有關資產或現金產生單位之賬面值將予削減至其可收回金額。減值虧損於損益內即時確認為損失。

減值虧損撥回以假設過往年度未確認減值虧損時本應釐定的資產或現金產生單位的賬面值為限。減值虧損撥回即時於損益確認為收入。

借貸成本

直接由購買、建造及生產合資格資產(即在投入其擬定用途或銷售前需要較長時間準備之資產)產生之借貸成本，均資本化作為該等資產成本之一部份。當該等資產大致上已準備好投入其擬定用途或銷售時，該等借貸成本便停止資本化。所有其他借貸成本於發生期間均於損益中確認並計入融資成本。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each Reporting Period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is included in non-current liabilities as deferred revenue and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies the recognition exemption to short-term leases. Lease payments associated with this lease is recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

2. 主要會計政策(續)

撥備

當本集團因過往事件而須承擔現時之法定或推定責任，而履行該責任可能需要流出能實現經濟利益之資源且有關責任之金額能可靠估計時，即會確認撥備。已確認撥備之支出會在產生支出年度與有關撥備互相抵銷。本集團會於各報告期末審閱撥備，並作出調整，以反映當前之最佳估計。倘有關撥備金額之時間值影響重大，則撥備金額應為履行責任預期所需支出之現值。倘本集團預期撥備將會獲得償還，則償還款項會確認為個別資產，惟僅於償還實際上肯定時方予確認。

政府補貼

倘能合理肯定將收到政府補貼及所有附加條件均將獲履行，政府補貼會按公允價值確認。如補貼與開支項目有關，則按相關年度確認為收入，以按系統基準將補貼與擬補償之相關成本抵銷。倘補貼與資產有關，公允價值則作為遞延收益計入非流動負債，並於有關資產之預期可使用年期按每年平均分期付款撥入損益。

租賃

於合約開始時，本集團會評估合約是否屬於租賃或包含租賃。倘合約授予以代價為交換，在某一時期內控制使用已識別資產的權利，則該合約屬於租賃或包含租賃。

作為承租人

本集團對短期租賃應用確認豁免。與該租賃有關的租賃付款在租賃期內按直線法確認為費用。

本集團已選擇不將非租賃組成部分與租賃組成部分分開，並將每個租賃組成部分和任何相關的非租賃組成部分作為單個租賃組成部分入賬。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

As lessee (continued)

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset. The unexpired lease term of the leased properties is ranged 2 to 3 years.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

2. 主要會計政策(續)

租賃(續)

作為承租人(續)

本集團將租賃合同中的每個租賃組成部分分別作為租賃入賬。本集團以租賃組成部分之相關獨立價格為基準將合約代價分配至各租賃組成部分。

本集團未產生單獨組成部分的應付金額被視為分配給合同中單獨確定的組成部分的總代價的一部分。

本集團於租賃開始日期確認使用權資產和租賃負債。使用權資產按成本進行初始計量，包括：

- (a) 租賃負債初步計量金額；
- (b) 於開始日期或之前作出的任何租賃付款，減去已獲得的租賃優惠；
- (c) 本集團所產生的任何初始直接成本；及
- (d) 由本集團廢除及移除相關資產，恢復其所在場地或將相關資產恢復到租賃條款及條件所要求的條件所產生的成本估算，惟該等成本乃因生產存貨而產生除外。

其後，使用權資產乃按成本減任何累計折舊及任何累計減值虧損計量，並就租賃負債任何重新計量而作出調整。折舊按租賃期與使用權資產的未到期的租賃期限中的較短者以直線法計提。租賃物業的可使用年限為2至3年。

租賃負債初步按在合同開始日尚未支付的租賃付款額的現值計量。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

As lessee (continued)

The lease payments comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate;
- (c) amounts expected to be payable under residual value guarantees;
- (d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

2. 主要會計政策(續)

租賃(續)

作為承租人(續)

租賃付款包括以下租賃期中在開始日期尚未支付的有關標的資產使用權的付款：

- (a) 固定租賃款項(包括實質固定款項)減任何應收租賃優惠；
- (b) 可變租賃付款，其取決於一項指數或利率；
- (c) 承租人根據剩餘價值擔保預期應付金額；
- (d) 購買權的行使價(倘本集團合理確定行使該等權利)；及
- (e) 終止租賃的罰金付款(倘租賃條款反映本集團行使權利以終止租賃)。

租賃付款使用租賃中隱含的利率折現，或者在無法輕易確定的情況下使用承租人的增量借款利率進行折現。

隨後，通過增加賬面值以反映租賃負債的利息並通過減少賬面值以反映已支付的租賃費用來計量租賃負債。

當重新評估本集團是否合理確定將行使購買、延期或終止行使權利而產生的租賃付款發生變化時，將使用修訂後的折現率對租賃負債進行重新計量。

當剩餘價值保證及因指數或利率變動(浮動利率除外)而產生的實物固定租賃付款額或未來租賃付款額發生變化時，使用原始折現率重新計量租賃負債。倘浮動利率變動導致未來租賃付款有所變動，本集團會使用經修訂的折現率重新計量租賃負債。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

As lessee (continued)

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if:

- (a) the modification increases the scope of the lease by adding the right to use or more underlying assets; and
- (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

- (a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.
- (b) the Group determines the lease term of the modified contract.
- (c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.
- (d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.
- (e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

2. 主要會計政策(續)

租賃(續)

作為承租人(續)

當對租賃負債進行上述重新計量時，本集團相應調整使用權資產的賬面金額；如果使用權資產的賬面金額已經減記至零，則將調整金額計入損益。

如果發生以下情況，則租約修改作為單獨租約入賬：

- (a) 該項修改通過增加使用一項或多項相關資產的權利擴大了租賃範圍；及
- (b) 租賃代價增加，所增加的金額相當於範圍擴大對應的單獨價格，加上按照特定合約的實際情況對單獨價格進行的任何適當調整。

如租約修改未計入單獨租約，則在該租約修改生效之日，

- (a) 本集團按上述相對獨立價格在經修改的合同中分配代價。
- (b) 本集團確定經修改合同的租賃期限。
- (c) 本集團通過在修訂的租賃期內使用修訂的折現率對修訂的租賃付款進行折現來重新計量租賃負債。
- (d) 對於減少租賃範圍的租賃修改，本集團通過減少使用權資產的賬面值以反映租賃的部分或全部終止並確認任何損益，對租賃負債進行重新計量有關部分或全部終止租賃的損益。
- (e) 對於所有其他租賃修改，本集團通過對使用權資產進行相應調整來對租賃負債進行重新計量。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefit

(a) Pension obligations

The full-time employees of the Group in the PRC are covered by various government-sponsored defined contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred and contributions paid to the defined-contribution pension plans for an employee are not available to reduce the Group's future obligations to such defined-contribution pension plans even if the employee leaves the Group. In addition to the government-sponsored defined contribution pension plans as mentioned above, effective from 1 January 2014, the Group operates an additional employee pension plan. The full-time employees of the Group in the PRC are entitled to an additional pension aggregating to 8% of previous year's salaries. The Group has no further obligation for this additional employee pension plan beyond the contribution made.

(b) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(c) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present contractual or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

2. 主要會計政策(續)

僱員福利

(a) 退休金義務

本集團在中國的全職員工享有多項政府資助定額供款退休金計劃，據此，僱員有權每月取得按公式計算的退休金。相關政府機構負責退休員工的退休金責任。本集團按月向這些退休金計劃供款。根據這些計劃，本集團沒有義務承擔提存退休金以外的退休後的福利。這些計劃的供款在發生時計入費用，即使員工離開本集團，支付給退休金計劃的供款金額不能用於減少本集團對退休金計劃的將來義務。除上述政府資助的定額供款退休金計劃外，本集團設有一項額外職工退休金計劃，於2014年1月1日起生效。根據該計劃，本集團在中國的全職員工有權享有總額為前一年工資8%的額外退休金。除額外職工退休金計劃外，本集團概無其他責任。

(b) 住房公積金、醫療保險和其他社會保險

本集團在中國的員工有權加入政府規定的住房公積金、醫療保險和其他社會保險計劃。本集團根據員工工資的一定比例(不超過上限)按月向這些基金繳存供款。就該等公積金而言，本集團的責任只限於在每一期間作出供款。

(c) 獎金權利

員工提供勞務而使本集團負有現時合同義務或推定義務，且該義務能夠被可靠計量，則預計的獎金支付成本應計為一項負債。

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the Reporting Period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the Reporting Period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax 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 the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets or liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or liability is settled, based on the tax rates and the tax laws that have been enacted or substantively enacted at the end of the Reporting Period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and investments in associates, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group.

2. 主要會計政策(續)

稅項

即期所得稅支出乃根據期內業績計算，並就毋須課稅或不可扣減項目作出調整。計算時所使用之稅率為於各報告期末已頒行或實際上已頒行之稅率。

遞延稅項乃就資產及負債之稅基與其於綜合財務報表之賬面值於報告期末之所有暫時性差額，採用負債法作出撥備。然而，初步確認一項交易(業務合併除外)中之資產或負債所產生之任何遞延稅項，倘於交易時不影響會計溢利或應課稅溢利或虧損，則不會予以確認。

遞延稅項資產及負債乃根據於報告期末已頒行或實際上已頒行之稅率及稅法，按收回資產或清償負債之期間預期適用之稅率計量。

倘可能有未來應課稅溢利可用作抵銷可扣減暫時性差額、稅項虧損及抵免，則會確認遞延稅項資產。

遞延稅項按於附屬公司之投資及聯營公司之投資所產生之暫時性差額作出撥備，惟本集團可控制暫時性差額之撥回時間，以及暫時性差額不大可能於可見未來撥回之情況除外。

關聯方

關聯方為與本集團有關聯之人士或實體。

- (a) 倘一名人士符合以下條件，該名人士或其近親即為與本集團有關聯：
- (i) 對本集團有控制權或共同控制權；
 - (ii) 對本集團有重大影響力；或
 - (iii) 為本集團之主要管理人員。

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

第十二章 合併財務報表 合併財務報表附註(續)

FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies:

- (i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

2. 主要會計政策(續)

關聯方(續)

(b) 倘一間實體符合以下條件，其即為與本集團有關聯：

- (i) 該實體與本集團為同一集團之成員公司(即各控股公司、附屬公司及同系附屬公司彼此互有關聯)。
- (ii) 一間實體為另一間實體之聯營公司或合營公司(或一間實體為另一間實體所屬集團成員公司之聯營公司或合營公司)。
- (iii) 兩間實體均為同一第三方之合營公司。
- (iv) 一間實體為一名第三方實體之合營公司，而另一間實體為該第三方實體之聯營公司。
- (v) 該實體為本集團或與本集團有關聯之實體之僱員福利而設之退休福利計劃。倘本集團本身為該計劃，提供資助之僱主亦為與本集團有關聯。
- (vi) 該實體為受(a)項所識別人士控制或共同控制。
- (vii) (a)(i)項所識別對實體有重大影響力或為該實體(或該實體之控股公司)主要管理人員之人士。
- (viii) 向本集團提供主要管理人員服務之實體或其所屬集團之任何成員公司。

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
第十二章 合併財務報表 合併財務報表附註(續)

FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Critical accounting estimates and judgements

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. 主要會計政策(續)

關聯方(續)

一名人士之近親指於該人士與實體的交易中預期可能會影響該名人士或受該名人士影響之家庭成員，並包括：

- (a) 該名人士之子女及配偶或同居伴侶；
- (b) 該名人士之配偶或同居伴侶之子女；及
- (c) 該名人士或該名人士配偶或同居伴侶之受養人。

於關聯方之定義中，聯營公司包括該聯營公司之附屬公司，而合營公司包括該合營公司之附屬公司。

分部報告

綜合財務報表內所呈報經營分部及各分部項目之金額，與定期就本集團各業務線及地域之資源分配及表現評估而向本集團主要運營決策者提供之財務資料一致。

就財務報告而言，個別重大經營分部不會匯集計算，惟擁有類似經濟特徵及在產品及服務性質、生產過程性質、客戶類別或種類、分銷產品或提供服務之方法以及監管環境性質方面類似之分部除外。個別不重大之經營分部倘具備大部分該等特質，亦可以彙集計算。

重大會計估計及判斷

估計會被持續評估，並根據過往經驗和其他因素進行評價，包括在有關情況下相信對未來事件的合理預測。

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

第十二章 合併財務報表 合併財務報表附註(續)

FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting estimates and judgements (continued)

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:

(i) Scope of applying IFRIC 12 for certain wastewater treatment facilities

In determining whether the wastewater treatment facilities fall into the scope of IFRIC 12 “service concession arrangements”, the Group applied a lot of accounting judgements, including (i) whether the Grantor controls and can control any significant residual interest in the infrastructure asset; (ii) whether the Grantor is able to exercise control of the residual infrastructure through a call option to acquire the infrastructure asset at the end of the concession period; (iii) whether the Grantor is able to pledge the infrastructure during the whole concession period.

(ii) Estimated useful lives and residual values of property, plant and equipment

The Group’s management determines the estimated useful lives, residual values and related depreciation charges for the Group’s property, plant and equipment with reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. Management will revise the depreciation charges where useful lives are different to that of previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation charges in future periods.

2. 主要會計政策(續)

重大會計估計及判斷(續)

本集團對未來作出估計和假設。所得會計估計數字，因其性質使然，很少等同於有關實際結果。有重大風險導致下個財政年度的資產及負債賬面價值作出重大調整之估計及假設詳述如下：

(i) 就部分污水處理設施應用國際財務報告詮釋委員會第12號的範疇

釐定污水處理設施是否屬於國際財務報告詮釋委員會第12號「特許經營服務安排」範疇時，本集團應用了多項會計判斷，包括(i)出讓人是否控制和可控制基礎設施資產的任何重大剩餘權益；(ii)出讓人對剩餘基礎設施的控制權是否可通過於特許期間末收購基礎設施資產的認購期權行使；(iii)出讓人於整個特許期間是否可以抵押基礎設施。

(ii) 不動產、工廠及設備的預計可使用年限和殘值

本集團管理層經參考本集團擬獲得未來經濟利益的預計期間來確定不動產、工廠及設備的預計可使用年限、殘值和相關折舊費用。當使用壽命與之前估計的使用壽命不同時，管理層將修改折舊費用，或將經已棄置或出售的技術陳舊或非戰略資產核銷或計提減值。實際經濟年期可能不同於估計可使用年限，實際殘值也可能有別於預計殘值。定期檢查可折舊年限、殘值可能會使其發生變化以及影響未來期間折舊費用發生變化。

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FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting estimates and judgements (continued)

(iii) Impairment of trade and other receivables, receivables under service concession arrangements and construction contracts

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the risk portfolio, customers' liquidity, historical credit losses, past collection history, subsequent settlement and other current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables at the end of each Reporting Period. Details of the key assumptions and inputs used are disclosed in the tables in Note 3 to the consolidated financial statements.

(iv) Current and deferred income tax

The Group is subject to income taxes in different areas in the PRC. Judgement is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation charges in the period in which such estimate is changed.

2. 主要會計政策(續)

重大會計估計及判斷(續)

(iii) 應收賬款及其他應收款、特許經營權協議及建造合同下的應收款項的減值

金融資產虧損撥備乃基於有關違約風險及預期虧損率之假設作出。於各報告期末，本集團根據風險組合、客戶的流動性狀況、歷史信貸虧損、過往收款歷史、後續入賬及影響客戶結清應收賬款能力的宏觀經濟因素的其他當前及前瞻性資料，通過判斷作出該等假設及選擇減值計算之輸入數據。所使用的關鍵假設及輸入數據的詳情在合併財務報表附註3的表格中披露。

(iv) 當期及遞延所得稅

本集團需要在中國不同地區繳納所得稅。於確定各個司法權區的所得稅計提時須作出判斷。在日常業務過程中涉及最終稅額確定的某些交易及計算是不確定的。如果這些事項的最終稅務結果不同於最初記錄的金額，這將影響決定期內所得稅及遞延稅項。

當管理層認為未來很可能有應稅利潤抵消暫時性差異或稅務虧損，則確認與暫時性差異及稅務虧損相關的遞延稅項資產。當預期結果與原先估計不同時，這種差異將影響遞延稅項資產的確認以及該等估計變動時的期內稅務費用。

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

第十二章 合併財務報表 合併財務報表附註(續)

FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting estimates and judgements (continued)

(v) Percentage of completion of construction and service contracts

The Group recognises revenue for construction work and service contracts according to the percentage of completion of the individual contract of construction or service work. The Group's management estimates the percentage of completion of construction or service work based on the actual cost incurred over the total budgeted cost, where the corresponding contract revenue is also estimated by management. Because of the nature of the activity undertaken in construction and service contracts, the date at which the activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group reviews and revises the estimation of both contract revenue and contract costs in the budget prepared for each construction contract and service contract as the contract progresses.

(vi) Service concession arrangements

If the Group is paid for the construction and upgrade services (under BOT arrangement) or the cash payments for the rights to charge public users (under TOT arrangement) 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 in accordance with IFRS 15. Significant judgement is exercised in determining the transaction price and the allocation thereof. Discount rates, estimates of future cash flows and other factors are used in the valuation process. Any change in the expected cash flows will result in change in the carrying value of the financial receivable.

When the Group receives a payment during the concession period, it will apportion such payment between (i) a repayment of the financial receivable (if any), which will be used to reduce the carrying amount of financial receivables on the consolidated statement of financial position, (ii) interest income, which will be recognised as revenue in the consolidated statement of profit or loss and other comprehensive income, and (iii) revenue from operating and maintaining the water treatment plants in the consolidated statement of profit or loss and other comprehensive income.

2. 主要會計政策(續)

重大會計估計及判斷(續)

(v) 建設完工百分比及服務合同

本集團根據個別建造或服務工程合同的完工百分比確認建造工程和服務合同的收入。本集團管理層根據總預算成本中發生的實際成本來估計建造或服務工程的完工百分比，並估計相應的合同收入。由於建造和服務合同中承接活動性質的不同，活動開始的日期與活動結束的日期通常歸屬於不同的會計期間。在建造過程中本集團會覆核為各建造合同和服務合同編製的預算，並修改對合同收入和合同成本的估計。

(vi) 特許經營權協議

如果本集團提供建造及改造升級服務(在BOT協議下)獲得給付或獲取向公共服務使用者收費之權利收取現金(在TOT協議下)，該利益部分由金融資產帶來，部分由無形資產帶來，則對價的各組成要素分別處理且根據國際財務報告準則第15號進行初始確認。在釐定交易價格及其分配需要做出重大判斷。在估值過程中需要使用折現率，以及對未來現金流量和其他因素的估計。預期現金流量的任何變動都將會導致金融應收款賬面價值的變化。

當在特許期間內收到款項時，本集團將其分配至(i)償還金融應收款(如有)，用於減少合併財務狀況表中金融應收款的賬面價值，(ii)將在合併損益及其他全面收益表中確認為收入的利息收入，以及(iii)合併損益及其他全面收益表中經營和維護水處理工廠產生的收入。

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FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting estimates and judgements (continued)

(vi) Service concession arrangements (continued)

Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalised borrowing costs, less accumulated amortisation and impairment losses. The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period.

The net amounts of the operating concession carried as intangible assets in the consolidated statement of financial position as at 31 December 2020 was approximately RMB319,697,000 (2019: approximately RMB191,340,000), while the receivables under service concession arrangements was approximately RMB2,427,192,000 (2019: approximately RMB1,389,543,000).

(vii) Recognition of government grants

During 2020, the Group recognised government grant receivables as income for value-added tax refund of approximately RMB9,297,000 (2019: approximately RMB17,419,000) (Note 7). Management considered there is reasonable assurance that the value-added tax refund can be received pursuant to Notice on Issuing the Catalogue of Preferential Value-added Tax Policies for Products Made through and Labor Services for Integrated Utilisation of Resources issued by the State Administration of Taxation in the PRC, and the grants were continuously received in 2020. When the expectation is different from the original estimate, such differences will impact the timing of recognition of government grants and reflect in the period in which such estimate is changed.

(viii) Valuation of investment properties

The Group's investment properties are stated at fair value based on the valuation carried out by an independent professional qualified valuer by using income approach by making reference to comparable market rent as available in the relevant market.

2. 主要會計政策(續)

重大會計估計及判斷(續)

(vi) 特許經營權協議(續)

初始確認後，無形資產按成本計量，包括資本化借款成本減累計攤銷和減值損失。特許經營權協議中無形資產的估計可使用年限是指，自本集團開始向公眾收取基礎設施使用費起至特許期間結束的期間。

於2020年12月31日的合併財務狀況表中列示於無形資產下的特許經營權的淨值約為人民幣319,697,000元(2019年：約人民幣191,340,000元)，而特許經營權協議下的應收款項則約為人民幣2,427,192,000元(2019年：約人民幣1,389,543,000元)。

(vii) 確認政府補助

於2020年內，本集團因增值稅退稅確認應收政府補助約人民幣9,297,000元作為收入(2019年：約人民幣17,419,000元)(附註7)。根據中國國稅總局發佈的《資源綜合利用產品和勞務增值稅優惠目錄》並鑑於我們在2020年持續獲得補助，管理層認為增值稅退稅有合理的保證。若預期與原先估計不同，有關差異將影響政府補助確認的時間並將反映在該估計變更的當期。

(viii) 投資物業估值

本集團的投資物業乃根據獨立專業合資格人士以收益法進行的估值，參考相關市場中可得的可比較市場租金，按公允價值列賬。

CHAPTER TWELVE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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FOR THE YEAR ENDED 31 DECEMBER 2020 截至2020年12月31日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting estimates and judgements (continued)

(viii) Valuation of investment properties (continued)

In determining the fair value of investment properties, the valuer has based on a method of valuation which involves, inter alia, market rent of comparable properties in close proximity adjusted for differences in key valuation attributes, such as size and age. In relying on the valuation report, management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions at the end of the Reporting Period. Particular of the investment properties of the Group is set out in Note 15 to the consolidated financial statements.

Future changes in IFRSs

At the date of approving these consolidated financial statements, the IASB has issued the following new/revised IFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to IAS 39, IFRSs 4, 7, 9 and 16	<i>Interest Rate Benchmark Reform – Phase 2¹</i>
Amendments to IAS 16	<i>Proceeds before Intended Use²</i>
Amendments to IAS 37	<i>Cost of Fulfilling a Contract²</i>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework²</i>
Annual Improvements to IFRSs	<i>2018–2020 Cycle²</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current³</i>
Amendments to IAS 1	<i>Disclosures of Accounting Policies³</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates³</i>
IFRS 17	<i>Insurance Contracts³</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>

2. 主要會計政策(續)

重大會計估計及判斷(續)

(viii) 投資物業估值(續)

於釐定投資物業的公允價值時，估值師以估值方法為依據，當中涉及(其中包括)鄰近的可資比較物業的銷售價格，並就關鍵估值屬中的差異(如面積及樓齡)作出調整。依賴估值報告時，管理層已運用其判斷力，並信納估值方法能夠反映於報告期末的現時市況。有關本集團投資物業的詳情載於綜合財務報表附註15。

國際財務報告準則之未來變動

於綜合財務報表獲批准日期，國際會計準則理事會已頒佈下列於本年度尚未生效且本集團並無提前採用之新訂/經修訂國際財務報告準則。

國際會計準則第39號、國際財務報告準則第4號、第7號、第9號及第16號(修訂本)	利率基準改革 – 第2階段 ¹
國際會計準則第16號(修訂本)	未作擬定用途前之所得款項 ²
國際會計準則第37號(修訂本)	履行合約的成本 ²
國際財務報告準則第3號(修訂本)	概念框架指引 ²
國際財務報告準則之年度改進	2018年至2020年週期 ²
國際會計準則第1號(修訂本)	將負債分類為即期或非即期 ³
國際會計準則第1號(修訂本)	披露會計政策 ³
國際會計準則第8號(修訂本)	會計估計的定義 ³
國際財務報告準則第17號	保險合約 ³
國際財務報告準則第10號及國際會計準則第28號(修訂本)	投資者與其聯營公司或合營企業之間的資產出售或出資 ⁴

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future changes in IFRSs (continued)

- ¹ Effective for annual periods beginning on or after 1 January 2021
- ² Effective for annual periods beginning on or after 1 January 2022
- ³ Effective for annual periods beginning on or after 1 January 2023
- ⁴ The effective date to be determined

The management of the Group does not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the Group's consolidated financial statements.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and interest rate risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group currently does not use any derivative financial instruments to hedge certain risk exposures.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk primarily arising from currency exposure with respect to Hong Kong dollars ("HKD") and United States dollars ("USD"). Foreign exchange risk arises from cash and cash equivalents and borrowings denominated in HKD and USD. The Group has entered into a currency swap agreement with a bank to manage the currency risk in related to the borrowings.

As at 31 December 2020, if RMB had weakened/strengthened by 1% (2019: 1%) against HKD and USD denominated cash and cash equivalent with all other variables held constant, net profit for the year would have been approximately RMB2,004,000 (2019: approximately RMB7,373,000) higher/lower. If RMB had weakened/strengthened by 1% (2019: 1%) against HKD and USD denominated borrowings with all other variables held constant, finance cost for the year would have been approximately RMB23,002,000 (2019: approximately RMB20,952,000) higher/lower.

2. 主要會計政策(續)

國際財務報告準則之未來變動(續)

- ¹ 於2021年1月1日或之後開始之年度期間生效
- ² 於2022年1月1日或之後開始之年度期間生效
- ³ 於2023年1月1日或之後開始之年度期間生效
- ⁴ 將予釐定生效日期

本集團管理層預期於未來期間採用該等新訂/經修訂國際財務報告準則對本集團之綜合財務報表並無任何重大影響。

3. 財務風險管理

3.1 財務風險因素

本集團的活動面臨多種財務風險：市場風險(包括外匯風險、現金流量及利率風險)、信用風險及流動資金風險。本集團的整體風險管理政策專注於金融市場的不可預見性，並尋求盡量減低對本集團財務業績的潛在不利影響。本集團目前沒有利用任何衍生金融工具以對沖若干風險。

(a) 市場風險

(i) 外匯風險

本集團由於業務中使用多種貨幣導致面臨外匯風險，涉及的貨幣主要為港元(「港元」)及美元(「美元」)。外匯風險產生以港元及美元計的現金及現金等價物及借貸。本集團已與一間銀行訂立貨幣掉期協議，以管理與借款有關的貨幣風險。

於2020年12月31日，在其他參數均不變的情況下，若人民幣兌港元及美元計價的現金及現金等價物貶值/增值達1%(2019年：1%)，年度淨利潤會增加/減少約人民幣2,004,000元(2019年：約人民幣7,373,000元)。若人民幣兌港元及美元計價的借款貶值/增值達1%(2019年：1%)，年度財務成本會增加/減少約人民幣23,002,000元(2019年：約人民幣20,952,000元)。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings.

Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest-rate risk.

The interest rates and terms of repayments of borrowings are disclosed in Note 30 to the consolidated financial statements.

As at 31 December 2020, if the interest rate on floating interest rate borrowings had been higher/lower by 0.5% (2019: 0.5%), the Group's net profit for the year would have changed mainly as a result of higher/lower interest expenses on floating rate borrowings. Details of changes are as follows:

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(ii) 現金流量及公允價值利率風險

利率風險是指由於市場利率變化造成的金融工具公允價值或未來現金流量波動的風險。本集團承受因市場利率變化帶來的風險主要在於借款。

浮動利率下的借款使本集團承受現金流量利率風險。按固定利率取得的借款則使本集團承受公允價值利率風險。

利率及借款償還期限在合併財務報表附註30中披露。

於2020年12月31日，如浮動利率借款的利息上升/下降0.5% (2019年：0.5%)，則本集團該年度的淨利潤將發生變化，主要因為浮動利率借款的利息費用上升/下降所致。具體變化如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Net profit (decrease)/increase	淨利潤(減少)/增加		
- Higher 0.5%	- 增加0.5%	(15,720)	(13,768)
- Lower 0.5%	- 減少0.5%	15,720	13,768

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

The carrying amounts of cash and bank balances, restricted funds, term deposits with initial term of over three months, trade and other receivables, receivables under service concession arrangements, amounts due from customers for construction contracts and financial assets at amortised cost included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem.

All the cash and cash equivalents and term deposits with initial term of over three months were deposited in the major financial institutions in Hong Kong and the PRC, which the directors of the Company believe are of high credit quality.

For receivables, the Group assessed the credit quality of the counterparties by taking into account their financial position, credit history and other factors. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each Reporting Period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險

合併財務狀況表中包含的現金及銀行結餘、受限制資金、原期限為3個月以上的定期存款、應收賬款及其他應收款、特許經營權協議下的應收款項、應收客戶建造合同款及以攤銷成本計量的金融資產的賬面價值表明了本集團所承受的金融資產相關的最大信用風險。本集團的信用風險管理措施的目標是控制潛在可收回風險。

所有的現金及現金等價物及原期限為3個月以上的定期存款都存放於香港及中國的主要金融機構，本公司董事認為其信用質量高。

對於應收款項，本集團透過評估債務人的財務狀況、信貸記錄及其他因素評估其信貸質素。管理層亦會定期檢討該等應收款項的可收回性及跟進糾紛或逾期款項(如有)。

本集團在資產的初始確認時考慮違約的可能性，也評估在每個資產存續的報告期間信貸風險是否會持續顯著增加。在評估信貸風險是否顯著增加時本集團將報告日時資產發生違約的可能性與初始確認時發生違約的可能性進行比較，同時也考慮可獲得的合理及支持性前瞻資訊。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade receivables

For trade receivables, the customers are primarily local governments and PRC state-owned entities. The Group applies the simplified approach to provide the expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 12 month before 1 January 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables. There was no change in the estimation techniques or significant assumptions made during the year.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

(i) 貿易應收款項

就貿易應收款項而言，客戶主要為地方政府及中國國有企業。本集團根據國際財務報告準則第9號的規定應用簡易方法為預期信貸虧損計提撥備，該準則允許就所有貿易應收款項採用整個存續期的預期虧損撥備。

預期虧損率基於2020年1月1日前12個月期間銷售的付款情況及本期間內出現的相應過往信貸虧損。過往虧損率作出調整以反映影響客戶結算應收款項能力的宏觀經濟因素的當前及前瞻性資料。年內，估計技術或作出的重大假設並無變動。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade receivables (continued)

On that basis, loss allowance provision for trade receivables amounted to approximately RMB35,312,000 was recognised as at 31 December 2020 (2019: approximately RMB16,294,000). The expected loss rate for trade receivables and the loss allowance provision as at 31 December 2020 and 2019 are illustrated as follows:

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

(i) 貿易應收款項(續)

按此基準，於2020年12月31日(採納國際財務報告準則第9號)確認貿易應收款項虧損撥備約人民幣35,312,000元(2019年：約人民幣16,294,000元)。於2020年及2019年12月31日，應收款項的預期虧損率及虧損撥備如下：

		Up to 1 year 長達一年	1 to 2 years 1至2年	2 to 3 years 2至3年	Total 合計
Trade receivables	貿易應收款項				
As at 31 December 2020	於2020年12月31日				
Expected loss rate	預期虧損率	2.36%	3.68%	40.97%	
Gross carrying amount (RMB'000)	總賬面值(人民幣千元)	971,116	175,053	14,522	1,160,691
Loss allowance provision (RMB'000)	虧損撥備(人民幣千元)	(22,921)	(6,442)	(5,949)	(35,312)
		948,195	168,611	8,573	1,125,379
Credit-impaired	信貸損失	No 否	No 否	No 否	
		Up to 1 year 長達一年	1 to 2 years 1至2年	2 to 3 years 2至3年	Total 合計
Trade receivables	貿易應收款項				
As at 31 December 2019	於2019年12月31日				
Expected loss rate	預期虧損率	1.25%	3.77%	27.91%	
Gross carrying amount (RMB'000)	總賬面值(人民幣千元)	935,027	37,300	11,425	983,752
Loss allowance provision (RMB'000)	虧損撥備(人民幣千元)	(11,698)	(1,407)	(3,189)	(16,294)
		923,329	35,893	8,236	967,458
Credit-impaired	信貸損失	No 否	No 否	No 否	

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade receivables (continued)

During the year ended 31 December 2020, the Group recognised loss allowance of approximately RMB15,089,000 (2019: approximately RMB6,640,000) on trade receivables. The movement in the loss allowance for trade receivables is summarised below.

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
At the beginning of the Reporting Period	報告期初	16,294	9,654
Increase in allowance	撥備增加	15,089	6,640
Increase from acquisition of subsidiaries which are not businesses (Note 38)	收購不屬於業務的 子公司的增加(附註38)	3,929	—
At the end of the Reporting Period	報告期末	35,312	16,294

(ii) Receivables under service concession arrangements/ amounts due from customers for construction contracts/other receivables/financial assets at amortised cost

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each Reporting Period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

The Group does not hold any collateral over receivables under service concession arrangements or amounts due from customers for construction contracts as at 31 December 2020 (2019: Nil).

The Group uses four categories for these receivables, which reflect their credit risk and how the loss provision is determined for each of those categories.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

(i) 貿易應收款項(續)

於截至2020年12月31日止年度，本集團就貿易應收款項確認虧損撥備約人民幣15,089,000元(2019年：約人民幣6,640,000元)。貿易應收款項虧損撥備的變動總結如下。

(ii) 特許經營權協議下的應收款項/應收客戶建造合同款/其他應收款項/或以攤銷成本計量的金融資產

本集團在資產的初始確認時考慮違約的可能性，也評估在每個資產存續的報告期間信貸風險是否會持續顯著增加。在評估信貸風險是否顯著增加時本集團將報告日時資產發生違約的可能性與初始確認時發生違約的可能性進行比較，同時也考慮可獲得的合理及支持性前瞻資訊。

於2020年12月31日，本集團並無就特許經營權協議下的應收款項或應收客戶建造合同款持有任何抵押品(2019年：無)。

本集團將該等應收款項分為四類，反映各類別的信用風險及如何釐定虧損撥備。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) *Receivables under service concession arrangements/ amounts due from customers for construction contracts/other receivables/financial assets at amortised cost (continued)*

A summary of the assumptions underpinning the Group's ECL model is as follows:

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

(ii) 特許經營權協議下的應收款項/應收客戶建造合同款/其他應收款項/或以攤銷成本計量的金融資產(續)

本集團預期信貸虧損模式的相關假設概述如下：

Category 類別	Group's definition of category 本集團對各類的定義	Basis for recognition of expected credit loss provision 確認預期信貸損失撥備的基準
Performing 正常	Customers have a low risk of default and a strong capacity to meet contractual cash flows 客戶違約風險低，且有能力產生合約現金流量	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime 12個月預期損失。倘資產的預期存續期少於12個月，預期損失按其預期存續期計量
Underperforming 關注	Receivables for which there is a significant increase in credit risk 信貸風險顯著增加的應收款項	Lifetime expected losses 整個存續期內預期損失
Non-performing 不良	Customers have difficulties in making full payment despite numerous reminders 儘管多次提醒，但客戶仍難以全額付款	Lifetime expected losses 整個存續期內預期損失
Write-off 撇銷	There is no reasonable expectation of recovery 合理預期不能收回	Asset is written off 撇銷資產

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Receivables under service concession arrangements/ amounts due from customers for construction contracts/ other receivables/ financial assets at amortised cost (continued)

The Group applies the simplified approach to provide the expected credit losses on receivables under service concession arrangements, amounts due from customers for construction contracts, other receivables and financial assets at amortised cost.

On the basis as stated, a total loss allowance provision for receivables under service concession arrangements, amounts due from customers for construction contracts and other receivables (except for the tax rebate which are not financial assets) amounted to approximately RMB25,811,000 (2019: approximately RMB10,093,000) was recognised at 31 December 2020 as follows:

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

(ii) 特許經營權協議下的應收款項/應收客戶建造合同款/其他應收款項/或按攤銷成本計量的金融資產(續)

本集團採用簡化方法計算特許經營權協議下的應收款項、應收客戶建造合同款、其他應收款項及按攤銷成本計量的金融資產的預期信貸虧損。

在所述的基礎上，特許經營權協議下的應收款項的總虧損撥備、應收客戶建造合同款及其他應收款項(除不屬於金融資產的退稅外)的金額為約人民幣25,811,000元(2019年：約人民幣10,093,000元)，並於2020年12月31日確認如下。

		Amounts				
		Receivables under service concession arrangements	due from customers for construction contracts	Other receivables	Financial assets at amortised cost	Total
		特許經營權協議下的應收款項	應收客戶建造合同款	其他應收款項	以攤銷成本計量的金融資產	合計
As at 31 December 2020	於2020年12月31日					
Expected loss rate	預期虧損率	0.01%-0.6%	0.5%-1.2%	0.3%-1%	0%	
Gross carrying amount (RMB'000)	總賬面值(人民幣千元)	2,440,245	646,908	1,200,799	300,000	4,587,952
Loss allowance provision (RMB'000)	虧損撥備(人民幣千元)	(13,053)	(7,225)	(5,533)	-	(25,811)
		2,427,192	639,683	1,195,266	300,000	4,562,141
Credit-impaired	信貸損失	No 否	No 否	No 否	No 否	

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) *Receivables under service concession arrangements/ amounts due from customers for construction contracts/other receivables/financial assets at amortised cost (continued)*

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

(ii) 特許經營權協議下的應收款項/應收客戶建造合同款/其他應收款項/或以攤銷成本計量的金融資產(續)

		Receivables under service concession arrangements 特許經營權 協議下的 應收款項	Amounts due from customers for construction contracts 應收客戶 建造合同款	Other receivables 其他應收 款項	Total 合計
As at 31 December 2019	於2019年12月31日				
Expected loss rate	預期虧損率	0.01%-0.1%	0.5%-1.2%	0.3%-1%	
Gross carrying amount (RMB'000)	總賬面值(人民幣千元)	1,390,030	549,978	1,091,268	3,031,276
Loss allowance provision (RMB'000)	虧損撥備(人民幣千元)	(487)	(6,134)	(3,472)	(10,093)
		1,389,543	543,844	1,087,796	3,021,183
Credit-impaired	信貸損失	No 否	No 否	No 否	

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) *Receivables under service concession arrangements/ amounts due from customers for construction contracts/ other receivables/ financial assets at amortised cost (continued)*

During the year ended 31 December 2020, the Group recognised loss allowance of approximately RMB11,582,000 (2019: approximately RMB2,185,000) on the receivables under service concession arrangements, amounts due from customers for construction contracts and other receivables. The movement in the loss allowance for those receivables is summarised below.

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
At the beginning of the Reporting Period	報告期初	10,093	7,908
Increase in allowance	撥備增加	11,582	2,185
Increase from acquisition of subsidiaries which are not businesses (Note 38)	收購不屬於業務的 子公司的增加(附註38)	4,136	—
At the end of the Reporting Period	報告期末	25,811	10,093

(c) Liquidity risk

The Group's objective is to maintain sufficient cash and sources of funding through committed credit facility and maintain flexibility in funding by maintaining committed credit lines. To manage the liquidity risk, management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn banking facilities) and cash and cash equivalents on the basis of expected cash flows. All the borrowings are in compliance with relevant covenant terms if any and the Group expected to fund the future cash flow needs through internally generated cash flows from operations and borrowings 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) 特許經營權協議下的應收款項/應收客戶建造合同款/其他應收款項/或以攤銷成本計量的金融資產(續)

於截至2020年12月31日止年度，本集團就特許經營權協議下的應收款項、應收客戶建造合同款、應收客戶建造合同款，及其他應收款項，確認虧損撥備約人民幣11,582,000元(2019年：約人民幣2,185,000元)。該等應收款項虧損撥備的變動總結如下。

(c) 流動資金風險

本集團的目標是通過承諾的信貸維持充足的現金和資金來源，並通過維持承諾信貸額度來保持資金的靈活性。為管理流動資金風險，管理層監督本集團關於流動資金儲備(包括未提取的銀行融資)的滾動預測和基於預計現金流量的現金及現金等價物。所有借款均遵守相關契約條款(如有)且本集團預期通過內部經營活動產生的現金流量以及向金融機構的借款來滿足未來現金流量需求。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity grouping based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Note 30 to the consolidated financial statements presents more analysis of liquidity risk and undrawn bank borrowings facilities.

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)

下表對本集團根據於報告日期至合約到期日的剩餘期限相關的到期組合淨額基準結算的金融負債進行分析。在表內披露的金額為未經貼現的合同現金流量。

合併財務報表附註30對流動資金風險及未動用的銀行借貸額度進行更多分析。

		Between Less than 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	Total 合計 RMB'000 人民幣 千元
As at 31 December 2020	於2020年12月31日				
Borrowings	借款	2,095,732	2,545,658	759,754	5,401,144
Financial liabilities included in trade and other payables	包含在應付賬款及其他應付款中的金融負債	635,087	-	-	635,087
Lease liabilities	租賃負債	1,168	-	-	1,168
		2,731,987	2,545,658	759,754	6,037,399

		Less than 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	Total 合計 RMB'000 人民幣 千元
As at 31 December 2019	於2019年12月31日				
Borrowings	借款	896,651	407,472	3,710,252	5,014,375
Financial liabilities included in trade and other payables	包含在應付賬款及其他應付款中的金融負債	422,593	-	-	422,593
Lease liabilities	租賃負債	3,970	1,515	-	5,485
		1,323,214	408,987	3,710,252	5,442,453

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3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The estimated amount of interest payments on borrowings are arrived based on the principal borrowing balance and prevailing interests rates at respective balance sheet dates up to the final maturity date of the borrowing agreements.

3.2 Capital risk 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, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on basis of the gearing ratio. This ratio is calculated as net debts divided by total capital. Net debts are calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated financial statements plus net debts.

The net gearing ratio as at 31 December 2020 and 2019 is as follow:

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)

上述估計的借款利息付款系依據借款本金餘額及各個資產負債表日至借款協議的最終到期日的同期利率進行計算所得。

3.2 資本風險管理

本集團的資本管理政策是保障集團能繼續經營，以為股東提供回報和為其他利益關係者提供利益，同時維持最佳的資本結構以減低資本成本。

為了維持或調整資本結構，本集團可能會調整支付予股東的股利數額、向股東退還資本、發行新股或出售資產以減低債務。

與業內其他公司一樣，本集團利用資產負債比監察其資本。此比率按照債務淨額除以總資本計算。債務淨額為總借款減去現金及現金等價物。總資本為「權益」(如合併財務資料所列)加債務淨額。

於2020年及2019年12月31日，淨資產負債比率如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Total borrowings (Note 30)	總借款(附註30)	4,966,929	4,566,367
Less: Cash and bank balances (Note 27)	減：現金及銀行結餘(附註27)	(749,940)	(1,290,199)
Restricted funds (Note 27)	受限制資金(附註27)	(7,990)	(67,966)
Net debt	債務淨額	4,208,999	3,208,202
Total equity	權益總額	4,272,427	4,094,421
Total capital	總資本	8,481,426	7,302,623
Gearing ratio	淨資產負債比率	49.63%	43.93%

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3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these financial statements on a recurring basis across the three levels of the fair value hierarchy defined in IFRS 13 Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 (lowest level): unobservable inputs for the asset or liability.

3. 財務風險管理(續)

3.3 公允價值估計

以下為呈列於根據國際財務報告準則第13號定義之公允價值層級三個級別內，按公允價值計量或須於該等財務報表內按經常性基準披露其公允價值之資產及負債。整體公允價值計量根據對整體計量而言屬重大之最低層輸入數據進行分類。輸入數據之級別定義如下：

- 第一級(最高級別)：本集團於計量日期可取得相同資產或負債於活躍市場上之報價(未經調整)；
- 第二級：第一級所包括報價以外，就資產或負債可直接或間接觀察所得之輸入數據；及
- 第三級(最低級別)：資產或負債之不可觀察輸入數據。

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3. FINANCIAL RISK MANAGEMENT (continued)

3. 財務風險管理(續)

3.3 Fair value estimation (continued)

3.3 公允價值估計

Financial (liabilities)/assets measured at fair value

以公允價值計量的金融(負債)/資產

Financial (liabilities)/assets	Fair value as at 31 December		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Correlation between significant unobservable inputs and fair value
	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元				
金融(負債)/資產			公允價值等級	估值技術和關鍵輸入值	重要而無法觀察之輸入數據	重要而無法觀察之輸入數據與公允價值之相互關係
1) Cross Currency swap classified as financial (liabilities)/assets at FVPL	(84,613)	46,327	Level 2	Discounted cash flow method	N/A	N/A
1) 交叉貨幣掉期分類為以公允價值計量且其變動計入當期損益的金融(負債)/資產	(84,613)	46,327	第2層	現金流量折現法	不適用	不適用
2) Investment in Single Asset Management Plan classified as financial assets at FVPL	-	200,000	Level 3	Quoted prices from financial institution	Operating cash flows, interest rate, expected exit timing, specific right or terms associated with investments	Interest rate increases/decreases by 1%, fair value would increase/decrease by RMB2,000,000
2) 單一資產管理計劃投資分類為以公允價值計量且其變動計入當期損益的金融資產	-	200,000	第3層	金融機構報價	營運現金流量、利率、預期退出時間、與投資相關的特定權利或條款	利率上升/下降1%，公允價值上升/下降人民幣2,000,000元
3) Investment properties	273,755	-	Level 3	Income approach	Weighted average of market rent ranging from RMB34.58/s.q.m to RMB39.67/s.q.m.	Market yields increase/decrease 0.5% result in increase/decrease in fair value by approximately RMB26,087,000
3) 投資物業	273,755	-	第3層	收益法	加權平均市場租金，介乎每平方米人民幣34.58元至每平方米人民幣39.67元	市場收益率增加/減少0.5%將導致公允價值增加/減少約人民幣26,087,000元

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3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

Financial assets measured at fair value (continued)

During the years ended 31 December 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements. The Group's policy is to recognise transfers between levels as at the end of the Reporting Period.

Movements in Level 3 fair value measurements

(a) FVPL

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
At the beginning of the Reporting Period	於報告期初	200,000	-
Additions	購買	-	200,000
Disposal	贖回	(200,000)	-
<hr/>			
At the end of the Reporting Period	於報告期末	-	200,000

Description of valuation techniques and inputs used in Level 3 fair value measurement

The investment in Single Asset Management Plan mainly comprises investment in certain accounts receivables and other non-standardised credit assets (the "Investment"). The fair value of the Investment is estimated based on the net asset value of the Investment reported to the investors by the investment manager as at the end of the Reporting Period.

3. 財務風險管理(續)

3.3 公允價值估計(續)

以公允價值計量的金融資產(續)

截至2020年及2019年12月31日止年度，第1層與第2層公允價值計量之間並無轉移，亦無轉入第3層公允價值計量及自第3層公允價值計量轉出。本集團之政策是於報告期末確認層級之間之轉移。

第3層公允價值計量之變動

(a) 按公允價值計入損益

第3層公允價值計量所用之估值技術及輸入值之闡述

單一資產管理計劃的投資主要包括對某些應收賬款和其他非標準化信貸資產的投資(「投資」)。投資的公允價值是根據投資經理在報告期末向投資者報告的投資資產淨值估算的。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

Financial assets measured at fair value (continued)

Description of valuation techniques and inputs used in Level 3 fair value measurement

(b) Investment properties

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
At the beginning of the Reporting Period	於報告期初	—	—
Transfer from right-of-use assets and construction in progress	自使用權資產及在建工程轉入	217,783	—
Change in fair value	公允價值變動	44,827	—
Surplus on property revaluation upon transfer to investment properties	轉撥至投資物業時的物業重估盈餘	11,145	—
At the end of the Reporting Period		273,755	—

Description of valuation techniques and inputs used in Level 3 fair value measurement

The valuation of investment properties, which conforms to the International Valuation Standards, was conducted using income approach by making reference to comparable market rent as available in the relevant market. Market rent of comparable properties in close proximity adjusted for differences in key valuation attributes, such as size, was used to value the properties. The most significant input into this valuation approach is market rent per square meter.

3. 財務風險管理(續)

3.3 公允價值估計(續)

以公允價值計量的金融資產(續)

第3層公允價值計量所用之估值技術及輸入值之闡述

(b) 投資物業

第3層公允價值計量所用之估值技術及輸入值之闡述

投資物業的估值遵循國際估值準則，參照相關市場可資比較的市場租金採用收益法進行。該等物業的評估使用可資比較鄰近物業的市場租金，並因樓盤面積等關鍵估值屬性上的差異作出調整。此估值方法最重大的輸入參數為每平方米市場租金。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

Financial assets measured at fair value (continued)

Valuation processes used in Level 3 fair value measurement

a) FVPL

The Group reviews estimation of fair value of the investment in Single Asset Management Plan which is categorised into Level 3 of the fair value hierarchy. Reports with estimation of fair value are prepared by the external fund manager on a quarterly basis. Discussion of the valuation process and results with the Audit Committee is held twice a year, to coincide with the reporting dates.

b) Investment properties

The Group reviews estimation of fair value of the investment properties which is categorised into Level 3 of the fair value hierarchy. Reports with estimation of fair value are prepared by the independent professional qualified valuer on a half-yearly basis. Discussion of the valuation process and results with the Audit Committee is held twice a year, to coincide with the reporting dates.

3. 財務風險管理(續)

3.3 公允價值估計(續)

以公允價值計量的金融資產(續)

第3層公允價值計量中使用之估值程序

a) 按公允價值計入損益

本集團審閱於單一資產管理計劃的投資的公允價值估計，該估計被歸類為公允價值層級的第3級。估計公允價值的報告由外部基金經理每季度編製一次。每年與審核委員會討論評估程序和結果兩次，其時間與報告日期一致。

b) 投資物業

本集團審閱投資物業的公允價值估計，該估計被歸類為公允價值層級的第3級。估計公允價值的報告由獨立專業合資格估值師每半年編製一次。每年與審核委員會討論評估程序和結果兩次，其時間與報告日期一致。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

Financial assets measured at fair value (continued)

Fair values of financial assets and liabilities carried at other than fair value

In the opinion of the directors, no other financial assets of the Group are carried at amount materially different from their fair values as at 31 December 2020.

Fair value of financial assets and liabilities measured at amortised cost

The fair values of the following financial assets and liabilities approximate their carrying amounts:

- Trade and other receivables (except for prepayments);
- Receivables under service concession arrangements;
- Amounts due from customers for construction contracts;
- Financial assets at amortised cost;
- Cash and bank balances;
- Restricted funds;
- Term deposits with initial term of over three months;
- Trade and other payables (except for advance from customers, staff salaries and welfare payables and accrued taxes other than income tax);
- Borrowings; and
- Lease liabilities.

3. 財務風險管理(續)

3.3 公允價值估計(續)

以公允價值計量的金融資產(續)

非以公允價值計量的金融資產和負債的公允價值

董事認為，本集團其他金融資產的賬面值與其於2020年12月31日的公允價值沒有重大差異。

按攤銷成本計量的金融資產和負債的公允價值

以下金融資產和負債的公允價值近似於其賬面值：

- 應收賬款及其他應收款(預付款除外)；
- 特許經營權協議下的應收款項；
- 應收客戶建築合同款項；
- 以攤銷成本計量的金融資產；
- 現金及銀行結餘；
- 受限制資金；
- 原期限為3個月以上的定期存款；
- 應付賬款及其他應付款(預收款項、應付職工工資和福利以及除所得稅外的應計稅款除外)；
- 借款；及
- 租賃負債。

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3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

Fair value of financial assets and liabilities measured at amortised cost (continued)

The fair value of non-current receivables under service concession arrangements, non-current amounts due from customers for construction contracts and non-current borrowings is estimated by discounting the future cash flows at the current market rate available to the Group for similar financial instruments.

4. SEGMENT INFORMATION

The executive directors have been identified as the chief operating decision-maker of the Company. 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's reportable segments are as follows:

- Wastewater treatment;
- Water supply; and
- Others, including management services, transportation services, thermal production and treasury functions.

The executive directors of the Company assess the performance of the operating segments based on the measurement of revenue and operating profit.

Unallocated assets consist of deferred tax assets and investments in associates. Unallocated liabilities consist of deferred tax liabilities and income tax payable.

Capital expenditure comprises mainly additions to right-of-use assets/land use rights, property, plant and equipment and intangible assets.

3. 財務風險管理(續)

3.3 公允價值估計(續)

按攤銷成本計量的金融資產和負債的公允價值(續)

特許經營權安排下的非流動應收款項、應收客戶建造合同款的非流動金額及非流動借款的公允價值依據本集團可獲取的類似金融工具的現行市場利率對未來現金流量進行折現估計。

4. 分部信息

執行董事已被確定為本公司的主要經營決策者。管理層已根據本公司執行董事審議的、用於分配資源和評估表現的報告釐定經營分部。

本公司執行董事從產品和服務的角度確定業務。本集團的報告分部如下：

- 污水處理；
- 水供給；及
- 其他，包括管理業務、運輸業務、熱力生產及財務職能。

本公司執行董事根據收入計量和營業利潤評估經營分部的表現。

未分配資產包括遞延稅項資產和聯營投資。未分配負債包括遞延稅項負債和應付所得稅。

資本開支主要包括使用權資產／土地使用權、不動產、工廠及設備和無形資產的增加。

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4. SEGMENT INFORMATION (continued)

(a) Segment information

Segment revenue and result (i.e. the operating profit) and other information for the year ended 31 December 2020 are presented as below:

4. 分部信息(續)

(a) 分部信息

截至2020年12月31日止年度的分部收入和業績(即營業利潤)及其他資料如下:

		Wastewater treatment 污水處理 RMB'000 人民幣千元	Water supply 水供給 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Revenue from external customers	外部客戶收入	1,276,466	260,986	381,971	1,919,423
Segment gross profit	分部毛利	558,256	53,420	67,501	679,177
Segment profit	分部利潤	440,743	37,568	82,153	560,464
Fair value loss on financial liabilities at FVPL	以公允價值計入損益的金融負債的公允價值損失				(130,940)
Finance income	財務收入				71,789
Finance costs	財務成本				(85,520)
Share of results of associates	聯營公司經營成果份額				(312)
Profit before tax	稅前利潤				415,481
Other information	其他信息				
Depreciation of property, plant and equipment	不動產、工廠及設備的折舊	202,515	6,139	18,469	227,123
Depreciation of right-of-use assets	使用權資產折舊	10,053	125	3,767	13,945
Amortisation of intangible assets	無形資產攤銷	10,434	1,120	–	11,554
Capital expenditures	資本開支	355,037	9,435	11,944	376,416

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4. SEGMENT INFORMATION (continued)

4. 分部信息(續)

(a) Segment information (continued)

(a) 分部信息(續)

Segment assets and liabilities as at 31 December 2020 are presented below: 截至2020年12月31日的分部資產和負債如下：

		Wastewater treatment 污水處理 RMB'000 人民幣千元	Water supply 水供給 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Segment assets	分部資產	7,267,231	1,060,842	2,080,292	10,408,365
Unallocated:	未分配的：				
Deferred tax assets	遞延稅項資產				73,606
Investments in associates	聯營投資				14,521
Total assets	資產總額				10,496,492
Segment liabilities	分部負債	4,285,038	679,798	1,080,892	6,045,728
Unallocated:	未分配的：				
Deferred tax liabilities	遞延稅項負債				82,246
Tax payables	應付稅項				96,091
Total liabilities	負債總額				6,224,065

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4. SEGMENT INFORMATION (continued)

(a) Segment information (continued)

Segment revenue and result (i.e. the operating profit) and other information for the year ended 31 December 2019 are presented as below:

4. 分部信息(續)

(a) 分部信息(續)

截至2019年12月31日止年度的分部收入及業績(即營業利潤)及其他資料如下:

		Wastewater treatment 污水處理 RMB'000 人民幣千元	Water supply 水供給 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Revenue from external customers	外部客戶收入	1,213,810	304,857	314,875	1,833,542
Segment gross profit	分部毛利	514,145	57,622	66,157	637,924
Segment profit	分部利潤	445,753	31,526	46,086	523,365
Fair value gain on financial assets at FVPL	以公允價值計入損益的 金融資產的公允價值收益				46,327
Finance income	財務收入				61,408
Finance costs	財務成本				(192,709)
Share of results of associates	聯營公司經營成果份額				(241)
Profit before tax	稅前利潤				438,150
Other information	其他信息				
Depreciation of property, plant and equipment	不動產、工廠及設備的折舊	188,247	5,716	19,839	213,802
Depreciation of right-of-use assets	使用權資產折舊	10,090	–	3,834	13,924
Amortisation of intangible assets	無形資產攤銷	8,787	2,482	438	11,707
Write-off of intangible assets	無形資產撇銷	9,458	–	–	9,458
Capital expenditures	資本開支	205,189	34,040	25,479	264,708

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4. SEGMENT INFORMATION (continued)

4. 分部信息(續)

(a) Segment information (continued)

(a) 分部信息(續)

Segment assets and liabilities as at 31 December 2019 are presented below: 截至2019年12月31日的分部資產和負債如下：

		Wastewater treatment 污水處理 RMB'000 人民幣千元	Water supply 水供給 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Segment assets	分部資產	6,760,731	743,269	2,004,432	9,508,432
Unallocated:	未分配的：				
Deferred tax assets	遞延稅項資產				52,990
Investments in associates	聯營投資				14,833
Total assets	資產總額				9,576,255
Segment liabilities	分部負債	3,879,507	385,147	1,067,434	5,332,088
Unallocated:	未分配的：				
Deferred tax liabilities	遞延稅項負債				74,473
Tax payables	應付稅項				75,273
Total liabilities	負債總額				5,481,834

(b) Geographical information

(b) 地理信息

The Group's operations are principally located in the PRC, hence, geographical segment information is not considered necessary.

本集團的業務主要位於中國。因此，不需要地理區域信息。

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4. SEGMENT INFORMATION (continued)

(c) Information about major customers

The major customers whose revenue amounted to 10% or more of the Group's total revenue were as below:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Customer A	客戶A	564,284	543,279
Customer B	客戶B	249,068	230,505
		813,352	773,784

The customer portfolio of the Group is concentrated, which is consistent with the industry practice. Both customer A and customer B are from wastewater treatment segment. If customer A or customer B substantially defaults in payment or terminates the business relationship with the Group, it could materially affect the Group's financial position and results of operations.

4. 分部信息(續)

(c) 主要客戶信息

本集團的主要客戶的收入佔本集團收入總額的10%或10%以上如下：

本集團客戶群體較為集中，與本行業的現實狀況一致。客戶A及客戶B均來自污水處理分部。如果客戶A或客戶B嚴重違反付款義務或與本集團終止商業合作關係，會嚴重影響本集團的財務狀況和經營收益。

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5. REVENUE

5. 收入

		For the year ended 31 December 截至12月31日止年度	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Revenue from contracts with customers within IFRS 15	國際財務報告準則第15號內來自客戶合約的收入		
Wastewater treatment	污水處理	1,276,466	1,213,810
Operating services – under TOO model	營運服務–TOO模式下	872,615	823,658
Operating services – under TOT/BOT model	營運服務–TOT/BOT模式下	116,807	79,396
Construction services – under BT model	建造服務–BT模式下	2,860	67,118
Construction services – under BOT model	建造服務–BOT模式下	209,427	180,345
Finance income	財務收入	74,757	63,293
Reclaimed water supply and running water supply	再生水供應及自來水供應	260,986	304,857
Operating services of reclaimed water supply – under TOO model	再生水供應營運服務–TOO模式下	23,943	18,102
Operating services of running water supply – under TOT/BOT model	自來水供應營運服務–TOT/BOT模式下	6,538	14,507
Construction services – under BT model	建造服務–BT模式下	–	44,005
Construction services – under BOT model	建造服務–BOT模式下	198,315	184,431
Finance income	財務收入	32,190	43,812
Others	其他	381,971	314,875
Management services	管理服務	190,154	139,108
Transportation services	運輸服務	4,039	4,252
Construction services – under BT model	建造服務–BT模式下	84,642	35,291
Thermal production	熱力生產	77,671	110,587
Others	其他	25,465	25,637
		1,919,423	1,833,542

The revenue from contracts with customers within IFRS 15 is recognised over time, except the transportation services is recognised at a point in time.

除運輸服務以某個時間點確認外，國際財務報告準則第15號內來自客戶合約的收入隨時間經過確認。

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6. EXPENSES BY NATURE

6. 按性質分類的費用

For the year ended 31 December
 截至12月31日止年度

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Depreciation of property, plant and equipment (Note 17)	不動產、工廠及設備的折舊 (附註17)	227,123	213,802
Utilities, electricity and office expenditures	公用事業、電力及辦公室支出	124,733	92,021
Employee benefit expenses (Note 10)	僱員福利開支(附註10)	177,907	161,088
Costs of wastewater and water supply services	污水處理和水供給服務的成本	146,407	105,597
Cost of construction services	建造服務成本	446,061	489,553
Taxes and levies	稅金及附加	28,693	27,409
Repair and maintenance costs	維修及維護成本	27,601	21,349
Commission charge (Note 37(b)(vi))	手續費(附註37(b)(vi))	8,446	8,642
Depreciation of right-of-use assets (Note 16)	使用權資產折舊(附註16)	13,945	13,924
Subcontracting costs	分包費用	59,946	44,972
Professional expenses	專業服務費	16,057	17,659
Research and development expenses	研發費用	7,398	5,719
Amortisation of intangible assets (Note 20)	無形資產攤銷(附註20)	11,554	11,707
Auditor's remuneration	審計費	2,981	3,302
Write-off of intangible assets (Note 20)	無形資產撤銷(附註20)	-	9,458
Fuels expenses	燃料費用	57,321	80,590
Miscellaneous	雜項	56,539	33,767
Total cost of sales, selling expenses, administrative expenses and research and development expenses	銷售成本、銷售費用、行政費用 和研發費用總計	1,412,712	1,340,559

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7. OTHER (EXPENSES)/INCOME – NET

7. 其他(開支)/收益淨額

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Government grants:	政府補助：	20,223	33,595
– relating to property plant and equipment (Note 31)	– 與不動產、工廠和設備有關 (附註31)	10,160	15,855
– relating to research and development activities (Note 31)	– 與研發活動有關 (附註31)	766	321
– relating to tax refund (Note)	– 與稅費返還有關(附註)	9,297	17,419
Interest income from cash and cash equivalents	現金及現金等價物產生的 利息收入	7,087	882
Interest income from structured deposits	結構性存款產生的利息收入	–	899
Fair value change of investment properties (Note 15)	投資物業之公允價值變動 (附註15)	44,827	–
Fair value (loss)/gain of financial (liabilities)/assets at FVPL (Note 24(a))	以公允價值計量且其變動 計入當期損益的金融(負債)/ 資產的公允價值(虧損)/收益 (附註24(a))	(130,940)	46,327
Rental income	租金收入	11,164	–
Others	其他	4,794	4,809
		(42,845)	86,512

Note: Pursuant to Notice on Issuing the Catalogue of Preferential Value-added Tax ("VAT") Policies for Products Made through and Labor Services for Integrated Utilisation of Resources issued by the State Administration of Taxation in the PRC, companies which sell self-produced products made with integrated utilised resources or provides labor services for integrated utilisation of resources can enjoy the policy of value-added tax refund upon collection from 1 July 2015. The wastewater treatment business and the reclaimed water supply business of the Group which fall into the catalogue are qualified to enjoy 70% and 50% (2019: 70% and 50%) VAT refund, respectively.

附註：中國國稅總局頒佈的《資源綜合利用產品和勞務增值稅(「增值稅」)優惠目錄》規定，自2015年7月1日起，從事資源綜合利用自營產品銷售或為資源綜合利用提供勞務的企業可在繳納增值稅後享受增值稅退稅政策。本集團的污水處理業務和再生水供應業務為優惠目錄項目，分別合資格享受70%及50%(2019年：70%及50%)的增值稅費退稅。

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8. OTHER LOSSES

8. 其他虧損

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Loss on disposal of property, plant and equipment – net	處置不動產、工廠及設備的虧損—淨額	737	577
Donation	捐贈	6	33
Penalty expenses (Note a)	罰款支出(附註a)	2,388	—
Penalty expenses – compensation for breach of contract (Note b)	罰款支出—違反合同的賠償(附註b)	4,236	—
Others	其他	304	364
		7,671	974

Notes:

附註：

(a) Included in the penalty expenses is a claim of approximately RMB2,388,000 payable to Leshan Tenghong Construction Engineering Co., Ltd. (樂山騰宏建築工程有限公司) under the ((2020)川11民終488號) on 23 July 2020.

(a) 罰款支出為根據2020年7月23日((2020)川11民終488號)的判決結果，應支付給施工公司樂山騰宏建築工程有限公司約人民幣2,388,000元的索償。

(b) Included in the penalty expenses – compensation for breach of contract is a penalty of approximately RMB4,236,000 payable to Leshan Tenghong Construction Engineering Co., Ltd. (樂山騰宏建築工程有限公司) under the ((2020)川11民終489號) on 24 July 2020.

(b) 罰款支出—違反合同的賠償為根據2020年7月24日((2020)川11民終489號)的判決結果，應支付施工公司樂山騰宏建築工程有限公司約人民幣4,236,000元的罰款。

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9. FINANCE COSTS – NET

9. 財務成本—淨額

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Finance income:	財務收入：		
– Interest income from term deposits	– 定期存款的利息收入	123	361
– Interest income charged to related parties (Note 37(b)(iv))	– 向關聯方收取的利息收入 (附註37(b)(iv))	71,666	61,047
		71,789	61,408
Finance costs:	財務成本：		
– Total interest expenses on borrowings	– 借款利息總支出	(227,092)	(158,292)
– Interest expenses on unsecured borrowings	– 未擔保借款利息支出	(95,607)	(40,609)
– Interest expenses on corporate bonds	– 公司債券利息支出	(31,524)	(31,015)
– Interest expenses on secured borrowings	– 擔保借款利息支出	(99,961)	(86,668)
– Less: borrowing costs capitalised in property, plant and equipment (Note (17)(d))	– 減：資本化計入不動產、 工廠及設備的借款成本 (附註(17)(d))	8,586	8,610
– Finance charges on lease liabilities	– 租賃負債的財務費用	(168)	(382)
– Interest expenses – net	– 利息費用—淨額	(218,674)	(150,064)
– Exchange gain/(loss) – net	– 匯兌收益/(虧損)—淨額	133,283	(41,642)
– Others	– 其他	(129)	(1,003)
		(85,520)	(192,709)
Finance costs – net	財務成本—淨額	(13,731)	(131,301)

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10. PROFIT BEFORE TAX

10. 稅前利潤

This is stated after charging:

稅前利潤已扣除：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Staff costs, including directors' emoluments	員工成本(包括董事酬金)		
Salaries, wages and bonuses	工資、獎金和津貼	152,073	127,739
Contributions to pension plans (Note (a))	退休金計劃供款(附註(a))	8,448	17,043
Housing funds, medical insurance and other social insurance (Note (b))	住房公積金、醫療保險和其 他社會保險(附註(b))	17,386	16,306
		177,907	161,088
Other items	其他項目		
Auditor's remuneration	核數師酬金	2,981	3,302
Depreciation of property, plant and equipment	不動產、工廠及設備的折舊	227,123	213,802
Depreciation of right-of-use assets	使用權資產折舊	13,945	13,924
Loss on disposal of property, plant and equipment	處置不動產、工廠及設備的虧損	737	577
Write-down of inventories	存貨撇銷	2,240	-
Amortisation of intangible assets	無形資產攤銷	11,554	11,707
Professional expenses	專業費用	16,057	17,659
Write-off of intangible assets	無形資產撇銷	-	9,458

Notes:

附註：

(a) As stipulated by rules and regulations in the PRC, the Group contributes to state-sponsored retirement schemes for its full-time employees in the PRC. The Group's full-time employees make monthly contributions to the schemes at approximately 8% of the relevant income (comprising wages, salaries, allowances and bonus, and subject to maximum caps), while the Group contributes 14% to 19% of such relevant income, subject to certain ceiling and has no further obligations for the actual payment of post-retirement benefits beyond the contributions. The state-sponsored retirement schemes are responsible for the entire post-retirement benefit obligations payable to the retired employees.

(a) 根據中國規章制度的規定，本集團為其中國全職員工向國家資助的退休金計劃供款。本集團全職員工按其相關收入(包括工資、薪金、津貼及獎金(不超過一定上限)的8%左右每月向該計劃供款；但本集團須按相關收入的14%至19%供款(不超過一定上限)。本集團沒有義務承擔作出供款以外的退休後福利。國家資助的退休金計劃包含所有應付退休職工的退休後福利義務。

In addition to the government-sponsored defined contribution pension plans as mentioned above, effective from 1 January 2014, the Group operates an additional employee pension plan. The full-time employees of the Group in the PRC are entitled to an additional pension aggregating to 8% of previous year's salaries. The Group has no further obligation for this additional employee pension plan beyond the contribution made.

除上述於2014年1月1日起生效的政府資助的設定提存退休金計劃外，本集團設有一項額外職工退休金計劃。本集團在中國的全職員工有權享有總額為前一年工資8%的額外退休金。除額外職工退休金計劃外，本集團概無其他責任。

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10. PROFIT BEFORE TAX (continued)

Notes: (continued)

- (b) Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on approximately 6.3% to 23.6% of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period.

10. 稅前利潤(續)

附註：(續)

- (b) 本集團在中國的職工加入政府規定的住房公積金、醫療保險和其他社會保險計劃。本集團每月按職工薪金的6.3%至23.6%左右向該等基金供款(不超過一定上限)。就該等公積金而言，本集團的責任只限於在每一期間作出供款。

11. INCOME TAX EXPENSES

11. 所得稅費用

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Current tax	當期稅項	74,486	57,139
Under provision in prior years	以往年度撥備不足	2,980	2,629
		77,466	59,768
Deferred tax (Note 22)	遞延稅項(附註22)	(12,413)	8,304
Income tax expenses	所得稅費用	65,053	68,072

In March 2018, the two-tiered profits tax rates regime was signed into law of Hong Kong, under which, the first HK\$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of corporations incorporated in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

於2018年3月，香港法例引入兩級利得稅率制度，據此，合資格公司之首2,000,000港元溢利將以8.25%之稅率徵稅，而超過2,000,000港元之溢利將以16.5%之稅率徵稅。不符合兩級稅率制度的在香港註冊成立的實體溢利將持續按16.5%之統一稅率徵稅。

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11. INCOME TAX EXPENSES (continued)

Under the Law of the PRC on Corporate Income Tax (the “CIT Law”) and implementation Regulations of the CIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008. The income tax rate of 25% is applicable to all of the Group's PRC subsidiaries during the year ended 31 December 2020, except for certain subsidiaries that enjoy tax exemption or a preferential income tax rate as approved by the respective local tax authorities, which was discussed as follows:

- (a) China's western region development policy (the “**Western Region Development Policy**”) is a preferential tax ruling issued by the State Administration of Taxation of the PRC for companies whose business fall into the catalogue of encouraged industries and located in western region of China. During the years ended 31 December 2020 and 2019, the Company and certain subsidiaries qualified for the Western Region Development Policy were granted the preferential income tax rate of 15%.
- (b) In addition to the Western Region Development Policy, the Company also qualifies as a “High-tech Enterprise” and enjoys a 15% enterprise income tax rate during the years ended 31 December 2020 and 2019.
- (c) Certain newly upgraded wastewater treatment facilities owned by certain PRC subsidiaries meet the criteria provided in the catalogue for public basic infrastructure projects qualified for CIT preferential treatments, such PRC subsidiaries are entitled to three years' exemption from CIT followed by three years of a 50% tax reduction on relevant taxable income derived from such new projects.
- (d) Certain PRC subsidiaries use the resources stipulated in the catalogue for comprehensive utilisation of resources project qualified for CIT preferential treatments enjoyed 10% deduction of CIT.

11. 所得稅費用(續)

根據中華人民共和國企業所得稅法(「**企業所得稅法**」)及企業所得稅法實施條例，自2008年1月1日起，中國子公司的稅率為25%。於截至2020年12月31日止年度期間，除經各自的地方稅務部門批准享受稅務減免或優惠所得稅率的部分子公司外，本集團在中國的所有子公司均適用25%的所得稅率。討論如下：

- (a) 中國西部大開發政策是中國國稅總局對在中國西部省份開展業務的，其經營活動屬政策鼓勵類產業目錄規定產業的公司發佈的一項稅收優惠政策(「**西部大開發政策**」)。截至2020年和2019年12月31日止年度，本公司及部分子公司符合中國西部大開發政策的規定，享受15%的優惠所得稅稅率。
- (b) 除西部大開發政策，本公司亦符合「高新技術企業」資格，並於截至2020年和2019年12月31日止年度享受15%的企業所得稅稅率。
- (c) 由若干中國子公司擁有的部分新升級污水處理設施滿足合資格享受企業所得稅優惠稅率的公共基礎設施項目目錄中的標準。針對本集團從此類新項目產生的相關應稅收入，該等子附屬公司有資格享受「三免三減半」的企業所得稅稅收優惠。
- (d) 部分中國子公司使用合資格享受企業所得稅優惠稅率的資源綜合利用項目目錄中規定的資源。該子公司10%的收入無需繳納企業所得稅。

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11. INCOME TAX EXPENSES (continued)

11. 所得稅費用(續)

Reconciliation of taxation

稅項之對賬

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Profit before tax	稅前利潤	415,481	438,150
Income tax at applicable tax rate	按適用稅率計算的所得稅	103,870	109,538
Non-deductible expenses (Note)	不可扣除的費用(附註)	354	249
Preferential tax rates of the Company and certain subsidiaries	本公司及部分子公司的優惠稅率	(35,508)	(39,566)
Additional deduction allowance for research and development expenses	研發費用的額外扣除撥備	(805)	(615)
Tax exempt revenue	稅項豁免收入	(4,679)	(4,836)
Under provision in prior years	往年度撥備不足	2,980	2,629
Share of results of associates	聯營公司經營成果份額	47	36
Others	其他	(1,206)	637
Income tax expenses	所得稅費用	65,053	68,072

Note: Non-deductible expenses primarily include expenses without valid invoices, welfare and entertainment expenses exceeding the tax deduction limits under the CIT Law.

附註: 不可扣除的費用主要包括無有效發票的費用、根據企業所得稅法超出稅收減免限額的福利及招待費。

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12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

12. 董事及僱員酬金

(a) Directors' and chief executives' emoluments

(a) 董事及最高行政人員酬金

Directors and chief executives' emoluments for the years ended 31 December 2020 and 2019 are set out as follows:

截至2020年及2019年12月31日止年度董事及最高行政人員薪酬載列如下：

		Fees	Salaries	Employer's contribution to benefit scheme	Others	Total
		袍金	工資	僱主向福利計劃供款	其他	合計
		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
Year ended 31 December 2020	截至2020年12月31日止年度					
<i>Executive directors</i>	<i>執行董事</i>					
Ms. Guo Yumei (郭玉梅)	郭玉梅女士	-	1,038	57	51	1,146
Mr. Chen Changyong (陳昌勇) (Note (a)(iii))	陳昌勇先生(附註(a)(iii))	-	428	43	51	522
Mr. Luo Yun (羅雲)	羅雲先生	-	902	42	51	995
<i>Non-executive directors</i>	<i>非執行董事</i>					
Ms. Song Hong (宋紅)	宋紅女士	-	-	-	-	-
Ms. Zhao Zhu (趙竹) (Note (a)(i))	趙竹女士(附註(a)(i))	-	-	-	-	-
Ms. Ren Na (任娜) (Note (a)(v))	任娜女士(附註(a)(v))	-	-	-	-	-
Ms. Yu Yan Bo (余燕波) (Note (a)(iv))	余燕波女士(附註(a)(iv))	-	-	-	-	-
<i>Independent non-executive directors</i>	<i>獨立非執行董事</i>					
Mr. Yin Xiaobing (尹曉冰)	尹曉冰先生	-	150	-	-	150
Mr. He Xifeng (何錫鋒)	何錫鋒先生	-	150	-	-	150
Mr. Sin Lik Man (冼力文) (Note (a)(ii))	冼力文先生(附註(a)(ii))	-	188	-	-	188
Mr. Johnson Wan (雲浚淳) (Note (a)(vi))	雲浚淳先生(附註(a)(vi))	-	33	-	-	33
<i>Supervisors</i>	<i>監事</i>					
Mr. Na Zhiqiang (那志強)	那志強先生	-	851	42	51	944
Mr. Yao Jianhua (姚建華)	姚建華先生	-	61	-	-	61
Mr. Shao Wei (邵偉)	邵偉先生	-	-	-	-	-
<i>Chief executives</i>	<i>最高行政人員</i>					
Mr. Mei Yili (梅益立)	梅益立先生	-	859	47	51	957
Mr. Yang Yang (楊陽) (Note (a)(vii))	楊陽先生(附註(a)(vii))	-	813	42	51	906
		-	5,473	273	306	6,052

Note: The remuneration in the above table is pre-tax remuneration. Wages include wages, bonuses and allowances, and employee benefits paid by the employer; contributions to benefit plans include basic pension insurance and enterprise annuities paid by the employer; others include housing contributions, medical insurance and other social insurance paid by the employer.

註：上表薪酬為稅前薪酬，工資包括僱主支付的工資、獎金和津貼、職工福利；福利計劃供款包括僱主支付的基本養老保險和企業年金；其他包括僱主支付的住房供積金、醫療保險和其他社會保險。

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12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS **12. 董事及僱員酬金(續)**
(continued)

(a) Directors' and chief executives' emoluments (continued)

(a) 董事及最高行政人員酬金(續)

		Fees	Salaries	Employer's contribution to benefit scheme	Others	Total
		袍金	工資	僱主向福利 計劃供款	其他	合計
		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
Year ended 31 December 2019	截至2019年12月31日 止年度					
<i>Executive directors</i>	<i>執行董事</i>					
Ms. Guo Yumei (郭玉梅)	郭玉梅女士	-	645	53	47	745
Mr. Luo Yun (羅雲)	羅雲先生	-	563	58	47	668
<i>Non-executive directors</i>	<i>非執行董事</i>					
Ms. Song Hong (宋紅)	宋紅女士	-	-	-	-	-
Ms. Ma Ce (馬策)	馬策女士	-	-	-	-	-
Ms. Zhao Zhu (趙竹)	趙竹女士	-	-	-	-	-
<i>Independent non-executive directors</i>	<i>獨立非執行董事</i>					
Mr. Yin Xiaobing (尹曉冰)	尹曉冰先生	-	150	-	-	150
Mr. He Xifeng (何錫鋒)	何錫鋒先生	-	150	-	-	150
Mr. Sin Lik Man (冼力文)	冼力文先生	-	220	-	-	220
<i>Supervisors</i>	<i>監事</i>					
Mr. Na Zhiqiang (那志強)	那志強先生	-	563	61	47	671
Mr. Yao Jianhua (姚建華)	姚建華先生	-	197	41	40	278
Mr. Shao Wei (邵偉)	邵偉先生	-	-	-	-	-
<i>Chief executives</i>	<i>最高行政人員</i>					
Mr. Chen Changyong (陳昌勇)	陳昌勇先生	-	113	25	22	160
Mr. Mei Yili (梅益立)	梅益立先生	-	563	52	47	662
Mr. Yang Yang (楊陽)	楊陽先生	-	563	58	47	668
		-	3,727	348	297	4,372

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12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS
(continued)

(a) Directors' and chief executives' emoluments (continued)

Directors and chief executives' emoluments for the years ended 31 December 2020 and 2019 are set out as follows:

- (i) Ms. Zhao Zhu resigned as a non-executive director on 6 November 2020.
- (ii) Mr. Sin Lik Man resigned as an independent non-executive director on 6 November 2020.
- (iii) Mr. Chen Changyong was appointed as an executive director on 19 June 2020.
- (iv) Ms. Yu Yan Bo was appointed as a non-executive director on 19 June 2020.
- (v) Ms. Ren Na was appointed as a non-executive director on 6 November 2020.
- (vi) Mr. Johnson Wan was appointed as an independent non-executive director on 6 November 2020.
- (vii) Mr. Yang Yang resigned as a chief financial officer, secretary to the Board and joint company secretary on 9 February 2021.

During the years ended 31 December 2020 and 2019, no director received any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office.

(b) Directors' and chief executives' retirement benefits

6 out of 14 directors and chief executives (2019: 7 out of 14) enjoyed retirement benefits by a defined benefit pension plan operated by the Group.

(c) Directors' and chief executives' termination benefits

There are no directors' termination benefits operated by the Group.

(d) Consideration provided to third parties for making available directors' and chief executives' services

During the year ended 31 December 2020, no consideration was provided to third parties for making available directors' services (2019: Nil).

12. 董事及僱員酬金(續)

(a) 董事及最高行政人員酬金(續)

截至2020年及2019年12月31日止年度董事及最高行政人員薪酬載列如下：

- (i) 趙竹女士於2020年11月6日辭任非執行董事。
- (ii) 冼力文先生於2020年11月6日辭任獨立非執行董事。
- (iii) 陳昌勇先生於2020年6月19日獲委任為本公司執行董事。
- (iv) 余燕波女士於2020年6月19日獲委任為本公司非執行董事。
- (v) 任娜女士於於2020年11月6日獲委任為本公司非執行董事。
- (vi) 雲浚淳先生於2020年11月6日獲委任為本公司獨立非執行董事。
- (vii) 楊陽先生於2021年2月9日辭任財務總監，董事會秘書及聯席秘書。

於截至2020年及2019年12月31日止年度，並無董事從本集團收取任何酬金作為吸引其加入或在加入時、離開本集團的獎勵或作為離職賠償。

(b) 董事及最高行政人員的退休福利

14名董事及最高行政人員中有6名(2019年：14名中有7名)享有本集團定額福利退休金計劃的退休福利。

(c) 董事及最高行政人員離職福利

本集團並無董事離職福利。

(d) 就提供董事及最高行政人員服務而向第三方支付的对價

在截至2020年12月31日止年度期間，概無就提供董事服務而向第三方支付任何對價(2019年：無)。

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12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS
(continued)

(e) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with directors and chief executives

During the year ended 31 December 2020, there were no loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with directors (2019: Nil).

(f) Directors' and chief executives' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2020 (2019: Nil).

(g) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 2 directors, 1 supervisor and 1 chief executive for the year ended 31 December 2020 (2019: 2 directors, 1 supervisor and 2 chief executives). Their emoluments are reflected in the analysis presented above.

The remaining highest paid employee is not a Director, Supervisor or senior management of the Group, and is the chairman of the labor union. During the years ended 31 December 2020 and 2019, this employee did not receive any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office. The details of remuneration are as follows:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Salaries	工資	896	563
Contributions to pension plans	退休計劃供款	47	51
Others	其他	51	47
		994	661

(h) The distribution of the five highest paid individuals in different ranges of remuneration is as follows:

		2020 2020年 Number of individuals 人數	2019 2019年 Number of individuals 人數
Range of remuneration (RMB'000)	薪酬範圍(人民幣千元)		
0-500	0-500	-	-
500-1,000	500-1,000	4	5
1,000-1,500	1,000-1,500	1	-

12. 董事及僱員酬金(續)

(e) 有關以董事、董事控制的法團及董事及最高行政人員的關連實體為受益人的貸款、準貸款及其他交易的資料

在截至2020年12月31日止年度期間，概無以董事、董事控制的法團及董事的關連實體為受益人而訂立貸款、準貸款及其他交易安排(2019年：無)。

(f) 董事及最高行政人員於交易、安排或合約中的重大權益

本年度年結時或在截至2020年12月31日止年度期間的任何時間，本公司概無訂有任何涉及本集團業務而本公司董事直接或間接在其中擁有重大權益的重要交易、安排或合約(2019年：無)。

(g) 五位最高薪酬人士

截至2020年12月31日止年度，本集團最高薪酬的五位人士包括兩位董事、一位監事和一位最高行政人員(2019年：兩位董事、一位監事和兩位最高行政人員)，其薪酬在上文列報的分析中反映。

餘下一名最高薪酬僱員並非本集團董事、監事及高級管理人員，其職位是工會主席。於截至2020年及2019年12月31日止年度，該名僱員並無從本集團收取任何酬金作為吸引其加入或在加入時、離開本集團的獎勵或作為離職賠償。薪酬詳情如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Salaries	工資	896	563
Contributions to pension plans	退休計劃供款	47	51
Others	其他	51	47
		994	661

(h) 五位最高薪酬人士在不同薪酬等級的分佈載列如下：

		2020 2020年 Number of individuals 人數	2019 2019年 Number of individuals 人數
Range of remuneration (RMB'000)	薪酬範圍(人民幣千元)		
0-500	0-500	-	-
500-1,000	500-1,000	4	5
1,000-1,500	1,000-1,500	1	-

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13. DIVIDENDS

13. 股息

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
(a) Final dividends for the year ended 31 December 2019 of RMB0.125 per share (tax inclusive) (2018: RMB0.1714 (tax inclusive)) (Note (i))	(a) 截至2019年12月31日止年度期末股利每股人民幣0.125元(含稅)(2018年:人民幣0.1714元(含稅))(附註(i))	128,639	176,390
(b) Interim dividends for the six months ended 30 June 2020 of RMB0.054 per share (tax inclusive) (for the six months ended 30 June 2019: Nil) (Note (ii))	(b) 截至2020年6月30日止六個月中期股利每股人民幣0.054元(含稅)(截至2019年6月30日止六個月:無)(附註(ii))	55,572	-
		184,211	176,390
(c) Dividends not recognised at the end of the Reporting Period	(c) 尚未於報告期末確認的股利		
In addition to the above dividends, since year end the Board has recommended the payment of a final dividend of RMB0.120 per share (tax inclusive) (2019: RMB0.125 (tax inclusive)). The aggregate amount of the proposed dividends is expected to be paid in August 2021 out of accumulated profits at 31 December 2020, but not recognised as a liability at year end (Note 42)	除上述股利,董事會建議分派2020年度期末股利每股人民幣0.120元(含稅)(2019年:人民幣0.125元(含稅))。上述建議股利的總額將從截至2020年12月31日的留存收益中分派但不確認為年末負債,預計於2021年8月支付(附註42)	123,493	128,639

Notes:

附註:

- | | |
|--|---|
| <p>(i) As approved by the annual general meeting on 19 June 2020, the Company declared a dividend of RMB128,638,875 (tax inclusive) in respect of the accumulated distributable profit as at 31 December 2019. The declaration of the dividend has been reflected as an appropriation of accumulated profits during the year ended 31 December 2020. The dividends were paid out during the year ended 31 December 2020.</p> | <p>(i) 經股東週年大會於2020年6月19日批准,本公司就截至2019年12月31日的累積可分配利潤派發股利,共計人民幣128,638,875元(含稅)。股利的分派已經列為截至2020年12月31日止年度分派留存收益,截至2020年12月31日止年度已付清股利。</p> |
| <p>(ii) As approved by the 2020 first extraordinary general meeting on 6 November 2020, the Company declared a interim dividend of RMB55,571,994 (tax inclusive) in respect of the accumulated distributable profit as at 30 June 2020. The declaration of the interim dividends has been reflected as an appropriation of accumulated profits during the six months ended 30 June 2020. The interim dividends were paid out during the year ended 31 December 2020.</p> | <p>(ii) 經2020年第一次臨時股東大會於2020年11月6日批准,本公司就截至2020年6月30日止六個月的累積可分配利潤派發中期股利,共計人民幣55,571,994元(含稅)。中期股利的分派已經列為截至2020年6月30日止六個月分派留存收益,截至2020年12月31日止年度已付清中期股利。</p> |

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14. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year:

		2020 2020年	2019 2019年
Profit attributable to equity holders of the Company (RMB'000)	歸屬於本公司權益持有人的利潤(人民幣千元)	348,547	368,411
Weighted average number of ordinary shares in issue (thousand)	已發行普通股的加權平均數(千計)	1,029,111	1,029,111
Basic earnings per share (RMB)	基本每股收益(人民幣)	0.34	0.36

14. 每股盈利

基本每股收益根據歸屬於本公司權益股東的利潤，除以年內已發行普通股的加權平均數目計算。

The diluted earnings per share are same as the basic earnings per share as there was no dilutive potential share during the years ended 31 December 2020 and 2019.

在截至2020年及2019年12月31日止年度內不存在潛在稀釋權利股，故稀釋每股收益與基本每股收益相同。

15. INVESTMENT PROPERTIES

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
At fair value	按公允價值		
At the beginning of the Reporting Period	於報告期初	-	-
Transfer from right-of-use assets (Note 16) and construction in progress (Note 17)	自使用權資產(附註16)及在建工程(附註17)轉入	217,783	-
Change in fair value	公允價值變動	44,827	-
Surplus on property revaluation upon transfer to investment properties	轉撥至投資物業時的物業重估盈餘	11,145	-
At the end of the Reporting Period	於報告期末	273,755	-

15. 投資物業

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15. INVESTMENT PROPERTIES (continued)

During the year ended 31 December 2020, the Group's investment properties under construction in the Kunming No. 2 Water Purification Plant were completed and leased out under relevant leases, and were transferred from right-of-use assets and property, plant and equipment to investment properties for accounting purposes, with a construction cost of approximately RMB204,586,000. At the end of the Reporting Period, based on the valuation made by Beijing Yachao Asset Appraisal Co., Ltd. (北京亞超資產評估有限公司) ("Beijing Yachao"), an independent professional qualified valuer, the fair value of the entire buildings No. 1, No. 2 and No. 3 (including the basement) of the Kunming No. 2 Water Purification Plant leased out was approximately RMB249,413,000, and the difference between the fair value and the carrying amount of approximately RMB44,827,000 was recognised in profit or loss;

The Group leased out the self-occupied management buildings in the Kunming No.3 Water Purification Plant and transferred such buildings from property, plant and equipment to investment properties for accounting purpose, with the carrying amount of approximately RMB2,204,000. At the end of the Reporting Period, based on the valuation made by Beijing Yachao, the fair value of the six management buildings of the Kunming No.3 Water Purification Plant was approximately RMB11,863,000, and the difference between the fair value and the carrying amount of approximately RMB9,659,000 was recognised in other comprehensive income; and

Liuyang Water and Hongyu Thermal Power, subsidiaries of the Group, leased out the land use rights for two pieces self-occupied lands located at the Paper Making Industry Base in Dayao Town, Liuyang City and transferred the land use rights to investment properties for accounting purpose, with a carrying amount of approximately RMB10,993,000. At the end of the Reporting Period, based on the valuation made by Beijing Yachao, an independent professional qualified valuer, the fair value of the land use rights for two pieces of lands located at the Paper Making Industry Base in Dayao Town, Liuyang City was approximately RMB12,479,000, and the difference between the fair value and the carrying amount of the lands of approximately RMB1,486,000 was recognised in other comprehensive income.

15. 投資物業(續)

於截至2020年12月31日止年度，本集團位於昆明市第二水質淨化廠的投資性房地產在建項目完工，並簽訂相關租約出租，自使用權資產及不動產、工廠和設備轉至投資性房地產核算，建造成本約為人民幣204,586,000元。於報告期末，根據獨立專業合資格評估機構北京亞超資產評估有限公司(「北京亞超」)作出的評估，第二水質淨化廠出租的1號、2號、3號建築物整棟(含地下室)的公允價值約為人民幣249,413,000元，公允價值與賬面價值之差約為人民幣44,827,000元已於損益確認；

本集團將位於第三水質淨化廠的自用管理樓出租，自不動產、工廠和設備轉至投資性房地產核算，賬面價值約為人民幣2,204,000元。於報告期末，根據北京亞超作出的評估，第三水質淨化廠6幢管理樓的公允價值約為人民幣11,863,000元，公允價值與賬面價值之差約為人民幣9,659,000元已確認為其他綜合收益；及

本集團之子公司瀏陽水務、宏宇熱電將位於瀏陽市大瑤鎮造紙工業基地的2宗自用土地使用權出租，自土地使用權轉至投資性房地產核算，賬面價值約為人民幣10,993,000元。於報告期末，根據獨立專業合資格評估機構北京亞超作出的評估，瀏陽市大瑤鎮造紙工業基地的2宗土地使用權公允價值約為人民幣12,479,000元，公允價值與土地賬面價值之差約為人民幣1,486,000元已確認為其他綜合收益。

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15. INVESTMENT PROPERTIES (continued)

At the end of the Reporting Period, the fair value of the investment properties located in the PRC was approximately RMB273,755,000 (2019: Nil). They were revalued by Beijing Yachao, independent professional qualified valuer, with appropriate qualification and recent experience in the valuation of similar properties in the relevant location.

The Group's entire properties interests were held under leases to earn rentals income or for capital appreciation which were measured using fair value model and were classified and accounted for as investment properties.

Leasing arrangement – as lessor

The investment properties are leased to tenants on a noncancellable term of five years to eight years (2019: Nil). The lease does not contain any renewal option. Monthly rental charges are fixed payments. The tenant also bears the management fees and amounts charged by the government such as the Goods and Services Tax levied on the Group.

The investment properties are subject to residual value risk. The lease contracts, as a result, include a provision on residual value guarantee based on which the Group has the right to charge the tenants for any damage to the investment properties at the end of the lease. Besides, the Group has collected rental deposits to protect certain investment properties against any loss that may arise from accidents or physical damages of the properties.

The details of the lease income from operating leases are set out in Note 7 to the consolidated financial statements.

15. 投資物業(續)

於報告期末，位於中國的投資物業的公允價值為約人民幣273,755,000元(2019年：無)，乃由獨立專業合資格估值師北京亞超進行重估，該公司具備適當資格且近期於有關地點類似物業的估值方面擁有經驗。

本集團全部物業權益乃根據租賃持有以賺取租金收入或資本增值，並使用公允價值模式計量以及分類及入賬為投資物業。

租賃安排—作為出租人

本集團將其投資物業出租予租戶，租期為五年至八年(2019：無)，且屬不可撤銷租賃。該租賃不含任何續租選項。每月租金按固定款額收取。租戶亦承擔管理費以及向本集團徵收的商品及服務稅等政府收費。

投資物業須承受剩餘價值風險。因此，租賃合同包括一項剩餘價值保證條款，據此，本集團有權在租賃期結束時向租戶收取投資物業的任何損失。此外，本集團已收取租金保證金，以保障若干投資物業免受因意外或物業實體損壞而可能產生的任何損失。

經營租賃所得租賃收入之詳情載列於綜合財務報表附註7。

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16. RIGHT-OF-USE ASSETS/LAND USE RIGHTS

16. 使用權資產／土地使用權

The Group's right-of-use assets represents (i) the prepaid lease payments for land located in the PRC, and (ii) leased office premises located in Hong Kong.

本集團的使用權資產為：(i)位於中國的土地預付租賃付款；以及(ii)位於香港的租賃辦公室。

		Right-of-use assets 使用權資產			
		Land use rights 土地使用權 RMB'000 人民幣千元	Land use rights 土地使用權 RMB'000 人民幣千元	Leased properties 租賃物業 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Reconciliation of carrying amount		賬面值對賬			
- year ended 31 December 2019		- 截至2019年12月31日止年度			
At the beginning of the Reporting Period	於報告期初	469,125	-	-	469,125
Adjustment on transition to IFRS 16	過渡至國際財務報告準則 第16號的調整	(469,125)	469,125	-	-
Additions	添置	-	-	8,981	8,981
Depreciation	折舊	-	(10,090)	(3,834)	(13,924)
At the end of the Reporting Period	於報告期末	-	459,035	5,147	464,182
Reconciliation of carrying amount		賬面值對賬			
- year ended 31 December 2020		- 截至2020年12月31日止年度			
At the beginning of the Reporting Period	於報告期	-	459,035	5,147	464,182
Transfer to Investment properties (Note 15)	轉入至投資物業(附註15)	-	(12,926)	-	(12,926)
Termination	終止	-	-	(286)	(286)
Depreciation	折舊	-	(10,710)	(3,235)	(13,945)
At the end of the Reporting Period	於報告期末	-	435,399	1,626	437,025
At 31 December 2019		於2019年12月31日			
Cost	成本	-	534,992	8,981	543,973
Accumulated depreciation	累計折舊	-	(75,957)	(3,834)	(79,791)
		-	459,035	5,147	464,182
At 31 December 2020		於2020年12月31日			
Cost	成本	-	519,438	8,236	527,674
Accumulated depreciation	累計折舊	-	(84,039)	(6,610)	(90,649)
		-	435,399	1,626	437,025

(a) The Group leased various office premises for its daily operations. Lease terms of the leased properties ranged from 2 to 3 years.

(a) 本集團為日常經營租賃多個辦公場所。租賃物業的租賃期限為2至3年。

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17. PROPERTY, PLANT AND EQUIPMENT

17. 不動產、工廠及設備

		Buildings and facilities	Machinery and equipment	Office and electronic equipment	Motor vehicles	Construction in progress	Total
		樓宇及設施	機器及設備	辦公設備 及電子設備	車輛	在建工程	合計
		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
Year ended 31 December 2019	截至2019年12月31日止年度						
At the beginning of the Reporting Period	報告期初	1,754,737	632,622	48,048	15,108	603,089	3,053,604
Additions	增加	8,971	20,085	3,597	1,118	185,929	219,700
Transfer	轉入	105,446	1,060	384	-	(106,890)	-
Disposals	處置	(571)	-	-	(31)	-	(602)
Depreciation	折舊	(99,430)	(103,634)	(7,386)	(3,352)	-	(213,802)
At the end of the Reporting Period	報告期末	1,769,153	550,133	44,643	12,843	682,128	3,058,900
At 31 December 2019	於2019年12月31日						
Cost	成本	2,369,296	1,246,270	125,470	40,001	682,128	4,463,165
Accumulated depreciation	累計折舊	(600,143)	(696,137)	(80,827)	(27,158)	-	(1,404,265)
Net book value	賬面淨值	1,769,153	550,133	44,643	12,843	682,128	3,058,900
Year ended 31 December 2020	截至2020年12月31日止年度						
At the beginning of the Reporting Period	報告期初	1,769,153	550,133	44,643	12,843	682,128	3,058,900
Additions	增加	2,245	28,714	13,891	1,556	168,364	214,770
Acquisition of subsidiaries which are not businesses (Note 38)	收購不屬於業務的子公司 (附註38)	-	14	304	-	-	318
Transfer	轉入	156,809	223,078	3,998	-	(383,885)	-
Transfer to investment properties (Note 15)	轉入至投資物業 (附註15)	(2,204)	-	-	-	(202,653)	(204,857)
Disposals	處置	(65)	(1,005)	(67)	(173)	-	(1,310)
Depreciation	折舊	(102,917)	(112,731)	(7,867)	(3,608)	-	(227,123)
At the end of the Reporting Period	報告期末	1,823,021	688,203	54,902	10,618	263,954	2,840,698
At 31 December 2020	於2020年12月31日						
Cost	成本	2,526,081	1,497,071	143,596	41,384	263,954	4,472,086
Accumulated depreciation	累計折舊	(703,060)	(808,868)	(88,694)	(30,766)	-	(1,631,388)
Net book value	賬面淨值	1,823,021	688,203	54,902	10,618	263,954	2,840,698

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17. PROPERTY, PLANT AND EQUIPMENT (continued)

Notes:

(a) The net book value of property, plant and equipment pledged as collateral for the Group's borrowings (Note 30) as at the end of the Reporting Period were as follows:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Buildings and facilities	樓宇及設施	346,204	380,816
Machinery and equipment	機器及設備	-	9,749
		346,204	390,565

(b) Depreciation of property, plant and equipment has been charged to the consolidated statement of profit or loss and other comprehensive income as follows:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Cost of sales	銷售成本	217,258	209,948
Administrative expenses	行政費用	9,865	3,854
		227,123	213,802

(c) As at 31 December 2020, the Group is still in the process of applying for the building ownership certificates of certain of its buildings and the aggregated carrying amounts of these buildings amounted to approximately RMB24,625,000 (2019: approximately RMB24,704,000).

(d) During the year ended 31 December 2020, the Group has capitalised borrowing costs amounting to approximately RMB8,586,000 (2019: approximately RMB8,610,000) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of its general borrowings of 5.89% p.a. during the year ended 31 December 2020 (2019: 5.06% p.a.).

17. 不動產、工廠及設備(續)

附註:

(a) 作為本集團借款(附註30)質押擔保物的不動產、工廠及設備在報告期末的賬面淨值如下:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Buildings and facilities	樓宇及設施	346,204	380,816
Machinery and equipment	機器及設備	-	9,749
		346,204	390,565

(b) 不動產、工廠和設備的折舊於合併損益及其他全面收益表支銷，如下:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Cost of sales	銷售成本	217,258	209,948
Administrative expenses	行政費用	9,865	3,854
		227,123	213,802

(c) 於2020年12月31日，本集團仍在為某些樓宇申請所有權證，這些樓宇的賬面價值總計約人民幣24,625,000元(2019年：約人民幣24,704,000元)。

(d) 截至2020年12月31日止年度期間，本集團的合資格資產已資本化借款成本約為人民幣8,586,000元(2019年：約人民幣8,610,000元)。截至2020年12月31日止年度期間，借款成本按一般借款的加權平均利率每年5.89%來進行資本化(2019年：每年5.06%)。

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18. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

The Group has entered into certain arrangements with governmental authorities in the PRC under TOT or BOT models in respect of its wastewater treatment and water supply services (the “Facilities”). These service concession arrangements generally involve the Group as an operator (i) paying a specific amount for those arrangements under TOT models; (ii) constructing the Facilities for those arrangements under BOT models; and (iii) operating and maintaining the Facilities at a specified level of serviceability on behalf of the relevant governmental authorities for the periods from 19 to 30 years (the “Service Concession Periods”), and the Group will be paid for its services over the service concession periods at prices stipulated through a pricing mechanism. 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 term of the Service Concession Periods. 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 authorities in the PRC that set out, inter alia, performance standards, mechanisms for adjusting prices for the services rendered by the Group, specific obligations levied on the Group to restore the Facilities to a specified level of serviceability at the end of the Service Concession Periods and arrangements for arbitrating disputes.

As further explained in the accounting policy for “service concession arrangements” set out in Note 2 to the consolidated financial statements, the consideration paid by the Group for a service concession arrangement is accounted for as an intangible asset (operating concession) (Note 20) or a financial asset (receivable under a service concession arrangement) or a combination of both, as appropriate.

The effective interest rate fell within the range from 5.10% p.a. to 9.23% p.a.

18. 特許經營權協議下的應收款項

本集團在中國已就污水處理以及供水服務(「處理設施」)，按TOT或BOT模式同政府部門訂立若干協議。此等特許經營權協議中，本集團通常作為營運者(i)針對TOT模式下的協議，支付特定金額；(ii)針對BOT模式下的協議，建造處理設施；及(iii)代表相關政府部門在19至30年期間(「特許經營期間」)內經營並維護處理設施，使其達到特定服務水平。本集團將在特許經營期間按定價機制制定的價格收取服務費。本集團通常有權使用處理設施的不動產、工廠及設備，但作為授予方的相關政府部門將控制和監管本集團使用處理設施提供的服務範圍，並有權在特許經營期間屆滿後實益享有處理設施的剩餘權益。各項特許經營權協議受本集團與中國相關政府部門簽訂的合同(如適用)和補充協議(載列了(其中包括)業績標準、調整本集團所提供服務價格的機制、在特許經營期間屆滿後恢復處理設施使其達到特定服務水平的特定義務，以及對於仲裁糾紛的安排)所規範。

正如合併財務報表附註2中載列的有關「特許經營權協議」的會計政策做出的進一步解釋，本集團就特許經營權協議所支付的對價按無形資產(特許經營權)(附註20)或金融資產(特許經營權協議下的應收款項)或二者的結合入賬(如適用)。

實際利率在每年5.10%至每年9.23%區間內。

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18. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS (continued) 18. 特許經營權協議下的應收款項(續)

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.

就本集團的特許經營權協議而言，金融資產部分(特許經營權協議下的應收款項)的匯總信息如下。

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Receivables under service concession arrangements			
Current portion:			
	流動部分：		
Receivables under service concession arrangements	特許經營權協議下的 應收款項	6,612	7,550
Loss allowance	虧損撥備	(50)	(2)
		6,562	7,548
Non-current portion:			
	非流動部分：		
Receivables under service concession arrangements	特許經營權協議下的 應收款項	2,433,633	1,382,480
Loss allowance	虧損撥備	(13,003)	(485)
		2,420,630	1,381,995
		2,427,192	1,389,543

In respect of the Group's receivables under service concession arrangements, the Group has different credit policies, depending on the locations in which they operate. Collection of receivables under service concession arrangements are closely monitored in order to minimise any credit risk associated with the receivables.

就本集團的特許經營權協議下的應收款項而言，本集團有不同的信用政策，取決於經營的地點。密切監察特許經營權協議下的應收款項的收取，以盡量減小與該應收款項有關的任何信用風險。

The receivables under service arrangements were billable receivables. They were mainly due from governmental authorities in the PRC, as grantors in respect of the Group's service concession arrangements.

服務協議下的應收款項為已開具發票的應收款項。該款項主要為就本集團的特許經營權協議而言，應收作為授予方的中國政府部門的款項。

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19. AMOUNTS DUE FROM CUSTOMERS FOR CONSTRUCTION CONTRACTS **19. 應收客戶建造合同款**

Costs incurred to date plus recognised profits less recognised losses: 已發生成本加確認的利潤減確認的虧損：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Costs incurred to date plus recognised profits less recognised losses	已發生成本加確認的利潤減確認的虧損		
Current portion:	流動部分：		
Amounts due from customers for construction contracts	應收客戶建造合同款	26,954	28,030
Loss allowance	虧損撥備	-	(452)
		26,954	27,578
Non-current portion:	非流動部分：		
Amounts due from customers for construction contracts	應收客戶建造合同款	619,954	521,948
Loss allowance	虧損撥備	(7,225)	(5,682)
		612,729	516,266
		639,683	543,844

To measure the ECL, amounts due from customers for construction contracts have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporate forward looking information. As at 31 December 2020, a provision of approximately RMB7,225,000 (2019: approximately RMB6,134,000) was made against the gross amounts to amounts due from customers for construction contracts.

為計量預期信貸虧損，應收客戶建造合同款已根據共享信貸風險特徵及過期天數進行分組。預期信貸損失還包括前瞻性資訊。於2020年12月31日，就應收客戶建造合同款總額作出撥備約人民幣7,225,000元(2019年：約人民幣6,134,000元)。

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20. INTANGIBLE ASSETS

20. 無形資產

		Computer software 計算機軟件 RMB'000 人民幣千元	Operating concession 特許經營權 RMB'000 人民幣千元	Development cost 開發成本 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Year ended 31 December 2019	截至2019年12月31日止年度				
At the beginning of the Reporting Period	報告期初	11,264	163,336	9,958	184,558
Additions	增加	447	35,580	–	36,027
Transfer	轉移	500	–	(500)	–
Write-off	撤銷	–	–	(9,458)	(9,458)
Amortisation	攤銷	(4,131)	(7,576)	–	(11,707)
At the end of the Reporting Period	報告期末	8,080	191,340	–	199,420
At 31 December 2019	於2019年12月31日				
Cost	成本	29,714	207,801	–	237,515
Accumulated amortisation	累計攤銷	(21,634)	(16,461)	–	(38,095)
Net book value	賬面淨值	8,080	191,340	–	199,420
Year ended 31 December 2020	截至2020年12月31日止年度				
At the beginning of the Reporting Period	報告期初	8,080	191,340	–	199,420
Additions	增加	912	20,490	3,592	24,994
Acquisition of subsidiaries which are not businesses (Note 38)	收購不屬於業務的子公司 (附註38)	–	136,334	–	136,334
Transfer to receivables under service concession arrangements	轉移至特許經營協議下的 應收款項	–	(19,905)	–	(19,905)
Transfer	轉移	3,592	–	(3,592)	–
Amortisation	攤銷	(2,992)	(8,562)	–	(11,554)
At the end of the Reporting Period	報告期末	9,592	319,697	–	329,289
At 31 December 2020	於2020年12月31日				
Cost	成本	34,218	344,720	–	378,938
Accumulated amortisation	累計攤銷	(24,626)	(25,023)	–	(49,649)
Net book value	賬面淨值	9,592	319,697	–	329,289

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20. INTANGIBLE ASSETS (continued)

As at 31 December 2020, the Hongze Wastewater Treatment Plant included in the finite useful life has a remaining amortisation period of 240 months (2019: Nil) with a carrying value of approximately RMB41,145,000 (2019: Nil); as at 31 December 2020, the Yiliang Second Wastewater Treatment Plant included in the finite useful life has a remaining amortisation period of 332 months (2019: 344 months) with a carrying value of approximately RMB16,148,000 (2019: approximately RMB16,732,000); as at 31 December 2020, the Qujing Running Water Plants No. 1 and No. 2 included in the finite useful life have a remaining amortisation period of 295 months (2019: 307 months) with a carrying value of approximately RMB13,164,000 (2019: approximately RMB13,700,000).

(a) Amortisation of intangible assets has been charged to the consolidated statement of profit or loss and other comprehensive income as follows:

20. 無形資產(續)

於2020年12月31日，包括在有限可使用年期內的洪澤污水處理廠的剩餘攤銷期為240個月(2019年：無)，賬面值約為人民幣41,145,000元(2019年：無)；於2020年12月31日，包括在有限可使用年期內的宜良第二污水處理廠的剩餘攤銷期為332個月(2019年：344個月)，賬面值約為人民幣16,148,000元(2019年：約為人民幣16,732,000元)；於2020年12月31日，包括在有限可使用年期內的曲靖自來水一廠二廠的剩餘攤銷期為295個月(2019年：307個月)，賬面值約為人民幣13,164,000元(2019年：約為人民幣13,700,000元)。

(a) 無形資產攤銷於合併損益及其他全面收益表中支銷如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Cost of sales	銷售成本	10,457	10,679
Administrative expenses	行政費用	1,097	1,028
		11,554	11,707

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20. INTANGIBLE ASSETS (continued)

(b) Impairment assessment

Operating concession

The recoverable amount of operating concessions which are not yet available for use is determined based on the value-in-use calculation using cash flow projections, based on financial forecast approved by management. Management's assumptions and estimation including forecast of utilisation, discount rate and useful lives of 20 to 30 years. The discount rates used in measuring value-in-use are 11% to 12% (2019: 9% to 10%), which are pre-tax and reflect special risk relating to operating concessions.

21. INVESTMENTS IN ASSOCIATES

Investments accounted for using the equity method refer to the associates held by the Group and the Company, a movement of which is set out as follows:

20. 無形資產(續)

(b) 減值評估

特許經營權

目前尚未可用之特許經營權的可收回金額乃基於採用現金流量預測的使用價值計算而釐定。有關計算乃基於經管理層批准的財務預測及管理層對利用率、貼現率及20至30年的使用壽命預測的假設和估計。用於計量使用價值的貼現率為11%至12%(2019年:9%至10%)，此為稅前貼現率並反映有關特許經營權的特定風險。

21. 聯營投資

按權益法計量的投資是指由本集團和本公司持有的聯營投資，其變動載列如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Unlisted shares	非上市股份		
Share of net assets	淨資產份額	5,179	5,491
Goodwill	商譽	9,342	9,342
		14,521	14,833
At the end of the Reporting Period	報告期末		

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21. INVESTMENTS IN ASSOCIATES (continued)

Fair value of investments

At the end of the Reporting Period, all of the Group's associates are private companies and there was no quoted market price available for the investments.

Relationship with associates

Yunnan Dianchi Information Construction Management Co., Ltd. (雲南滇池信息建設管理有限公司) is mainly engaged in the construction of reclaimed water pipelines, communication pipelines and municipal projects located in Yunnan Province, which enables the Company to participate in construction of wastewater treatment related projects.

Kunming Zaojing Quanxiang Biological Technology Co., Ltd. (昆明藻井泉香生物科技有限公司) is mainly engaged in the cultivation, subsequent reprocessing and sale of primary and finished products of haematococcus pluvialis in Yunnan. The astaxanthin contained in haematococcus pluvialis is a raw material for health products and cosmetics.

Yunnan Dianchi Jiajing Environmental Technology Co., Ltd. (雲南滇池嘉淨環保科技有限公司) undertakes the construction and operation of rural wastewater treatment facilities in Yunnan Province, and has undertaken and completed the "Xishan District Rural Wastewater Treatment Facilities Construction Project".

Financial information of associates

Summarised financial information of the associates of the Group is set out below, which represents amounts shown in the associates' financial statements prepared in accordance with IFRSs and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

21. 聯營投資(續)

投資之公允價值

於報告期末，本集團所有聯營公司均為私營公司，故該等投資並無掛牌市價提供。

與聯營公司的關係

雲南滇池信息建設管理有限公司主要從事位於雲南省的再生水管道、通信管道、市政等工程建設，可令本公司參與污水處理相關的工程建設。

昆明藻井泉香生物科技有限公司主要於雲南從事雨生紅球藻養殖、後續再加工，相關初級產品及產成品的銷售。雨生紅球藻內蘊含的蝦青素是保健品、化妝品的原材料。

雲南滇池嘉淨環保科技有限公司於雲南省承接農村污水處理設施建設運行等業務，前期承接並完工了「西山區農村污水處理設施建設工程」。

聯營公司之財務資料

本集團聯營公司的概要財務資料載於下文，代表聯營公司按照國際財務報告準則編製的財務報表中所示金額，並經本集團為權益會計目的作出調整，包括會計政策及公允價值調整的任何差額。

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21. INVESTMENTS IN ASSOCIATES (continued)

21. 聯營投資(續)

Financial information of associates (continued)

聯營公司之財務資料(續)

Details of the associates at the end of the Reporting Period are as follows.

報告期末聯營公司的詳情如下。

Name of entities 實體名稱	Country/place and date of establishment 註冊成立的國家/ 地點及日期	Paid-up capital RMB'000 人民幣千元	Proportion of ownership interest held by the Group 本集團持有的 所有者權益比例		Principal activities 主營業務
			2020 2020年	2019 2019年	
Yunnan Dianchi Information Construction Management Co., Ltd.* (雲南滇池信息建設管理有限公司, "Dianchi Information") 雲南滇池信息建設管理有限公司 (「滇池信息」)	PRC, Kunming 14 May 2012 中國·昆明 2012年5月14日	2,500	40%	40%	Construction of communication pipeline 通信管道的建設
Yunnan Dianchi Jiajing Environmental Technology Co., Ltd.* (雲南滇池嘉淨環保科技有限公司, "Dianchi Jiajing") 雲南滇池嘉淨環保科技有限公司 (「滇池嘉淨」)	PRC, Kunming 13 April 2012 中國·昆明 2012年4月13日	11,600	40%	40%	Research and promotion of environment technology 環境技術的研發和推廣
Kunming Zaojing Quanxiang Biological Technology Co., Ltd.* (昆明藻井泉香生物科技有限公司, "Kunming Zaojing") 昆明藻井泉香生物科技有限公司 (「昆明藻井」)	PRC, Kunming 12 August 2010 中國·昆明 2010年8月12日	8,000	35%	35%	Research and development of biological products 生物製品的研發

* English translation for identification purpose only.

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21. INVESTMENTS IN ASSOCIATES (continued)

Financial information of associates (continued)

The Group's investments in associates and certain of its key financial information attributable to the Group are as follows:

Year 年度	Assets 資產 RMB'000 人民幣千元	Liabilities 負債 RMB'000 人民幣千元	Revenue 收入 RMB'000 人民幣千元	Loss 虧損 RMB'000 人民幣千元	Net assets 淨資產 RMB'000 人民幣千元	
2020	2020年	6,902	1,723	262	(312)	5,179
2019	2019年	7,092	1,601	1,168	(241)	5,491

21. 聯營投資(續)

聯營公司之財務資料(續)

本集團的聯營投資以及歸屬於本集團的部分關鍵財務資料如下：

22. DEFERRED TAX ASSETS AND LIABILITIES

22. 遞延稅項資產和負債

	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Deferred tax assets:		
– to be recovered within 12 months	17,163	7,643
– to be recovered after more than 12 months	56,443	45,347
	73,606	52,990
Deferred tax liabilities:		
– to be settled within 12 months	1,577	2,061
– to be settled after more than 12 months	80,669	72,412
	82,246	74,473

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22. DEFERRED TAX ASSETS AND LIABILITIES 22. 遞延稅項資產和負債(續)
 (continued)

Movements in deferred tax assets and liabilities during the year ended 31 December 2020, without taking into consideration the offsetting of balance within the same tax jurisdiction, are as follows:

在截至2020年12月31日止年度期間的遞延稅項資產和負債(沒有考慮結餘可在同一徵稅區內抵銷)的變動如下:

		Tax losses carried forward (Note a)	Government grants	Depreciation and amortisation differences arising from the revaluation results (Note b)	Impairment	Unrealised foreign exchange losses	Change in fair value of financial liabilities at FVPL	Total
		結轉的稅務虧損 (附註a)	政府補助	重估結果產生的折舊和攤銷差異 (附註b)	減值	未變現外匯虧損	以公允價值計量且其變動計入當期損益的金融負債的公允價值變動	合計
		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
Deferred tax assets	遞延稅項資產							
At 1 January 2019	於2019年1月1日	3,674	35,556	5,497	3,360	2,774	-	50,861
Recognised in profit or loss	於損益中確認	(51)	4,114	(414)	1,254	(2,774)	-	2,129
At 31 December 2019	於2019年12月31日	3,623	39,670	5,083	4,614	-	-	52,990
Recognised in profit or loss (Note 11)	於損益中確認(附註11)	2,324	(2,639)	(415)	8,224	-	12,692	20,186
Acquisition of subsidiaries which are not businesses (Note 38)	收購不屬於業務的子公司 (附註38)	-	-	-	430	-	-	430
At 31 December 2020	於2020年12月31日	5,947	37,031	4,668	13,268	-	12,692	73,606

(a) Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of related tax benefits through future taxable profits is probable. Carrying forward of these tax losses will expire, if unused, in the years ending 31 December 2021 to 31 December 2025.

(a) 對以稅務虧損確認的遞延稅項資產，在未來很可能產生應課稅利潤而實現相關稅務利益時方可確認。這些稅務虧損的結轉，如未使用，將於截至2021年12月31日至2025年12月31日止年度到期。

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22. DEFERRED TAX ASSETS AND LIABILITIES (continued) **22. 遞延稅項資產和負債(續)**

(b) Certain wastewater treatment facilities and land use rights were recorded at the carrying amounts from KDI's perspective in the consolidated financial statements, which are different from tax bases of these assets. The deferred income tax assets arising from such differences were initially recognised as a credit to reserve.

(b) 在合併財務報表中從昆明滇池投資的角度按賬面價值將污水處理設施和土地使用權入賬，與該等資產的稅基存在差異。該等差異產生的遞延所得稅資產在初始確認時計入其他儲備的貸方。

		Fair value adjustment arising from acquisition of subsidiaries	Differences arising from service concession receivables	Change in fair value of financial assets at FVPL 以公允價值計量且其變動計入當期損益的金融資產的公允價值變動	Change in fair value of investment properties	Others	Total
Deferred tax liabilities	遞延稅項負債	收購子公司產生的公允價值調整	特許經營權應收款產生的差異	公允價值變動	投資物業公允價值變動	其他	合計
		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
At 1 January 2019	於2019年1月1日	52,233	11,747	-	-	60	64,040
Recognised in profit or loss	於損益中確認	(2,299)	5,843	6,949	-	(60)	10,433
At 31 December 2019	於2019年12月31日	49,934	17,590	6,949	-	-	74,473
At 1 January 2020	於2020年1月1日	49,934	17,590	6,949	-	-	74,473
Recognised in profit or loss (Note 11)	於損益中確認 (附註11)	(1,966)	9,964	(6,949)	6,724	-	7,773
At 31 December 2020	於2020年12月31日	47,968	27,554	-	6,724	-	82,246

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23. INVENTORIES

23. 存貨

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Materials for wastewater treatment and water supply services	污水處理及水供給服務的材料	5,623	4,947
Coal	煤炭	1,264	11,428
Spare parts	零部件	4,872	6,261
		11,759	22,636

The cost of inventories recognised as cost of sales amounted to approximately RMB86,560,000, for the year ended 31 December 2020 (2019: approximately RMB67,618,000).

截至2020年12月31日止年度，存貨成本中結轉為銷售成本的金額約人民幣86,560,000元(2019年：約人民幣67,618,000元)。

24. FINANCIAL (LIABILITIES)/ASSETS AT FVPL

24. 以公允價值計量且變動計入損益的金融(負債)/資產

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Derivatives not designated as hedging instruments – Cross Currency swap (“CCS”)	未指定為對沖工具的衍生工具—交叉貨幣掉期(「交叉貨幣掉期」)	(84,613)	46,327
Investment in Single Asset Management Plan	單一資產管理計劃投資	—	200,000
		(84,613)	246,327

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24. FINANCIAL (LIABILITIES)/ASSETS AT FVPL
(continued)

- (a) The maturities of the derivatives are expiring on 26 March 2021, 27 September 2021 and 28 March 2022. The objective of these derivatives entered into by the Group is to mitigate the currency exposures arising from the bank borrowings of USD170,000,000 and HKD1,015,000,000 incepted principally for funding the operations of the subsidiaries incorporated in the PRC. These derivatives are not qualified for hedge accounting and their corresponding changes in fair values have been recognised in profit or loss. During the year, loss (2019: gain) on change in fair value of the CCS in an aggregate amount of approximately RMB130,940,000 (2019: approximately RMB46,327,000) was recognised in profit or loss.

The fair value is estimated by an independent professional qualified valuer, Beijing Yachao, by using the discounted cash flow technique.

- (b) On 27 December 2019, the Group entered into an Asset Management Agreement with an independent China-based financial institution (known as the Asset Manager) and another independent China-based financial institution (known as the Asset Entrustee), pursuant to which the Group agreed to entrust an amount of up to RMB400,000,000 as the Entrusted Assets for the investment in a Single Asset Management Plan issued by Kunming Industrial Development and Investment Co., Ltd. ("IDI"), a wholly state-owned company holding 5.99% of total issued share capital of the Company at the end of the Reporting Period. The investment in Single Asset Management Plan included certain accounts receivables and other non-standardised credit assets transferred from IDI. The Single Asset Management Plan has no guaranteed returns and lasts for 12 months investment period without early redemption option.

The Group invested RMB200,000,000 to the Single Asset Management Plan in December 2019. From the report of the Asset Manager, the fair value of the Single Asset Management Plan approximates the carrying amount at the end of the Reporting Period.

During the year ended 31 December 2020, financial assets at FVPL were disposed of at a net consideration of the RMB200,000,000.

24. 以公允價值計量且變動計入損益的金融(負債)/資產(續)

- (a) 衍生工具的到期日為2021年3月26日、2021年9月27日及2022年3月28日。本集團訂立該等衍生工具的目的是減輕銀行借貸170,000,000美元及1,015,000,000港元所產生的貨幣風險，主要是為在中國註冊成立的子公司運營提供資金。該等衍生工具不具備套期會計的資格，其相應的公允價值變動已在損益中確認。於年內，交叉貨幣掉期的公允價值變動虧損(2019年：收益)合共約人民幣130,940,000元(2019年：約人民幣46,327,000元)已於損益確認。

公允價值乃採用現金流量折現法，由獨立專業合資格估值師北京亞超估值。

- (b) 於2019年12月27日，本集團與一間獨立中國金融機構(稱為資產管理人)及另一間獨立中國金融機構(稱為資產託管人)訂立資產管理協議，據此，本集團同意委託金額最多人民幣400,000,000元作為委託資產，用於投資昆明產業開發投資有限責任公司(「產業開發投資」)(於報告期末，持有本公司已發行股本總額5.99%的國有獨資公司)發行的單一資產管理計劃。單一資產管理計劃中的投資包括若干應收賬款及從產業開發投資轉移的其他非標準化信貸資產。單一資產管理計劃沒有保證的回報，可持續12個月的投資期，且無提前贖回權。

於2019年12月，本集團向單一資產管理計劃投資人民幣200,000,000元。根據資產管理人的報告，單一資產管理計劃的公允價值約為報告期末的賬面值。

截至2020年12月31日止年度，以公允價值計量且變動計入損益的金融資產已按代價淨額人民幣200,000,000元出售。

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25. FINANCIAL ASSETS AT AMORTISED COST

25. 按攤銷成本計量的金融資產

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Unlisted investment (Note)	非上市投資(附註)	300,000	—
		300,000	—

Note: On 11 September 2020, the Company (as the asset entrustor) entered into the Mutual Trust No. 4 Asset Management Agreement with Bosera Capital Management Co., Ltd. (as the asset manager) and China Merchants Bank (as the asset trustee) in relation to the investment and management of the entrusted assets. Pursuant to the Mutual Trust No. 4 Asset Management Agreement, the Company agreed to entrust an amount of RMB300,000,000 as the entrusted assets, which will be funded by the internal resources of the Company. The Entrusted Assets will be used to invest in the credits of accounts receivable held by Kunming Industrial Development and Investment Co., Ltd ("KADI").

The carrying value of financial assets at amortised cost was RMB300,000,000 and stated at the amortised cost less impairment loss. The financial assets at amortised cost are not past due or impaired.

Such investments carried an interest rate at 7% p.a., and the principal is repayable within one year, 10 September 2021. As the directors of the Company intends solely for collection of payments of principal and interest, it is classified as financial assets at amortised cost.

附註：於2020年9月11日，本公司(作為資產委託人)與博時資本管理有限公司(作為資產管理人)及招商銀行(作為資產託管人)就委託資產之投資及管理訂立互信4號資產管理合同。根據互信4號資產管理合同，本公司同意委託人民幣300,000,000元為委託資產，其將以本公司的內部資源撥付。委託資產將用於受讓昆明農業發展投資有限公司(「昆明農業發展投資」)持有的應收賬款債權。

按攤銷成本的金融資產的賬面值為人民幣300,000,000元，並按攤銷成本減減值虧損列賬。按攤銷成本計量的金融資產並無逾期或減值。

該等投資的年利率為7%，本金須於一年內(即2021年9月10日)償還。由於本公司董事擬僅收取本金及利息付款，故將其分類為按攤銷成本計量的金融資產。

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26. TRADE AND OTHER RECEIVABLES

26. 應收賬款及其他應收款

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Trade receivables (Note (a)):	應收賬款(附註(a)):		
– Third parties	– 第三方	83,918	80,165
– Related parties (Note 37(d)(i))	– 關聯方(附註37(d)(i))	85,983	123,168
– Local government	– 地方政府	990,790	780,419
– Loss allowance	– 虧損撥備	(35,312)	(16,294)
Trade receivables – net	應收賬款–淨額	1,125,379	967,458
Other receivables:	其他應收款:		
– Third parties	– 第三方	128,176	57,597
– Related parties (Note 37(d)(i)) (Note (b))	– 關聯方(附註37(d)(i))(附註(b))	1,029,152	1,026,202
– Local government	– 地方政府	53,319	47,057
– Loss allowance	– 虧損撥備	(5,533)	(3,472)
Other receivables – net	其他應收款–淨額	1,205,114	1,127,384
Prepayments:	預付款:		
– Local government	– 地方政府	–	3,587
– Others	– 其他	60,545	126,990
– Loss allowance	– 減值虧損	(4)	(4)
Prepayments – net	預付款–淨額	60,541	130,573
Trade and other receivables – net	應收賬款及其他應收款–淨額	2,391,034	2,225,415

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26. TRADE AND OTHER RECEIVABLES (continued)

As at 31 December 2020, the fair values of the current portion of trade and other receivables of the Group, except for the prepayments which are not financial assets, approximated their carrying amounts.

As at 31 December 2020, the carrying amounts of trade and other receivables are principally denominated in RMB. The trade receivables are due for payment upon presentation of invoices.

The Group applies the simplified approach to provide for ECL prescribed by IFRS 9, which permits the use of the life time expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information. As at 31 December 2020, a provision of approximately RMB35,312,000 (2019: approximately RMB16,294,000) was made against the gross amounts to trade receivables.

To measure the ECL, other receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information. As at 31 December 2020, a provision of approximately RMB5,533,000 (2019: approximately RMB3,472,000) was made against the gross amounts to other receivables.

26. 應收賬款及其他應收款(續)

於2020年12月31日，除不屬於金融資產的預付款外，本集團一年內到期的應收賬款及其他應收款的公允價值，均與其賬面價值相近。

於2020年12月31日，應收賬款及其他應收款的賬面價值主要以人民幣為單位。應收賬款應在發出發票時支付。

本集團應用國際財務報告準則第9號所規定容許使用壽命期預期虧損撥備的簡化方法對所有貿易應收款項為預期信貸虧損計提撥備。為計量預期信貸虧損，貿易應收款項已根據共享信貸風險特徵及過期天數進行分組。預期信貸損失還包括前瞻性資訊。於2020年12月31日，就貿易應收款項總額作出撥備約人民幣35,312,000元(2019年：約人民幣16,294,000元)。

為計量預期信貸虧損，其他應收款項已根據共享信貸風險特徵及過期天數進行分組。預期信貸損失還包括前瞻性資訊。於2020年12月31日，就其他應收款項總額作出撥備約人民幣5,533,000元(2019年：約人民幣3,472,000元)。

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26. TRADE AND OTHER RECEIVABLES (continued)

26. 應收賬款及其他應收款(續)

Notes:

附註:

(a) Ageing analysis of gross trade receivables at the end of the Reporting Period, based on the invoice dates, is as follows:

(a) 於報告期末，根據銷售發票的應收賬款總額之賬齡分析如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
– Within one year	– 1年以內	971,116	935,027
– Over one year and within two years	– 1至2年	175,053	37,300
– Over two years	– 超過2年	14,522	11,425
		1,160,691	983,752

The Group does not hold any collateral as security over these debtors.

本集團並無持有任何抵押品作為擔保。

(b) The Company entered into the entrusted loan contracts with Kunming Xindu Investment Co., Ltd. (昆明新都投資有限公司, “Xindu Investment”), Kunming Bus Group Co., Ltd. (昆明公交集團有限責任公司, “Kunming Bus”), and Kunming Development Investment Group Co., Ltd. (昆明發展投資集團有限公司, “Kunming DIG”) with some major PRC banks on 4 September 2020, 23 January 2020, 13 February 2020 and 2 June 2020, respectively. Pursuant to the entrusted loan contracts, the Group entrusted these major PRC banks to grant loans of RMB350,000,000, RMB60,000,000, RMB240,000,000 and RMB350,000,000 to Xindu Investment, Kunming Bus, and Kunming DIG, respectively. The loans to Kunming Bus of RMB60,000,000 and RMB240,000,000 have been settled subsequent to year end.

(b) 本公司與昆明新都投資有限公司(「新都投資」)、昆明公交集團有限責任公司(「昆明公交」)及昆明發展投資集團有限公司(「昆明發展投資集團」)分別於2020年9月4日、2020年1月23日、2020年2月13日及2020年6月2日與若干主要中國銀行訂立委託貸款合同，根據委託貸款合同，本集團委託該等主要中國銀行向新都投資、昆明公交及昆明發展投資集團分別提供人民幣350,000,000元、人民幣60,000,000元、人民幣240,000,000元及人民幣350,000,000元的貸款。於年末後，向昆明公交分別借出的人民幣60,000,000元和人民幣240,000,000元的貸款已清償。

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27. CASH AND CASH EQUIVALENTS

27. 現金及現金等價物

		Notes 附註	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Cash and bank balances	現金及銀行結餘	(a)	749,940	1,290,199
Restricted funds	受限制資金	(b)	7,990	67,966

(a) Cash and cash equivalents are denominated in

(a) 現金及現金等價物以如下貨幣計值：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
RMB	人民幣	549,537	552,856
HKD	港元	149,282	714,487
USD	美元	51,121	22,856
		749,940	1,290,199

All cash at bank are deposits with original maturity within 3 months. The Group earns interest on cash at bank at floating bank deposit rates ranged from 0.30% to 1.92% during the year ended 31 December 2020 (2019: 0.30% to 1.92%).

所有銀行存款原定到期日都在3個月以下。在截至2020年12月31日止年度期間，本集團按0.30%至1.92%之間的浮動銀行存款利率獲取存款收益(2019年：0.30%至1.92%)。

(b) As at 31 December 2020 and 2019, the restricted funds mainly comprised of guarantee deposits for construction projects.

(b) 於2020年及2019年12月31日，受限制資金主要包括建設項目的保證金。

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28. TRADE AND OTHER PAYABLES/CONTRACT LIABILITIES 28. 應付賬款及其他應付款/合同負債

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Trade payables to third parties (Note c)	應付第三方賬款(附註c)	327,203	150,971
Other payables due to:	其他應付款, 應付:	148,067	146,012
–related parties (Note 37(d)(ii))	–關聯方(附註37(d)(ii))	23,255	14,635
–local government	–地方政府	1,182	1,791
–third parties	–第三方	123,630	129,586
Consideration payable for acquisition of subsidiaries	購買子公司應支付的對價	53,057	21,209
Staff salaries and welfare payables	應付職工工資和福利	42,543	42,285
Payables for acquisition of property, plant and equipment due to:	購置不動產、工廠及設備的應付款, 應付:	48,566	46,207
–related parties (Note 37(d)(ii))	–關聯方(附註37(d)(ii))	16,040	16,040
–third parties	–第三方	32,526	30,167
Payables for acquisition of land use rights from related parties (Note 37(d)(ii))	向關聯方購買土地使用權的應付款項(附註37(d)(ii))	58,194	58,194
Interest payables	應付利息	5,929	4,586
Accrued taxes other than income tax	除所得稅外的應計稅款	15,537	17,384
Total trade and other payables	應付賬款及其他應付款總額	699,096	486,848
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Contract liabilities (Note d)	合同負債(附註d)		
– local government	–地方政府	30,793	–
– third parties	–第三方	14,700	7,238
		45,493	7,238

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28. TRADE AND OTHER PAYABLES/CONTRACT LIABILITIES (continued)

28. 應付賬款及其他應付款/合同負債(續)

Notes:

附註:

- (a) As at 31 December 2020, all trade and other payables of the Group were not required to pay interests, and their fair values, except for the advance from customers, staff salaries and welfare payables and accrued taxes other than income tax which are not financial liabilities, approximated their carrying amounts due to their short maturities. The trade payables are normally granted with credit terms ranging from 30 to 90 days.
- (b) As at 31 December 2020, the Group's trade and other payables are principally denominated in RMB.
- (c) Ageing analysis of trade payables to third parties by invoice date at the end of the Reporting Period is as follow:

- (a) 於2020年12月31日，本集團所有應付賬款及其他應付款均無需支付利息。並且，除不屬金融負債的預收款項、應付職工工資和福利及除所得稅外的應計稅款外，應付賬款及其他應付款系因短期內到期，其公允價值與其賬面價值相近。應付賬款一般授出的信貸期為30至90天。
- (b) 於2020年12月31日，本集團的應付賬款及其他應付款主要以人民幣為單位。
- (c) 於報告期末，根據銷售發票的應付第三方賬款賬齡分析如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
– Within one year	– 1年以內	214,562	137,309
– Over one year and within two years	– 1至2年	100,354	13,662
– Over two years	– 超過2年	12,287	–
		327,203	150,971

- (d) The movements (excluding those arising from increases and decreases both occurred within the same year) of receipt in advance from contracts with customer within IFRS 15 during each of the Reporting Period are as follows:

- (d) 於各報告期內在國際財務報告準則第15號範圍內的預收客戶合同款的變動情況(不包括於同年內增減所產生者)如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
At the beginning of the Reporting Period	於報告期初	7,238	11,737
Recognised as revenue	確認為收益	(7,238)	(11,737)
Receipt of advances or recognition of receivables (Note)	預收款項或確認應收款項(附註)	45,493	7,238
At the end of the Reporting Period	於報告期末	45,493	7,238

Note:

附註:

The amounts represented the receipts in advance from local government and third parties for wastewater treatment and BOT project under construction.

有關款項為就在建污水處理及BOT項目從地方政府及第三方收取的預收款項。

Included in the amount of transaction price allocated to the remaining performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2020 is approximately RMB45,493,000 (2019: approximately RMB7,238,000), which is expected to be recognised as revenue within 1 year.

於分配至於2020年12月31日未履行(或部分未履行)餘下履約責任的交易價格金額中，約人民幣45,493,000元(2019年：約人民幣7,238,000元)預計將於一年內確認為收益。

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28. TRADE AND OTHER PAYABLES/CONTRACT LIABILITIES (continued)

Notes: (continued)

(e) Performance obligations

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2020 and 2019 are as follows:

Amounts expected to be recognised as revenue:

Total transaction price allocated to the unsatisfied performance obligations

分配至未完成履約責任的交易總價

2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
21,140,635	21,000,797

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to operation services and construction services, of which the performance obligations are to be satisfied within 30 years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

The Group has applied the practical expedient under IFRS 15.121(a) and does not disclose the information about its remaining performance obligations of contracts with an original expected duration of one year or less.

28. 應付賬款及其他應付款/合同負債 (續)

附註：(續)

(e) 履約責任

於2020年及2019年12月31日已分配至餘下履約責任(未獲履行或部份未獲履行)之交易價格金額如下：

預期將會確認為收益之金額：

已分配至餘下履約責任並預期於一年後確認為收益之交易價格金額涉及須於三十年內履行有關運營服務及建造服務之履約責任。已分配至餘下履約責任之所有其他交易價格金額預期將於一年內確認為收益。上文所披露之金額並不包括受限制的可變代價。

本集團應用了國際財務報告準則第15.121(a)號下之可行權宜處理方法及並無包括本集團將於原先預期期限為一年或以內之合約之餘下履約責任獲完成時有權獲得之收益之數據。

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29. LEASES

29. 租賃

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Right-of-use assets (Note 16)	使用權資產(附註16)		
Leased properties	租賃物業	1,626	5,147
Land use rights	土地使用權	435,399	459,035
		437,025	464,182
Lease liabilities	租賃負債		
Current	即期	1,168	3,786
Non-current	非即期	-	1,495
		1,168	5,281

The total rental payment for leases for the year ended 31 December 2020 were approximately RMB3,989,000.

截至2020年12月31日止年度，租賃的租金支付總額約為人民幣3,989,000元。

30. BORROWINGS

30. 借款

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Non-current portion:	非流動：		
Unsecured long-term borrowings	未擔保的長期借款	850,000	340,000
Secured long-term borrowings (Note (b))	擔保的長期借款(附註(b))	2,194,263	2,828,418
Corporate bonds (Note (c))	公司債券(附註(c))	37,703	696,629
		3,081,966	3,865,047
Current portion:	流動：		
Unsecured short-term borrowings	未擔保的短期借款	1,390,000	615,000
Secured short-term borrowings (Note (b))	擔保的短期借款(附註(b))	494,963	86,320
		1,884,963	701,320
		4,966,929	4,566,367

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30. BORROWINGS (continued)

Notes:

- (a) All the borrowings were denominated in RMB, HKD or USD.
- (b) As at 31 December 2020 and 2019, analysis of the secured borrowings are as follows:

Secured by:	擔保物:		
Corporate guarantee issued by the Company	由本公司發行的公司擔保	2,325,298	2,453,503
Property, plant and equipment (Note 17)	不動產、工廠及設備(附註17)	363,928	461,235

	2020		2019
	2020年		2019年
	RMB'000		RMB'000
	人民幣千元		人民幣千元

- (c) As approved by the National Development and Reform Commission on 25 November 2015, the Company issued corporate bonds of RMB700,000,000 for a term of 7 years, bearing interest at 4.35% per annum. At the end of the fifth year, the Company can adjust the interest rate within a range of 0.00% to 3.00% for the remaining 2-year period, and the investors have an option to request early redemption at par value of the outstanding corporate bond.

In 2020, the Company has repurchased corporate bonds with a nominal value of RMB660,000,000, and reduced the coupon rate of the bonds to 4.15%, which will remain unchanged in the sixth and seventh years of lifetime (from 25 December 2020 to 24 December 2022).

- (d) The maturities of borrowings are as follows:

On demand or within 1 year	即期或1年以內	1,883,854	701,320
Over 1 year and within 2 years	1至2年	2,431,242	241,670
Over 2 year and within 5 years	2至5年	626,633	3,623,377
Over 5 years	5年以上	25,200	-

	2020		2019
	2020年		2019年
	RMB'000		RMB'000
	人民幣千元		人民幣千元

	2020		2019
	2020年		2019年
	RMB'000		RMB'000
	人民幣千元		人民幣千元

	2020		2019
	2020年		2019年
	RMB'000		RMB'000
	人民幣千元		人民幣千元

	2020		2019
	2020年		2019年
	RMB'000		RMB'000
	人民幣千元		人民幣千元

	2020		2019
	2020年		2019年
	RMB'000		RMB'000
	人民幣千元		人民幣千元

	2020		2019
	2020年		2019年
	RMB'000		RMB'000
	人民幣千元		人民幣千元

	2020		2019
	2020年		2019年
	RMB'000		RMB'000
	人民幣千元		人民幣千元

	2020		2019
	2020年		2019年
	RMB'000		RMB'000
	人民幣千元		人民幣千元

	2020		2019
	2020年		2019年
	RMB'000		RMB'000
	人民幣千元		人民幣千元

	2020		2019
	2020年		2019年
	RMB'000		RMB'000
	人民幣千元		人民幣千元

30. 借款(續)

附註:

- (a) 所有借款均以人民幣、港元或美元計值。
- (b) 於2020年及2019年12月31日，有擔保的借款分析如下：

- (c) 經國家發改委2015年11月25日批准，本公司發行面值為人民幣700,000,000元、期限為7年的公司債券，年利率為4.35%。於第5年末，本公司可調整餘下兩年的利率(區間為0.00%至3.00%)，投資者可選擇要求按面值提前贖回未償還的公司債券。

於2020年，本公司已回購面值為人民幣660,000,000元的公司債券，同時下調債券票面利率為4.15%，並在存續期的第6年至第7年(2020年12月25日至2022年12月24日)固定不變。

- (d) 借款到期日如下：

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30. BORROWINGS (continued)

Notes: (continued)

- (e) The weighted average effective interest rates for borrowings at the end of the Reporting Period are as follows:

		2020 2020年	2019 2019年
Weighted average effective interest rates	加權平均實際利率	5.89%	4.83%

Interest rates of borrowings denominated in RMB are reset periodically according to the benchmark rates announced by the People's Bank of China.

The Group's borrowings bear interest at floating rates, except bank loans in an aggregate principal amount of approximately RMB1,822,832,000 (2019: approximately RMB1,812,864,000) bearing interest at fixed rates ranging from 3.27% to 6.00% (2019: ranging from 4.13% to 6.00%) per annum.

- (f) The fair values of current borrowings equal their carrying amount as the discounting impact is not significant. The fair values of non-current borrowings are estimated based on discounted cash flow using the prevailing market interest rates available to the Group for financial instruments with substantially the same terms and characteristics. The fair values of non-current borrowings approximated to their carrying amount.

- (g) The Group had the following undrawn borrowing facilities:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
RMB facilities	人民幣額度	1,525,000	1,225,000

31. DEFERRED REVENUE

Deferred revenue of the Group included government grants in respect of the Group's or the Company's construction of various facilities and wastewater treatment facilities, thermal production, and the performance of research and development activities.

Government grants relating to property, plant and equipment are recognised to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the estimated lives of the related assets.

30. 借款(續)

附註:(續)

- (e) 於報告期末，借款的加權平均實際利率如下：

人民幣借款的利率按中國人民銀行公佈的基準利率定期調整。

本集團的借款以浮動利率計息，惟本金總額約為人民幣1,822,832,000元(2019年：約人民幣1,812,864,000元)的銀行貸款按固定利率計息，介乎每年3.27%至6.00%(2019年：介乎每年4.13%至6.00%)。

- (f) 由於折現的影響不重大，因此流動借款的公允價值與其賬面價值相等。非流動借款的公允價值按照折現的現金流量，並使用與借款的條款和特點大體相同的金融工具在現行市場的利率進行估計。非流動借款的公允價值與其賬面價值相近。

- (g) 本集團有下列未動用的銀行借貸額度：

31. 遞延收益

本集團的遞延收益包括就本集團或本公司建造各項設施、污水處理設施、熱力生產以及研發工作表現而獲得的政府補助。

與購買不動產、工廠和設備有關之政府補助按有關資產之預計年期以直線法在合併損益及其他全面收益表中確認。

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31. DEFERRED REVENUE (continued)

Government grants relating to research and development activities are recognised in the consolidated statement of profit or loss and comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

31. 遞延收益(續)

與研發活動有關之政府補助按擬補償之成本配合其所需期間在合併損益及綜合收益表中確認。

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Government grants related to:	相關政府補助：		
– property, plant and equipment	– 不動產、工廠及設備	248,429	265,588
– research and development activities	– 研發活動	–	766
		248,429	266,354

The movements of government grants are set out as follows:

政府補助之變動載列如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
At the beginning of the Reporting Period	報告期初	266,354	222,530
Additions	增加	3,001	60,000
Credit to the statement of profit or loss and other comprehensive income	記入損益及其他全面收益表	(10,926)	(16,176)
Refund of government grants (Note)	退還政府補助(附註)	(10,000)	–
At the end of the Reporting Period	報告期末	248,429	266,354

Note:

In December 2019, KDI transferred the provincial fund of RMB10,000,000 for 2019 to the Company in respect of the project of operation and maintenance of rural domestic wastewater collection and treatment facilities in Dianchi Watershed and Niulanjiang Water Replenishment Area (Kunming Section). Kunming Municipal Dianchi Administration Bureau required that such project fund shall be paid by the responsible entity, being Kunming Municipal Dianchi Administration Bureau, and therefore the Company shall return the fund to KDI and then the responsible entity will disburse the fund to the Company.

附註：

2019年12月，昆明滇池投資轉撥付滇池流域及牛欄江補水區(昆明段)農村生活污水收集處理設施運行維護項目2019年省級資金人民幣10,000,000元至本公司，昆明市滇池管理局要求該筆項目資金撥付路徑要由責任主體昆明市滇池管理局撥付，因此需本公司按原渠道退回，再由責任主體撥付該筆資金至本公司。

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32. SHARE CAPITAL

32. 股本

		2020 2020年	2019 2019年
Registered, issued and fully paid	已註冊、發行及繳足		
Number of ordinary shares (thousand)	普通股股數(千計)	1,029,111	1,029,111
Share capital (RMB'000)	股本(人民幣千元)	1,029,111	1,029,111

Note:

附註:

(a) The Company was established on 23 December 2010, with an initial registered share capital of RMB360,000,000, divided into 360,000,000 shares with a nominal value of RMB1.00 each. 344,943,000 shares or 95.82% equity interest amounting to RMB1,260,091,000 were issued to KDI at a premium of RMB915,148,000, in exchange for the property, plant and equipment and land use rights under TOO Model of RMB1,189,277,000, certain investments in subsidiaries of RMB5,814,000, and cash of RMB65,000,000. The remaining 15,057,000 shares or 4.18% equity interest amounting to RMB55,000,000 were issued to other four shareholders, namely Kunming Development Investment Group Co., Ltd. (昆明發展投資集團有限公司, "DIG"), IDI, Kunming State-owned Assets Management and Operation Co., Ltd. (昆明市國有資產管理運營有限責任公司, "Kunming State-Owned Asset Management") and Kunming Xindu Real Estate Co., Ltd. (昆明新都置業有限公司, "Xindu Real Estate"), at a premium of RMB39,943,000.

(a) 本公司於2010年12月23日成立，初始註冊股本為人民幣360,000,000元，按每股面值人民幣1.00元分為360,000,000股。已向昆明滇池投資發行344,943,000股股份或95.82%權益，共計人民幣1,260,091,000元，溢價為人民幣915,148,000元，以換取TOO模式下的不動產、工廠及設備以及土地使用權計人民幣1,189,277,000元，子公司投資計人民幣5,814,000元，以及人民幣65,000,000元的現金。向其餘4個股東昆明發展投資集團有限公司(「昆明發展投資集團」)、產業開發投資、昆明市國有資產管理運營有限責任公司(「昆明國有資產管理運營」)及昆明新都置業有限公司(「新都置業」)發行剩餘15,057,000股股份或4.18%權益，換取共計人民幣55,000,000元，溢價為人民幣39,943,000元。

The capital contributions were paid up by two instalments. The first instalment of approximately RMB1,208,841,000 was received upon the establishment of the Company and the second instalment of RMB106,250,000 was received in the year ended 31 December 2012. The excess of the assets or cash consideration received by the Company over the share capital with the amount of approximately RMB955,091,000 was recorded as share premium.

該項出資分兩次付清。在本公司成立時已收到首期付款約人民幣1,208,841,000元；截至2012年12月31日止年度，收到第二期付款人民幣106,250,000元。本公司收到的超過股本的資產或現金對價共計約人民幣955,091,000元，計入股本溢價。

(b) On 12 October 2015, as approved by the shareholders of the Company, based on a total of 360,000,000 shares of the Company as at 31 December 2014, bonus shares of 360,000,000 in total were issued to all shareholders by transfer of capital reserve on the basis of 10 shares for 10 shares. Upon completion of the transfer, total share capital of the Company was increased to 720,000,000 shares.

(b) 2015年10月12日，經公司股東批准，公司以截至2014年12月31日公司股份總數360,000,000股為基數，以資本公積金向全體股東每10股轉增10股，合計轉增360,000,000股，轉增完成後公司總股本將增加至720,000,000股。

(c) On 6 April 2017, the Company newly issued 308,572,000 H shares of RMB1.00 each at HKD3.91 per share in connection with the initial listing of H shares of the Company on the Main Board of the Stock Exchange, and raised gross proceeds of approximately HKD1,206,517,000 (equivalent to RMB1,070,421,000). Subsequently on 10 May 2017, after the exercise of the over-allotment option, additional 539,000 H shares of RMB1.00 each were issued at HKD3.91 per share and raised gross proceeds of approximately HKD2,107,000 (equivalent to RMB1,870,000). Net proceeds of approximately RMB997,460,000 (after deducting the underwriting commissions and other listing expenses) was raised by the Company, of which RMB309,111,000 was credited to share capital with remaining approximately RMB688,349,000 credited to share premium.

(c) 2017年4月6日，本公司在聯交所主板首次發行H股，以每股股價3.91港元新發行308,572,000股每股人民幣1.00元的H股，大約收到所得款合計1,206,517,000港元(相當於人民幣1,070,421,000元)。隨後在2017年5月10日，在行使超額配股權後，本公司以每股股價3.91港元額外發行539,000股每股人民幣1.00元的H股，收到所得款合計約2,107,000港元(相當於人民幣1,870,000元)。本公司共籌集人民幣約997,460,000元的所得款淨額(在扣除承銷佣金和其他上市開支後)，其中人民幣309,111,000元在股本內確認，而剩餘人民幣約688,349,000元在股本溢價內確認。

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33. OTHER RESERVES

33. 其他儲備

		Share premium	Statutory reserve <i>(Note (a))</i>	Capital reserve <i>(Note (b))</i>	Property reserve	Translation reserve	Total
		股本溢價	法定儲備 <i>(附註(a))</i>	資本儲備 <i>(附註(b))</i>	物業 重估盈餘	折算儲備	合計
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		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
At 1 January 2019	於2019年1月1日	1,283,440	215,202	(47,793)	-	1,435	1,452,284
Transfer to statutory reserves	提取法定儲備	-	36,024	-	-	-	36,024
Exchange differences	貨幣折算差額	-	-	-	-	871	871
At 31 December 2019 and 1 January 2020	於2019年12月31日及 2020年1月1日	1,283,440	251,226	(47,793)	-	2,306	1,489,179
Transfer to statutory reserves	提取法定儲備	-	20,911	-	-	-	20,911
Surplus on property revaluation upon transfer to investment properties <i>(Note 15)</i>	轉撥至投資物業時的 物業重估盈餘 <i>(附註15)</i>	-	-	-	11,145	-	11,145
Exchange differences	貨幣折算差額	-	-	-	-	2,145	2,145
At 31 December 2020	於2020年12月31日	1,283,440	272,137	(47,793)	11,145	4,451	1,523,380

Note:

附註:

(a) Statutory reserve

In accordance with the PRC Company Law and the constitutions of the PRC companies of the Group (the "PRC Companies"), the PRC Companies are required to allocate 10% of their profits attributable to the respective owners of the PRC Companies as set out in their statutory financial statements, to the statutory surplus reserve until such reserve reaches 50% of the registered capital of the respective PRC Companies. The appropriation to the reserve must be made before any distribution of dividends to the respective owners of the PRC Companies. The statutory surplus reserve can be used to offset previous year's losses, if any, and part of the statutory surplus reserve can be capitalised as the share capital of the respective PRC Companies provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital of the respective PRC Companies.

(a) 法定儲備

根據《中華人民共和國公司法》及本集團中國公司(「中國公司」)的組織章程，中國公司應按其法定財務報表中載列的歸屬於本公司權益所有者利潤的10%，提取法定盈餘公積，當該法定盈餘公積達到各中國公司註冊資本的50%時，可不再提取。各中國公司必須在向所有者分配股利前提取法定盈餘公積。法定盈餘公積可用於彌補以前年度虧損，如有：部分法定盈餘公積可資本化為各中國公司的股本，惟資本化後該盈餘公積的剩餘金額不低於各中國公司股本的25%。

(b) Capital reserve

Capital reserve mainly represented the existing book value from KDI's prospective of certain acquired wastewater treatment facilities and land use rights transferred to the Group from KDI, which did not form part of the capital contribution in the form of share capital in 2010, netting of the consideration of these assets and the deferred tax impact. These wastewater treatment facilities and land use rights were included in the consolidated financial statements as if they had been consolidated from the date when KDI came under the control of the then ultimate controlling party.

(b) 資本儲備

資本儲備主要是指本集團從昆明滇池投資收購的部分污水處理設施及土地使用權從昆明滇池投資角度計算的現有賬面值(不構成2010年以股本形式出資的一部分)扣除該等資產的收購對價及遞延稅項影響。此等污水處理設施及土地使用權已包含在合併財務報表中，猶如其已在昆明滇池投資受當時的最終控制方控制的日期納入合併範圍。

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34. ACCUMULATED PROFITS

34. 留存收益

		<i>RMB'000</i> 人民幣千元
At 1 January 2019	於2019年1月1日	1,413,378
Profit for the year	年度利潤	368,411
Transfer to statutory reserves (<i>Note 33(a)</i>)	提取法定儲備(<i>附註33(a)</i>)	(36,024)
Dividends declared and paid to the equity holders of the Company (<i>Note 13</i>)	向本公司權益持有人宣派及 支付股利(<i>附註13</i>)	(176,390)
At 31 December 2019 and 1 January 2020	於2019年12月31日及2020年1月1日	1,569,375
Profit for the year	年度利潤	348,547
Transfer to statutory reserves (<i>Note 33(a)</i>)	提取法定儲備(<i>附註33(a)</i>)	(20,911)
Dividends declared and paid to the equity holders of the Company (<i>Note 13</i>)	向本公司權益持有人宣派及 支付股利(<i>附註13</i>)	(184,211)
At 31 December 2020	於2020年12月31日	1,712,800

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35. CASH FLOW INFORMATION

35. 現金流信息

(a) Cash (used in)/generated from operations

(a) 經營(使用)/產生的現金

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Profit before tax:	稅前利潤：	415,481	438,150
Adjustments for:	調整項目：		
- Impairment losses on financial assets	- 金融資產減值損失	26,671	8,829
- Depreciation of property, plant and equipment	- 不動產、工廠及設備的折舊	227,123	213,802
- Depreciation of right-of-use assets	- 使用權資產折舊	13,945	13,924
- Amortisation of intangible assets	- 無形資產攤銷	11,554	11,707
- Write-off of intangible assets	- 無形資產撤銷	-	9,458
- Fair value loss/(gain) on derivative financial instruments	- 衍生金融工具的公允價值損失/(收益)	130,940	(46,327)
- Fair value gain on investment properties	- 投資物業的公允價值收益	(44,827)	-
- Share of results of associates	- 聯營公司經營成果份額	312	241
- Finance cost – net	- 財務成本—淨額	147,014	89,659
- Interest income from structured deposits	- 結構性存款產生的利息收入	-	(899)
- Amortisation of government grants relating to purchase of property, plant and equipment	- 與採購不動產、工廠及設備相關的政府補助攤銷	(10,160)	(15,855)
- Loss on disposal of property, plant and equipment	- 處置不動產、工廠及設備的虧損	737	577
- Exchange differences	- 匯兌差額	(128,369)	54,616
- Write-down of inventories	- 存貨撤銷	2,240	-
		792,661	777,882
Changes in working capital:	營運資金變動：		
- Increase in trade and other receivables	- 應收賬款及其他應收款的增加	(160,542)	(292,340)
- Decrease/(Increase) in inventories	- 存貨的減少/(增加)	8,637	(9,721)
- Increase/(Decrease) in contract liabilities	- 合同負債增加/(減少)	38,255	(4,499)
- Increase in amount due from customers for construction contracts	- 應收客戶建造合同款的增加	(96,930)	(237,819)
- Increase in receivables under service concession arrangements	- 特許經營權協議下的應收款項的增加	(1,043,977)	(281,297)
- Decrease in deferred revenue relating to research and development activities	- 與研發活動有關的遞延收益的減少	(766)	(321)
- Increase in trade and other payables	- 應付賬款及其他應付款的增加	123,313	100,509
Cash (used in)/generated from operations	經營(使用)/產生的現金	(339,349)	52,394

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35. CASH FLOW INFORMATION (continued)

35. 現金流信息(續)

(b) Proceeds from disposal of property, plant and equipment comprise:

(b) 出售不動產、工廠及設備所得款包括：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Net book value (Note 17)	賬面淨值(附註17)	1,310	602
Loss on disposal of property, plant and equipment – net (Note 8)	處置不動產、工廠及設備的虧損－淨額(附註8)	(737)	(577)
Proceeds from disposal	處置所得款	573	25

(c) Changes in liabilities arising from financing activities

(c) 融資活動產生的負債變化

Details of the changes in the Group's liabilities from financing activities are as follows:

本集團產生自融資活動負債變動的詳情如下：

2020

2020年

		Borrowings 借款 RMB'000 人民幣千元	Lease liabilities 租賃負債 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At the beginning of the Reporting Period	報告期初	4,566,367	5,281	4,571,648
Net cash flows	淨現金流量	485,748	(3,989)	481,759
Acquisition of subsidiaries which are not businesses (Note 38)	收購不屬於業務的子公司(附註38)	35,809	-	35,809
Interest expenses	利息支出	31,524	168	31,692
Disposal of lease	出售租賃	-	(292)	(292)
Exchange differences	匯兌差額	(152,519)	-	(152,519)
At the end of the Reporting Period	報告期末	4,966,929	1,168	4,968,097

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35. CASH FLOW INFORMATION (continued)

35. 現金流信息(續)

(c) Changes in liabilities arising from financing activities (continued)

(c) 融資活動產生的負債變化(續)

2019

2019年

		Borrowings 借款 RMB'000 人民幣千元	Lease liabilities 租賃負債 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At the beginning of the Reporting Period	報告期初	2,779,204	-	2,779,204
Additions	增加	-	8,981	8,981
Net cash flows	淨現金流量	1,732,547	(4,082)	1,728,465
Interest expenses	利息支出	31,015	382	31,397
Exchange differences	匯兌差額	23,601	-	23,601
At the end of the Reporting Period	報告期末	4,566,367	5,281	4,571,648

36. COMMITMENTS

36. 承諾

(a) Capital commitments

(a) 資本性承諾

At the end of the Reporting Period, capital expenditures contracted for, but not yet incurred are as follows:

於報告期末已訂約但尚未產生的資本性支出如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Property, plant and equipment	不動產、工廠及設備	54,099	28,609

(b) Concession projects and construction projects contracted at the end of the Reporting Period, but not yet incurred are as follows:

(b) 於報告期末簽訂但尚未發生的特許項目及建設項目如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Concession projects and construction projects	特許項目及建設項目	1,521,290	4,018,446

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37. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The Company is controlled by KDI, which is a government-related enterprise established in the PRC by the State-owned Assets Supervision and Administration Commission of the Kunming People's Government ("Kunming SASAC"). In accordance with IAS 24 (Revised), "Related Party Disclosures", issued by the IASB, government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include KDI and its subsidiaries (other than the Group), entities controlled by Kunming SASAC, other entities and corporations in which the Group is able to exercise significant influence and key management personnel of the Company and as well as their close family members. The Group's significant transactions and balances with the PRC government and other entities controlled, jointly controlled or significantly influenced by the PRC government mainly include purchases of assets, provision of financial assets, bank deposits and bank borrowings and related trade and other receivables, trade and other payables, borrowings, term deposits with initial term of over three months, cash and cash equivalents. The directors of the Company believe that the meaningful information of related party transactions has been adequately disclosed in the consolidated financial statements.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the year ended 31 December 2020, and balances as at 31 December 2020 arising from those related party transactions.

37. 關聯方交易

如一方有能力直接或間接控制另一方或在作出財務及營運決策時對另一方施加重大影響，則雙方被視為有所關聯。如果雙方共同受其他方控制，也被視為關聯方。

本公司受昆明滇池投資控制，其為昆明市人民政府國有資產監督管理委員會（「昆明市國資委」）在中國成立的一家政府關聯公司。根據國際會計師公會頒佈的國際會計準則第24條（經修訂）「關聯方披露」的規定，政府關聯方實體以及受中國政府直接或間接控制、聯合控制或重大影響的子公司被視為本集團關聯方。基於上述標準，關聯方包括昆明滇池投資及其子公司（本集團除外）、由昆明市國資委控制的實體、其他本集團能夠控制或施加重大影響的實體和公司以及本公司關鍵管理人員和其家族成員。本集團與中國政府、其他受中國政府控制、聯合控制或施加重大影響的實體間的重大交易及往來餘額主要包括購買資產、提供財務資助、銀行存款和借款以及相關應收賬款和其他應收款、應付賬款及其他應付款、借款、原期限為3個月以上的定期存款，以及現金及現金等價物。本公司董事認為合併財務報表已經充分披露了對報表閱讀者有意義的關聯方交易。

以下為截至2020年12月31日止各年本集團與其關聯方於一般業務過程中所進行重大交易的概要，以及於2020年12月31日該等關聯方交易產生的餘額。

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37. RELATED PARTY TRANSACTIONS (continued) 37. 關聯方交易(續)

(a) Name and relationship with related parties

(a) 名稱和與關聯方關係

Name of related party	Nature of relationship	關聯方名稱	關係性質
KDI	Controlling shareholder of the Company	昆明滇池投資	本公司的控股股東
Kunming DIG	Controlled by Kunming SASAC and a minority shareholder of the Company	昆明發展投資集團	受昆明市國資委控制、本公司少數股東
Kunming Industrial Development and Investment Co., Ltd. (昆明產業開發投資有限責任公司, "IDI")	Controlled by Kunming SASAC and a minority shareholder of the Company	昆明產業開發投資有限責任公司 (「產業開發投資」)	受昆明市國資委控制、本公司少數股東
Kunming State-owned Assets Management and Operation Co., Ltd.	Controlled by Kunming SASAC and a minority shareholder of the Company	昆明市國有資產管理運營有限責任公司	受昆明市國資委控制、本公司少數股東
Kunming Xindu Real Estate Co., Ltd. (昆明新都置業有限公司, "Xindu Real Estate")	Controlled by Kunming SASAC and a minority shareholder of the Company	昆明新都置業有限公司 (「新都置業」)	受昆明市國資委控制、本公司少數股東
Xindu Investment	Controlled by Kunming SASAC	新都投資	受昆明市國資委控制
Kunming Bus	Controlled by Kunming SASAC	昆明公交	受昆明市國資委控制
Kunming CGE Water Supply Co., Ltd. (昆明通用水務自來水有限公司, "Kunming CGE")	Controlled by Kunming SASAC	昆明通用水務自來水有限公司 (「通用水務自來水」)	受昆明市國資委控制
Kunming Qingyuan Water Supply Co., Ltd. (昆明清源自來水有限責任公司, "Kunming Qingyuan")	Controlled by Kunming SASAC	昆明清源自來水有限責任公司 (「昆明清源自來水」)	受昆明市國資委控制
Kunming Dianchi Project Management Co., Ltd. (昆明滇池項目管理有限責任公司, "Kunming Dianchi Project Management")	Controlled by KDI	昆明滇池項目管理有限責任公司 (「昆明滇池項目管理」)	受昆明滇池投資控制
Kunming Agricultural Development Investment Co., Ltd. (昆明農業發展投資有限公司, "Kunming Agricultural Development Investment")	Controlled by Kunming SASAC	昆明農業發展投資有限公司 (「昆明農業發展投資」)	受昆明市國資委控制

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37. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties

Save as disclosed elsewhere in this report, during the years ended 31 December 2020 and 2019, the Group had the following significant transactions with related parties.

- (i) Treatment and disposal charge in relation to certain sludge generated from wastewater treatment facilities:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
KDI	昆明滇池投資	1,783	-

- (ii) Loans granted to related parties:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Kunming Bus	昆明公交	300,000	300,000
Kunming DIG	昆明發展投資集團	350,000	300,000
Xindu Investment	新都投資	350,000	400,000
		1,000,000	1,000,000

The transactions under finance arrangement between the Group and related parties are paid and settled in RMB, repayable on demand.

Interest was charged on certain loans granted to related parties at a rate of 7.0% p.a. and 8.5% p.a. (2019: 7.5% p.a. to 8.5% p.a.).

37. 關聯方交易(續)

(b) 與關聯方的交易

除本報告其他部分所披露者外，截至2020年及2019年12月31日止年度，本集團與關聯方的重大交易如下：

- (i) 提供污水處理廠設施產生的部分污泥的處理處置支付服務費用：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
KDI	昆明滇池投資	1,783	-

- (ii) 貸款予關聯方：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Kunming Bus	昆明公交	300,000	300,000
Kunming DIG	昆明發展投資集團	350,000	300,000
Xindu Investment	新都投資	350,000	400,000
		1,000,000	1,000,000

本集團與關聯方之間的融資協議下的交易以人民幣支付和結算，並按要求隨時償還。

給予關聯方的部分貸款包含利息，利率以每年7.0%和每年8.5%計(2019年：每年7.5%至每年8.5%)。

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37. RELATED PARTY TRANSACTIONS (continued) 37. 關聯方交易(續)

(b) Transactions with related parties (continued)

(b) 與關聯方的交易(續)

(iii) Loans repaid from related parties:

(iii) 關聯方償還貸款：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Kunming Bus	昆明公交	300,000	-
Xindu Investment	新都投資	350,000	-
Kunming DIG	昆明發展投資集團	350,000	-
		1,000,000	-

(iv) Interest income from related parties:

(iv) 關聯方利息收入：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Kunming DIG	昆明發展投資集團	22,610	17,004
Xindu Investment	新都投資	9,010	26,907
Kunming Bus	昆明公交	24,556	17,136
Kunming Agricultural Development Investment IDI	昆明農業發展投資 產業開發投資	5,665 9,825	- -
		71,666	61,047

(v) Operation and management services provided to related parties:

(v) 向關聯方提供的運營管理服務：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
KDI	昆明滇池投資	129,719	98,937

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37. RELATED PARTY TRANSACTIONS (continued) 37. 關聯方交易(續)

(b) Transactions with related parties (continued)

(b) 與關聯方的交易(續)

(vi) Commission charged by related parties:

(vi) 支付給關聯方的手續費：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Kunming CGE	通用水務自來水	7,261	7,653
Kunming Qingyuan	昆明清源自來水	1,185	989
		8,446	8,642

(c) Key management compensation

(c) 關鍵管理人員薪酬

Key management includes directors (executive and non-executive), supervisors and executives. The compensation paid or payable to key management for employee services is shown below:

關鍵管理人員包括董事(執行及非執行)、監事及行政人員。因就關鍵管理人員所提供服務向其已支付或應支付的薪酬如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Salaries, wages and bonuses	工資、獎金和津貼	5,473	3,727
Contributions to pension plans	退休金計劃供款	273	348
Housing funds, medical insurance and other social insurance	住房公積金、醫療保險和其他社會保險	306	297
		6,052	4,372

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37. RELATED PARTY TRANSACTIONS (continued) 37. 關聯方交易(續)

(d) Balances with related parties

(d) 與關聯方交易的餘額

(i) Trade and other receivables due from related parties:

(i) 應收關聯方賬款及其他應收款：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
KDI	昆明滇池投資	37,800	91,296
Xindu Investment	新都投資	377,721	424,669
Kunming CGE	通用水務自來水	26,291	22,276
Kunming Qingyuan	昆明清源自來水	22,440	9,976
Kunming DIG	昆明發展投資集團	350,197	300,458
Kunming Bus	昆明公交	300,686	300,527
Kunming Dianchi Project Management	昆明滇池項目管理	-	168
		1,115,135	1,149,370

Other receivables are all non-trade receivables and will be settled upon demand by the Group.

其他應收款為應收賬款之外的款項，按照本集團的要求結算。

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37. RELATED PARTY TRANSACTIONS (continued) 37. 關聯方交易(續)

(d) Balances with related parties (continued)

(d) 與關聯方交易的餘額(續)

(ii) Trade and other payables due to related parties:

(ii) 應付關聯方賬款及其他應付款：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Acquisition of property, plant and equipment:	購買不動產、工廠及設備：		
Xindu Investment	新都投資	16,040	16,040
Acquisition of land use right:	購買土地使用權：		
KDI	昆明滇池投資	27,194	27,194
Xindu Investment	新都投資	31,000	31,000
Others:	其他：		
KDI	昆明滇池投資	22,317	13,369
Kunming CGE	通用水務自來水	425	876
Kunming Qingyuan	昆明清源自來水	513	161
Kunming Dianchi Project Management	昆明滇池項目管理	-	229
		97,489	88,869

Other payables are all non-trade payables and will be settled upon demand by these related parties.

其他應付款為應付賬款之外的款項，按照該關聯方的要求結算。

(iii) Financial assets at amortised cost

(iii) 以攤銷成本計量的金融資產

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Kunming Agricultural Development Investment	昆明農業發展投資	300,000	-

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38. ACQUISITION OF SUBSIDIARIES WHICH ARE NOT BUSINESSES

On 10 June 2020 and 30 September 2020, the Group completed the acquisition of 100% equity interest in Kunming Dongchuan Guozhen Sewage Treatment Co., Ltd. (昆明市東川區國禎污水處理有限公司) (“**Dongchuan Guozhen**”, which is principally engaged in environmental protection engineering, sewage treatment engineering as well as domestic and industrial sewage operations) and Putian Huake Environmental Protection Engineering Co. Ltd. (莆田市華科環保工程有限公司) (“**Putian Huake Environmental**”, which is principally engaged in provision of wastewater treatment), at a cash consideration of approximately RMB14,784,000 and RMB80,410,000, respectively. On the date of the acquisition, Dongchuan Guozhen and Putian Huake Environmental had a portfolio of intangible assets with a carrying amount of approximately RMB18,136,000 and RMB89,647,000. The above acquisition had been accounted for by the Group as an acquisition of assets accordingly.

In the opinion of the directors of the Company, the acquisition is in substance an acquisition of intangible assets, instead of acquisition of business and therefore is excluded from the scope of IFRS3 “Business combination”.

38. 收購不屬於業務的子公司

於2020年6月10日及2020年9月30日，本集團完成收購昆明市東川區國禎污水處理有限公司(「東川區國禎」)(主要從事環保工程、污水處理工程以及生活及工業污水運營)及莆田市華科環保工程有限公司(「莆田市華科環保」)(主要從事提供污水處理)之100%股權，現金代價分別約為人民幣14,784,000元及人民幣80,410,000元。於收購日期，東川區國禎及莆田市華科環保的無形資產組合的面值分別約為人民幣18,136,000元及人民幣89,647,000元。上述交易已由本集團相應入賬為收購資產。

本公司董事認為，該收購事項實質上屬於收購無形資產而非收購業務，因此不計入國際財務報告準則第3號「業務合併」的範圍內。

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38. ACQUISITION OF SUBSIDIARIES WHICH ARE NOT BUSINESSES (continued)

38. 收購不屬於業務的子公司(續)

The following summarises the consideration paid, the assets acquired and the liabilities assumed at the date of acquisition:

下文概述於收購日期已支付的代價、已收購的資產及已承擔的負債：

		Dongchuan Guozhen	Putian Huake Environmental	Total
		東川區國禎	莆田市 華科環保	總計
		RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元
Recognised amounts of the identifiable assets acquired and liabilities assumed:				
	可識別已收購資產及已承擔負債的已確認金額：			
Property, plant and equipment	不動產、工廠及設備	2	316	318
Intangible assets	無形資產	19,905	116,429	136,334
Bank balances and cash	銀行結餘及現金	3	13	16
Trade and other receivables	應收貨款及其他應收款項	16,724	7,287	24,011
Deferred tax assets	遞延稅項資產	430	–	430
Borrowings	借款	–	(35,809)	(35,809)
Trade and other payables	應付貨款及其他應付款項	(22,280)	(7,826)	(30,106)
Total identifiable net assets	總可識別資產淨值	14,784	80,410	95,194
Satisfied by:				
	以下列方式結算：			
Cash	現金	14,784	80,410	95,194

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38. ACQUISITION OF SUBSIDIARIES WHICH ARE NOT BUSINESSES (continued)

38. 收購不屬於業務的子公司(續)

Analysis of the net outflow of bank balances and cash in respect of the acquisition of Dongchuan Guozhen and Putian Huake Environmental is as follows:

就收購東川區國楨及莆田市華科環保的銀行結餘及現金之流出淨額分析如下：

		Dongchuan Guozhen	Putian Huake Environmental	Total
		東川區國楨	莆田市 華科環保	總計
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		人民幣千元	人民幣千元	人民幣千元
Net cash acquired	收購的淨現金	3	13	16
Consideration paid	已付代價	(11,827)	(52,420)	(64,247)
		(11,824)	(52,407)	(64,231)

At 31 December 2020, the remaining consideration of approximately RMB30,947,000 was unsettled and was included in "Other payables due to third parties".

於2020年12月31日，餘下代價約人民幣30,947,000元尚未償付並計入「其他應付第三方款項」。

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39. SUBSIDIARIES

39. 子公司

Particulars of the principal subsidiaries as at the date of this report and during the year ended 31 December 2020 are set out below.

於本報告日期及截至2020年12月31日止年度，本集團主要子公司的詳情如下：

Name of subsidiary 子公司名稱	Place of operation/ incorporation and date of incorporation 營業/註冊成立地點 及註冊成立日期	Issued and fully paid share capital 已發行及 繳足股本 RMB'000 人民幣千元	2020		2019		Principal activities 主營業務	Kind of legal entity registered under the law 根據法律註冊的法人種類
			Proportion of nominal value of issued share capital/ registered capital held by the Company 本公司持有的已發行股本/註冊資本的面值比例		Proportion of nominal value of issued share capital/ registered capital held by the Company 本公司持有的已發行股本/註冊資本的面值比例			
			Directly 直接	Indirectly 間接	Directly 直接	Indirectly 間接		
Yunnan Reclaimed Water Industry Co., Ltd. (雲南中水工業有限公司, "Yunnan Reclaimed Water")	PRC, 28 March 2002	10,000	100%	-	100%	-	Reclaimed water supply	Limited liability
雲南中水工業有限公司(「雲南中水」)	中國·2002年3月28日	10,000	100%	-	100%	-	再生水供給	有限責任
Kunming Wastewater Treatment and Operation Co., Ltd. (昆明城市污水處理運營有限責任公司, "City Operation")	PRC, 15 June 2005	3,000	100%	-	100%	-	Operation of wastewater treatment facilities	Limited liability
昆明城市污水處理運營有限責任公司(「城市運營」)	中國·2005年6月15日	3,000	100%	-	100%	-	污水處理設施的運營	有限責任
Kunming Dianchi Logistics Co., Ltd. (昆明滇池物流有限責任公司, "Dianchi Logistics")	PRC, 15 June 2005	11,200	100%	-	100%	-	Logistics and leasing services	Limited liability
昆明滇池物流有限責任公司(「滇池物流」)	中國·2005年6月15日	11,200	100%	-	100%	-	物流及租賃服務	有限責任
Kunming Dianchi Water Treatment Occupation Training School (昆明滇池水處理職業培訓學校, "Dianchi Training School")	PRC, 26 October 2012	200	100%	-	100%	-	Professional training services	Social organisation
昆明滇池水處理職業培訓學校(「滇池培訓學校」)	中國·2012年10月26日	200	100%	-	100%	-	專業培訓服務	社會組織
Xundian Dianchi Water Co. Ltd. (尋甸滇池水務有限公司, "Xundian Wastewater")	PRC, 30 April 2009	10,000	100%	-	100%	-	Wastewater treatment	Limited liability
尋甸滇池水務有限公司(「尋甸污水處理」)	中國·2009年4月30日	10,000	100%	-	100%	-	污水處理	有限責任
Shidian Dianchi Water Treatment Co., Ltd. (施甸滇池水務有限公司, "Shidian Water")	PRC, 21 July 2014	23,300	100%	-	100%	-	Wastewater treatment	Limited liability
施甸滇池水務有限公司(「施甸水務」)	中國·2014年7月21日	23,300	100%	-	100%	-	污水處理	有限責任
Yiliang Dianchi Water Treatment Co., Ltd. (彝良滇池水務有限公司, "Yiliang Water")	PRC, 4 June 2015	21,000	100%	-	100%	-	Wastewater treatment	Limited liability
彝良滇池水務有限公司(「彝良水務」)	中國·2015年6月4日	21,000	100%	-	100%	-	污水處理	有限責任
Qujing Dianchi Water Treatment Co., Ltd. (曲靖滇池水務有限公司, "Qujing Water") (Formerly known as Malong)	PRC, 13 August 2015	70,000	100%	-	100%	-	Wastewater treatment and running water supply	Limited liability
曲靖滇池水務有限公司(「曲靖水務」) (前身為馬龍滇池水務有限公司)	中國·2015年8月13日	70,000	100%	-	100%	-	污水處理及自來水供應	有限責任
Fanchang Dianchi Water Treatment Co., Ltd. (繁昌縣滇池水務有限公司, "Fanchang Water")	PRC, 8 May 2014	30,000	100%	-	100%	-	Wastewater treatment	Limited liability
繁昌縣滇池水務有限公司(「繁昌水務」)	中國·2014年5月8日	30,000	100%	-	100%	-	污水處理	有限責任
Zhuji Dianchi Water Treatment Co., Ltd. (諸暨滇池水務有限公司, "Zhuji Water")	PRC, 30 November 2015	25,000	100%	-	100%	-	Wastewater treatment	Limited liability
諸暨滇池水務有限公司(「諸暨水務」)	中國·2015年11月30日	25,000	100%	-	100%	-	污水處理	有限責任
Suijiang Dianchi Water Treatment Co., Ltd. (綏江滇池水務有限公司, "Suijiang Water")	PRC, 9 December 2015	22,000	100%	-	100%	-	Wastewater treatment	Limited liability
綏江滇池水務有限公司(「綏江水務」)	中國·2015年12月9日	22,000	100%	-	100%	-	污水處理	有限責任
Ziyunxian Dianchi Water Treatment Co., Ltd. (紫雲縣滇池水務有限公司, "Ziyun Water")	PRC, 12 January 2016	12,000	100%	-	100%	-	Wastewater treatment	Limited liability
紫雲縣滇池水務有限公司(「紫雲水務」)	中國·2016年1月12日	12,000	100%	-	100%	-	污水處理	有限責任
Renhuai Water Treatment Co., Ltd. (仁懷滇池水務有限公司, "Renhuai Water") (Formerly known as Guizhou Bafang Water)	PRC, 5 January 2011	10,000	100%	-	100%	-	Wastewater treatment	Limited liability
仁懷滇池水務有限公司(「仁懷水務」) (前身為貴州八方水務有限公司)	中國·2011年1月5日	10,000	100%	-	100%	-	污水處理	有限責任
Kunming He'ertai Environmental Industry and Trade Co., Ltd. (昆明和而泰環保工業有限責任公司, "He'ertai Environmental")	PRC, 7 February 2002	10,000	51%	-	51%	-	Manufacturing and sales of chemical products	Limited liability
昆明和而泰環保工業有限責任公司(「和而泰環保」)	中國·2002年2月7日	10,000	51%	-	51%	-	化學產品生產及銷售	有限責任
Shuangjiang Dianchi Water Treatment Co., Ltd. (雙江滇池水務有限公司, "Shuangjiang Water")	PRC, 8 October 2016	10,000	100%	-	100%	-	Running water supply	Limited liability
雙江滇池水務有限公司(「雙江水務」)	中國·2016年10月8日	10,000	100%	-	100%	-	自來水供給	有限責任

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39. SUBSIDIARIES (continued)

39. 子公司(續)

Name of subsidiary 子公司名稱	Place of operation/ incorporation and date of incorporation 營業/註冊成立地點 及註冊成立日期	Issued and fully paid share capital 已發行及 繳足股本 RMB'000 人民幣千元	Proportion of nominal value of issued share capital/ registered capital held by the Company 本公司持有的已發行股本/註冊資本的面值比例				Principal activities 主營業務	Kind of legal entity registered under the law 根據法律註冊的法人種類
			2020		2019			
			Directly 直接	Indirectly 間接	Directly 直接	Indirectly 間接		
Dian Chi Water Treatment (LAOS) Sole Co., Ltd. 滇池水務(老撾)獨資有限公司	LAOS, 22 August 2016 老撾·2016年8月22日	51,412	-	100%	-	100%	Wastewater treatment 污水處理	Limited liability 有限責任
Haian Qutang Dianchi Water Treatment Co., Ltd. (海安曲塘滇池水務有限公司, "Qutang Water") (Formerly known as Haian Qutang Water Treatment Co., Ltd. 海安曲塘污水處理有限公司)	PRC, 6 July 2009 中國·2009年7月6日	2,000	100%	-	100%	-	Wastewater treatment 污水處理	Limited liability 有限責任
Hongze Dianchi Water Treatment Co., Ltd. (洪澤滇池水務有限公司, "Hongze Water") (Formerly known as Hongzetianying Water Treatment Co., Ltd. 洪澤天盈污水處理有限公司)	PRC, 6 March 2006 中國·2006年3月6日	30,000	100%	-	100%	-	Wastewater treatment 污水處理	Limited liability 有限責任
Haian Libao Dianchi Water Treatment Co., Ltd. (海安李堡滇池水務有限公司, "Libao Water") (Formerly known as Haian Libao Water Treatment Co., Ltd. 海安李堡污水處理有限公司)	PRC, 7 July 2009 中國·2009年7月7日	2,000	100%	-	100%	-	Wastewater treatment 污水處理	Limited liability 有限責任
Liuyang Dianchi Water Treatment Co., Ltd. (瀏陽滇池水務有限公司, "Liuyang Water") (Formerly known as Liuyang Hongyu Water Treatment Co., Ltd. 瀏陽市宏宇水務有限公司)	PRC, 21 April 2006 中國·2006年4月21日	12,690	100%	-	100%	-	Wastewater treatment 污水處理	Limited liability 有限責任
Kunming Dianchi Water Environment Monitoring Co., Ltd. (昆明滇池水務環境監測有限公司, "Environment Monitoring")	PRC, 31 March 2017 中國·2017年3月31日	5,000	100%	-	100%	-	Water quality testing 水質測試	Limited liability 有限責任
Kunming Dianchi Water Jizhen Co., Ltd. (昆明滇池水務集鎮污水處理有限公司, "Jizhen Water")	PRC, 11 April 2017 中國·2017年4月11日	1,000	100%	-	100%	-	Operation of wastewater treatment facilities 污水處理設施的運營	Limited liability 有限責任
Leshan Debei'ao Water Treatment Co., Ltd. (樂山德貝奧水務有限公司, "Leshan Water")	PRC, 11 August 2014 中國·2014年8月11日	70,000	100%	-	100%	-	Wastewater treatment 污水處理	Limited liability 有限責任
Zhuji Dongda Ciwu Water Treatment Co., Ltd. (諸暨市東大次塢污水處理有限公司, "Dongda Water")	PRC, 22 July 2013 中國·2013年7月22日	24,100	100%	-	100%	-	Wastewater treatment 污水處理	Limited liability 有限責任
Liuyang Hongyu Thermal Power Co., Ltd. (瀏陽市宏宇熱電有限公司, "Liuyang Power")	PRC, 12 March 2008 中國·2008年3月12日	30,000	100%	-	100%	-	Thermal production 生產熱力	Limited liability 有限責任
Yiliang Dianchi Water Treatment Co., Ltd. (宜良滇池水務有限公司, "Yiliang Water")	PRC, 26 September 2018 中國·2018年9月26日	40,000	100%	-	100%	-	Wastewater treatment 污水處理	Limited liability 有限責任

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39. SUBSIDIARIES (continued)

39. 子公司(續)

Name of subsidiary 子公司名稱	Place of operation/ incorporation and date of incorporation 營業/註冊成立地點 及註冊成立日期	Issued and fully paid share capital 已發行及 繳足股本 RMB'000 人民幣千元	Proportion of nominal value of issued share capital/ registered capital held by the Company 本公司持有的已發行股本/註冊資本的面值比例				Principal activities 主營業務	Kind of legal entity registered under the law 根據法律註冊的法人種類
			2020		2019			
			Directly 直接	Indirectly 間接	Directly 直接	Indirectly 間接		
Dianchi International Holdings Limited (滇池國際控股有限公司, "International Holdings") 滇池國際控股有限公司(「滇池國際」)	Hong Kong, 25 January 2018	170,462	100%	-	100%	-	Investment holding 投資控股	Limited liability 有限責任
Luquan Dianchi Water Treatment Co., Ltd. (祿勸滇池水務有限公司, "Luquan Water") 祿勸滇池水務有限公司(「祿勸水務」)	PRC, 21 October 2019	3,000	100%	-	-	-	Wastewater treatment 污水處理	Limited liability 有限責任
Kunming Dianchi Solid Waste Disposal Resources Utilisation Co., Ltd. (昆明滇池固廢處置資源化利用 有限責任公司, "Solid waste utilisation") 昆明滇池固廢處置資源化利用有限責任公司(「固廢處置」)	PRC, 22 February 2019	8,000	100%	-	-	-	Utilisation of solid waste 固體廢物利用	Limited liability 有限責任
Kunming Dongchuan Guozhen Sewage Treatment Co., Ltd. (昆明市東川區國祿污水處理有限公司, "Dongchuan Guozhen") 昆明市東川區國祿污水處理有限公司(「東川區國祿」)	PRC, 13 May 2008	5,000	100%	-	-	-	Wastewater treatment 污水處理	Limited liability 有限責任
Putian Huake Environmental Protection Engineering Co. Ltd. (莆田市華科環保工程有限公司, "Putian Huake Environmental") 莆田市華科環保工程有限公司(「莆田市華科環保」)	PRC, 15 July 2009	50,000	100%	-	-	-	Wastewater treatment 污水處理	Limited liability 有限責任
Zhaotong Dianchi Water Treatment Co., Ltd. (昭通滇池水務有限公司, "Zhaotong Water") 昭通滇池水務有限公司(「昭通水務」)	PRC, 23 October 2019	100,000	100%	-	-	-	Wastewater treatment 污水處理	Limited liability 有限責任

None of the subsidiaries had issued any debts securities during the year. 該等子公司於年內概無發行任何債務證券。

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40. COMMITMENTS UNDER OPERATING LEASE

The Group as lessor

The Group leases its investment properties to third parties under operating leases with a lease term of five to eight years.

Below is a maturity analysis of undiscounted lease payments to be received from the investment properties subject to an operating lease. The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

40. 經營租賃承擔

本集團作為出租人

本集團根據經營租賃將其投資物業出租予第三方，租賃期介乎於5至8年。

以下為訂有經營租賃的投資物業將予收取的未貼現租賃付款至到期日分析。根據不可撤銷經營租賃的將來最低應收租金總額如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Within 1 year	1年內	12,414	-
Over 1 year and within 2 years	第1年至第2年	13,855	-
Over 2 years and within 3 years	第2年至第3年	14,026	-
Over 3 years and within 4 years	第3年至第4年	13,532	-
Over 4 years and within 5 years	第4年至第5年	10,583	-
Over 5 years	第5年後	34,487	-
		98,897	-

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41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY 41. 本公司財務狀況表

Information about the statement of financial position of the Company at the end of the Reporting Period is as follows: 有關於報告期末本公司財務狀況表之資料如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Non-current assets	非流動資產		
Investment properties	投資物業	261,276	-
Right-of-use assets	使用權資產	421,254	433,089
Property, plant and equipment	不動產、工廠及設備	2,576,715	2,793,314
Receivables under service concession arrangements	特許經營權協議下的應收款項	975,838	715,994
Amounts due from customers for construction contracts	應收客戶建造合同款	454,444	414,016
Intangible assets	無形資產	9,569	8,080
Investments in subsidiaries	投資於子公司	970,004	769,240
Investments in associates	投資於聯營公司	14,521	17,515
Deferred tax assets	遞延稅項資產	49,731	35,523
		5,733,352	5,186,771
Current assets	流動資產		
Receivables under service concession arrangements	特許經營權協議下的應收款項	-	2,512
Inventories	存貨	3,616	4,837
Amounts due from customers for construction contracts	應收客戶建造合同款	26,417	27,578
Financial assets at FVPL	以公允價值計量且變動計入損益的金融資產	-	246,327
Financial assets at amortised cost	以攤銷成本計量的金融資產	300,000	-
Trade and other receivables	應收賬款及其他應收款	3,184,588	2,412,933
Cash and bank balances	現金及銀行結餘	607,885	813,990
Restricted funds	受限制資金	7,990	67,966
		4,130,496	3,576,143

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41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued) **41. 本公司財務狀況表(續)**

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Current liabilities	流動負債		
Trade and other payables	應付賬款及其他應付款	2,901,767	2,392,356
Tax payables	應付稅項	59,987	57,787
Borrowings	借款	1,492,271	701,320
Contract liabilities	合同負債	24,623	5,667
Financial liabilities at FVPL	以公允價值計量且變動計入損益的金融負債	84,613	-
		4,563,261	3,157,130
Net current (liabilities)/asset	流動(負債)/資產淨值	(432,765)	419,013
Total assets less current liabilities	總資產減流動負債	5,300,587	5,605,784
Non-current liabilities	非流動負債		
Deferred revenue	遞延收益	246,746	264,317
Borrowings	借款	1,089,361	1,411,544
		1,336,107	1,675,861
NET ASSETS	資產淨值	3,964,480	3,929,923
Capital and reserves	資本及儲備		
Share capital	股本	1,029,111	1,029,111
Other reserves (Note)	其他儲備(附註)	1,545,454	1,514,885
Accumulated profits (Note)	留存收益(附註)	1,389,915	1,385,927
TOTAL EQUITY	權益總額	3,964,480	3,929,923

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41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued) 41. 本公司財務狀況表(續)

Note:

附註:

Reserves movements of the Company

本公司儲備變動

		Share premium 股本溢價 RMB'000 人民幣千元	Statutory reserve 法定儲備 RMB'000 人民幣千元	Other reserves 其他儲備 Property reserve 物業重估盈餘 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Accumulated profits 留存收益 RMB'000 人民幣千元
At 1 January 2019	於2019年1月1日	1,283,440	203,677	–	1,487,117	1,312,400
Profit for the year	年度利潤	–	–	–	–	277,685
Transfer to statutory reserves	提取法定儲備	–	27,768	–	27,768	(27,768)
Dividends declared and paid to the Company's shareholders	向本公司股東宣派及支付股利	–	–	–	–	(176,390)
At 31 December 2019 and 1 January 2020	於2019年12月31日及2020年1月1日	1,283,440	231,445	–	1,514,885	1,385,927
Profit for the year	年度利潤	–	–	–	–	209,110
Transfer to statutory reserves	提取法定儲備	–	20,911	–	20,911	(20,911)
Dividends declared and paid to the Company's shareholders	向本公司股東宣派及支付股利	–	–	–	–	(184,211)
Surplus on property revaluation upon transfer to investment properties	轉撥至投資物業時的物業重估盈餘	–	–	9,658	9,658	–
At 31 December 2020	於2020年12月31日	1,283,440	252,356	9,658	1,545,454	1,389,915

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42. EVENTS AFTER THE REPORTING PERIOD

In addition to the events disclosed elsewhere in these consolidated financial statements, the Group had the following subsequent events:

(a) Dividends

Pursuant to a resolution of the Board of the Directors dated 26 March 2021, the Company has proposed final dividends of RMB0.120 per share (inclusive of tax), which is RMB123,493,320 in total (inclusive of tax). The proposal is subject to approval by the shareholders at the annual general meeting of the Company.

(b) Provision of entrusted loans

The Company entered into two entrusted loan contracts with Kunming Bus and Bank of Communications on 23 January 2020 and 13 February 2020 respectively, pursuant to which the Company entrusted Bank of Communications to grant loans of RMB60,000,000 and RMB240,000,000 respectively to Kunming Bus, which shall become due on 23 January 2021 and 14 February 2021, respectively. On 22 February 2021, all the loans under these entrusted loan contracts were repaid pursuant to relevant entrusted loan contracts, and interest of approximately RMB3,613,000 was received subsequently after the Reporting Period.

The Company entered into an entrusted loan contract with Kunming Bus and Bank of Communications on 22 February 2021, pursuant to which the Company entrusted Bank of Communications to grant loans of RMB300,000,000 to Kunming Bus with a term from 24 February 2021 to 24 February 2022 at an interest rate of 8.5% per annum.

42. 報告期後事項

除該等綜合財務報表別處所披露的事項外，本集團有以下期後事項：

(a) 股利

經董事會日期為2021年3月26日的決議案批准，本公司擬派發末期股利每股人民幣0.120(含稅)，合計人民幣123,493,320元(含稅)。該議案將提交本公司股東週年大會供股東批准。

(b) 提供委託貸款

本公司於2020年1月23日及2020年2月13日與昆明公交及交通銀行分別簽訂兩份委託貸款合同，由本公司委託交通銀行向昆明公交分別提供人民幣60,000,000元及人民幣240,000,000元的貸款，到期日分別為2021年1月23日及2021年2月14日。於2021年2月22日該等委託貸款合同項下所有貸款均已按相關委託貸款合同償還，並於報告期後收取利息約人民幣3,613,000元。

本公司於2021年2月22日與昆明公交及交通銀行簽訂委託貸款合同，由本公司委託交通銀行向昆明公交提供人民幣300,000,000元的貸款，貸款期限自2021年2月24日至2022年2月24日，年利率為8.5%。

CHAPTER THIRTEEN ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

第十三章 環境、社會及管治報告

During the Reporting Period, the Company has complied with the “comply or explain” provision set out in the “Environmental, Social and Governance Reporting Guide”.

In order to enable stakeholders (including shareholders, investors, regulatory authorities, customers, employees, partners and communities) to understand the Environmental, Social and Governance Reporting Guidelines (the “ESG Guidelines”) of the Group, this report has been prepared. We hope this report would allow investors to better understand the Company’s performance in environmental, social and governance aspects, so as to improve its management system and efforts in promoting sustainable development system. This report covers the period from 1 January 2020 to 31 December 2020 (the “Reporting Period”). This report mainly reports on the core business of the Company and its subsidiaries.

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.

A. ENVIRONMENT

Since its inception, the Company not only protects resources and the environment through carrying out green business, but also plants green living idea in the mind of our employees which are carried through in every process of our production and operation. In addition to the compliance with GB/T24001-2016 Environmental Management System Requirements and Guidelines (《環境管理體系要求及使用指南》), GB/T19001-2016 Quality Management System Requirements (《質量管理體系要求》) and GB/T 28001-2011 Administrative System Requirements on Occupational Health and Safety (《職業健康安全體系要求》), and in light of the characteristics of the Company, Dianchi Water implements and executes its internal standardised management system to reduce the impact of waste, wastewater, exhaust gas, noise on the environment, so as to implement green office practices and promote green development through our own efforts and inconspicuous actions. The Company keeps paying attention to environmental policies and information, and helps its staff comprehend the latest applicable environmental laws and regulations, policies, industry trends and domestic and international best practices in the industry through our internal management procedures. During the Reporting Period, no violation of the environment-related laws and regulations has been found on the Company.

報告期內，本公司已遵守有關《環境、社會及管治報告指引》載列的「不遵守就解釋」條文。

本公司為各利益相關方(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、社會及管治報告指引(「ESG指引」)編製了本報告，公司希望通過這份報告，讓廣大投資者進一步了解有關公司環境、社會和管治方面的信息，以完善可持續發展管理體系，實踐可持續發展體制。本報告涵蓋期限為2020年1月1日至2020年12月31日(「報告期」)。本報告主要匯報本公司及其附屬公司的核心業務。

董事會負責評估及釐定發行人有關環境、社會、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部門的管理人員及員工均有參與編製ESG報告，協助集團檢討其運作情況及鑑別相關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。

A. 環境

本公司自成立以來，不僅通過綠色業務保護資源環境，還將綠色理念植根於每位員工心中，貫徹於生產經營的每一環節。公司在GB/T24001-2016《環境管理體系要求及使用指南》、GB/T19001-2016《質量管理體系要求》、GB/T28001-2011《職業健康安全體系要求》的基礎上，結合公司特點，實施和執行公司內部標準化管理系統來降低廢物、廢水、廢氣、噪音等對環境的影響，來實現綠色辦公，從自身行動和細微之處助力綠色發展。公司持續關注環保政策信息，通過內部管理程序，以使公司的員工掌握最新的適用環保法律法規、政策、行業動態及國內外行業最佳實踐，公司於報告期間並無發現違反與環境有關之法律及規例之個案。

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We have formulated a relatively complete emergency plan for sudden environmental events. We focus on identifying and evaluating various major environmental risks affecting production operation. Risk monitoring is conducted by all factories, each section (team), operators in different levels based on the risk level of the source of environmental risk and the extent of impact on the environment.

The Company equips itself with equipment and facilities in strict compliance with laws and regulations. The Company has adopted new technology, new processes and new materials, improved the working environment, reduces the risk of environment pollution through technology advancement and strengthened management of environmental protection. The Company has established sound environmental risk inspection system and operation regulations, defined management responsibilities, strengthened hazard detection and governance and other management measures, strengthened daily management of risk sources, implements risk control. We have also established a special agency and arranged staff responsible for safety and environmental works, established daily checking system to ensure record-keeping with integrity and achieve safety production purposes through timely rectification. Employees in various categories are able to familiarise with the requirements of environmental management and operation of their posts through strengthened education and training for employees of various levels and categories. We enhanced the environmental awareness and skills of the employees, achieved safe and environmentally-friendly operation, ensured normal operation of production and management to give full play to the role of sewage treatment facilities in intercepting and treating pollution, avoided and reduced the destruction and losses of natural environment and social environment brought by sudden environmental events, guaranteed the safety of lives and properties of the Company, the society and the employees.

A1. Emissions

As an enterprise that engages in pollution control and environmental protection, the Company takes sustainable development as its guiding principle and takes the impact of projects on the environment into consideration in its business decision-making, instead of solely pursuing economic efficiency. The Company pays attention to the harmonious coexistence of human and nature.

我們制定了較為完善的突發環境事件應急預案。針對影響生產運營的各項主要環境風險進行識別及評價，按環境風險源的風險程度，以及對環境的影響程度，由全廠、各工段(班組)、操作人員分層次進行監控。

公司嚴格依據法律、標準，配備符合環保要求的設備、設施，採用新技術、新工藝、新材料，改善作業環境，通過技術進步加強環境保護管理，降低發生環境污染事故的風險；建立健全環境風險隱患排查制度、操作規程，明確管理責任，加強隱患排查及治理等管理措施，加強危險源的日常管理，實行管理控制；我們還設立了專門的機構和人員負責安全、環境工作，建立日常檢查制度，確保檢查有記錄，記錄有整改，通過及時整改，達到安全生產的目的；通過加強對各級、各類僱員的教育培訓，使得各類僱員能夠熟練掌握本崗位環保管理及作業要求，提高僱員的環保意識及技能，實現操作安全、環保，保障生產運營管理正常開展，充分發揮污水處理設施截污治污作用，避免和降低由於突發環境事件給自然環境、社會環境帶來破壞及損失，保證公司、社會及人員生命財產安全。

A1. 排放物

公司作為治污環保企業，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，注重企業綠色發展。

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Within the scope of the Company's business, all the emissions are processed in strict accordance with the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Discharge Standard of Urban Sewage Treatment Plants (《城鎮污水處理廠排放標準》) (GB18918-2002), the Evaluation Standard of the Operating Performance of Urban Sewage Treatment Plants (《城鎮污水處理廠運營質量評價標準》) (CJJ/T228-2014) and other relevant regulations, and standards. Our sewage treatment plant in Dianchi Lake Basin has completed upgrading and reconstruction in 2011 and its effluent quality has reached Class I Standard A standard. In particular, the main effluents such as Chemical Oxygen Demand (COD), Total nitrogen (T-N), Total phosphorus (T-P) and Ammonia nitrogen (NH₃-N) were 73%, 48%, 79% and 93% lower than the emission limits of national Class I Standard A standard in 2020, respectively.

1. Exhaust gas

During our production and operation, exhaust gas is mainly generated from sewage treatment. In the process of transportation and purification of wastewater, odor, methane and other gases generated by water flow turbulence, microbial reaction, sludge treatment and other activities are small in quantity, instead of main emissions of the Company. The Company collected and treated exhaust gas generated during operation through process technologies such as ion deodorisation and biological deodorisation. The Company also developed a comprehensive work plan to monitor the concentration of exhaust gases. During the Reporting Period, the emission concentration of hydrogen sulfide, ammonia, methane and odor were 0.02mg/m³, 0.13mg/m³, 0.0007% and 12 (dimensionless) respectively, all of which were below the emission limit and met the national emission requirements.

The greenhouse gas directly generated in our production and operation process was limited, mainly from the fuel consumed by sludge transportation and a small part from the fuel consumed by production and office, while indirect greenhouse gas emissions mainly came from consumption of purchased electricity and energy. During the Reporting Period, direct greenhouse gas emissions were calculated as CO₂ equivalents of 2,860.2 tons and indirect greenhouse gas emissions were calculated as CO₂ equivalents of 188,654 tons. Gases such as nitrogen oxides, sulfur oxides and carbon dioxide, etc. are not characteristic pollution factors of our industry and their emissions are extremely limited, making them difficult to measure.

在公司業務範圍內，所有的排放物嚴格按照《中華人民共和國環境保護法》、《城鎮污水處理廠排放標準》(GB18918-2002)、《城鎮污水處理廠運營質量評價標準》(CJJ/T228-2014)等相關法規、標準執行。我公司在滇池流域的污水處理廠已於2011年完成提標改造工作，出水水質穩定達一級A排放標準，其中2020年化學需氧量(COD)、總氮(T-N)、總磷(T-P)和氨氮(NH₃-N)等主要出水指標分別比國家一級A標準排放限值低73%、48%、79%和93%。

1. 廢氣

我們在生產運營過程中，廢氣產生主要來源於污水處理。污水在傳輸和淨化過程中，由水流紊動、微生物反應、污泥處理等活動會產生硫化氫、氨、甲烷、臭氣等氣體，數量較少，非公司主要排放物。公司通過離子除臭、生物除臭等工藝技術將運行過程中產生的廢氣進行收集處理；制訂完善的工作方案，對排放的廢氣濃度進行監測。報告期內，硫化氫、氨、甲烷、臭氣排放濃度分別為0.02mg/m³、0.13mg/m³、0.0007%、12(無量綱)，均低於排放限值，達到國家排放要求。

我們生產運營過程中直接產生的溫室氣體有限，主要來源於污泥運輸工作消耗的燃油，少部分來源於生產和辦公消耗的燃油；間接溫室氣體排放主要來源於外購的電力能源消耗。報告期內，直接溫室氣體排放量按二氧化碳當量計算為2,860.2噸，間接溫室氣體排放量按二氧化碳當量計算為188,654噸。氮氧化物、硫氧化物及二氧化碳等氣體不是我們行業特徵污染因子且排放量極為有限，難以測定。

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Although the exhaust gas is not the main emissions of sewage treatment, the Company has continuously optimised treatment technology, perfected production management system and minimised generation of exhaust gas in order to reduce the impact of exhaust gas. The Company strengthens greening arrangement of the plant area through plant greening of isolation around the source of odor gas to ensure normal operation of biological and ion processing facilities by collecting and treating exhaust gas. The Company also expands the scope of monitoring by adopting quarterly monitoring to monitor whether the concentration of hydrogen sulfide, ammonia, methane and odor in the plant area meets the standards.

Electricity cost is the main component of our total production and operation costs. While continuously improving the quality of operation and management, we have been encouraging support for innovations of improvement in energy conservation and consumption reduction by setting up special project awards each year to reward units and individuals who have made outstanding contributions in energy conservation and consumption reduction. At the same time, the Company actively responds to the national energy conservation and emission reduction publicity work, formulates work plans and programs and publicises and cultivates employees' energy conservation habits.

2. Wastewater

The Company's main business is sewage treatment, operation of water supply facilities, reclaimed water utilisation, etc. We receive wastewater and reduce the waste in it by way of treatment and purification, in order to minimise the impact of wastewater on the environment and protect the ecological environment of rivers and lakes. In 2020, the chemical oxygen demand reduction of the Company's operating plants was 169,000 tons, ammonia nitrogen reduction was 14,500 tons and the total phosphorus reduction was 3,500 tons.

Wastewater generated in our operation includes domestic sewage, backwash water of equipment and some water for forestation in our plants. All the wastewater will be transferred to sewage treatment plants collected either by circulation networks or by municipal pipe network and then discharged if they meet discharge standard after treatment. During the Reporting Period, the emission of our Chemical Oxygen Demand (COD), ammonia nitrogen (NH₃-N) and total phosphorus (TP) was 10,362 tons, 394 tons and 90 tons, respectively.

雖然廢氣不是污水處理主要排放物，但公司為減少廢氣影響，不斷優化處理技術、完善生產管理制度，盡量減少廢氣產生；加強廠區綠化佈置，在臭氣產生源周圍種植綠化隔離；保障生物和離子處理設施正常運行，將廢氣進行收集處理；擴大監測範圍，採取季度監控方式對廠區硫化氫、氨、甲烷、臭氣濃度是否達標進行監測。

電力成本是我們生產運營總成本的主要構成，我們在不斷提升運營管理質量同時，一直鼓勵支持節能降耗改造創新工作，每年設立專項特別獎以獎勵在節能降耗方面做出突出貢獻單位和個人。同時積極響應國家節能減排宣傳工作，制定工作計劃方案，宣傳和培養僱員的節能習慣。

2. 廢水

我們的主營業務為污水處理、供水設施運營、再生水利用等。我們接納污水並進行處理、淨化，削減污水中污染物，盡量減少污水對環境的影響，保持河湖的生態環境。2020年，公司運營各廠化學需氧量消減量為16.9萬噸，氨氮消減量為1.45萬噸，總磷消減量為0.35萬噸。

我們在運營中產生的廢水有生活污水、設備反衝洗水及部分廠區綠化用水，這些廢水由廠區內循環管網收集後，經廠區污水處理設施達標處理後排放，或經市政管網收集後匯入污水處理廠達標處理後排放。於本報告期間，我們的化學需氧量(COD)、氨氮(NH₃-N)及總磷(TP)排放量分別為10,362噸、394噸和90噸。

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3. Sludge

In 2020, we produced dry sludge of 72,095 tons in aggregate during the production and operation, and the dry sludge produced in the treatment of every 10,000 tons of wastewater was 0.98 tons.

We strictly adhere to the relevant required standards such as the Technical Regulations of Operation, Maintenance and Safety for Municipal Wastewater Treatment Plant (CJJ60-2011) (《城鎮污水處理廠運行、維護及安全技術規程》(CJJ60-2011)), the Quality of Sludge for Municipal Wastewater Treatment Plant (GB 24188-2009) (《城鎮污水處理廠污泥泥質》(GB24188-2009)), the Control Standard for Agricultural Sludge Pollutants (GB4284-2018) (《農用污泥污染物控制標準》(GB4284-2018)) and the Sludge Disposal Criteria for Municipal Wastewater Treatment Plant (DB5301/T48-2020) (《城鎮污水處理廠污泥處理處置規範》(DB5301/T48-2020)) and conduct inspection on the quality of sludge at least quarterly. Subject to the requirements under the management system on measurement, transportation and disposal, we ensure the sludge treatment process to be in compliance with the national standards and criteria. We are committed to reducing the impact of sludge on the environment. The moisture content of sludge is tested and monitored every day and sludge dewatering process parameters are adjusted in time so that the moisture content of sludge can be steadily reduced and sludge production can be decreased. The construction of sludge source reduction facilities has helped us achieve 41,300 tons of sludge reduction. Meanwhile, we endeavored on harmless disposal of sludge and resource utilisation, achieved synchronous enhancement of economic benefits, environmental benefits and social benefits, helped sustainable development of the city, society and economy. In 2020, we launched our forestry substrate soil resource utilisation project, transforming sludge into usable nutritional soil resources used in mine ecological restoration, seedling cultivation, gardening and landscaping. This brings considerable ecological benefits to soil erosion, water conservation and other aspects.

3. 污泥

2020年，我們在生產運營過程中產生的乾污泥總量為72,095噸，處理每萬噸污水產生乾污泥量為0.98噸。

我們嚴格按照國家《城鎮污水處理廠運行、維護及安全技術規程》(CJJ60-2011)、《城鎮污水處理廠污泥泥質》(GB24188-2009)、《農用污泥污染物控制標準》(GB4284-2018)、《城鎮污水處理廠污泥處理處置規範》(DB5301/T48-2020)等相關法規標準要求，至少每季度對污泥泥質進行檢測；在計量、運輸和處置管理制度要求下，確保污泥處置過程符合國家標準及規範。我們致力於降低污泥對環境影響的風險，每天對污泥含水率進行檢測和監控，及時調整污泥脫水工藝參數，穩定降低污泥含水率，減少污泥產生量，建設的污泥源頭減量設施幫助我們實現污泥減量4.13萬噸；與此同時，我們努力做好污泥無害化處置和資源化利用工作，實現經濟效益、環境效益、社會效益同步提升，助力城市社會經濟可持續發展。2020年我們的林業基質土資源化利用項目正式落地，把污泥變為可利用的營養土資源，用於礦山生態修復、苗木栽培、花卉園林，對減少水土流失、涵養水源等方面帶來可觀的生態效益。

4. Other wastes

The non-hazardous waste generated by the Company in the production and operation process is mainly wastepaper. Due to the small amount of production, there is no statistical data on the production amount of non-hazardous waste generated. We reduce generation of non-hazardous waste through source control. In 2020, we purchased 11.6 tons of paper according to schedule. At the same time, we adopted highly efficient and environmentally friendly printing and scanning equipment to promote paperless office and reduce paper use. We encouraged paper to be printed on both sides to reduce paper waste. As for the hazardous waste oil produced during the operation of machinery and equipment and the hazardous waste liquids generated in the process of examination, they are the main sources of hazardous waste. The Company sets up waste holding areas according to the relevant national regulations and the measures to prevent wind dispersal, leakage and runoff, and commissions the qualified third parties to dispose the waste by batch. The total amount of hazardous waste in 2020 was 36.41 tons which was entrusted to a third-party compliance unit for unified disposal. The Company regulates the maintenance and management of mechanical equipment and inspection instrument and uses equipment oil and inspection liquids on a reasonable basis to avoid production of unnecessary waste oil and waste liquids.

The Company will continuously strengthen maintenance and management of mechanical equipment and inspection instrument, use equipment oil and inspection liquids on a reasonable basis and update mechanical equipment and inspection instrument in a timely manner to keep them in a stable working condition to reduce the amount of waste oil and waste liquids.

A2. Use of Resources

Dianchi Water is a leading wastewater treatment and reclaimed water supply services provider in Yunnan Province, the PRC. As “finished products”, our outlet water strictly complies with the relevant national and local standards such as the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (《城鎮污水處理廠污染物排放標準》) without using resources such as packing materials. The raw water of the Company’s water supply business is obtained from water sources designated by local governments. Therefore, we do not have any water sourcing issues.

4. 其他廢棄物

公司在生產運營過程中產生的無害廢棄物主要為廢紙，由於產生量較小，沒有特別有關無害廢棄物產生量的數據統計。我們通過源頭控制的方式減少無害廢棄物的產生，2020年共按計劃採購紙張11.6噸；同時採用高效環保的打印及掃描設備，推廣無紙化辦公，減少紙張使用；鼓勵紙張雙面打印，減少紙張浪費。針對機械設備運行過程中產生的有害廢棄油料和檢測過程中產生的有害廢液是有害廢棄物的主要來源，公司按照國家相關法規及「三防」措施設置廢棄物暫存間，並按批次委託具有相應處置資質的第三方單位統一處置，2020年有害廢棄物總量為36.41噸，均已委託第三方合規單位統一處置。公司規範機械設備及檢測儀器維護管理，合理使用設備油料和檢測液，避免不必要的廢氣油料和廢液產生。

公司將繼續加強機械設備及檢測儀器維護管理，合理使用設備油料和檢測液；適時更新機械設備及檢測儀器，使其處於穩定良好的工作狀態，從而減少廢棄油料和廢液的數量。

A2. 資源使用

滇池水務是中國雲南省污水處理及再生水服務行業的領導者，我們的出水作為「製成品」，嚴格遵守《城鎮污水處理廠污染物排放標準》等相關國家及地方標準排放，期間不使用包裝材料等資源。因公司的供水業務原水為當地政府指定水源，在求取適用水源上不存在問題。

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The Company advocates the use of video conferencing, and supports long-distance, real-time information exchange and collaborative conferences with multi-media technologies such as real-time audio and video, so as to reduce office costs, improve work efficiency and promote a low-pollution and low-emission green office.

The Company conducts daily monitoring on energy, water and other raw materials and arranges monthly statistical analysis on their consumption. The Company formulated a target evaluation mechanism at the beginning of 2020 and strived to improve its resource utilisation rate by adopting strict process supervision.

1. Energy consumption

Electricity costs account for a large part of the production costs of water enterprises. Kunming Power Supply Bureau of Yunnan Power Grid Company Limited is our main power supplier. In 2020, all the factories operated by the Company consumed electricity of approximately 220,000 thousand kWh in aggregate.

In order to increase energy utilisation rate, the Company, supported by the platforms designed especially for water projects under the 12th Five-Year Plan of the State, carried out technological transformation on energy saving and consumption reduction in respect of key devices with large energy consumption and low efficiency, including lifting pump, air blower, aeration system and sludge dewatering system. The average energy consumption rate per ton of sewage treatment decreased by 18% from 0.29 kWh in 2012 to 0.24 kWh in 2020. The Company actively conducted power marketisation transactions and gave priority to wind electricity and electricity supplied by hydropower plants, which not only used clean energy, but also reduced its electricity cost. Through the above measures, the electricity cost of the Company decreased by approximately RMB20.96 million in 2020 as compared to purchase of electricity based on catalog tariff.

The Company encourages all its staff to save energy during work hours. The Company also encourages its staff to use electric vehicles fueled by clean energy and use public transport more frequently.

公司提倡使用視頻會議，通過網絡平台以實時的音、視頻等多媒體手段，支持多地遠距離實時信息交流、開展協同會議辦公，減少辦公成本的同時提高工作效率，促進低污染和低排放的綠色辦公。

公司在能源、水資源和其他原材料方面，進行日常監控，按月統計、分析消耗情況，2020年初建立目標考核機制，嚴格過程監管，致力於提高資源利用率。

1. 能源消耗

電力成本佔水務企業生產成本的較大比重，雲南電網有限責任公司昆明供電局是我們主要的電力供應商。2020年，公司運營各廠電力消耗總量約2.2億千瓦時。

為提高能源利用率，公司借助國家十二五水專項平台，開展節能降耗技術改造，對能耗大、效率低的關鍵設備進行了技改，包括提升泵、鼓風機、曝氣系統、污泥脫水系統等。平均每噸污水處理能耗率從2012年的0.29千瓦時降至2020年的0.24千瓦時，降幅為18%。公司積極開展電力市場化交易工作，優先使用風電、水電廠的供電，不但使用了清潔能源，而且降低了企業的用電成本，通過以上措施，2020年全年用電成本相較於參照目錄電價採購電力節約成本約人民幣2,096萬元。

在辦公過程中，公司倡導廣大員工節約用電，鼓勵員工使用清潔能源的電動汽車，鼓勵員工多使用公共交通。

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2. Water consumption

In 2020, all the factories operated by the Company consumed running water of approximately 213,000 tons in aggregate and water consumption per ton of sewage treatment is 0.29 kg.

The Company has Kunming's only reclaimed water distribution system in the main urban area, and the production of the reclaimed water supply business has increased year by year. The Company's reclaimed water, which has been widely used for landscaping, cleaning roads, industrial production and recharging riverway and waterscape, has approximately 460 company subscribers. As of 31 December 2020, the Company had 10 wastewater treatment plants producing reclaimed water, with a total designed daily production capacity of 213,000 m³. Reclaimed water customers of the Company include commercial and industrial establishments, enterprises and public institutions in Kunming.

A3. Environment and Natural Resources

The Company performs environmental impact assessment on all the projects constructed according to the relevant laws and regulations of the PRC. The Company applies "simultaneous design, construction and operation" acceptance check as required after a project has been put into operation to ensure that the construction and operation of the project meet the requirements of the relevant laws, regulations and policies. For wastewater treatment, the principal business of the Company, with the support of its R&D departments, the Company further lowered our effluent quality indicators and improved its waste removal efficiency by adopting measures such as technical innovation and process and operation optimisation. For example, after applying its proprietary technologies and over the limit phosphorus removal technology, Kunming No. 1 Water Purification Plant's effluent BOD (Biochemical Oxygen Demand) level decreased by 43%, COD level decreased by 49%, TN level decreased by 24%, TP level decreased by 87% and NH₃-N (Ammonia nitrogen in the form of Water with free ammonia (NH₃) and Ammonia ion (NH₄⁺)) level decreased by 70% from 2012 to 2020. Kunming No. 2 Water Purification Plant's energy consumption decreased by 40%, effluent BOD level decreased by 54%, COD level decreased by 51%, TN level decreased by 14%, TP level decreased by 53% and NH₃-N level decreased by 56%.

2. 耗水

2020年，公司運營各廠自來水消耗總量約21.3萬噸，處理每噸污水耗自來水量為0.29千克。

公司擁有昆明市主城區唯一的再生水輸配系統，再生水供應產量逐年穩步增長，用戶約460餘家單位，廣泛用於園林綠化、道路清潔、工業生產、河道及水體景觀補水，截至2020年12月31日，公司有10間污水處理廠生產再生水，日總設計產能達213,000立方米。公司的再生水客戶包括昆明市的工商業機構、企業單位。

A3. 環境及天然資源

公司建設的項目均按照國家相關法律法規要求進行環境影響評價，項目投運後，按要求申請環保「三同時」驗收，確保所有項目的建設、運行都滿足法律法規及政策的要求。在主營業務污水處理方面，依托科技研發中心，通過技術創新，優化工藝運行等措施，進一步降低各廠出水水質指標，提高污染物去除效率及資源耗用，如：應用公司專利技術和超極限除磷技術後，昆明市第一水質淨化廠自2012年至2020年出水BOD(生物化學需氧量)降低43%，COD降低49%，TN降低24%，TP降低87%，以及NH₃-N(水中以游離氨(NH₃)和氨離子(NH₄⁺)形式存在的氨氮)降低70%。昆明市第二水質淨化廠自2012年至2020年電力能耗降低40%，出水BOD降低54%，COD降低51%，TN降低14%，TP降低53%以及NH₃-N降低56%。

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As a result of our technological research and development, the overall effluent quality of our facilities in Kunming main city area improved significantly: BOD decreased by 45%, COD by 46%, TN by 31%, TP by 64% and NH3-N by 71% from 2012 to 2020, which greatly reduced the pollution load brought by the tail water from wastewater treatment plants to natural water. Energy consumption decreased by 18% from 2012 to 2020. As of 31 December 2020, 91% of the Company designed wastewater treatment capacity reached the National Class I Standard A standard.

For pollution sources that produce noises during the production process, such as fan equipment, the Company has taken measures such as installing blimps to reduce their impacts on surrounding environment. The Company strictly implements a running time from 8:00 a.m. to 10:00 p.m. for the dehydration machine rooms in its factories close to residential areas while night running is strictly forbidden, so as to minimise the impacts on environment. At the same time, the Company has a well-established testing system to obtain noise level which is used to guide its production.

B. SOCIAL

The Company strictly complies with applicable laws and regulations on labour protection such as the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) to guarantee equal employment. We are against any recruitment discrimination concerning age, marital status, race, social status, religious belief, disability, gender, sexual orientation or political background etc. The Company and related subsidiaries strictly comply with various national laws and regulations in relation to human resources. employees are legally entitled to the benefits, remunerations and holidays required by any law. The Company establishes the Measures on Human Resources Management (Trial) (《人力資源管理辦法(試行)》) and the Interim Measures for the Administration on Remuneration (《薪酬管理暫行辦法》), etc. to satisfy the arrangement on the recruitment, internal transfer, dismissal, training, promotion, performance evaluation, and remuneration and benefit of employees, and ensure that no employees are discriminated due to race, age and gender, etc. Besides, the employment of child labor is strictly prohibited and we are against forced labor of any kind, striving to let all the employees work with respect in an equal and harmonious work environment.

在我們的技術研發的推動下，我們於昆明主城區的設施的整體出水水質有了顯著改善：自2012年至2020年，BOD、COD、TN、TP、及NH3-N分別降低了45%、46%、31%、64%及71%，大幅降低了污水處理廠尾水進入自然水體的污染負荷；2012年至2020年電力能耗降低18%。截至2020年12月31日，公司設計污水處理能力的91%達到國家一級A類排放標準。

針對生產過程中產生噪聲的污染源，如風機設備，公司採取安裝隔音罩等措施降低對週邊環境的影響，對靠近居民區的廠，脫水機房嚴格執行早8:00至晚10:00的開機時間，嚴禁夜間運行，以減少對環境的影響，同時，公司有完善的檢測制度以獲取噪聲值，反饋和指導公司的生產。

B. 社會

本公司嚴格遵守使用《中華人民共和國勞動法》、《中華人民共和國勞動合同法》、《中華人民共和國社會保險法》等國家人事相關的各類勞動保障相關法律法規，保障平等僱傭，我們反對任何基於年齡、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。公司及相關子公司嚴格遵守國家人事相關的各類法律法規，員工依法享有任何法律規定的福利、薪酬及假期。公司建立了《人力資源管理辦法(試行)》、《薪酬管理暫行辦法》等，滿足僱員的聘用、調職、解聘、培訓、晉升、績效考核、薪酬福利等安排，保證員工不因種族、年齡、性別等因素受到歧視，嚴禁僱傭童工，反對各種形式的強迫勞動，務求讓員工在平等和諧的工作環境下，有尊嚴地工作。

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The Company provides training to promote ethical standard and provides complaint channels to allow our staff to make a confidential complaint. Through staff participation, training, reward and other promotion activities of safety awareness, we provide our staff with a healthy and safe working environment. We also provide safety equipment to staff and organise regular physical examinations for our staff in order to prevent them from occupational harm and occupational diseases.

B1. Employment

We have comprehensive human resources policies covering recruitment, remuneration, staff benefits, and performance etc. and strictly abide by applicable laws and regulations on labour protection to guarantee equal employment. The Company is against any recruitment discrimination concerning age, marital status, race, social status, religious belief, disability, gender, sexual orientation or political background etc. The Company guarantees equal opportunity and fair treatment for all levels of staff and job applicants in recruitment, internal transfer, dismissal, training, promotion, performance evaluation and remuneration. Besides, we have the same remuneration structure for both male and female staff.

1. Recruitment

In terms of personnel recruitment, the Company employs talents based on the principles of openness, fairness, competition and selection, and publicly recruits in the society. The Company also strictly enters into labour employment contracts with employees in accordance with labour laws and regulations to effectively protect the rights and interests of employees.

公司為員工提供培訓以提升道德標準，並設立申訴渠道，讓員工在保密的情況下提出申訴。透過員工參與、培訓、獎勵及其他安全意識宣傳活動，為員工提供健康和安全的工作環境。此外，提供員工勞保用品，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。

B1. 僱傭

公司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，並嚴格遵守使用的勞動保障相關法律法規，保障平等僱傭，公司反對任何基於年齡、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。公司所有僱員的安排，如聘用、調職、解聘、培訓、晉升、績效考核、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，男女員工在薪酬架構上是一致的。

1. 招聘

人員招聘方面，公司以公開、公平、競爭、擇優的原則吸納人才，面向社會公開招聘，嚴格按照勞動法規與員工簽訂勞動用工合同，切實保障員工權益。

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2. Remuneration

The Company has established a competitive salary system based on the importance of an employee's position and by reference to the operating strategy of the Company and the industry and the region's salary level. Besides, the Company strictly follows relevant national laws and regulations and continuously improves the staff benefits, pays various statutory social insurances according to the laws and regulations and ensures that the staff are entitled to statutory holidays, paid annual leaves, marriage leaves and maternity leaves. The Company strictly complies with the working hours specified by China, safeguards the rights of rest and vocation of the employees according to the national provisions, and ensures the statutory holidays and guarantees employees' rights for paid leaves. In terms of performance assessment, the Company has built a result and goal-oriented employee performance appraisal system covering various aspects, such as the performance, ability and attitude etc. of the staff. The promotion and salary review of staff is determined by the result of that appraisal appropriately. The Company has also formulated standardised conditions and procedures for dismissing employees and arbitrary dismissal is not allowed. In order to create a healthy, diversified and harmonious working environment, all the matters concerning promotion, remuneration and rewards and post transfer will be considered in an objective way according to staff performance and the business condition of the Company. During the Reporting Period, the Company was not aware of any material non-compliance cases in relation to human resources laws and regulations.

3. Retirement Schemes

The Company participates in a social pension scheme established by the PRC government. The Company is required to contribute a certain percentage of the relevant employees' salaries to the social pension scheme. The Company also sets up a corporate annuity system for purchase of supplementary retirement insurance for our staff. The Company calculates the interest so attributed under the agreed percentage of annuity plan based on staff's service years upon their retirement. Save as disclosed above, the Company is not required to operate any other retirement benefits for its employees during the year.

2. 薪酬

公司視乎員工崗位的重要程度，並參考本公司經營戰略，以及行業水平和地區水平，建立了具有競爭力的薪酬體系。同時，公司嚴格遵守國家相關法律法規，不斷完善員工福利待遇，根據法律法規繳納了各項法定社會保險並保障員工享受社會法定假日、帶薪年休、婚假、產假等假期。本公司嚴格遵守國家工時規定，保障員工享受國家規定的各項休息、休假的權利，並確保員工享有法定假期和帶薪休假。績效考核方面，公司以目標結果為導向，建立了員工績效考核體系，覆蓋員工績效、能力態度等多個方面，並恰當地將考核結果運用於員工職務晉升和工資檢討，制定了規範的員工解聘條件和流程，不隨意解僱員工。為營造健康、多元化及共榮的工作環境，一切陞遷、薪酬回報及調職決定均以員工個人表現配合本公司業務情況作客觀考慮。於報告期，公司並未發現任何與人力資源相關的法律和法規的重大違規事宜。

3. 退休福利計劃

公司已參與由中國政府制定的社會基本養老保險，公司將僱員薪金的一定百分比作為供款繳入社會基本養老保險。建立企業年金制度，為員工購買補充養老保險，職工退休時，根據其在公司服務年限，按年金方案約定比例計算歸屬權益。除上文所披露者外，於年內毋須為僱員安排任何其他退休福利。

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4. Staff Benefits

In addition to statutory employee benefits for full time staff including social security scheme, marriage leave, maternity leave, paternity leave and funeral leave, the Company offers different fringe benefits, for instance, festival bonus, work allowance under special conditions, labour protection, working meal and commuter allowance. The Company also purchases accident insurance and provides additional hospitalisation medical insurance for our employees.

(1) As of the end of the Reporting Period, the total number of employees of the Company by gender, employment type, age group and geographical region is detailed in the table below:

Region 區域	Male to female ratio 男女比例		Employment type 僱傭類型		Age distribution 年齡分佈				
	Male 男	Female 女	Contract system 合同制	Labor dispatch system 勞務派遣制	Under 25	26-35	36-45	46-55	Over 55
					25以下	26-35	36-45	46-55	55以上
Southwest region (Yunnan, Guizhou, Sichuan) 西南地區(雲南、貴州、四川)	751	379	861	269	91	527	256	207	49
Eastern China region (Anhui, Jiangsu, Zhejiang) 華東地區(安徽、江蘇、浙江)	61	43	90	14	6	36	20	27	15
Central China region (Hunan) 華中地區(湖南)	92	28	120	0	3	39	34	37	7
Overseas region (Hong Kong) 境外地區(香港)	1	5	6	0	0	5	1	0	0

4. 員工福利

公司為全職員工提供法定的固定福利(包括社會保障計劃、婚假、產假、陪產假、喪假等)外，還為員工提供其他的附加福利，例如：節日慰問、特殊條件的工作津貼、勞動防護、工作餐及上下班通勤等，亦為員工購買意外傷害保險及補充住院醫療保險。

(1) 截至報告期末，本公司按性別、僱傭類型、年齡組別及地區劃分的僱員總數詳見下表：

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(2) During the Reporting Period, the Company's employee turnover and proportion by gender, age group and geographical region are detailed in the table below:

(2) 於報告期內，本公司按性別、年齡組別及地區劃分的僱員流失情況及比例詳見下表：

Region 區域	Total turnover 流失總數	Male to female ratio 男女比例		Age distribution 年齡分佈					Turnover rate 離職率
		Male 男	Female 女	Under 25 25以下	26-35 26-35	36-45 36-45	46-55 46-55	Over 55 55以上	
Southwest region (Yunnan, Guizhou, Sichuan) 西南地區(雲南、貴州、四川)	26	20	6	4	18	1	1	2	2.30%
Eastern China region (Anhui, Jiangsu, Zhejiang) 華東地區(安徽、江蘇、浙江)	2	2	0	0	0	0	0	2	1.92%
Central China region (Hunan) 華中地區(湖南)	7	5	2	2	2	0	2	1	5.83%
Overseas region (Hong Kong) 境外地區(香港)	0	0	0	0	0	0	0	0	0.00%

B2. Health and Safety

The Company has been certified to quality, environmental and occupational health management system standards in 2013, and sets up a safety management system in accordance with national and local laws and regulations including the Fire Protection Law of the People's Republic of China, the Production Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Special Equipment Safety Law and Yunnan Province Safety Production Regulations to establish a safety management system and comprehensively research, deploy and address issues arising in the course of production safety management. The Company regularly arranges occupational health medical examination for all employees every year. During the Reporting Period, the rate of coverage of medical examination of the Company's employees was 100%.

B2. 健康與安全

公司於2013年已通過質量、環境和職業健康管理體系認證，並按照《中華人民共和國消防法》、《中華人民共和國安全生產法》、《職業病防治法》、《特種設備安全法》、《雲南省安全生產條例》等國家和地方法律法規，建立安全管理體系，全面研究、部署和解決生產安全管理過程中存在的問題。公司每年定期為全體員工安排職業健康體檢，報告期內，本公司在職員工體檢覆蓋率均為100%。

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The Company is also concerned with the mental health of the employees and has enhanced the mental care for the employees. In particular, during the outbreak period of COVID-19 pandemic in the beginning of 2020, the labor union association of the Company assigned personnel to call the employees isolated for monitoring due to the pandemic by telephone for condolences on a daily basis. This helped the employees to soothe the mood and helped us to understand the circumstances and provide support. Meanwhile, we advocated the correct concept of pandemic prevention and spread the correct disease control knowledge within the Company.

During the operation and management process of the Company, the Company attaches great importance to occupational health and safety protection and takes various measures to provide a healthy and safe production environment for all employees mainly through: firstly, all staff member enter into a letter of responsibility for safety objectives and implement safety production responsibilities at all levels. Secondly, the Company convenes office meetings of general managers and regular lectures on production safety, study the current production safety situation, arrange production safety works. Thirdly, the Company conducts production safety checks and pandemic prevention and control checks on a regular basis, eliminate any hidden danger at work site promptly, eliminate occurrence of safety production accidents and supervise the implementation of various measures on pandemic prevention and control. Fourthly, the Company organises promotional trainings such as occupational health, safety management, traffic safety and fire safety to improve employees' safety awareness and skills. Fifthly, the Company organises health check-ups for employees every year, distributes labor protection supplies and inspects their wearing regularly. There have been no production safety accidents in the past three years. The number of deaths and disability due to work was 0% and there were no workdays lost due to work-related injuries.

公司同時注重僱員的心裡健康，加強對僱員的關心關懷工作。特別是2020年初新冠肺炎疫情爆發期間，公司的工會組織形成專人每天電話慰問受疫情影響進行隔離觀察的僱員，幫助僱員舒緩心情，了解情況，提供幫助。同時，在公司倡導正確的防疫觀念，傳播正確的疾控知識。

公司在運營管理過程中，高度重視職業衛生安全防護，多措並舉為全體員工提供一個健康、安全的生產環境，主要通過：一是全員簽訂安全目標責任書，層層落實安全生產職責；二是定期召開總經理辦公會、安全生產工作例會，研究當前安全生產形勢，部署安全生產工作；三是定期、不定期開展安全生產、疫情防控檢查，及時消除生產現場的安全隱患，杜絕生產安全事故的發生，同時督促落實疫情防控各項措施；四是定期開展職業健康、安全管理、道路交通安全、消防安全等宣傳培訓，提升僱員安全意識與技能；五是每年組織僱員健康體檢，定期發放勞動保護用品並檢查佩戴情況。近三年內未發生生產安全事故，因公死亡、傷殘人數及比率為0%，無因工傷損失工作日。

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B3. Development and Training

In order to meet the Company's operation and management needs, we establish training plans based on development of strategic plans, by actively constructing of a learning enterprise, creating a learning team and actively exploring a new training system adapting the development needs of the Company. In 2020, actively addressing the impact of the pandemic, we used a newly developed comprehensive mobile training and learning platform online, established the Company's own online course library and created a new model of training management. Amid the challenge of pandemic control, we achieved unprecedented training results through synergetic collaboration of online and offline courses in the premise of reduced personnel gathering and flow. We achieved leapfrog growth of training periods and coverage, effectively enhancing the occupational skills and development skills of the employees of the Company, thus improving their ability to perform duties.

For management training, based on the working shortcomings in daily operation and management of different management personnel, the Company targets to provide project trainings such as mindset training, art of management, duty performance of supervisors, financial management, risk control, laws and regulations, business etiquette, communication skills and document writing, in order to raise the performing skills of management personnel.

In terms of skilled talent training, the Company organises pre-match training for national and municipal water treatment and drainage industry staff vocational skills competition, to promote learning through competition, select and cultivate a batch of composite skilled backbone who is knowledgeable of the main business, monitoring and analysis. The Company organises a series of trainings such as sewage treatment, laboratory monitoring, reclaimed water treatment and solid waste disposal, and creates standardised online learning courses to accumulate expertise and build a sharing platform. Through obtaining the vocational skills self-recognition qualification of three job types (i.e., sewage treatment, water production treatment and chemical inspection), the Company's career promotion channels for technical jobs is broadened. Upon approval of documents for review including work implementation proposals of relevant job types, evaluation criteria, management system and quality control documents by the Ministry of Human Resources and Social Security of Kunming City and the Appraisal Centre of Occupational Capability of Yunnan Province, along with obtaining self-recognition qualification, the foundation of cultivating more skilled and high-quality talents of the Company is consolidated.

B3. 發展及培訓

為滿足公司經營管理需要，我們圍繞發展戰略制定培訓計劃，積極構建學習型企業，打造學習型團隊，積極探索適應公司發展需求的培訓新體系。2020年，積極應對疫情影響，我們上線使用了新建的綜合性移動培訓學習平台，從無到有打造了公司自有的線上課程庫，創建了培訓管理新模式。在疫情管控的困難下，我們取得了超越以往的培訓效果，通過線上線下課程的協同聯動，在減少人員聚集、流動的前提下，實現培訓期次、覆蓋範圍的跨越式增長，有效提升了公司僱員的職業技能、發展技能，更好地提升了僱員的履職能力。

管理類培訓方面，根據不同的管理人員日常經營管理中存在的工作短板，針對性開設思維訓練、管理藝術、監事履職能力、財務管理、風險控制、法律法規、商務禮儀、溝通技巧、公文寫作等專題培訓，以提高管理人員的履職技能。

技能人才培養方面，組織開展全國、市級水處理及排水行業職工職業技能競賽賽前集訓，以賽促學，選拔並培養了一批通主業、懂監測、會分析的複合型技能骨幹；開展污水處理工、化驗監測工、再生水處理工、固廢處置工等系列培訓，並製作標準化網絡教學課程，積澱專業知識，打造共享平臺；通過獲取污水處理工、水生產處理工、化學檢驗員三個工種的職業技能自主認定資格，拓寬公司技術工種職業晉升通道。相關工種工作實施方案、評價標準、管理制度及質量管控文件等備審資料經昆明市人力資源社會保障局、雲南省職業技能鑑定中心審核通過，並取得自主認定資格，為公司培養更多精研技藝的高素質技能人才夯實了基礎。

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In terms of new employee training, the Company focuses more on guidance of skillset quality, targets on the differentiated personnel structure for new employees, categorised customised online and offline training courses, keeps improving and optimising on contents, forms and methods. The new employee training of the Company is short-term, efficient, refined and pragmatic.

新員工培訓方面，更加注重綜合能力素質引導，針對新員工差異化的人員結構，分類定制線上、線下培訓課程，在內容、形式、方式和時間上進行了持續改進和完善，短時高效、精煉務實。

During the Reporting Period, the Company's training statistics classified by employee level are as follows:

報告期內，本公司按員工級別進行分類統計的受訓情況如下：

Training ratio of middle and senior staff: 94.1%
中高層員工受訓比例：94.1%

The average duration of study: 36.6 hours
平均學習時長：36.6學時

Training ratio of general employees: 89.8%
一般員工受訓比例：89.8%

The average duration of study: 23.6 hours
平均學習時長：23.6學時

During the Reporting Period, the Company's training statistics classified by employee gender are as follows:

報告期內，本公司按員工性別進行分類統計的受訓情況如下：

Training ratio of male employees: 84.4%
男性員工受訓比例：84.4%

The average duration of study: 26.2 hours
平均學習時長：26.2學時

Training ratio of female employees: 89.7%
女性員工受訓比例：89.7%

The average duration of study: 31.0 hours
平均學習時長：31.0學時

After years of construction and accumulation, the Company continuously increased the strength of training resources and formed a team of part-time lecturers with technical and management skills. Through internal and external links, the Company continuously maintained, improved and enriched the teaching staff and joined China Eco-Environmental Industry and Education Alliance to strengthen exchanges with industry associations and internationally renowned institutions.

經過多年的建設與積累，公司不斷加強培訓資源建設力度，形成了一批有技術、懂管理的兼職講師團隊，通過內引、外聯，持續維持、完善、充實講師團師資隊伍，並加入中國生態環境產教聯盟，加強與行業協會、國際知名院校的交流。



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B4. Labor Rules

Prohibition of Employing Child Labor or Forced Labor

The Company strictly follows state and local regulations regarding recruitment and hire of employees such as the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and the Prohibition of Child Labor Provisions (《禁止使用童工規定》), etc. and will not hire applicants who fail to meet requirements set out in relevant laws and regulations. In addition, the Company conducts reference check on employees based on information provided, and those who are found to have treated will not be hired. The Company sticks to a human resource policy that highlights gender equality and ethnic equality and prohibits employment of child labor and forced labor. During the Reporting Period, the Company did not have any breach of laws and regulations that impose ban on employment of child labor and forced labor.

B5. Supply Chain Management

Principal suppliers of the Company are power suppliers who provide electricity for its facilities, construction contractors who design and construct its facilities and suppliers of raw materials including wastewater treatment chemicals and other equipment maintenance consumables.

B4. 勞工準則

防止童工或強制分工

公司對於人員的招聘和錄用嚴格遵守《中華人民共和國勞動法》、《中華人民共和國勞動合同法》及《禁止使用童工規定》等國家和地方有關規定執行，對不符合法律規定條件的申訴者一律不予錄用。此外，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不予錄用。公司堅持男女平等、民族平等的人力資源政策，禁止童工和強迫勞動，於報告期間並無發現任何違反與防治兒童或強制勞工有關之法律及規定的個案。

B5. 供應鏈管理

公司的主要供貨商為電力供貨商(為公司的設施供電)、工程承包商(設計並建造公司的設施)及原材料供應商(供應包括污水處理化學品及其他設備維護易耗品)。

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Except for utility service providers, the Company has established a centralised procurement policy for selected suppliers. The Company has internally established the Intermediary Agency Selection and Employment Management Measures (《中介機構選聘管理辦法》), the Contract Management Measures (《合同管理辦法》), the Production Operation Procurement Management Measures (Trial) (《生產運行採購工作管理辦法(試行)》) and other systems to standardise management of various activities of the entire procurement process of the Company. Under such policy, subsidiaries of the Company are required to solicit bids from different suppliers. The Company adopts the principle of fairness, impartiality and openness to select qualified suppliers in the form of public bidding where the project is located. The discipline inspection and supervision department performs supervision duties during the bidding process. The Company selects suppliers based on product price, product environmental protection requirements, quality, and timely delivery of products. We encourage and prioritise our cooperation with suppliers who have environmental protection and safety certifications. Green development concepts, such as construction safety and environmental protection, have been included in our construction contracts and performance evaluation. Meanwhile, we learn about the supplier's reputation from the Internet, bid evaluation experts, using enterprises and other channels, including whether there are environmental and social complaints and lawsuits related reports, and take the investigation results as one of the reference factors of cooperation.

All supply contracts will be required to be reviewed and approved by the headquarter which will conduct periodic tests to check the quality of the delivered products. The Company has sourced raw materials from a few local suppliers in proximity to Kunming in order to benefit from the economies of scale and easy transportation, which allows faster and cheaper delivery of raw materials. The Company has readily available alternative suppliers in the market who offer similar raw materials with terms comparable to its existing suppliers. To mitigate the risks associated with any reliance on its major suppliers, the Company periodically seeks potential alternative suppliers and obtains quotations from such suppliers with the view to keeping in contact with potential suppliers.

除公司的公共服務供貨商外，公司已對合作的供貨商制定集中採購政策。公司內部設有《中介機構選聘管理辦法》、《合同管理辦法》、《生產運行採購工作管理辦法(試行)》等制度，對公司採購全流程各項活動進行規範管理。根據該政策，本公司的子公司須向不同的供貨商招標，按照公平、公正、公開的原則，在項目所在地採取公開招標的方式選取合格供應商，招標過程中紀檢監察部門履行監督職責。我們基於產品的價格、產品環保要求、質量及交貨及時性選擇供貨商，鼓勵並優先考慮與具有環保、安全認證的供應商合作，並將施工安全和環境保護等綠色發展理念納入施工合同及履約評價等環節。同時，我們從互聯網、評標專家、使用企業等多渠道了解供應商信譽情況，包括是否有環境及社會相關投訴、訴訟等相關報導，並將調查結果作為合作的參考因素之一。

所有供應合約需經總部審查及批准，總部會對其進行定期測試以檢查交付產品的質量。為獲取規模經濟及交通便利的效益，公司從位於昆明附近的幾家當地供貨商採購原材料，以實現原材料更快捷實惠的交付。公司可隨時與市場上按可比條款提供類似原材料的供貨商合作，以替代現有供貨商。為減輕公司對主要供貨商的依賴所帶來的風險，公司定期物色潛在的替代供貨商並收集其報價，從而與潛在供貨商保持聯繫。



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During the Reporting Period, major suppliers of the Company are independent third parties based in China, most of which are concentrated in Southwest China, of which Hunan Jinkai Garden Group Co., Ltd., a private enterprise, provides project construction services for us. Our other major suppliers include Kunming Power Supply Bureau of Yunnan Power Grid Company Limited which provides electricity for our operation, construction contractors such as Shidian Branch of Yunnan Jiantou Zhongxing Construction Co., Ltd. and Inner Mongolia Yingang Construction Group Co., Ltd. which undertake the construction portions of our projects and raw materials providers such as Kunming Kejingyuan Environmental Protection Technology Co., Ltd., Beijing Bishuiyuan Environmental Protection Technology Co., Ltd. and Yunnan Haida New Ecological Environment Construction Co., Ltd. which provide water treatment chemicals and others materials for the operation and maintenance of our facilities.

B6. Product Responsibilities

The Company attaches great importance to product quality and strictly complies with relevant laws and regulations such as the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (《城鎮污水處理廠污染物排放標準》), the Management Regulations for Checking and Accepting Completed Installations of Environmental Protection of Construction Projects (《建設項目竣工環境保護驗收管理辦法》) and Urban Water Supply Regulations (《城鎮供水條例》), etc. With reference to its own conditions, it sets up and implements an internal standardisation management system on basis of GB/T24001-2016 Environmental Management System – General Guidelines on Implementation (GB/T24001-2016《環境管理體系要求及使用指南》), GB/T19001-2016 Quality Management System – Requirements (GB/T19001-2016《質量管理體系要求》) and GB/T28001-2011 Occupational Health and Safety Management System – Requirements (GB/T28001-2011《職業健康安全體系要求》).

本報告期內，公司主要供貨商均為位於中國的獨立第三方，大部分集中在中國西南區域。其中，湖南省金凱園林集團有限公司，其為一家民營企業，為我們提供項目施工服務。我們其他的主要供應商包括為我們提供運營用電的雲南電網有限責任公司昆明供電局，承接我們項目施工部分的雲南建投中行建設有限公司施甸分公司、內蒙古寅崗建設集團有限公司等施工承包商，以及為我們提供污水處理化學品及其他設施運行維護材料的昆明科淨源環保科技有限公司、北京碧水源科技環保有限公司、雲南海達新生態環境建設有限公司等原材料供應商。

B6. 產品責任

公司高度重視產品的質量，嚴格遵守《城鎮污水處理廠污染物排放標準》、《建設項目竣工環境保護驗收管理辦法》、《城鎮供水條例》等相關法律法規，在GB/T24001-2016《環境管理體系要求及使用指南》、GB/T19001-2016《質量管理體系要求》、GB/T28001-2011《職業健康安全體系要求》的基礎上，結合公司特點，實施和執行公司內部標準化管理體系。

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The Company attaches great importance to intellectual property work and incorporates intellectual property into the Company's strategy of "self-invigoration through science and technology". Through establishment of an intellectual property management system oriented to transformation and application of results, the Company implements normative management of intellectual property. The Company also establishes a special agency and formulates corresponding project approval documents for project approval, clarifying that a patent search is necessary to be performed before project approval by issuing an intellectual property search report on whether patent protection or patent infringement will be obtained in the future. An intellectual property protection and early warning mechanism is established to better protect the Company's intellectual property without infringing the intellectual property rights of others.

The Company puts much emphasis on product quality by executing and implementing the Company's internal standardised management system to ensure that the quality of effluent water is stable and up to standards. During the Reporting Period, there was no return of products sold or for safety and health reasons without receiving customer complaints concerning products and services. Each key process in the course of production is under real-time data monitoring, and relevant data is retransferred directly to the central monitoring system of each plant and to the monitoring platform of the Company. Operators strictly execute the Standardised Operation Manual (標準化運行手冊) which has been adapted under the "one manual for one plant" principle that highlights respective conditions of each plant, thus ensuring smooth operation of each process. The Company also monitors inlet and outlet water quality. Daily water quality monitoring is entrusted to environmental monitoring companies with CMA (**China Metrology Accreditation**) certificates. Every day, water sample is tested in the morning, and test report is issued in the afternoon. Therefore, the Company obtains feedback timely and is able to make production instructions, thus ensuring that outlet water meet discharge standards. Furthermore, the Company has an online monitoring system which monitors inlet and outlet water quality for 24 hours per day. Monitoring data are transferred simultaneously to municipal and provincial-level comprehensive monitoring and management platforms on pollution sources. Wastewater after treatment meets requirements as set out in the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (《城鎮污水處理廠污染物排放標準》(GB18918-2002)).

公司高度重視知識產權工作，將知識產權納入公司「科技興司」戰略，通過建立知識產權管理體系，以成果轉化應用為導向，開展知識產權規範性管理。成立專門機構，對於立項項目，制定了相應的立項文件，明確了立項前必須進行專利檢索，就未來是否獲得專利保護或者是否專利侵權出具知識產權檢索報告。建立知識產權保護和預警機制，能夠較好地保護自身知識產權，無侵犯他人知識產權的行為。

公司高度重視產品的品質，實施和執行公司內部標準化管理體系，確保出水水質穩定達標。報告期內，未發生已售或產品因安全與健康理由回收的情況，亦未收到客戶關於產品及服務的投訴。在生產過程中，各個關鍵工藝點均有即時資料監控，相關資料直接接至各廠中控監控系統和公司監控平臺，操作人員嚴格按照一廠一冊的標準化運行手冊操作，保證工藝的正常運行，同時，進、出水的水質監控，公司依託具有CMA(中國計量認證「**China Metrology Accreditation**」)認證的環境監測公司每天檢測，每天上午取樣，下午出具檢測報告，檢測資料及時回饋和指導生產，確保出水水質的達標排放，不但如此，公司還有一套進出口線上監測系統，每天24小時檢測進出口水質，檢測資料同時上傳至市和省級污染源監測綜合管理平臺。公司處理後的污水均執行《城鎮污水處理廠污染物排放標準》(GB18918-2002)。

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Our customers are primarily local governments. Regarding the information from customers, the Company has an information management system and a complete platform of collection, transmission, accumulation and integration. The Company regularly upgrades its information platform management software, eliminates and replaces problematic hardware facilities with regular maintenance, backup and hierarchical management of the system to ensure reliability of the system. In response to the government's confidentiality requirements, each department of the Company has formulated corresponding confidentiality plans in accordance with confidentiality regulations of the government and the Company to ensure the timeliness, accuracy, security and confidentiality of customer information.

B7. Anti-corruption Efforts

While developing the business, the Company insists on planning, implementing and assessing the anti-corruption effort together with the reform development of the Company, as well as adopting the combination of external administrative supervision and internal supervision of discipline commission. The Company is in strict observance with relevant laws, regulations and regulatory requirements, such as the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Supervision Law of the PRC (《中華人民共和國監察法》), the Law on Tendering and Bidding of the People's Republic of China (《中華人民共和國招標投標法》), the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) and the Interim Provisions on Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》), to ensure effective protection of legal interests of the Company and stakeholders including the employees, investors, creditors.

我們的客戶主要是各地政府，對於來自客戶的資訊資料，公司已有資訊管理系統和完整的收集、傳輸、積累和整合的平臺。公司對資訊平臺管理軟件進行定期升級，淘汰和更換隱患硬體設施；對系統定期進行維護，備份和分級管理，確保系統的可靠性。積極回應政府保密工作要求，公司各部門根據政府及公司保密工作規定，分別制定了相適應的保密工作方案，以保障客戶資訊資料的及時性、準確性、安全性和保密性。

B7. 反腐敗

公司在業務發展的同時，堅持把反腐敗工作與公司改革發展同謀劃、同實施、同考核，採用外部行政監管、內部紀委監督相結合的方式，嚴格遵守《中華人民共和國公司法》、《中華人民共和國監察法》、《中華人民共和國招標投標法》、《中華人民共和國反不正當競爭法》、《中華人民共和國反洗錢法》及《關於禁止商業賄賂行為的暫行規定》等法律法規及監管要求，以確保公司、僱員、投資者、債權人等利益相關方合法權益受到有效保護。



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1. Perform the Main Responsibility of the Party Committee and promote strict Party governance

In 2020, the Party Committee of the Company focused on the requirements of corporate Party building in the new era and strengthened the management of Party building work. During the year, 25 Party Committee meetings were held and a total of 273 “Three Important and One Large Matters” were considered and approved. The Company fully facilitated the “Inclusion of Party Construction Works in the Articles of Association”. The Company addressed the environmental protection inspection of the central and provincial government and the actual issues of inspections, interviews and handover, conducted self-checking on time and completed rectification targets according to the requirements. The completion rate of rectification was 100%. The Company strictly enforced its own personnel selection and appointment procedures, strengthened the supervision, inspection and adjustment of the performance of relevant personnel. During the Reporting Period, the Company made 12 integrity dialogues and conscientiously conducted 6 pre-service conversations with newly selected and appointed mid-level cadres. Meanwhile, the Company organised a series of activities for the “Celebration of the 99th Anniversary of Party Building” and “Guardians of Green Waters and Green Mountains” Party building forest planting theme activity.

1. 落實黨委主體責任，推動全面從嚴治黨

2020年，公司黨委圍繞新時期企業黨建要求，加強黨建工作的管理，全年共召開黨委會25次、審議決策「三重一大」事項共273項。全面推進「黨建入章」工作。針對中央、省環保督查及實際巡查約談移交問題及時進行自檢自查，並根據要求完成整改目標，整改完成率100%。嚴格執行公司人員選拔任用程序，加強相關人員履職情況的監督、檢查及調整。報告期內開展廉政談話12次，對新選拔任用的幹部認真開展任前談話6人次。同時，組織開展了「慶祝黨建99週年」系列活動、「綠水青山守護者」黨建林種植主題活動。



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2. Perform the supervision responsibilities of the Commission for Discipline Inspection and build a strong anti-corruption fortress

The Commission for Discipline Inspection of the Company firmly grasps the job positioning, precisely and effectively performs supervision and guarantee execution, facilitates and optimises development, strives to improve the effectiveness of supervision and discipline. Firstly, the Company delegate the missions of the establishment of the Party's discipline and integrity and anti-corruption works to various subsidiaries and various departments and supervise the implementation. Secondly, the Company signed the Responsibility Documents for Construction of "single position with dual duties" of Incorrupt Party with 6 team members, and despatched work target assessment task list of the establishment of the Party's discipline and integrity to 11 basic party organisations under the Company. Thirdly, the Company strictly implemented "Three Important and One Large Matters" decision-making system and implementation rules, implemented collective decision-making, democratic discussion, and open administrative affairs, and strengthened restriction and supervision of power operation. Fourthly, the performance of the main responsibility of the Party Committee and the collective responsibility of the leaders in improving the Party's style of work and upholding integrity is reported to senior regulatory authorities to continuously promote the implementation of anti-corruption tasks. Fifthly, the Company insists on handling cases as early as possible and no matter how insignificant they are, utilises the "four patterns", timely issues reminding warnings, achieving the results of minimum punishment and maximum education. During the Reporting Period, the Company was not involved in any litigation related to corruption.

The Company establishes an effective linkage mechanism to prevent extortion, fraud and money laundering. Popularising the study on risk knowledge daily and strengthening the risk awareness; signing target responsibility statement on safe production and environment protection and responsibility statement for target operation to strengthen the operating management; meanwhile, further strengthening the procedures of the review and execution of contracts; and establishing an effective linkage mechanism to prevent extortion, fraud and money laundering, with an aim to effectively prevent extortion, fraud and money laundering.

2. 履行紀委監督責任，築牢反腐倡廉堡壘

公司紀委牢牢把握工作定位，精準有效發揮監督保障執行、促進完善發展作用，著力提升監督執紀成效。一是將黨風廉政建設和反腐敗工作任務分解到各子公司和各部門督促落實；二是與6位班子成員簽訂黨風廉政建設「一崗雙責」目標責任書，並向公司下屬的11家基層黨組織印發黨風廉政建設工作目標考核任務清單；三是嚴格落實「三重一大」決策制度實施細則，實行集體決策、民主議事、司務公開，強化權力運行制約和監督；四是每月向上級監管部門報告落實黨風廉政建設黨委主體責任、領導班子集體責任情況，持續推進反腐倡廉各項工作；五是堅持抓早抓小，把握運用好「四種形態」，及時提醒警示，實現懲處極少數、教育大多數的效果。報告期內公司未發生貪污腐敗訴訟案件。

本公司建立了有效的防止勒索、欺詐及洗錢的聯動機制。日常加強風險知識學習，強化風險意識；簽訂安全生產、環境保護目標責任書、目標經營責任書，強化經營管理；同時進一步加強合同審查會簽程序；建立有效的防止勒索、欺詐及洗錢的聯動機制，有效防止勒索、欺詐及洗錢現象的發生。



B8. Community Investment

Year 2020 is a decisive year for victories in the poverty alleviation. According to the arrangement of poverty alleviation work in Kunming City, the Company kept working hard for poverty alleviation work, actively engaged in poverty alleviation work in Yidaikuai village of Zhuanlong Town and endeavored to help the poor households in Yidaikuai village of Zhuanlong Town. Poverty alleviation team cadres served as leaders of the village working team, commenced poverty alleviation work stationed in the village and kept reinforcing the effect of poverty alleviation. Meanwhile, the Company adopted the “purchase to help” method to help the consumption for poverty alleviation, supporting poverty alleviation work with actual efforts. In 2020, the Company purchased unsalable agricultural products with a total amount of RMB273,100, involving 17 agricultural product suppliers of poor regions and approximately over 150 types of purchased products. Organising employees of the Company to purchase agricultural and sideline products by contacting poverty alleviation areas to help farmers to be divorced from poverty. The Company gives back to the society and take social responsibility effectively.

As the largest scale of sewage treatment in Yunnan Province and a Hong Kong listed environmental protection enterprise, the Company continuously promotes the concepts of green environmental protection, ecological civilisation and sustainable development. Dianchi Water also takes a part in contributing to the change of the community. While fulfilling the task of environmental protection and treatment, the Company also takes social responsibility in environmental protection education as an important task. The Company encourages and organises the employees engaging in volunteer services daily, and brings up the awareness of bringing back to the society for the Company and the employees. The Company organised a series of volunteer advertisement and popular science activities including “6th May Environment Day”, “Environment Open Day” and “Good Water Usage Action – Promotion of water saving and reclaimed water”.

B8. 社區投資

2020年是脫貧攻堅戰的決勝之年，根據昆明市脫貧攻堅工作安排部署，公司對脫貧攻堅工作做了持續的努力，積極投入祿勸縣轉龍鎮扶貧工作，做好轉龍鎮以代塊村結對幫扶貧困戶相關工作，扶貧幹部作為駐村工作隊隊長駐村開展扶貧，持續鞏固脫貧成效。同時，採取「以購代扶」的方式助力消費扶貧，以實際行動支持脫貧攻堅工作。2020年公司採購滯銷農產品金額總計人民幣27.31萬元，涉及17家貧困地區農產品供應商，購買種類約150餘項。組織公司職工購買聯繫扶貧地區的農副產品，幫助農戶脫困脫貧，積極回饋社會，有效承擔社會責任。

公司作為雲南省污水處理規模最大的香港上市環保企業，持續宣導綠色環保、生態文明、可持續發展的理念。滇池水務人也身體力行，為社區改變貢獻力量，在完成環境保護治理任務的同時，也把環保宣教社會責任作為一項重要工作。日常鼓勵、組織僱員參與志願服務，提審公司、僱員回饋社會意識，組織參與了「六五環境日」、「環境開放日」及「善水行動——節水、再生水宣傳推廣」等一系列志願宣傳、科普活動。

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In 2020, to fight the COVID-19 pandemic, the Company assigned over 210 Party member cadres to engage in frontline work of pandemic prevention and control directly and established 6 volunteer service teams to engage in pandemic prevention and control works. 34 Party members took the initiative to submit a petition, while 268 Party members started volunteer donation activities with a total donation amount of RMB46,300.

As a water environmental protection enterprise, we actively advocate harmony and integration in society and environment. The Company will continue to fulfill its social responsibilities enthusiastically, adhere to the core values of “enthusiastic about charitable causes and giving back to the society” sustainably and actively participate in caring community activities to strive to become an outstanding corporate citizenship.

2020年針對新冠肺炎疫情，公司組織了210餘名黨員幹部直接投入疫情一線工作，成立了6支志願服務隊投入疫情防控工作，34名黨員主動寫了請戰書，268名黨員開展了自願捐款活動，共計捐款人民幣4.63萬元。

作為一家水務環保企業，我們積極宣導與社會、環境和諧共融，公司將繼續積極履行社會責任，持續秉持「熱心公益、回饋社會」的核心價值，積極參與關懷社區活動，致力成為優秀的企業公民。

