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## **CHINA EVERBRIGHT GREENTECH LIMITED**

### **中國光大綠色環保有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1257)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **FINANCIAL HIGHLIGHTS**

- Revenue decreased by 14% to HK\$8,446,999,000 (2020: HK\$9,835,376,000)
- EBITDA decreased by 7% to HK\$2,837,942,000 (2020: HK\$3,064,595,000)
- Profit attributable to equity shareholders of the Company decreased by 26% to HK\$1,110,385,000 (2020: HK\$1,502,532,000)
- Final dividend of HK4.0 cents (2020: HK7.0 cents) per share. Total dividends for the year decreased by 27% to HK11.0 cents (2020: HK15.0 cents) per share

#### **2021 ANNUAL RESULTS**

The board of directors (the “Board”) of China Everbright Greentech Limited (the “Company” or “Everbright Greentech”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2021 together with comparative figures for the year ended 31 December 2020. The annual results have been reviewed by the Audit and Risk Management Committee of the Company.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

		2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>REVENUE</b>	4	<b>8,446,999</b>	9,835,376
Direct costs and operating expenses		<u>(6,101,028)</u>	<u>(6,823,836)</u>
Gross profit		<b>2,345,971</b>	3,011,540
Other revenue	5	<b>313,890</b>	252,390
Other gains/(losses), net	5	<b>1,082</b>	(7,155)
Impairment losses of intangible assets		—	(216,723)
Administrative expenses		<b>(628,561)</b>	(550,837)
Finance costs	6	<b>(741,858)</b>	(543,564)
Share of profit of an associate		<b>82,390</b>	—
Share of profits and losses of joint ventures		<u>(24,312)</u>	<u>(19,464)</u>
<b>PROFIT BEFORE TAX</b>	7	<b>1,348,602</b>	1,926,187
Income tax	8	<u>(228,571)</u>	<u>(412,879)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>1,120,031</b></u>	<u>1,513,308</u>
<b>ATTRIBUTABLE TO:</b>			
Equity shareholders of the Company		<b>1,110,385</b>	1,502,532
Non-controlling interests		<u>9,646</u>	<u>10,776</u>
		<u><b>1,120,031</b></u>	<u>1,513,308</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY</b>	10		
Basic and diluted ( <i>HK cents</i> )		<u><b>53.74</b></u>	<u>72.72</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>PROFIT FOR THE YEAR</b>	<u><b>1,120,031</b></u>	<u>1,513,308</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Changes in fair value of debt instrument at fair value through other comprehensive income, net of nil tax	<b>(131,727)</b>	—
Exchange differences on translation of financial statements of entities outside Hong Kong, net of nil tax		
— Subsidiaries	<b>549,700</b>	1,018,210
— Associates	<b>6,608</b>	5,216
— Joint ventures	<b>1,492</b>	3,636
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<u><b>426,073</b></u>	<u>1,027,062</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><b>1,546,104</b></u>	<u>2,540,370</u>
<b>ATTRIBUTABLE TO:</b>		
Equity shareholders of the Company	<b>1,526,163</b>	2,508,635
Non-controlling interests	<b>19,941</b>	31,735
	<u><b>1,546,104</b></u>	<u>2,540,370</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 December 2021*

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>5,367,020</b>	3,848,120
Right-of-use assets		<b>700,217</b>	648,609
Goodwill		<b>162,638</b>	157,609
Intangible assets		<b>14,365,263</b>	13,311,103
Interests in joint ventures		<b>24,761</b>	44,632
Interests in associates		<b>254,413</b>	165,415
Other receivables, deposits and prepayments	11	<b>781,099</b>	816,945
Contract assets	12	<b>6,900,257</b>	6,310,283
Deferred tax assets		<b>82,450</b>	64,467
<b>Total non-current assets</b>		<b><u>28,638,118</u></b>	<u>25,367,183</u>
<b>CURRENT ASSETS</b>			
Inventories		<b>327,694</b>	218,493
Debtors, other receivables, deposits and prepayments	11	<b>6,311,107</b>	3,001,399
Contract assets	12	<b>2,610,620</b>	3,945,493
Tax recoverable		<b>7,932</b>	5,047
Pledged bank deposits		<b>160,542</b>	219,415
Deposits with banks		<b>—</b>	1,663
Cash and cash equivalents		<b>2,483,568</b>	2,505,975
<b>Total current assets</b>		<b><u>11,901,463</u></b>	<u>9,897,485</u>
<b>CURRENT LIABILITIES</b>			
Creditors, other payables and accrued expenses	13	<b>4,114,988</b>	3,970,968
Interest-bearing bank and other borrowings		<b>4,493,433</b>	2,314,706
Lease liabilities		<b>854</b>	2,333
Tax payables		<b>45,684</b>	47,530
<b>Total current liabilities</b>		<b><u>8,654,959</u></b>	<u>6,335,537</u>
<b>NET CURRENT ASSETS</b>		<b><u>3,246,504</u></b>	<u>3,561,948</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>31,884,622</u></b>	<u>28,929,131</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)*  
*At 31 December 2021*

	<i>Note</i>	<b>2021</b> <b><i>HK\$'000</i></b>	2020 <i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Other payables	13	<b>222,062</b>	150,568
Interest-bearing bank and other borrowings		<b>16,057,663</b>	14,618,667
Lease liabilities		<b>14,782</b>	6,503
Deferred tax liabilities		<b>1,444,748</b>	1,286,552
<b>Total non-current liabilities</b>		<b>17,739,255</b>	16,062,290
<b>NET ASSETS</b>		<b>14,145,367</b>	12,866,841
<b>EQUITY</b>			
<b>Equity attributable to equity shareholders of the Company</b>			
Share capital		<b>1,608,029</b>	1,608,029
Reserves		<b>12,153,166</b>	10,916,253
		<b>13,761,195</b>	12,524,282
Non-controlling interests		<b>384,172</b>	342,559
<b>TOTAL EQUITY</b>		<b>14,145,367</b>	12,866,841

## NOTES

### 1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain debtors which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

### 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>
Amendment to HKFRS 16	<i>COVID-19 — Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The Group has assessed that the adoption of the above revised standards has had no significant financial effect on these financial statements.

### 3. OPERATING SEGMENT INFORMATION

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

- (i) Integrated biomass utilisation project construction and operation: this segment engages in the construction and operation of biomass direct combustion power generation projects, biomass heat supply project, biomass electricity and heat cogeneration projects, waste-to-energy projects and integrated biomass and waste-to-energy projects to generate revenue from construction services, revenue from operation services as well as finance income.
- (ii) Hazardous and solid waste treatment project construction and operation: this segment engages in the construction and operation of hazardous waste landfill projects, hazardous waste incineration projects, general industrial solid waste electricity and heat cogeneration projects and physicochemical and resources recycling projects to generate revenue from construction services, revenue from operation services as well as finance income.

### 3. OPERATING SEGMENT INFORMATION *(Continued)*

- (iii) Environmental remediation project operation: this segment engages in the operation of environmental remediation projects covering restoration of industrial contaminated sites, contaminated farmland, mines and landfills, treatment of industrial gas emission, integrated treatment of oil sludge, treatment of river/lake sediments and industrial sludge, construction and operation of wetland parks, environmental stewardship services and anti-seepage at landfill sites to generate revenue from operation services.
- (iv) Solar energy and wind power project operation: this segment engages in the operation of solar energy projects and wind power projects to generate revenue from operation services.

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

Segment assets include all tangible assets, intangible assets, goodwill, interests in associates and joint ventures, deferred tax assets and current assets with the exception of intercompany receivables and other corporate assets which are managed on a group basis. Segment liabilities include tax payables, deferred tax liabilities, creditors, other payables and accrued expenses attributable to the activities of the individual segments and interest-bearing bank and other borrowings managed directly by the segments, with the exception of intercompany payables and other corporate liabilities which are managed on a group basis.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

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

In addition to segment information concerning EBITDA, management is provided with segment information concerning revenue, interest expense from borrowings managed directly by the segments, depreciation and amortisation and additions to non-current segment assets used by the segments in their operations.

### 3. OPERATING SEGMENT INFORMATION (Continued)

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year is set out below:

#### For the year ended 31 December

	Integrated biomass utilisation project construction and operation		Hazardous and solid waste treatment project construction and operation		Environmental remediation project operation		Solar energy and wind power project operation		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue (note 4):</b>										
Revenue from external customers and reportable segment revenue	6,264,735	8,318,394	1,658,459	1,158,305	318,320	167,656	205,485	191,021	8,446,999	9,835,376
<b>Segment results:</b>										
Reportable segment profit (adjusted EBITDA)	2,060,530	2,557,204	686,664	419,733	42,182	39,223	189,181	181,365	2,978,557	3,197,525
Finance costs									(741,858)	(543,564)
Depreciation and amortisation, including unallocated portion									(747,482)	(594,844)
Unallocated head office and corporate income									29,272	10,910
Unallocated head office and corporate expenses									(169,887)	(143,840)
Consolidated profit before tax									<u>1,348,602</u>	<u>1,926,187</u>
<b>Other segment information:</b>										
Finance costs	383,670	336,161	48,120	38,950	10,707	8,065	19,031	19,537	461,528	402,713
Unallocated finance costs									280,330	140,851
Depreciation and amortisation	478,280	369,157	180,518	139,606	13,217	13,989	71,109	65,699	743,124	588,451
Unallocated depreciation and amortisation									4,358	6,393
Impairment losses of intangible assets	—	216,723	—	—	—	—	—	—	—	216,723
Impairment losses/(write-back of impairment) of debtors and contract assets and bad debt recovered	(881)	7,430	1,821	109	(554)	—	—	—	386	7,539
Share of (profits) and losses of joint ventures	—	—	24,560	19,464	—	—	(248)	—	24,312	19,464
Share of profit of an associate	—	—	(82,390)	—	—	—	—	—	(82,390)	—
Additions to property, plant and equipment, right-of-use assets, intangible assets, goodwill and non-current portion of prepayments	367,482	2,356,349	2,470,537	2,245,611	49,308	7,607	51,993	5,404	2,939,320	4,614,971
Additions to non-current portion of contract assets	940,619	2,428,423	7,086	7,367	—	—	—	—	947,705	2,435,790

### 3. OPERATING SEGMENT INFORMATION (Continued)

#### (i) Segment results, assets and liabilities (Continued)

##### For the year ended 31 December

	Integrated biomass utilisation project		Hazardous and solid waste treatment project		Environmental remediation project operation		Solar energy and wind power project operation		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	28,328,011	25,658,491	9,223,772	6,707,061	759,083	660,590	1,388,933	1,312,799	39,699,799	34,338,941
Unallocated head office and corporate assets									839,782	925,727
Consolidated total assets									<u>40,539,581</u>	<u>35,264,668</u>
Reportable segment liabilities	11,398,281	11,105,026	4,701,744	2,942,256	572,879	487,772	447,935	456,999	17,120,839	14,992,053
Unallocated head office and corporate liabilities									9,273,375	7,405,774
Consolidated total liabilities									<u>26,394,214</u>	<u>22,397,827</u>

#### (ii) Geographic information

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

	Revenue from external customers		Property, plant and equipment, right-of-use assets and intangible assets		Non-current portion of other receivables, deposits and prepayments and contract assets	
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
People's Republic of China ("PRC")	8,439,087	9,829,244	20,373,524	17,769,340	7,681,356	7,131,903
Hong Kong	2,294	—	27,693	1,750	—	—
Germany	5,618	6,132	31,283	36,742	—	—
Total	<u>8,446,999</u>	<u>9,835,376</u>	<u>20,432,500</u>	<u>17,807,832</u>	<u>7,681,356</u>	<u>7,131,903</u>

### 3. OPERATING SEGMENT INFORMATION *(Continued)*

#### (iii) Information about a major customer

For the year ended 31 December 2021, the Group has transactions with one (2020: one) local government authority in the PRC from which the revenue individually exceeded 10% of the Group's total revenue. The aggregate revenue from this customer during the year ended 31 December 2021 amounted to HK\$2,148,756,000 (2020: HK\$1,847,626,000).

### 4. REVENUE

An analysis of revenue is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from integrated biomass utilisation project construction services	859,786	3,869,337
Revenue from hazardous and solid waste treatment project construction services	876,831	593,292
Revenue from integrated biomass utilisation project operation services	5,052,601	4,182,317
Revenue from hazardous and solid waste treatment project operation services	774,542	557,647
Revenue from environmental remediation project operation services	318,320	167,656
Revenue from solar energy and wind power project operation services	205,485	191,021
Revenue from contracts with customers	8,087,565	9,561,270
Finance income from service concession arrangements	359,434	274,106
Total revenue	<u>8,446,999</u>	<u>9,835,376</u>

The aggregated revenue from construction services, revenue from operation services and finance income derived from the local government authorities in the PRC amounted to HK\$6,945,368,000 (2020: HK\$8,659,260,000) for the year ended 31 December 2021. The revenues are included in four segments as disclosed in note 3.

## 5. OTHER REVENUE, OTHER GAINS/(LOSSES), NET

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Other revenue</b>		
Interest income	23,103	17,451
Government grants*	162,552	124,721
Value-added tax refunds**	76,430	87,989
Others	51,805	22,229
	<u>313,890</u>	<u>252,390</u>

\* Government grants of HK\$158,444,000 (2020: HK\$120,764,000) were granted during the year ended 31 December 2021 to subsidise certain integrated biomass utilisation and hazardous and solid waste treatment projects of the Group in the PRC. There were no unfulfilled conditions and other contingencies attached to the receipts of those grants. There is no assurance that the Group will continue to receive such grants in the future. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the consolidated statement of financial position.

\*\* The Group was entitled to PRC value-added tax refunds of HK\$76,430,000 (2020: HK\$87,989,000) during the year ended 31 December 2021. There were no unfulfilled conditions and other contingencies attached to the receipts of such tax refunds. There is no assurance that the Group will continue to receive such tax refunds in the future.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Other gains/(losses), net</b>		
Net gain on disposal of items of property, plant and equipment	1,468	384
Write-back of impairment/(impairment losses) of contract assets	1,094	(7,524)
Impairment losses of debtors	(2,134)	(15)
Bad debt recovered	654	—
	<u>1,082</u>	<u>(7,155)</u>

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank and other borrowings	648,344	539,409
Interest on medium-term notes	62,247	23,026
Interest on lease liabilities	610	466
Asset-backed notes arrangement fee	94,730	—
	<hr/>	<hr/>
Finance costs incurred	805,931	562,901
Less: interest capitalised*	(64,073)	(19,337)
	<hr/>	<hr/>
	<b>741,858</b>	<b>543,564</b>
	<hr/> <hr/>	<hr/> <hr/>

\* The borrowing costs have been capitalised at a rate ranging from 3.89% to 4.75% (2020: 3.05% to 4.95%) per annum during the year ended 31 December 2021.

## 7. PROFIT BEFORE TAX

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of inventories consumed	2,943,017	2,190,698
Depreciation of property, plant and equipment*	198,997	172,296
Depreciation of right-of-use assets	18,093	16,625
Amortisation of intangible assets**	530,392	405,923
Lease payments not included in the measurement of lease liabilities	15,682	11,791
Auditor's remuneration		
— audit services	2,900	2,650
— other services	1,000	729
	<hr/>	<hr/>
	<b>3,900</b>	<b>3,379</b>
	<hr/>	<hr/>
Employee benefit expense (excluding directors' remuneration)#		
Wages and salaries	707,743	607,632
Pension scheme contributions	66,514	31,218
	<hr/>	<hr/>
	<b>774,257</b>	<b>638,850</b>
	<hr/> <hr/>	<hr/> <hr/>

## 7. PROFIT BEFORE TAX (Continued)

- \* The depreciation of property, plant and equipment of HK\$163,026,000 (2020: HK\$139,906,000) was included in “Direct costs and operating expenses” on the face of the consolidated statement of profit or loss.
- \*\* The amortisation of intangible assets of HK\$512,008,000 (2020: HK\$386,507,000) was included in “Direct costs and operating expenses” on the face of the consolidated statement of profit or loss.
- # As at 31 December 2021, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2020: Nil).

## 8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the year ended 31 December 2021 (2020: Nil).

Tax for the PRC operations is charged at the statutory rate of 25% of the assessable profits under tax rules and regulations in the PRC. During the year, certain PRC subsidiaries are subject to tax concessions under the relevant tax rules and regulations.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax — Elsewhere		
Charge for the year	136,106	197,705
Overprovision in prior years	(7,113)	(6,946)
Deferred tax	<u>99,578</u>	<u>222,120</u>
Total tax expenses for the year	<u><u>228,571</u></u>	<u><u>412,879</u></u>

## 9. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividends attributable to the year:		
Interim — HK7.0 cents (2020: HK8.0 cents) per ordinary share	144,625	165,286
Final — HK4.0 cents (2020: HK7.0 cents) per ordinary share	<u>82,643</u>	<u>144,625</u>
	<u><u>227,268</u></u>	<u><u>309,911</u></u>

The final dividend for the year is proposed after the end of the reporting period and is subject to the approval of the Company’s shareholders at the forthcoming annual general meeting.

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to equity shareholders of the Company of HK\$1,110,385,000 (2020: HK\$1,502,532,000), and the weighted average number of ordinary shares of 2,066,078,000 (2020: 2,066,078,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2021 and 2020 in the calculation of diluted earnings per share as there were no potential dilutive ordinary shares during the years ended 31 December 2021 and 2020.

## 11. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Debtors	5,530,856	2,294,824
Other receivables, deposits and prepayments	1,507,503	1,485,286
Amounts due from fellow subsidiaries	1,316	1,268
Amount due from an associate	550	—
Loan to a non-controlling interest	27,115	25,021
Amounts due from joint ventures	31,340	16,117
	<u>7,098,680</u>	<u>3,822,516</u>
Impairment	(6,474)	(4,172)
	<u>7,092,206</u>	<u>3,818,344</u>
Less: Non-current portion		
— Other receivables, deposits and prepayments	(753,984)	(791,924)
— Loan to a non-controlling interest	(27,115)	(25,021)
	<u>(781,099)</u>	<u>(816,945)</u>
Current portion	<u>6,311,107</u>	<u>3,001,399</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At beginning of year	4,172	3,812
Impairment losses, net ( <i>note 5</i> )	2,134	15
Exchange realignment	168	345
	<u>6,474</u>	<u>4,172</u>

## 11. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	1,493,474	1,703,520
More than 1 month but within 2 months	201,076	75,253
More than 2 months but within 4 months	554,635	83,109
More than 4 months but within 7 months	1,766,581	98,907
More than 7 months but within 13 months	1,184,447	177,487
More than 13 months	324,169	152,376
	<u>5,524,382</u>	<u>2,290,652</u>

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

The amounts due from fellow subsidiaries are unsecured, interest-free and the prepayments are expected to be recognised as expenses within one year.

Included in the amounts due from joint ventures is a loan to a joint venture of RMB9,500,000 (equivalent to HK\$11,612,000) (2020: RMB5,000,000 (equivalent to HK\$5,923,000)), which is unsecured, interest-bearing at 125% of the Loan Prime Rate (“LPR”) in the PRC and recoverable in 2022. The remaining balance is unsecured, interest-free and recoverable within one year.

The loan to a non-controlling interest is secured by its equity interest in a non-wholly owned subsidiary, interest-bearing at 110% of the rates announced by the People’s Bank of China and recoverable by December 2023.

## 12. CONTRACT ASSETS

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Service concession assets	(a)	7,471,736	6,789,387
Unbilled renewable energy tariff subsidy	(b)	1,630,338	3,162,113
Environmental remediation contract assets	(c)	<u>415,871</u>	<u>312,203</u>
		9,517,945	10,263,703
Impairment		<u>(7,068)</u>	<u>(7,927)</u>
		9,510,877	10,255,776
Less: Non-current portion			
— Service concession assets		<u>(6,900,257)</u>	<u>(6,310,283)</u>
Current portion		<u>2,610,620</u>	<u>3,945,493</u>
Contract assets arising from performance under construction contracts in connection with service concession arrangements, which are included in “Intangible assets”		<u>1,712,057</u>	<u>1,763,796</u>

## 12. CONTRACT ASSETS (Continued)

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At beginning of year	7,927	—
(Write-back of impairment)/impairment losses ( <i>note 5</i> )	(1,094)	7,524
Exchange realignment	235	403
	<hr/>	<hr/>
At end of year	<u>7,068</u>	<u>7,927</u>

*Notes:*

- (a) Service concession assets arose from the Group's revenue from construction services under certain BOT and BOO arrangements and bear interest at rates ranging from 4.90% to 6.60% (2020: 4.90% to 6.60%) per annum as at 31 December 2021.

As at 31 December 2021, HK\$7,465,935,000 (2020: HK\$4,623,440,000) relates to certain BOT and BOO arrangements with operations commenced.

Pursuant to the BOT and BOO arrangements, the Group receives no payment from the local governments in Mainland China (the "Grantors") during the construction period and instead receives service fees for the Group's operation services when relevant services are rendered during the operating periods.

The service concession assets are not yet due for payment and will be settled by the service fees to be received during the operating periods of the arrangements.

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

- (b) The balance represents government on-grid renewable energy tariff subsidy receivables for certain integrated biomass utilisation projects which newly commenced operations and arose from the Group's revenue from operations. The amounts will be billed and settled upon the completion of government administrative procedures pursuant to "Notice on Relevant Review Work on the Project List of Renewable Energy Power Generation Subsidies" (Caibanjian [2020] No. 6) (關於開展可再生能源發電補貼項目清單審核有關工作的通知) issued by the Ministry of Finance of the People's Republic of China.
- (c) The balance arose from performance under environmental remediation contracts. Such contracts include payment schedules which require stage payments over the service periods once milestones are reached.

### 13. CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Creditors			
— third parties	(i)	2,403,924	2,619,974
— fellow subsidiaries	(i)	15,919	23,254
Other payables and accrued expenses		1,753,335	1,347,102
Amounts due to fellow subsidiaries	(ii)	16,578	892
Amount due to a non-controlling interest	(iii)	1,314	1,273
Loans from non-controlling interests	(iv)	8,300	—
Deferred income — government grants	(v)	137,680	129,041
		<u>4,337,050</u>	<u>4,121,536</u>
Less: Non-current portion			
— Deferred income — government grants		(65,841)	(71,559)
— Other payables and accrued expenses		(156,221)	(79,009)
		<u>(222,062)</u>	<u>(150,568)</u>
Current portion		<u>4,114,988</u>	<u>3,970,968</u>

*Notes:*

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 6 months	2,174,891	2,396,749
More than 6 months	244,952	246,479
	<u>2,419,843</u>	<u>2,643,228</u>

Creditors totalling HK\$1,653,411,000 (2020: HK\$1,951,163,000) as at 31 December 2021 represent construction payables for the Group’s BOT and certain BOO arrangements.

Creditors due to fellow subsidiaries are unsecured, interest-free and repayable in accordance with the contract terms.

- (ii) The amounts due to fellow subsidiaries are unsecured, interest-free and repayable on demand.
- (iii) The amount due to a non-controlling interest is unsecured, interest-free and repayable within one year.
- (iv) Loans from non-controlling interests are unsecured, interest-free and repayable on demand.
- (v) Deferred income represents government grants received to subsidise the construction of property, plant and equipment of the Group during the year ended 31 December 2021, of which an amount of HK\$4,108,000 (2020: HK\$3,957,000) was credited to the consolidated statement of profit or loss. There were no unfulfilled conditions and other contingencies attached to the receipts of those grants.

## **SCOPE OF WORK OF ERNST & YOUNG ON THE PRELIMINARY RESULTS ANNOUNCEMENT**

The financial figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary results announcement have been compared by the Group’s auditor, Ernst & Young, Certified Public Accountants, to the amounts set out in the Group’s draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by Ernst & Young in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditor on this preliminary result announcement.

## **OPERATING RESULTS**

In 2021, the epic changing international scene was evolving at an increasing pace, while the once-in-a-century pandemic continued to ravage. Thanks to the substantial progress in vaccination across various countries, coupled with stimulus measures which had a boosting effect on retail spending and investment, the world economy negotiated a trend-bucking recovery amidst complicated international situations. As the first major economy to emerge from the shadow of the epidemic with the most comprehensive recovery in industrial chain, China provided a strong driving force for global economic recovery with its rapid economic pick-up and became a new engine heralding world economic growth, particularly through active promotion of the low-carbon green economic development model.

Reviewing 2021, the Chinese government unprecedentedly included “carbon peak” and “carbon neutrality” (“Dual Carbon”) in its overall planning for the construction of ecological civilisation and developed a new “low-carbon green industry” in terms of policy, market and technology with consistently enriched substance. In connection with policy, the building of “1+N” policy regime was accelerated and the timetable and roadmap for Dual Carbon targets were planned. In connection with the market, a system of carbon trading rules was developed and improved and the China Carbon Emission Trade Exchange and its first contract fulfillment cycle was officially commenced. In connection with the technology, the “Action Plan for Technology-supported Carbon Peak and Carbon Neutrality” was drafted in a bid to create breakthrough with a special focus on critical low-carbon green technologies. The combined effect of these factors has rendered the low-carbon green industry a new blue ocean market. With its dual attributes of pollution alleviation and carbon reduction in close tandem with the national Dual Carbon development strategy, the environment business continues to embrace favourable opportunities for development.

As a provider of specialised environmental protection services in China, the Group laid out plans for a new phase of qualitative development and achieved steady development in various business segments in 2021, persisting in prudent progress with a special focus on management enhancement and emphasis on innovation- and reform-driven measures in ongoing firm adherence to the corporate mission of being “Devoted to Ecology and Environment for a Beautiful China” and the corporate vision of endeavouring to “Create Better Investment Value and Undertake More Social Responsibility”.

The Group is principally engaged in the businesses of integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation, solar energy and wind power. As of 31 December 2021, the Group had 136 environmental protection projects with a total investment of approximately RMB32.669 billion and had undertaken 42 environmental remediation projects, with a total contract amount of approximately RMB1.165 billion.

In terms of market development, the Group was engaged in full-gear efforts towards business transformation. The integrated biomass utilisation business has been transforming towards a value-added business model, while continuous progress was made in the heat supply market. The hazardous and solid waste treatment business was steadily transforming to the role of an industrial environmental protection service provider alongside the end-of-life tyre disposal project obtaining further success. In our first move to deploy in the solar energy market since our spinoff listing, we expanded our distributed rooftop solar energy business by advancing projects on a county-wide basis, while making our business debut in the Hong Kong market. Moreover, the Group engaged in in-depth research of market opportunities in the strategic context of “Dual Carbon” in an active bid to explore new commercial models and growth niches.

During the year under review, the Group secured 17 new projects and entered into 2 supplementary agreements for biomass heat supply, involving an additional total investment of approximately RMB1.2 billion and environmental remediation projects with a contract amount of approximately RMB150 million. Such new projects included 3 integrated biomass utilisation projects, 1 hazardous and solid waste treatment project, 13 solar energy projects and 6 environmental remediation projects. In terms of project scale, our capacity for power generation was increased by 39.07 MW, daily household waste processing capacity was increased by 1,300 tonnes while our designed capacity for steam supply and hazardous and solid waste treatment were increased by approximately 600,000 tonnes and 100,000 tonnes per annum, respectively.

In terms of project construction, the Group continued to ensure steady progress in the construction work of its projects in adherence to the 7 principles of “productivity, efficiency, quality, cost-effectiveness, legitimacy, safety and integrity”, deliberating and exploring new construction plans to accommodate new project types. During the year under review, 17 new projects started implementation while 28 projects had completed construction and commenced operation. As at 31 December 2021, the Group had 23 projects under construction or implementation, including 10 hazardous and solid waste

treatment projects and 13 environmental remediation projects. With a strong emphasis on construction safety, construction quality and work scheduling for projects under construction, the Group has enhanced safety management at project sites through ongoing optimisation of its construction management system and framework.

In terms of technology research and development, the Group emphasises technological innovation as the driving force for the Company's development, as all technological research underway are in tandem with the requirements of the Company's business transformation. During the year under review, the Group's research effort focused on carbon neutrality, solar energy storage and charging integration, recycled use of bulk industrial solid waste, remediation of old landfill sites, end-of-life tyre recycling and incineration of hazardous waste with high sulphuric and halogenic contents, which provided support for the technical feasibility of its new business categories. During the year under review, the project for the "Development and Application of Safe, Clean and Efficient Incineration Technology for General Combustible Industrial Solid Waste", an international cooperation project in technology innovation of the Group under the National Key Research and Development Programme, commenced successfully with preliminary completion of interim tasks. As of 31 December 2021, the Group held 205 authorised patents, including 25 invention patents, 175 utility model patents, and 5 software copyrights.

In terms of operational management, the Group is committed to enhancing its operational safety level by improving the quality and efficiency of its project operations through delicacy management. During the year under review, the Group rolled out trial operations of autonomous fuel intake and storage projects for 5 integrated biomass utilisation projects and explored means to curb fuel prices and improve fuel quality, providing assurance for the new model of fuel supply. To enhance operating efficiency, the Group rolled out benchmarking management on all fronts during the year under review to procure the application of uniform, standardised, timely and accurate key benchmarks for the production management system, whereby benchmarking and ranking among commenced projects were conducted regularly such that backward projects would benchmark themselves against advanced counterparts to make up for the gap so as to improve their economic efficiency for a more solid foundation for delicacy management. During the year under review, the Group continued to deepen the implementation of its environmental, safety, health and social responsibility ("ESHS") management system by drafting safety management standards for high-risk operations to supplement the regime of safety management systems. In-depth effort was made to the commencement of investigation and treatment of hazards to reduce the risk of accidents. Information on pollutant discharge by project companies was monitored on a real-time basis to facilitate environmental management in a more regulated manner and assist in the Company's effective management of environmental, social and governance ("ESG") risks.

In terms of risk management, the Group has applied risk assessment in the full process of market development, project construction and project operation, and has consistently enhanced the effectiveness of its risk assessment and its risk management standard. During the year under review, the Group formulated “Greentech Risk Appetite 2021” and conducted comprehensive risk inspection of its project companies. Risk statistics and audit on various aspects such as contract management and performance, financial management, production safety and emission compliance, among others, were conducted and a “Risk and Internal Control Management Report” was drawn up to furnish recommendations in operations and compliance to the project companies. During the year under review, the Group achieved notable results in risk management by drawing on the prospective and precautionary natures of risk management.

In 2021, the Group’s operating activities were considerably affected by the pandemic. As a result of delays in the export trade for plate materials owing to the pandemic, the supply of processing residues such as bark and scrap among raw materials required in the integrated biomass utilisation business decreased and fuel prices were on the rise. Affected by the suspension or reduced production of upstream waste-generating enterprises, the volume and unit price for processing of the hazardous and solid waste treatment business registered declines. To address these impacts, the Group conducted trial operation of a voluntary biomass fuel collection and storage system to develop a model of fuel acquisition directly connected to the source of fuel supply, in order to safeguard fuel supply and lower fuel prices. The hazardous and solid waste treatment business maintained its customer resources through regional modulation centres on the back of the “major customer” regime, while enhancing information and resources sharing among marketing staff of various projects to increase market shares.

In 2021, the Group continued to enhance the development of its ESG competence and fulfill its social responsibility as an established environmental business and contribute its strengths to China’s green and sustainable development, winning critical acclaim from the community. During the year under review, the Group received the “EcoChallenger” certificate and the “3 Years + EcoPioneer” logo in the “BOCHK Corporate Environmental Leadership Awards 2020” jointly organised by the Federation of Hong Kong Industries and Bank of China (Hong Kong) Limited, awarded the “Special Mention for ESG in the Non-Hang Seng Index (Small Market Capitalization) Category” in the “Best Corporate Governance and ESG Awards 2021” organised by the HKICPA, received the “Best Case Study Award of Corporate Governance of China Enterprise 2021” in the “Gold ESG Awards 2021” by Cailianpress, and the “Most Investment Value Award in the Greater Bay Area” in “The Greater Bay Area Navigation Award” by Hong Kong Ta Kung Wen Wei Media Group.

As a member of the Standing Executive Committee of the Biomass Energy Branch of China Association for the Promotion of Industrial Development (“BEIPA”), the Group worked in tandem with BEIPA in the development of “Group Standards under the Voluntary Greenhouse Gas Emission Reduction Audit Guide for Biomass Energy and Power Generation Projects” during the year under review to support the national

initiatives of “Dual Carbon”. To ensure healthy and sustainable development of the industry, we have formulated the “Propositions Relating to Regulations for Automatic Monitoring Data Marking of Pollutant Discharge Entities in Thermal Power, Cement and Paper Industries (Trial)” for timely submission to competent industry authorities. With a strong emphasis on close liaison with industry associations and competent industry authorities, the Group is committed to driving qualitative development of the industry as a whole through industry associations.

The Group firmly believes that commitment to public accountability and acceptance of public scrutiny are requisite conditions for driving the sustainable development of an ecological and environmental enterprise. During the year under review, the Group continued to fulfill the responsibility of opening its environmental facilities to the public with more intensive actions and facilitated disclosure of environmental information with a high level of transparency, as flue emission and sewage discharge data of all projects in operation, among others, were synchronised with and instantly uploaded to government regulatory platforms, while environmental impact assessment reports and environmental surveillance data of projects were also disclosed to the public via various media for governmental and public supervision. Our environmental facilities were open to the public on a normalised basis. As of 31 December 2021, a total of 44 projects were officially opened to the public and 248 offline open-to-the-public activities was held, receiving a total of 4,500 visitors, while 1 online open-house activity was also hosted, attracting more than 9,785 views.

The Group continued to enhance project management at the preparatory stage and drive steady progress of project construction. In connection with operation services, our focused effort in quality and efficiency enhancement with ongoing optimisation of our production technology indicators to accommodate the new market environment has driven continuous growth in revenue from operation services. During the year under review, the Group’s revenue amounted to approximately HK\$8,446,999,000, which represented a 14% decrease compared to HK\$9,835,376,000 for 2020. EBITDA decreased by 7% to approximately HK\$2,837,942,000 compared to HK\$3,064,595,000 for 2020. Profit attributable to equity shareholders of the Company for the year was approximately HK\$1,110,385,000, decreasing by 26% compared to HK\$1,502,532,000 for 2020. Basic earnings per share for 2021 was HK53.74 cents, HK18.98 cents less compared to HK72.72 cents for 2020. The Group was backed by ready access to various financing options and ample cash flow with reported sound financial indicators. As at the end of the year, cash and bank balances amounted to approximately HK\$2,644,110,000 and total bank loan facilities amounted to HK\$24,334,199,000, including unutilised bank loan facilities of HK\$7,907,465,000. The aggregate amount of available cash and unutilised bank loan facilities was approximately HK\$10,551,575,000.

The decrease in revenue and profit attributable to equity holders reflected primarily the Group's proactive adjustment of its development strategy to accommodate changes in national policies and market developments, which resulted in the decline in revenue and profit from construction services. Profit contributions from operations were also affected by rising prices for biological raw materials and the decline in unit prices for hazardous and solid waste treatment. Meanwhile, the volumes of on-grid electricity through integrated biomass utilisation, household waste processed, steam supply and hazardous and solid waste treatment continued to rise in line with the growth in projects under operation, driving the increase in revenue from operation services by 25% from HK\$5,098,641,000 for 2020 to HK\$6,350,948,000 for the year.

In January 2021, the Company received the notice of registration acceptance issued by the National Association of Financial Market Institutional Investors of the PRC in respect of the Company's application for the proposed issuance of asset-backed notes ("ABN") with the maximum registered principal amount of RMB2 billion in the national inter-bank bond market in the PRC. The registered principal amount shall be valid for two years from the date of the notice of registration acceptance, being 27 January 2021. The targeted subscribers for the ABN shall be institutional investors in the national inter-bank bond market in the PRC. The ABN shall be traded in the national inter-bank bond market.

In April 2021, the Company completed the issuance of the first ABN with the receivables in connection with additional subsidies for renewable energy power prices of the state (the "State Subsidies") as underlying assets (the "ABN Series I 2021"). The ABN Series I 2021 has an issue size of RMB589 million and a term of three years, subject to revolving purchase arrangements, with the first two years being the revolving purchase period. The issue size of the preferred ABN is RMB569 million, accounting for 96.6% of the total issue size and carrying a coupon rate of 4.05%. The issue size of the subordinated ABN is RMB20 million. Proceeds from the issuance of ABN Series I 2021 will be applied as replenishment of general working capital or for the repayment of borrowings to financial institutions. As at 31 December 2021, the unissued registered capital of the Company's remaining ABN with State Subsidies receivables as underlying assets amounted to RMB1,411 million.

In July 2021, the Company completed the issuance of second tranche of medium-term notes, namely the 2021 Green Medium-term Note (Series 1) (Bond Connect/Carbon-neutral Bond/Rural Vitalisation) (the "2021 Green Medium-term Notes (Series 1) (Bond Connect/Carbon-neutral Bond/Rural Vitalisation)") for an amount of RMB1 billion with a maturity period of 3+2 years at a coupon rate of 3.5% per annum for the first 3 years. The Company shall be entitled to adjust the coupon rate of the 2021 Green Medium-term Notes (Series 1) (Bond Connect/Carbon-neutral Bond/Rural Vitalisation) on the third anniversary of the issuance date. The adjusted coupon rate shall remain unchanged for the last 2 years. The proceeds from issuance of the 2021 Green Medium-term Notes (Series 1) (Bond Connect/Carbon-neutral Bond/Rural Vitalisation) will be used for the

repayment of project loan of relevant agricultural and forestry integrated biomass utilisation projects. As at 31 December 2021, the Company's outstanding medium-term notes had an unissued registered principal amount of RMB1.5 billion.

In October 2021, the Company further disposed receivables amounting to RMB193 million in connection with the State Subsidies as underlying assets under the ABN Series I 2021. The further disposal can help replenish the working capital of the Group within a reasonable time, and enable the Group to optimize its financing structure and manage its overall financing cost within a reasonable range.

## BUSINESS REVIEW AND PROSPECT

### Business Review

During the year under review, revenue generated from integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation and solar energy and wind power segments amounted to approximately HK\$8,446,999,000 in aggregate, comprising approximately HK\$1,736,617,000 from construction services, representing a 61% decrease compared to HK\$4,462,629,000 for 2020, and approximately HK\$6,350,948,000 from operation services, representing a 25% increase compared to HK\$5,098,641,000 for 2020. Analysed by nature of revenue, construction services, operation services and finance income accounted for 21%, 75% and 4%, respectively, of the total revenue.

Major financial data of integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation and solar energy and wind power projects for 2021 are summarised as follows:

	2021				Total HK\$'000	2020				Total HK\$'000
	Integrated biomass utilisation projects HK\$'000	Hazardous and solid waste treatment projects HK\$'000	Environmental remediation projects HK\$'000	Solar energy and wind power projects HK\$'000		Integrated biomass utilisation projects HK\$'000	Hazardous and solid waste treatment projects HK\$'000	Environmental remediation projects HK\$'000	Solar energy and wind power projects HK\$'000	
Revenue										
— construction services	859,786	876,831	—	—	1,736,617	3,869,337	593,292	—	—	4,462,629
— operation services	5,052,601	774,542	318,320	205,485	6,350,948	4,182,317	557,647	167,656	191,021	5,098,641
— finance income	352,348	7,086	—	—	359,434	266,740	7,366	—	—	274,106
	<u>6,264,735</u>	<u>1,658,459</u>	<u>318,320</u>	<u>205,485</u>	<u>8,446,999</u>	<u>8,318,394</u>	<u>1,158,305</u>	<u>167,656</u>	<u>191,021</u>	<u>9,835,376</u>
EBITDA	<u>2,060,530</u>	<u>686,664</u>	<u>42,182</u>	<u>189,181</u>	<u>2,978,557</u>	<u>2,557,204</u>	<u>419,733</u>	<u>39,223</u>	<u>181,365</u>	<u>3,197,525</u>

The Group remains committed to enhancing value for the shareholders of the Company ("Shareholders"). To reward the Shareholders for their support while taking into account the Group's long-term sustainable development, the Board has recommended a final dividend of HK4.0 cents per share for the year ended 31 December 2021 (2020: HK7.0 cents per share) to the Shareholders.

## **Integrated biomass utilisation**

The Group mainly utilises biomass raw materials to generate both electricity and heat. Biomass raw materials are categorised into yellow culms and grey culms. Yellow culms consist of agricultural residues, such as wheat straw, rice straw, corn straw, rice husks, peanut husks, etc.; while grey culms consist of forestry residues such as branches, barks and other manufacturing wood wastes, etc. In addition, the Group has developed a unique business model of urban-rural integration combining the construction of integrated biomass utilisation projects and waste-to-energy projects for integrated treatment of agricultural and forestry residues and rural household wastes in a pioneering attempt at treatment of the ecological environment in county areas. The unique advantage of the Group's urban-rural integration model means that it could significantly lower the operating costs of the project and enhance our competitiveness in the industry.

The comprehensive biomass raw material supply regime has safeguarded sufficient fuel supply for and stable operation of the integrated biomass utilisation projects, while the Group has also curbed fuel cost by acquiring biomass raw materials in nearby regions through regional coordination initiatives.

As of 31 December 2021, the Group had a total of 53 integrated biomass utilisation projects, located variously in 10 provinces in China, including mainly Anhui Province, Jiangsu Province, Shandong Province, Hubei Province and Henan Province, etc. Such projects commanded a total investment of approximately RMB16.746 billion and provided an aggregate power generation designed capacity of 1,059 MW, an aggregate annual biomass processing designed capacity of 8,089,800 tonnes, and a daily aggregate household waste processing designed capacity of approximately 11,210 tonnes.

During the year under review, the Group operated and completed 50 integrated biomass utilisation projects, generating approximately 6,027,143 MWh of on-grid electricity which represented an increase of 12% over 2020; the Group's volume of steam supplied was approximately 2,154,671 tonnes, representing an increase of 60% over 2020; and the Group processed approximately 7,964,335 tonnes of biomass raw materials and approximately 2,918,918 tonnes of household waste, representing increases of 19% and 28% over 2020 respectively. As of 31 December 2021, the Group had 3 integrated biomass utilisation projects under preparation, with an aggregate power generation designed capacity of 32 MW and an aggregate daily household waste processing designed capacity of approximately 1,300 tonnes.

During the year under review, the Group's integrated biomass utilisation projects contributed EBITDA of approximately HK\$2,060,530,000, a decrease of 19% compared to 2020. The integrated biomass utilisation projects contributed net profit of approximately HK\$1,059,693,000, decrease of 28% compared to 2020. The decrease in profit was mainly attributable to the decrease in the number of projects under

construction resulting in the corresponding decrease in revenue generated from construction services, as well as the increase in operating costs driven by rising biomass raw materials prices during the year under review.

Major operating and financial data of the integrated biomass utilisation segment for 2021 are summarised as follows:

	2021	2020
<b>Integrated biomass utilisation projects</b>		
On-grid electricity ( <i>MWh</i> )	<b>6,027,143</b>	5,365,724
Biomass raw materials processing volume ( <i>tonnes</i> )	<b>7,964,335</b>	6,707,958
Household waste processing volume ( <i>tonnes</i> )	<b>2,918,918</b>	2,271,844
Volume of steam supplied ( <i>tonnes</i> )	<b>2,154,671</b>	1,343,552
EBITDA ( <i>HK\$'000</i> )	<b><u>2,060,530</u></b>	<u>2,557,204</u>

### **Hazardous and solid waste treatment**

The Group is principally engaged in the safe treatment and integrated utilisation of wastes including general industrial solid wastes, hazardous wastes and infectious animal carcasses. Currently, the Group conducts the disposal by way of incineration, landfill, physicochemical treatment and integrated utilisation.

The Group is a leading industry player in the hazardous waste treatment business, with capabilities for safely disposing of 44 out of 46 categories of hazardous wastes listed in the National Catalog of Hazardous Wastes. During the year under review, we continued to explore the potential of the general industrial solid waste electricity and heat cogeneration business. The Group is well-positioned to fully meet various requirements of customers on the back of its solid technical strengths and ability to provide one-stop services.

As of 31 December 2021, the Group had a total of 61 hazardous and solid waste treatment projects, located variously in 10 provinces and autonomous region in China, including mainly Jiangsu Province, Shandong Province, Anhui Province, Hubei Province, Zhejiang Province, etc. Such projects commanded a total investment of approximately RMB14.472 billion and an aggregate annual processing designed capacity of approximately 2,941,900 tonnes.

During the year under review, the Group operated and completed 36 hazardous and solid waste treatment projects. For detoxification treatment, approximately 245,676 tonnes of hazardous and solid waste were treated in total, a 51% increase compared to 2020. For integrated resource utilisation, 23,003 tonnes of hazardous and solid waste were treated, increasing by 51% compared to 2020, and approximately 9,490 tonnes of recycled products were sold, a 65% increase compared to 2020. There were 10 hazardous and solid waste treatment projects under construction with an aggregate annual hazardous waste processing designed capacity of 972,500 tonnes.

During the year under review, the Group's hazardous and solid waste treatment projects contributed EBITDA of approximately HK\$686,664,000, increase of 64% compared to 2020. Hazardous and solid waste treatment projects contributed net profit of approximately HK\$364,210,000, increasing by 79% over 2020. The increase in profit was mainly attributable to the increase in the number of projects under construction qualified for contributions to revenue generated from construction services during the year under review.

Major operating and financial data of the hazardous and solid waste treatment segment for 2021 are summarised as follows:

	2021	2020
<b>Hazardous and solid waste treatment projects</b>		
Hazardous and solid waste processing volume ( <i>tonnes</i> )		
— Detoxification treatment	245,676	166,825
— Integrated resource utilisation	23,003	15,276
Sales volume of recycled products ( <i>tonnes</i> )	9,490	5,768
EBITDA ( <i>HK\$'000</i> )	<u>686,664</u>	<u>419,733</u>

### **Environmental remediation**

The Group's environmental remediation business covers mainly the restoration of industrial contaminated sites, restoration of contaminated farmland, ecological restoration for mines and landfills, treatment of industrial gas emission, integrated treatment of oil sludge, treatment of river and lake sediments and industrial sludge, construction and operation of wetland parks, environmental stewardship services and anti-seepage at landfill sites.

In connection with qualifications, as of 31 December 2021, the Group held the following accreditations: First-grade Professional Contracting Qualification for Environmental Protection Projects, Second-Grade General Contractor for Municipal Public Works, Third-Grade General Contractor for Construction Works, Environmental Engineering EPO License (Class B) (for pollution remediation and prevention of water pollution), Environmental Pollution Control License (Class A) (remediation of contaminated sites) in Jiangsu Province, Environmental Pollution Control License (Class B) (contaminated water body remediation) in Jiangsu Province, General Contractor for Environmental Pollution Control License (First Class) (remediation of contaminated sites) in Jiangsu Province and General Contractor for Environmental Pollution Control License (Second Class) (contaminated water body remediation) in Jiangsu Province. It had also obtained an "AAA" corporate credit rating given by a credit rating agency, as well as ISO9001, OHSAS18001 and ISO14001 management system accreditations. In addition, the Group holds the China National Accreditation Services for Conformity Assessment (CNAS) qualification accreditation certificate which qualifies it to issue test data and results to third parties as valid proof for certification purposes.

As of 31 December 2021, the Group had 13 environmental remediation projects under implementation, which were located variously in Jiangsu Province, Anhui Province and Tianjin, with a total contract amount of approximately RMB603 million. There were also 3 projects in the preparatory stage, with a total contract amount of approximately RMB122 million.

During the year under review, the Group's environmental remediation projects contributed EBITDA of approximately HK\$42,182,000, an 8% increase compared to 2020. Environmental remediation projects contributed net profit of approximately HK\$15,831,000, which was broadly unchanged compared to 2020.

Major financial data of the environmental remediation segment for 2021 are summarised as follows:

	2021	2020
<b>Environmental remediation projects</b>		
EBITDA ( <i>HK\$'000</i> )	<u>42,182</u>	<u>39,223</u>

#### **Solar energy and wind power**

As of 31 December 2021, the Group has 16 solar energy projects completed and in operation and 2 wind power projects in operation located in Jiangsu Province, Anhui Province, Shanxi Province, Hong Kong and Germany, respectively, involving a total investment of approximately RMB1.418 billion and providing an aggregate power generation designed capacity of 127.66 MW. The Group is responsible for building, managing and operating these projects and selling electricity generated to local power grid companies.

During the year under review, the Group's solar energy and wind power projects sold approximately 282,976 MWh of electricity, representing a 10% increase compared to 2020. The projects contributed EBITDA of approximately HK\$189,181,000, representing a 4% increase compared to 2020. Solar energy and wind power projects contributed net profit of approximately HK\$73,110,000, which was largely flat compared to 2020.

Major operating and financial data of the solar energy and wind power segment for 2021 are summarised as follows:

	2021	2020
<b>Solar energy and wind power projects</b>		
On-grid electricity ( <i>MWh</i> )	282,976	257,781
EBITDA ( <i>HK\$'000</i> )	<u>189,181</u>	<u>181,365</u>

With a consistent commitment to the dual emphasis on social as well economic benefits, the Group has made vigorous effort in driving energy conservation and discharge reduction. During the year under review, the Group generated approximately 6,310,119 MWh of green electricity, which was sufficient for the annual electricity consumption of 5,258,432 households, reducing standard coal consumption by 2,524,048 tonnes and carbon dioxide (CO<sub>2</sub>) emissions by 5,247,423 tonnes, while saving 820,315,462 trees. The Group also treated 725,662.3 m<sup>3</sup> of leachate in its waste-to-energy power plants and hazardous waste landfills and removed 31,154 tonnes of chemical oxygen demand.

## **Business Prospects**

Since the conclusion of the 18th National Congress of the Communist Party of China, China has devoted effort as never seen before to the development of an ecological civilisation, culminating in the full accomplishment of the periodic goals and missions for the critical battle against pollution. In the next stage, ecological protection initiatives will focus on the underlying issues and trend-oriented issues of environmental pollution and conduct in-depth environmental treatment in key regions and key industries. Meanwhile, the Chinese economy has transitioned from rapid growth to the new stage of qualitative growth. To drive the transformation and upgrade of industry mix, “Dual Carbon” will inevitably lead to extensive and profound economic revolution as it ushers in a new low-carbon green era. With the ongoing progress of the “14th Five-Year Plan” period, the development of China’s ecological civilisation has entered into a critical stage underpinned by a strategic direction focused on carbon reduction to enhance synergy between waste reduction and lower carbon emission and facilitate a change from quantitative to qualitative improvement for the ecological environment.

As a strategic plan for the next 40 years, the primary task of the “Dual Carbon”, in terms of timetable and roadmap, is to drive adjustments to the energy mix and solve the problem of resources and environmental constraints. On that basis, the relevant competent authorities have proposed issue-specific policy measures. Regarding energy, the “Pilot Scheme for Promoting Rooftop Distributed Solar Energy” and “Guide Opinion for Energy Storage Construction” promulgated by the National Energy Administration to procure further reduction of fossil energy consumption and increase in the proportion of clean energy will contribute to the blooming development of the new energy sector. In connection with resources, the “Guide Opinion on the Integrated Utilisation of Bulk Solid Waste”, published by the National Development and Reform Commission with the aim of enhancing efficiency of the utilisation of bulk solid waste resources, calls for utilisation of high value added coal gangue, fly ash and industrial tailings. In connection with the environment sector, the second round of trial operations under the ecology-oriented development model (“EOD Model”) launched by the Ministry of Ecology and Environment as part of its effort to explore means of integrating ecological treatment projects with resources and industrial development projects has presented new opportunities in the environmental remediation sector. Given its close accord with the

positioning of the Group's energy, resources and environmental businesses, the "Dual Carbon" strategy will definitely have a positive and profound impact on the Company's transformation and development.

While trading at the China Carbon Emission Trade Exchange officially commenced in 2021, it has remained rather monotonous in terms of participating principals, sectors and the purpose of trading, and the varieties of products traded and model of trading have yet to be enriched and improved. In 2022, the China Carbon Emission Trade Exchange will undergo its second carbon trading contract performance cycle and will commence the registration of China Certified Emission Reduction ("CCER") projects and issuance of emission reduction quota. The critical task for the development of the China Carbon Emission Trade Exchange in the next stage would be looking for ways to expand its industry coverage, gradually enrich the varieties, mode and principal of trading and boost active market trading on the back of sound operation of the carbon market for the power generation market. As an environmental enterprise principally engaged in integrated biomass utilisation, wind power and solar energy, the Group's projects hand out enormous potential in the development of carbon emission assets. As such, the Company will enhance management of its carbon assets and closely monitor the development of the national carbon market.

In 2022, schemes and initiatives under the "14th Five-Year Plan" will be intensively implemented, and the nation's environmental protection industry will welcome an important period of opportunities for robust development under the profound impact of the development strategy underpinned by the development of the ecological civilisation and "Dual Carbon". With the gradual improvement in quality standard of the industry and the industrial policies becoming more mature, market competition is set to escalate. Amidst challenges as well as opportunities, the Group continued to persist in development in "three dimensions": extending the length of the industry chain, penetrating the depth for more market shares and broadening the scope of our business. By aiming at "delivering value" and starting with "reforms and improvements" alongside in-depth research on measures and methods, the Group will drive quality and efficiency improvement in the existing business while exploring new business directions to seize new market opportunities.

The Group will continue to persist in the business philosophy of "reinforcing principal business" and "driving transformation" in a further effort to reinforce the foundation of its principal businesses and optimise its operational and management regime, while guiding the Company's transformation with technology innovation. To solidify its foundation for development, the integrated biomass utilisation business will vigorously drive the coordinated development of the heat supply, kitchen waste and sludge businesses, while promoting the experience of the fuel collection and storage system to enhance the operational quality and efficiency of projects. The hazardous and solid waste treatment business will enhance its regional market coordination mechanism to develop customer resources and procure further cost reduction, so as to enhance its market

competitiveness. The environmental remediation business will improve its environmental remediation work management regime by optimising its environmental treatment model to continuously enhance its credibility and strength.

To accelerate the pace of business transformation and upgrade, the Group will conduct policy, market and technology research with a specific focus on frontier developments of the industry and identify higher quality markets, more advanced technologies and projects with higher value, in order to reserve driving power for the Company's latest strategic transformation. Seizing market development opportunities presented by the "Dual Carbon" objective, the Group will vigorously advance the integrated energy service business through the coordination of solar energy, wind power, energy storage and the biomass projects in operation with a special emphasis on the market for county-wide solar energy projects, in a bid to forge a provider of one-stop services in "Carbon Neutrality". In the meantime, in tandem with a business positioning underpinned by the integration of four areas: environment, resources, energy and climate, we will also monitor segments such as waste-free city development, resources recycling and energy utilisation tiers, while actively expanding our landfill remediation EPC business and strengthening the development of businesses relating to contaminated sites, landfill remediation and leachate treatment to usher in a new cycle of value growth.

Moving forward, with the solid back-up of China Everbright Group Limited and strong support of China Everbright Environment Group Limited, the Company's controlling shareholder, and on the back of its extensive experience in the development and operation of diversified project portfolios and strong ability in market development, the Group will work in close tandem with national policies and market trends with a firm strategic focus, as it continues to uphold the corporate vision of endeavouring to "Create Better Investment Value and Undertake More Social Responsibility" and strive incessantly to become a leader in China's environmental business sector.

## **FINANCIAL REVIEW**

### **Financial position**

As at 31 December 2021, the Group's total assets amounted to approximately HK\$40,539,581,000 (31 December 2020: HK\$35,264,668,000) with net assets amounting to approximately HK\$14,145,367,000 (31 December 2020: HK\$12,866,841,000). Net asset value per share attributable to equity shareholders of the Company was HK\$6.66 per share, an increase of 10% as compared to HK\$6.06 per share as at the end of 2020. As at 31 December 2021, the gearing ratio (total liabilities over total assets) of the Group was 65.11%, an increase of 1.60 percentage points as compared to that of 63.51% as at the end of 2020. The current ratio of the Group was 137.50%, a decrease of 18.70 percentage points as compared to that of 156.20% as at the end of 2020.

## **Financial resources**

The Group adopts a prudent approach on cash and financial management to ensure proper risk control and lower the costs of funds. It finances its operations primarily with internally generated cash flow, proceeds from the issuance of medium-term notes and ABN and bank loans. As at 31 December 2021, the Group had cash and bank balances of approximately HK\$2,644,110,000, a decrease of HK\$82,943,000 as compared to HK\$2,727,053,000 at the end of 2020. Most of the Group's cash and bank balances were denominated in Hong Kong dollars and Renminbi.

## **Indebtedness**

The Group endeavours to develop a diverse range of financing options and increasing banking facilities to reserve funds for the development of its environmental protection business. As at 31 December 2021, the Group had outstanding borrowings of approximately HK\$20,551,096,000, an increase of approximately HK\$3,617,723,000 as compared to HK\$16,933,373,000 as at the end of 2020. The borrowings included secured interest-bearing borrowings of approximately HK\$9,720,331,000 (31 December 2020: HK\$8,566,054,000) and unsecured interest-bearing borrowings of approximately HK\$10,830,765,000 (31 December 2020: HK\$8,367,319,000). The borrowings of the Group were denominated in Renminbi and Hong Kong dollars, representing 76% and 24% of the total respectively. The majority of the Group's borrowings were subject to floating rates. As at 31 December 2021, the Group had banking facilities of approximately HK\$24,334,199,000 (31 December 2020: HK\$22,038,898,000), of which approximately HK\$7,907,465,000 (31 December 2020: HK\$7,591,705,000) was unutilised. The tenor of banking facilities ranged from 1 year to 18 years.

## **Foreign exchange risks**

The Company's financial statements are denominated in Hong Kong dollars, which is also the functional currency of the Company. The Group's investments made outside Hong Kong (including Mainland China) may incur foreign exchange risks. The Group's operations have been predominantly based in Mainland China, which makes up over 95% of its total investment and revenue. The majority of the Group's assets, borrowings and major transactions are denominated in Renminbi, forming basically a natural hedging effect. The Group closely manages its foreign exchange risk through the optimal allocation of borrowings in different currencies, moderate control of borrowings in non-base currencies, and adoption of appropriate financial instruments.

## **Pledge of assets**

Certain banking facilities of the Group were secured by certain revenue rights, contract assets and receivables in connection with the Group's service concession arrangements, bank deposits, mortgages on property, plant and equipment and right-of-use assets of the

Group. As at 31 December 2021, the aggregate net book value of assets pledged amounted to approximately HK\$21,584,176,000 (31 December 2020: HK\$19,019,934,000).

### **Commitments**

As at 31 December 2021, the Group had purchase commitments of approximately HK\$620,324,000 (31 December 2020: HK\$1,104,064,000) under the construction contracts and capital commitments relating to capital injection in an associate and a joint venture of approximately HK\$36,535,000 (31 December 2020: HK\$35,405,000) and Nil (31 December 2020: HK\$3,575,000) respectively.

### **Contingent liabilities**

As at 31 December 2021, the Group did not have any contingent liabilities (31 December 2020: Nil).

### **Tax relief and exemption**

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's shares.

## **HUMAN RESOURCES**

With a special emphasis on human resource management, the Group makes reasonable plans to structure its human resource requirements according to the Company's business development trends to provide an ongoing drive force for its rapid development. During the year under review, the Group continued to actively promote and attract talents through internal training, open recruitment and on-campus recruitment, among others. We seek to improve staff quality through different approaches, such as collective external training, internal associations, technical exchange sessions and personal learning programmes. The Group has also provided different types of trainings designed to explore the potentials of employees, with a view to achieving co-development with employees and sharing with them the rewards of its business achievements.

As at 31 December 2021, the Group had 3,889 employees in total in Hong Kong and Mainland China. Employees are remunerated according to their qualifications, experiences, job nature and performance, with reference to market conditions. Apart from the discretionary performance bonus, the Group also provides staff with other benefits such as medical insurance and mandatory provident fund.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

During the year under review, the Group placed a stronger emphasis on the effectiveness of risk control on the back of an improved internal control and risk management system. Feasible and effective risk mitigation measures were implemented by improving the internal environment, enhancing dissemination of information and conducting specific inspections, among others, to address material risks of the Group which had been

identified and evaluated. Key risks associated with the development of the Group's environmental business included policy changes, trade receivables, environmental compliance and safety management, investment and business development, construction work budget and cost management, as well as recruitment and staff allocation. In addition to the above-mentioned material risks, the Group has also implemented effective preventive measures against the ongoing COVID-19 pandemic and continued to monitor global climate change. In particular, contingency plans and reasonable response measures have been put in place to address risks which might result from extreme weather. Details of the Group's key risks will be discussed in the Company's 2021 annual report.

## **ENVIRONMENTAL AND SOCIAL MANAGEMENT**

The Group has continued to make improvements to its ESHS management system, driving ongoing upgrades in the external as well as internal management of environment, safety, occupational health and social responsibility and improving systematic, regulated, standardised and delicacy management throughout the Group to maximise control over relevant risks and eliminate management deficiencies.

In 2021, the Group focused on enhancing management over operators of relevant parties and high-risk operations and exercised effective control over operational risks with the drafting of 9 standard regulatory procedures for high-risk operations and the launching of 17 joint inspections on specific areas. Regarding environmental management, the environmental management system was updated for better applicability with enhanced process supervision and pre-emptive warning to ensure compliant emission. In connection with epidemic prevention, the Group vigorously fulfilled its social responsibilities on top of persistent implementation of normalised epidemic control measures and was commended and honoured by the government for sending selected volunteers to assist the local governments of epidemic-affected areas to handle infected medical waste.

The performance of the operations and environmental services of the Group's projects are gauged in strict adherence to relevant standards and requirements of their respective environmental impact assessment reports, taking into account the expectations of the neighboring communities. Major laws, regulations and standards applicable to the Group's projects include the "Environmental Protection Law of the People's Republic of China", the "Work Safety Law of the People's Republic of China", the "Labor Law of the People's Republic of China", the Standard for Pollution Control on the Municipal Solid Waste Incineration (GB18485-2014), Directive 2010/75/EU and its relevant Annexes/Amendments, the Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011), the Standard for Pollution Control on the Hazardous Waste Landfill (GB18598-2019) and the Standard for Pollution Control on Hazardous Waste Incineration (GB18484-2020), among others. No breach of the said laws and regulations and environmental standards resulting in significant loss for and impact to the Group was recorded in 2021.

## **FINAL DIVIDEND**

The Board proposes the payment of a final dividend of HK4.0 cents (2020: HK7.0 cents) per share for the year ended 31 December 2021, which together with the interim dividend of HK7.0 cents paid in October 2021, results in a full-year dividend of HK11.0 cents (2020: HK15.0 cents) per share. The dividend payout ratio in 2021 is 20.5%.

A final dividend will be paid to the Shareholders whose names appear on the register of members of the Company on Wednesday, 25 May 2022. Subject to approval by the Shareholders of the final dividend at the forthcoming annual general meeting (the “AGM”) of the Company, the final dividend will be paid to the Shareholders on or around Friday, 10 June 2022.

## **AGM**

The AGM of the Company expected to be held on Tuesday, 17 May 2022 and the notice of annual general meeting will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”).

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed for the following periods:

- (a) For the purpose of determining the Shareholders who are entitled to attend and vote at the AGM expected to be held on Tuesday, 17 May 2022, the register of members of the Company will be closed on Wednesday, 11 May 2022 to Tuesday, 17 May 2022, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong expected not later than 4:30 p.m. on Tuesday, 10 May 2022.
- (b) For the purpose of determining the Shareholders who qualify for the final dividend, the register of members of the Company will be closed on Monday, 23 May 2022 to Wednesday, 25 May 2022, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong expected not later than 4:30 p.m. on Friday, 20 May 2022.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by the directors. Having made specific enquiries with all directors of the Company, the Company confirmed that all directors have complied with the required standard set out in the Model Code during the year under review.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Group believes that maintaining sound and high standards of corporate governance is not only a key element in safeguarding the interest of the Shareholders but also creating long term value for all relevant stakeholders by enhancing the corporate value, accountability and transparency of the Group.

The Group has constantly reinforced its internal control, risk prevention and management, corporate governance through a set of rules and regulations. The Group strives to inculcate the corporate governance, risk management and sustainable development concept into the Company's operation and business for cultivating the strong backup to the breakthrough development of the Company's business.

The Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules has been adopted by the Board as the code for corporate governance practices of the Company. During the year of 2021, the Company has fully complied with the code provisions set out in the CG Code.

## **BOARD COMMITTEES**

The Board has established three Board committees, namely Audit and Risk Management Committee, Remuneration Committee and Nomination Committee, to oversee the particular aspect of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

### **Audit and Risk Management Committee**

The Audit and Risk Management Committee, currently comprises all 3 Independent Non-executive Directors, namely Mr. CHOW Siu Lui (Chairman), Mr. Philip TSAO and Prof. YAN Houmin. The committee is primarily responsible for, among others, providing an independent review of the effectiveness of financial reporting process, risk

management and internal control systems of the Group, overseeing the audit process, reviewing the completeness, accuracy, clarity and fairness of the Company's financial statements, considering the scope, approach and nature of both internal and external audits, reviewing and monitoring connected transactions and performing other duties and responsibilities as may be assigned by the Board from time to time, etc. The terms of reference of the Audit and Risk Management Committee are published on the respective websites of Hong Kong Exchanges and Clearing Limited (the "HKEx") and the Company.

### **Remuneration Committee**

The Remuneration Committee currently comprises Mr. Philip TSAO (Chairman), an Independent Non-executive Director, Mr. QIAN Xiaodong, the Executive Director and Chief Executive Officer of the Company, and 2 other Independent Non-executive Directors, namely Mr. CHOW Siu Lui and Prof. YAN Houmin. The duties of the Remuneration Committee, including but not limited to the determination of remuneration packages for the individual executive directors and senior management based on their duties, setting out in the terms of reference of the Remuneration Committee, which are published on the respective websites of the HKEx and the Company.

### **Nomination Committee**

The Nomination Committee currently comprises Mr. WANG Tianyi (Chairman), the Chairman of the Board, and all 3 Independent Non-executive Directors, namely Mr. CHOW Siu Lui, Mr. Philip TSAO and Prof. YAN Houmin. Its primary responsibilities include, among others, reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, reviewing and reporting the board diversity to the Board and considering the need for identifying suitable persons to become directors and made recommendations to the Board on the selection of individuals nominated for directorships. The terms of reference of the Nomination Committee are published on the respective websites of the HKEx and the Company.

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the directors, the Board confirms that the Company has maintained a sufficient public float as required by the Listing Rules during the year under review.

## PUBLICATION OF THE RESULTS ANNOUNCEMENT

The results announcement of the Company for the year ended 31 December 2021 is published on the respective websites of the HKEx ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.ebgreentech.com/en/ir/announcements.php](http://www.ebgreentech.com/en/ir/announcements.php)).

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

Hong Kong, 8 March 2022

*As at the date of this announcement, the members of the Board comprise:*

Mr. WANG Tianyi (*Chairman, Non-executive Director*)  
Mr. QIAN Xiaodong (*Chief Executive Officer, Executive Director*)  
Mr. YANG Zhiqiang (*Vice President, Executive Director*)  
Mr. LO Kam Fan (*Chief Financial Officer, Executive Director*)  
Ms. GUO Ying (*Non-executive Director*)  
Mr. SONG Jian (*Non-executive Director*)  
Mr. CHOW Siu Lui (*Independent Non-executive Director*)  
Mr. Philip TSAO (*Independent Non-executive Director*)  
Prof. YAN Houmin (*Independent Non-executive Director*)