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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022 AND CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

FINANCIAL HIGHLIGHTS

- Revenue decreased by 2% to HK\$4,220,291,000 (2021: HK\$4,318,742,000)
- EBITDA decreased by 18% to HK\$1,296,684,000 (2021: HK\$1,590,554,000)
- Profit attributable to equity shareholders of the Company decreased by 47% to HK\$371,871,000 (2021: HK\$702,030,000)
- Interim dividend of HK3.6 cents per share (2021: HK7.0 cents per share)

INTERIM FINANCIAL RESULTS

The board (the “Board”) of directors (the “Directors”) of China Everbright Greentech Limited (the “Company”) announces the unaudited interim financial results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2022. The interim financial results are unaudited, but have been reviewed by Ernst & Young (“EY”), in accordance with Hong Kong Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), whose independent review report on review of interim financial information is included in the interim report to be sent to the shareholders of the Company (the “Shareholders”). The interim financial results have also been reviewed by the Company’s Audit and Risk Management Committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Notes	For the six months ended	
		2022	2021
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
REVENUE	4	4,220,291	4,318,742
Direct costs and operating expenses		<u>(3,243,597)</u>	<u>(2,996,160)</u>
GROSS PROFIT		976,694	1,322,582
Other revenue		145,657	144,476
Other gains/(losses), net		(27,803)	717
Administrative expenses		(263,675)	(244,905)
Finance costs	5	(367,456)	(359,211)
Share of profits of associates		13,400	19,127
Share of losses of joint ventures		<u>(14,922)</u>	<u>(11,333)</u>
PROFIT BEFORE TAX	6	461,895	871,453
Income tax	7	<u>(88,084)</u>	<u>(162,609)</u>
PROFIT FOR THE PERIOD		<u>373,811</u>	<u>708,844</u>
ATTRIBUTABLE TO:			
Equity shareholders of the Company		371,871	702,030
Holders of perpetual medium-term notes		2,636	—
Non-controlling interests		<u>(696)</u>	<u>6,814</u>
		<u>373,811</u>	<u>708,844</u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY	9		
Basic and diluted		<u>HK\$18.00 cents</u>	<u>HK33.98 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	373,811	708,844
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Changes in fair value of financial assets at fair value through other comprehensive income, net of nil tax	21,198	—
Exchange differences on translation of financial statements of entities outside Hong Kong, net of nil tax		
— Subsidiaries	(779,028)	397,866
— Associates	(12,704)	4,083
— Joint ventures	(1,127)	1,247
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	(771,661)	403,196
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(397,850)	1,112,040
ATTRIBUTABLE TO:		
Equity shareholders of the Company	(385,107)	1,097,732
Holder of perpetual medium-term notes	2,636	—
Non-controlling interests	(15,379)	14,308
	(397,850)	1,112,040

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

		30 June	31 December
		2022	2021
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		5,230,959	5,367,020
Right-of-use assets		664,555	700,217
Goodwill		156,012	162,638
Intangible assets		13,979,609	14,365,263
Interests in joint ventures		38,087	24,761
Interests in associates		292,077	254,413
Other receivables, deposits and prepayments	<i>10</i>	694,728	781,099
Contract assets	<i>11</i>	6,702,558	6,900,257
Deferred tax assets		84,532	82,450
Total non-current assets		<u>27,843,117</u>	<u>28,638,118</u>
CURRENT ASSETS			
Inventories		326,453	327,694
Debtors, other receivables, deposits and prepayments	<i>10</i>	7,198,839	6,311,107
Tax recoverable		14,709	7,932
Contract assets	<i>11</i>	2,963,728	2,610,620
Pledged bank deposits		108,793	160,542
Deposits with banks		24,623	—
Cash and cash equivalents		2,871,955	2,483,568
Total current assets		<u>13,509,100</u>	<u>11,901,463</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)**At 30 June 2022*

		30 June	31 December
		2022	2021
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
CURRENT LIABILITIES			
Creditors, other payables and accrued expenses	<i>12</i>	3,480,389	4,114,988
Interest-bearing bank and other borrowings		6,016,339	4,493,433
Lease liabilities		3,129	854
Tax payables		30,846	45,684
Total current liabilities		9,530,703	8,654,959
NET CURRENT ASSETS		3,978,397	3,246,504
TOTAL ASSETS LESS CURRENT LIABILITIES		31,821,514	31,884,622
NON-CURRENT LIABILITIES			
Other payables	<i>12</i>	191,012	222,062
Interest-bearing bank and other borrowings		15,667,177	16,057,663
Lease liabilities		18,381	14,782
Deferred tax liabilities		1,465,964	1,444,748
Total non-current liabilities		17,342,534	17,739,255
NET ASSETS		14,478,980	14,145,367
EQUITY			
Equity attributable to equity shareholders of the Company			
Share capital		1,608,029	1,608,029
Reserves		11,685,416	12,153,166
		13,293,445	13,761,195
Perpetual medium-term notes		809,618	—
Non-controlling interests		375,917	384,172
TOTAL EQUITY		14,478,980	14,145,367

NOTES

1 BASIS OF PREPARATION

The unaudited interim financial information of the Group for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the HKICPA and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). This unaudited interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021.

The accounting policies adopted in the preparation of the unaudited interim financial information are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2021, except for the adoption of the revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards and Interpretations) for the first time for the current period’s unaudited interim financial information, as further detailed in note 2 below.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time in the current period’s unaudited interim financial information.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The Group has assessed that the amendments did not have material impact on the Group’s interim financial information.

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.

3 OPERATING SEGMENT INFORMATION *(continued)*

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

In addition to segment information concerning the adjusted 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)*

(ii) Information about a major customer

For the six months ended 30 June 2022, the Group has transactions with one (six months ended 30 June 2021: one) local government authority in the People's Republic of China (the "PRC") which individually exceeded 10% of the Group's revenue. The revenue from the PRC local government authority during the six months ended 30 June 2022 amounted to HK\$986,240,000 (six months ended 30 June 2021: HK\$961,012,000).

4 REVENUE

An analysis of revenue is as follows:

	For the six months ended	
	30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from integrated biomass utilisation project construction services	331,936	705,344
Revenue from hazardous and solid waste treatment project construction services	379,524	412,158
Revenue from integrated biomass utilisation project operation services	2,533,370	2,435,076
Revenue from hazardous and solid waste treatment project operation services	615,203	343,552
Revenue from environmental remediation project operation services	70,256	131,698
Revenue from solar energy and wind power project operation services	99,621	109,172
	<hr/>	<hr/>
Revenue from contracts with customers	4,029,910	4,137,000
Finance income from service concession arrangements	190,381	181,742
	<hr/>	<hr/>
Total revenue	<u>4,220,291</u>	<u>4,318,742</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\$3,306,866,000 (six months ended 30 June 2021: HK\$3,598,743,000) for the six months ended 30 June 2022. The revenues are included in four segments as disclosed in note 3.

5 FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended	
	30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank and other borrowings	333,134	315,715
Interest on lease liabilities	328	221
Interest on medium-term notes	54,574	21,977
Asset-backed notes arrangement fee	—	52,164
	<hr/>	<hr/>
Finance costs incurred	388,036	390,077
Less: Interest capitalised*	(20,580)	(30,866)
	<hr/>	<hr/>
	367,456	359,211
	<hr/> <hr/>	<hr/> <hr/>

* The borrowing costs have been capitalised at a rate ranging from 3.65% to 4.55% (six months ended 30 June 2021: 3.89% to 4.70%) per annum during the six months ended 30 June 2022.

6 PROFIT BEFORE TAX

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

	For the six months ended	
	30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Amortisation of intangible assets	311,059	252,252
Depreciation of property, plant and equipment	146,042	98,524
Depreciation of right-of-use assets	10,232	9,114
Interest income	(8,265)	(8,916)
Government grants*	(66,149)	(84,435)
Value-added tax refunds**	(51,961)	(36,010)
Lease payments not included in the measurement of lease liabilities	9,057	6,837
Carrying amount of inventories consumed	1,641,017	1,364,730
Impairment losses of debtors	9,210	—
Impairment losses of financial assets at fair value through other comprehensive income	18,917	—
Bad debt recovered	(147)	(459)
Impairment losses of contract assets	435	—
Employee benefit expense		
Wages and salaries	299,352	270,048
Pension scheme contributions	22,885	22,087
	<u>322,237</u>	<u>292,135</u>

* Government grants of HK\$61,922,000 (six months ended 30 June 2021: HK\$82,676,000) were granted during the six months ended 30 June 2022 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 those grants. There is no assurance that the Group will continue to receive such grants in the future. The remaining amounts represent amortisation of deferred income.

** The Group was entitled to PRC value-added tax refunds of HK\$51,961,000 (six months ended 30 June 2021: HK\$36,010,000) during the six months ended 30 June 2022. There were no unfulfilled conditions and other contingencies attached to such tax refunds. There is no assurance that the Group will continue to receive such tax refunds in the future.

7 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 six months ended 30 June 2022 and 2021.

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 period, certain PRC subsidiaries are subject to tax concessions under the relevant tax rules and regulations.

	For the six months ended	
	30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current — Elsewhere:		
Charge for the period	7,317	83,382
Under-provision in prior periods	5,276	5,505
Deferred	75,491	73,722
	<u> </u>	<u> </u>
Total tax expense for the period	<u>88,084</u>	<u>162,609</u>

8 DIVIDENDS

On 9 August 2022, the Board declared an interim dividend of HK3.6 cents (six months ended 30 June 2021: HK7.0 cents) per ordinary share, amounting to a total of approximately HK\$74,379,000 (six months ended 30 June 2021: HK\$144,625,000).

9 EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the period attributable to equity shareholders of the Company of HK\$371,871,000 (six months ended 30 June 2021: HK\$702,030,000), and the weighted average number of ordinary shares of 2,066,078,000 (six months ended 30 June 2021: 2,066,078,000) shares during the period.

No adjustment has been made to the calculation of the basic earnings per share amounts presented as there was no dilutive event during the six months ended 30 June 2022 and 2021.

10 DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		30 June 2022 (Unaudited) <i>HK\$'000</i>	31 December 2021 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
Debtors	<i>(i)</i>	6,303,973	5,530,856
Other receivables, deposits and prepayments		1,525,102	1,507,503
Amounts due from fellow subsidiaries	<i>(ii)</i>	5,811	1,316
Amount due from an associate		528	550
Loan to a non-controlling interest	<i>(iii)</i>	26,625	27,115
Amounts due from joint ventures	<i>(iv)</i>	<u>46,662</u>	<u>31,340</u>
		7,908,701	7,098,680
Impairment	<i>(i)</i>	<u>(15,134)</u>	<u>(6,474)</u>
		<u>7,893,567</u>	<u>7,092,206</u>
Less: Non-current portion			
— Other receivables, deposits and prepayments		(673,037)	(753,984)
— Loan to a non-controlling interest		—	(27,115)
— Amounts due from joint ventures		<u>(21,691)</u>	<u>—</u>
		<u>(694,728)</u>	<u>(781,099)</u>
Current portion		<u><u>7,198,839</u></u>	<u><u>6,311,107</u></u>

10 DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

Notes:

- (i) 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:

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Within 1 month	728,464	1,493,474
More than 1 month but within 2 months	229,531	201,076
More than 2 months but within 4 months	369,274	554,635
More than 4 months but within 7 months	452,802	1,766,581
More than 7 months but within 13 months	3,093,190	1,184,447
More than 13 months	1,415,578	324,169
	<u>6,288,839</u>	<u>5,524,382</u>

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

- (ii) The amounts due from fellow subsidiaries are unsecured, interest-free and the prepayments are expected to be recognised as expenses within one year.
- (iii) 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 2022. All of the current portion of the above balances were expected to be recovered or recognised as expenses within one year.
- (iv) Included in the amounts due from joint ventures are loans to a joint venture of RMB23,500,000 (equivalent to HK\$27,554,000) (31 December 2021: RMB9,500,000 (equivalent to HK\$11,612,000)), which are unsecured, interest-bearing at 125% of Loan Prime Rate in the PRC and recoverable in 2022 to 2024. The remaining balance is unsecured, interest-free and recoverable within one year.

11 CONTRACT ASSETS

		30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
	<i>Notes</i>		
Service concession assets	<i>(a)</i>	7,270,176	7,471,736
Unbilled renewable energy tariff subsidy	<i>(b)</i>	2,003,973	1,630,338
Environmental remediation contract assets	<i>(c)</i>	399,338	415,871
		9,673,487	9,517,945
Impairment		(7,201)	(7,068)
		9,666,286	9,510,877
Less: Portion classified as non-current assets		(6,702,558)	(6,900,257)
Current portion		2,963,728	2,610,620
Contract assets arising from performance under construction contracts in connection with service concession arrangements, which are included in “Intangible assets”		584,129	1,712,057

Notes:

(a) Service concession assets

Service concession assets arose from the Group’s revenue from construction services under certain Build-Operate-Transfer (“BOT”) and Build-Operate-Own (“BOO”) arrangements and bear interest at rates ranging from 4.90% to 6.60% (31 December 2021: 4.90% to 6.60%) per annum as at 30 June 2022.

As at 30 June 2022, HK\$7,072,433,000 (31 December 2021: HK\$7,465,935,000) 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 government 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 are expected to be recovered within one year.

11 CONTRACT ASSETS (continued)

Notes: (continued)

(b) Unbilled renewable energy tariff subsidy

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 Projects 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 PRC.

(c) Environmental remediation contract assets

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.

12 CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES

		30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
	<i>Notes</i>		
Creditors			
— third parties	<i>(i)</i>	2,120,538	2,403,924
— fellow subsidiaries	<i>(i)</i>	15,581	15,919
Other payables and accrued expenses		1,372,178	1,753,335
Amounts due to fellow subsidiaries	<i>(ii)</i>	16,237	16,578
Amount due to a non-controlling interest	<i>(iii)</i>	1,261	1,314
Loans from non-controlling interests	<i>(iv)</i>	8,888	8,300
Deferred income — government grants		<u>136,718</u>	<u>137,680</u>
		3,671,401	4,337,050
Less: Non-current portion			
— Deferred income — government grants		(92,149)	(65,841)
— Other payables and accrued expenses		<u>(98,863)</u>	<u>(156,221)</u>
		<u>(191,012)</u>	<u>(222,062)</u>
Current portion		<u><u>3,480,389</u></u>	<u><u>4,114,988</u></u>

12 CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES (continued)

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:

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Within 6 months	1,898,057	2,174,891
More than 6 months	238,062	244,952
	<u>2,136,119</u>	<u>2,419,843</u>

Creditors totalling HK\$1,306,823,000 (31 December 2021: HK\$1,653,411,000) as at 30 June 2022 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) Included in the balance was a loan from a non-controlling interest of RMB500,000 (equivalent to approximately HK\$586,000) (31 December 2021: Nil) which is unsecured, interest bearing at the Loan Prime Rate in the PRC and repayable within one year. The remaining loan balance is unsecured, interest-free and repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

In the first half of 2022, the global economy which had been on the course to recovery was once again overshadowed by the COVID-19 pandemic and geopolitical crisis, and the external environment for China's economic development became increasingly complicated and austere. Meanwhile, China reported successive epidemic outbreaks in a number of domestic locations during the second quarter, as the unexpected factor dealt a strong blow to the industry chain and supply chain regime, resulting in rapid decline in investment, notable shrinkage in consumer spending and soaring of raw material prices which posed a serious challenge to China's economic growth, as the development of various industries were subject to immense pressure.

As the national economy entered into a downward interval, the overall pattern of development of the environmental protection industry was also undergoing hushed changes. On the policy front, in order to alleviate the pressure faced by environmental protection enterprises in their operations, the Ministry of Ecology and Environment of the PRC launched a basket of measures supporting the development of environmental protection industry to drive investment in the construction of environmental protection infrastructure and expedite the implementation of tax concession policies for green development. On the market front, raw material prices rose further and the unit price for treatment further declined under the impact of the pandemic and undercuts in upstream enterprises' production, resulting in further escalated competition in the industry. The direction of traditional market development changed from "identifying the incremental markets" to "optimising the current market". The exploration of emerging markets has entered into a new era emphasising on "market sub-segments" and "low carbon". On the technology front, in tandem with the gradual upgrade of environmental protection standards and formation of a new market pattern, efforts were made to drive quality and efficiency enhancement in existing projects through technological innovation, as the research and exploration of sub-segment and low-carbon technologies became a new agenda for the environmental protection industry.

During the first half of 2022, the Group persisted in the pursuit of its corporate vision of "Create Better Investment Value and Undertake More Social Responsibility", as it introduced proactive reforms against all odds with a fighting spirit, enhancing the quality of project operation through management initiatives and broadening financing channels through innovative financing, while closely tracking and researching technologies in new frontiers and market developments. We ensured steady operation of our principal businesses, while exploring pathways for business transformation. All production operations were rolled out in a stable and systematic manner as we strived to overcome the adverse impact on the Company's business due to changes in the external environment.

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 30 June 2022, the Group had 140 environmental protection projects with a total investment of approximately RMB32.898 billion and had undertaken a total of 44 environmental remediation projects, with a total contract amount of approximately RMB1.242 billion.

In terms of market development, during the period under review, the Group secured a total of 6 new projects and made an additional investment for 1 existing project, commanding a total investment of approximately RMB229 million and environmental remediation projects with a total contract amount of approximately RMB77.85 million. Such new projects included 1 integrated biomass utilisation project, 1 hazardous and solid waste treatment project, 2 solar energy projects and 2 environmental remediation projects. In terms of project scale, our designed capacity for power generation was increased by 13.204 MW, daily household waste processing designed capacity was increased by 400 tonnes, while our processing designed capacity for hazardous and solid waste treatment was increased by approximately 1,500 tonnes per annum.

In terms of project construction, the Group continued to ensure steady progress in the construction work of its projects. During the period under review, 10 new projects started implementation or construction, while 6 projects had completed construction and commenced operation. As at 30 June 2022, the Group had a total of 27 projects under construction or implementation, including 2 integrated biomass utilisation projects, 7 hazardous and solid waste treatment projects, 14 environmental remediation projects and 4 solar energy projects. With a strong emphasis on construction safety, construction quality and work scheduling for projects under construction, the Group has enhanced on-site management at construction sites through ongoing optimisation of its construction management system and framework.

In connection with technology research and development, the Group provided support for the Company's transformation development and project operation through technological innovation. During the period under review, the Group commenced recycling of bulk industrial solid waste, end-of-life tyre and biomass ash, as well as research in carbon satellite and solid oxide-fuelled batteries, among others, in order to reserve power for the Company's transformation development. Also during the period under review, the Group advanced the project for the "Development and Application of Safe, Clean and Efficient Incineration Technology for General Combustible Industrial Solid Waste", which was an international cooperation project in technology innovation of the Group under the National Key Research and Development Programme with project applications, as well as commenced technical deliberation for disposal of hazardous waste with high sulphuric and halogenic contents and ultra-low emission conversion for biomass, so as to provide technical solutions for project operation. As of 30 June 2022, the Group held a total of 216 authorised patents, including 30 invention patents and 181 utility model patents, as well as 5 software copyrights.

In terms of operational management, the Group developed and made improvements to its production and operation management regime during the period under review, while formulating operational management standards for integrated biomass utilisation and hazardous and solid waste treatment to implement standardised, detailed and intelligent production operation. To drive quality and efficiency enhancement at the projects, the Group continued to expand the scope of trial operation of the voluntary fuel collection and storage system for integrated biomass utilisation projects, while rolling out further benchmarking management initiatives. Such efforts have resulted in substantial improvement in the quality and efficiency of fuel collection compared to last year. During the period under review, the Group continued to deepen the implementation of its environmental, safety, health and social responsibility (ESHS) system as it advanced the development of a standardised system for safe production and environmental management in a comprehensive manner, making improvements to the dual preventive mechanism of tiered risk control and hazard inspection and rectification and setting up a risk ledger to implement risk control measures, while enhancing the safety and environmental management standards to ensure production safety and compliance in emission standards at its projects.

In terms of risk management, the Group commenced risk identification and inspection work in a normalised manner with endeavours to improve the risk management regime. During the period under review, the Group published Greentech Risk Appetite 2022 and Greentech Key Risk Controls 2022 and made amendments to the Checklist of Risk Factors, while identifying environmental, social and corporate governance (ESG) related risks in the Group's risk factors, in order to analyse risk incidents and provide guidance to the Company's operational compliance. During the period under review, the Group developed referencing standards for risk rating and audit outcome assessment to facilitate compliance management of the operating activities of its projects. Robust control of material risks was exercised and notable results in risk management were achieved.

During the period under review, sporadic COVID-19 pandemic outbreaks continued to be reported in individual regions. As such, countering risks associated with the COVID-19 pandemic remained an important task for the Company during the period under review. Affected by the epidemic and control measures, the production of various waste-producing enterprises has been restricted, resulting in reduction of raw materials of hazardous waste and decrease in treatment demand. Meanwhile, the transit of biomass fuel and eco-friendly consumables was restrained by transport and travelling restrictions, resulting in significant fluctuations and hikes in prices for raw materials and eco-friendly consumables that affected the stable operation of the project companies. With insufficient supply of raw materials, the projects will not be able to reach their designed capacity and the Company's operations would be adversely affected. In response, the Group leveraged its advantage in scale and continued to drive technological innovation, while boosting staff motivation and promoting the experience of advanced projects after evaluations. Production and operational management was enhanced to ensure reasonable consumption of biomass fuel and reasonable allocation of resources within the system. For solid waste

raw materials, we sought to expand the categories covered and increase the volume of treatment. Regarding eco-friendly consumables, we procured reasonable use to improve the efficiency of utilisation. Consistent efforts were made to broaden suppliers' channels such that reasonable supply volumes were maintained, as we strived to assure non-interruption in the collection and delivery of raw materials to minimise any impact on the Company. Currently, China is engaged in a stage of normalised anti-epidemic measures. The Company has been closely monitoring staff health conditions and has effectively countered the impact of the pandemic on staff health through measures such as body temperature monitoring, health code inspection, distribution and use of anti-epidemic supplies and vaccination, among others, in a diligent effort to safeguard the normal operation of the Company's business and production.

During the period under review, the Group's outstanding performance in sustainability, corporate governance and social responsibility was well recognised as it received three awards — "Best in ESG Awards — Main Board — Small Market Capitalisation" and "Best in Reporting Awards — Main Board — Small Market Capitalisation" for the second consecutive year, as well as "ESG Report of the Year Awards — Main Board — Small Market Capitalisation" for the first time in the BDO ESG Awards 2022 organised by BDO Limited, and the 2020–2021 ESG Award of Yazhou Zhoukan for the second time. The Group had also received the "Caring Company" 2021/22 logo by the Hong Kong Council of Social Service for the third consecutive year, underlining its active participation in and commitment to the care of the community, staff and the environment.

The Group firmly believes that commitment to public accountability and acceptance of public scrutiny are requisite conditions for driving sustainable development of an ecological and environmental protection enterprise. During the period under review, the Group continued to fulfill the responsibility of opening its environmental protection 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 protection facilities were opened to the public on a normalised basis. As of 30 June 2022, a total of 25 projects were officially opened to the public and 42 offline open-to-the-public activities was held, receiving a total of 1,041 visitors.

Owing to the continuous impact of the pandemic, the Group's revenue for the period under review decreased by 2% to approximately HK\$4,220,291,000 from HK\$4,318,742,000 for the same period last year. EBITDA decreased by 18% to approximately HK\$1,296,684,000 compared to HK\$1,590,554,000 for the same period last year. Profit attributable to equity shareholders of the Company for the period under review was approximately HK\$371,871,000, decreasing by 47% as compared to HK\$702,030,000 for the same period last year. Basic earnings per share for the first half of 2022 was HK18.00 cents, HK15.98 cents less compared to HK33.98 cents for the same

period last year. The Group was backed by ready access to various financing options and ample cash flow and reported sound financial indicators across the board. Cash and bank balances as at 30 June 2022 amounted to approximately HK\$3,005,371,000. The total amount of bank loan facilities was HK\$25,455,155,000, of which HK\$8,645,595,000 was unutilised. Available cash and unutilised bank loans amounted to HK\$11,650,966,000 in aggregate.

During the period under review, the decrease in revenue and profit attributable to equity shareholders of the Company was mainly attributable to the decrease in revenue and profit for construction services following the Group's proactive adjustment of the Company's development strategy given changes in national policies and market developments. The operation service was also affected by the pandemic in China, resulting in significant increase in raw material cost of the integrated biomass utilisation segment due to the relevant regional control measures, weak demand for the hazardous and solid waste segment and continuous decrease in the treatment unit price.

In April 2022, the Company completed the issuance of the third tranche of medium-term notes, namely the "2022 Green Medium-term Notes (Series 1) (Bond Connect)" (the "2022 Green Medium-term Notes (Series 1) (Bond Connect)"), with a principal amount of RMB1.2 billion for a term of three plus two years at a coupon rate of 3.27% per annum for the first three years. The Company shall be entitled to adjust the coupon rate of the 2022 Green Medium-term Notes (Series 1) (Bond Connect) at the third anniversary of the issuance date. The adjusted coupon rate shall remain unchanged for the last two years. The proceeds from the issuance of the 2022 Green Medium-term Notes (Series 1) (Bond Connect) will be used for repayment of the Group's interest-bearing debts, replenishment of the Group's working capital and/or investment and construction of the Group's environmental protection projects, and other business development purposes. As at 30 June 2022, the unissued registered principal amount of the Company's remaining medium-term notes was RMB300 million.

In April 2022, the Company received the notice of registration acceptance issued by the National Association of Financial Market Institutional Investors in respect of the Company's application for the registration of the proposed issuance of perpetual medium-term notes with a registered principal amount of not more than RMB4 billion in the national inter-bank bond market of the PRC, and such registered principal amount is valid for two years from the date of the notice of registration acceptance, being 24 April 2022. The targeted subscribers for the perpetual medium-term notes are institutional investors in the national inter-bank bond market. The perpetual medium-term notes are traded in the national inter-bank bond market.

In May 2022, the Company completed the issuance of the first tranche of perpetual medium-term notes, namely the "China Everbright Greentech Limited 2022 Green Medium-term Notes (Series 2) (Rural Vitalization)" (the "2022 First Tranche Perpetual

Medium-term Notes”), with a principal amount of RMB700 million for a base term of three years (at the end of the base term and each extended term, the Company shall have the right to extend the maturity of the 2022 First Tranche Perpetual Medium-term Notes for an additional term, or to repay the 2022 First Tranche Perpetual Medium-term Notes in full) at a coupon rate of 3.35% per annum for the first three years. The Company has the right to redeem the 2022 First Tranche Perpetual Medium-term Notes at par value plus interest payable on the last interest payment date of the first pricing term and on each subsequent interest payment date and to reset the coupon rate every three years. The proceeds from the issuance of the 2022 First Tranche Perpetual Medium-term Notes will be used for repayment of the Group’s interest-bearing debts. As at 30 June 2022, the unissued registered principal amount of the Company’s remaining perpetual medium-term notes was RMB3.3 billion.

BUSINESS REVIEW

During the period 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\$4,220,291,000 in aggregate, comprising approximately HK\$711,460,000 from construction services, representing a 36% decrease compared to HK\$1,117,502,000 for the same period last year, and approximately HK\$3,318,450,000 from operation services, representing a 10% growth compared to HK\$3,019,498,000 for the same period last year. Analysed by nature of revenue, construction services, operation services and finance income accounted for 17%, 79% 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 the first half of 2022 are summarised as follows:

	For the six months ended 30 June 2022					For the six months ended 30 June 2021				
	Integrated biomass utilisation projects	Hazardous and solid waste treatment projects	Environmental remediation projects	Solar energy and wind power projects	Total	Integrated biomass utilisation projects	Hazardous and solid waste treatment projects	Environmental remediation projects	Solar energy and wind power projects	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue										
— construction services	331,936	379,524	—	—	711,460	705,344	412,158	—	—	1,117,502
— operation services	2,533,370	615,203	70,256	99,621	3,318,450	2,435,076	343,552	131,698	109,172	3,019,498
— finance income	187,241	3,140	—	—	190,381	178,214	3,528	—	—	181,742
	<u>3,052,547</u>	<u>997,867</u>	<u>70,256</u>	<u>99,621</u>	<u>4,220,291</u>	<u>3,318,634</u>	<u>759,238</u>	<u>131,698</u>	<u>109,172</u>	<u>4,318,742</u>
EBITDA	<u>870,045</u>	<u>366,196</u>	<u>7,733</u>	<u>94,285</u>	<u>1,338,259</u>	<u>1,138,344</u>	<u>365,092</u>	<u>16,214</u>	<u>108,976</u>	<u>1,628,626</u>

Benefitting from the favourable national policies, the Group received a total of approximately RMB69,372,000 in government grants and approximately RMB42,939,000 in value-added tax refunds in the first half of 2022.

The Group remains dedicated to enhancing value for the Shareholders. To reward the Shareholders for their support while taking into account the Group's long-term sustainable development, the Board has declared an interim dividend of HK3.6 cents per share for the six months ended 30 June 2022 (2021: 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 integrated biomass utilisation projects and waste-to-energy projects to provide one-stop services 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 advantages of the Group's urban-rural integration model enable it to significantly lower the operating costs of projects and enhance competitiveness in the industry.

Our 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. Through the combination of technical optimisation and delicacy management, the Group's integrated biomass utilisation projects have reported long cycles of stable operation, resulting in substantial improvements in the operating standards and economic efficiency of the projects.

As of 30 June 2022, the Group had a total of 54 integrated biomass utilisation projects, distributed variously in 10 provinces in China, which were mainly located in Anhui Province, Jiangsu Province, Shandong Province, Hubei Province and Henan Province, etc. Such projects commanded a total investment of approximately RMB16.956 billion and provided an aggregate power generation designed capacity of 1,069 MW, an aggregate annual biomass processing designed capacity of approximately 8,089,800 tonnes, and a daily aggregate household waste processing designed capacity of approximately 11,610 tonnes.

During the period under review, the Group had a total of 50 integrated biomass utilisation projects that were in operation or completed construction, generating approximately 2,991,597 MWh of on-grid electricity, representing an increase of 3% over the same period last year. Meanwhile, the Group processed approximately 4,266,000 tonnes of biomass raw materials and approximately 1,717,000 tonnes of household waste, representing increases of 14% and 3% over the same period last year respectively. During the period under review, the Group's volume of steam supplied was approximately 1,172,000 tonnes, representing an increase of 11% over the same period last year. As of 30 June 2022, the Group had 2 integrated biomass utilisation projects under construction, with a power generation designed capacity of 22 MW and a daily household waste processing designed capacity of approximately 1,000 tonnes. It is expected to generate approximately 117,000 MWh on-grid electricity each year.

During the period under review, the Group's integrated biomass utilisation projects contributed EBITDA of approximately HK\$870,045,000, representing a decrease of 24% compared to the same period last year. The integrated biomass utilisation projects contributed net profit of approximately HK\$426,826,000, representing a decrease of 28% compared to the same period last year. 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 owing to the impact of the pandemic during the period under review.

Major operating and financial data of the integrated biomass utilisation segment for the first half of 2022 are summarised as follows:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Integrated biomass utilisation projects		
On-grid electricity (<i>MWh</i>)	2,991,597	2,894,208
Biomass raw materials processing volume (<i>tonnes</i>)	4,266,000	3,752,000
Household waste processing volume (<i>tonnes</i>)	1,717,000	1,664,000
Volume of steam supplied (<i>tonnes</i>)	1,172,000	1,059,000
EBITDA (<i>HK\$'000</i>)	870,045	1,138,344
Segment net profit (<i>HK\$'000</i>)	426,826	596,880

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 period 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 30 June 2022, the Group had a total of 62 hazardous and solid waste treatment projects, distributed variously in 10 provinces and autonomous region in China, which were mainly located in Jiangsu Province, Shandong Province, Anhui Province, Hubei Province, Zhejiang Province, etc. Such projects commanded a total investment of approximately RMB14.475 billion and an aggregate annual processing designed capacity of approximately 2,943,400 tonnes.

During the period under review, the Group had 39 hazardous and solid waste treatment projects that were in operation or completed construction. For detoxification treatment, approximately 207,000 tonnes of hazardous and solid waste were treated in total, representing a 99% increase compared to the same period last year. For integrated resource utilisation, 16,100 tonnes of hazardous and solid waste were treated in total, increasing by 48% compared to the same period last year, and approximately 6,600 tonnes of recycled products were sold, representing a 43% increase compared to the same period last year. There were 7 hazardous and solid waste treatment projects under construction with an aggregate annual hazardous waste processing designed capacity of 792,500 tonnes.

During the period under review, the Group's hazardous and solid waste treatment projects contributed EBITDA of approximately HK\$366,196,000, which was broadly unchanged compared to the same period last year. Hazardous and solid waste treatment projects contributed net profit of approximately HK\$97,205,000, representing a 56% decrease compared to the same period last year. The decrease in profit was attributable primarily to the impact of the pandemic, as there was a shortage in the supply of production waste from certain upstream waste-generating enterprises, while the collection, storage and transportation of waste was also affected by blockade measures amidst the pandemic, giving rise to demand and supply imbalances and unyielding costs as well as escalating competition among peers which resulted in continuous decline of treatment prices.

Major operating and financial data of the hazardous and solid waste treatment segment for the first half of 2022 are summarised as follows:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Hazardous and solid waste treatment projects		
Hazardous and solid waste processing volume (<i>tonnes</i>)		
— Detoxification treatment	207,000	104,000
— Integrated resource utilisation	16,100	10,900
Sales volume of recycled products (<i>tonnes</i>)	6,600	4,600
EBITDA (<i>HK\$'000</i>)	366,196	365,092
Segment net profit (<i>HK\$'000</i>)	97,205	222,130

Environmental remediation

The Group's environmental remediation business covers mainly the restoration of industrial contaminated sites, restoration of contaminated farmland, restoration of ecology 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 30 June 2022, 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 30 June 2022, the Group had a total of 14 environmental remediation projects under implementation, which were mainly located in Jiangsu Province and Tianjin, with a total contract amount of approximately RMB655 million. There were also 2 projects in the preparatory stage, with a total contract amount of approximately RMB114 million.

During the period under review, the Group's environmental remediation projects contributed EBITDA of approximately HK\$7,733,000, representing a decrease of 52% compared to the same period last year. Environmental remediation projects contributed net loss of approximately HK\$2,358,000, which was represented a 192% decline compared to the same period last year. The decrease in profit was mainly attributable to epidemic control measures in force during the period under review which affected the progress of project implementation and the process of new project tenders.

Major financial data of the environmental remediation segment for the first half of 2022 are summarised as follows:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Environmental remediation projects		
EBITDA (HK\$'000)	7,733	16,214
Segment net profit/(loss) (HK\$'000)	<u>(2,358)</u>	<u>2,560</u>

Solar energy and wind power

Apart from the Feng County County-wide Advancement Solar Project, as of 30 June 2022, the Group had 17 operating and completed solar energy projects in total and 2 wind power projects in operation distributed in Jiangsu Province, Anhui Province, Shanxi Province, Hong Kong and Germany, respectively, involving a total investment of approximately RMB1.422 billion and providing an aggregate power generation designed capacity of 128.805 MW. The Group is responsible for building, managing and operating these projects and selling electricity generated by such projects to local power grid companies.

As of 30 June 2022, the Group's Feng County County-wide Advancement Solar Project comprised 13 subsidiary projects involving total investments of approximately RMB16,038,000 and a total designed installed power generation capacity of 3.514 MW, of which 2 projects with an aggregate power generation designed capacity of 1.492 MW were in operation and 11 projects with an aggregate power generation designed capacity of 2.022 MW were under construction.

During the period under review, the Group's solar energy and wind power projects sold approximately 141,635 MWh of electricity in total, representing a 2% decrease compared to the same period last year. The projects contributed EBITDA of approximately HK\$94,285,000, representing a 13% decrease compared to the same period last year. Solar energy and wind power projects contributed net profit of approximately HK\$35,870,000, representing a 25% decrease compared to the same period last year, which was mainly attributable to weaker wind resources and the inability to repair malfunctioning equipment owing to blockade and control measures under the pandemic during the period under review.

Major operating and financial data of the solar energy and wind power segment for the first half of 2022 are summarised as follows:

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Solar energy and wind power projects		
On-grid electricity (<i>MWh</i>)	141,635	145,139
EBITDA (<i>HK\$'000</i>)	94,285	108,976
Segment net profit (<i>HK\$'000</i>)	35,870	47,624

With a consistent commitment to the dual emphasis on social as well as economic benefits, the Group has made vigorous effort in driving energy conservation and discharge reduction. During the period under review, the Group generated approximately 3,133,323 MWh of green electricity, which was sufficient for the annual electricity consumption of 2,611,103 households, reducing standard coal consumption by 1,253,329 tonnes and carbon dioxide (CO₂) emissions by 2,607,853 tonnes, while saving 407,331,990 trees. The Group also treated 363,976 m³ of leachate in total in its waste-to-energy power plants and hazardous waste landfills.

BUSINESS PROSPECTS

Global economic recovery remains subject to various factors of uncertainty given by the unprecedented pandemic and epoch-making changes in the international landscape. China's economy is getting back on track with strong resilience after being hit hard by the pandemic in the second quarter. As we have entered the second year of the "14th Five-Year Plan ("FYP")" period, the implementation of plans and schemes for qualitative development has commenced and measures to bolster the economy have gradually come into force. The industry chain and supply chain regime will be restored, and China's economic growth is expected to be stabilised within a reasonable range in the second half of the year to unleash potential for growth.

After ten years of development, China has reported historic achievements in the development of its ecological civilisation, and the focus of traditional environmental protection industry has shifted to the solutions of the structural, fundamental and trending issues relating to pollution. During the period under review, the Action Plan for the Control of New Pollutants was published by the General Office of the State Council to further expand the scope of pollutant treatment; the 14th FYP Environmental Impact Assessment and Pollutant Discharge Permission Work Implementation Plan and the 14th FYP Planning for the Monitoring of the Ecological Environment were published by the Ministry of Ecology and Environment of the PRC to improve the source prevention regime underpinned primarily by the environmental impact assessment system and enhance the standard of ecological environment monitoring. The policies and measures launched by these competent authorities governing the industry, coupled with years of experience in the development of the environmental protection industry, are expected to drive the development of the ecological civilisation forward in greater scope, broader dimensions and at deeper levels.

For the new phase of development, China has established the strategic goals of “carbon peak” and “carbon neutrality” (“Dual Carbon”) for inclusion in its overall planning for the construction of ecological civilisation to drive green transformation on all fronts in the economy and the society. Driven by the “1+N” policy regime of the Dual Carbon strategy, the Ministry of Ecology and Environment of the PRC has formulated the Implementation Plan for Synergistic Efficiency of Pollution Reduction and Carbon Reduction, while other ministries and commissions have successively promulgated working plans encouraging the development of sectors such as solar energy, wind power, biomass energy and energy storage, among others, to guide the shifting of the energy mix to new energy; the National Development and Reform Commission of the PRC and Ministry of Industry and Information Technology of the PRC have respectively launched the Guiding Opinion for Expediting the Development of a Regime for the Recycling of Waste and Obsolete Materials and the Implementation Plan for Accelerating the Promotion of Industrial Resources Utilisation to advance the recycled use of solid waste; the Implementation Plan for Promoting Green Consumption jointly promulgated by seven ministries and commissions has further ascertained the means of transaction for green electricity to form a complementary mechanism together with the carbon trade market. With the implementation of various measures and plans, the environmental protection industrial chain is extending in the directions of “energy substitutes”, “energy regeneration” and “emission reduction-based pricing”, and a new era for the environmental protection industry is being unveiled.

To address the radical changes in the external environment, the Group will continue to persist in the business philosophy of “reinforcing principal business” and “driving transformation”. To reinforce the foundation of its principal businesses, the Group will closely monitor policy and market developments and conduct thorough research on measures and methods, so as to enhance the quality and efficiency of various business operations through delicacy management. The integrated biomass utilisation business will

optimise project operation cost by promoting the experience of developing voluntary fuel collection and storage regimes; the hazardous and solid waste treatment business will improve its “Major Market, Major Customer Service” mechanism in a bid to consolidate market resources; the environmental remediation business will expand its business boundary and improve its credit standing. Moreover, the Group will drive project construction in a systematic manner and continue to broaden its financing channels and enhance technological innovation, while implementing benchmarking management to achieve cost reduction and cutting down expenditures, in order to comprehensively enhance the value creation level of its principal business.

To facilitate business transformation, the Group will persist in the “three dimensional” development strategy – extending the length of the industry chain, penetrating the depth for more market shares and broadening the scope of our business – as it seeks to identify markets of superior quality, more advanced technologies and more valuable projects in adherence to policies and measures under the Dual Carbon strategy and building the “four-in-one” business positioning of environment, resources, energy and climate. In connection with environment, we will actively expand our landfill remediation and leachate treatment business and investigate the ecology-oriented development (EOD) model. In connection with resources, we will focus on the recycling of bulk industrial solid waste, while exploring upstream and downstream businesses such as tailings treatment, end-of-life tyre recycling and lithium battery recycling. In connection with energy, integrated energy service business will be vigorously advanced through the coordination of solar energy, wind power, energy storage and the biomass projects in operation, with a special focus on solar energy efficiency enhancement technologies and county-wide advancement projects. In connection with climate, we will track the progress of development of the national carbon trading market and make advanced moves to establish our presence in the China Certified Emission Reduction (CCER) and green electricity trading market. The Group will conduct in-depth research on the direction for transformation to stock up ample resources for the next cycle of value creation.

Moving forward, with the strong support of China Everbright Group Limited as a solid bulwark and 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 closely follow the national policies and market trends while maintaining strategic focus, as it continues to “Create Better Investment Value and Undertake More Social Responsibility” in fulfilment of its corporate vision, striving incessantly to grow into a leader in China’s environmental protection industry.

FINANCIAL REVIEW

Financial position

As at 30 June 2022, the Group's total assets amounted to approximately HK\$41,352,217,000 (31 December 2021: HK\$40,539,581,000) with net assets amounting to approximately HK\$14,478,980,000 (31 December 2021: HK\$14,145,367,000). Net asset value per share attributable to equity shareholders of the Company was HK\$6.43 per share, representing a decrease of 3% as compared to HK\$6.66 per share as at the end of 2021. As at 30 June 2022, the gearing ratio (total liabilities over total assets) of the Group was 64.99%, representing a decrease of 0.12 percentage points as compared to that of 65.11% as at the end of 2021. The current ratio of the Group was 141.74%, representing an increase of 4.24 percentage points as compared to that of 137.50% as at the end of 2021.

Financial resources

The Group adopts a prudent approach to cash and financial management to ensure proper risk control and lower the costs of funds. It finances its operations primarily with proceeds from the issuance of asset-backed notes and medium-term notes, internally generated cash flow and bank loans. As at 30 June 2022, the Group had cash and bank balances of approximately HK\$3,005,371,000, representing an increase of approximately HK\$361,261,000 as compared to HK\$2,644,110,000 at the end of 2021. 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 30 June 2022, the Group had outstanding borrowings of approximately HK\$21,683,516,000, representing an increase of approximately HK\$1,132,420,000 as compared to HK\$20,551,096,000 as at the end of 2021. The borrowings included secured interest-bearing borrowings of approximately HK\$8,954,614,000 (31 December 2021: HK\$9,720,331,000) and unsecured interest-bearing borrowings of approximately HK\$12,728,902,000 (31 December 2021: HK\$10,830,765,000). The borrowings of the Group were denominated in Renminbi and Hong Kong dollars, representing 75% and 25% of the total respectively. The majority of the Group's borrowings were subject to floating rates. As at 30 June 2022, the Group had banking facilities of approximately HK\$25,455,155,000 (31 December 2021: HK\$24,334,199,000), of which approximately HK\$8,645,595,000 (31 December 2021: HK\$7,907,465,000) 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 investments 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 30 June 2022, the aggregate net book value of assets pledged amounted to approximately HK\$17,533,592,000 (31 December 2021: HK\$21,584,176,000).

Commitments

As at 30 June 2022, the Group had purchase commitments of approximately HK\$573,101,000 (31 December 2021: HK\$620,324,000) under the construction contracts and capital commitments relating to capital injection in an associate and a joint venture of HK\$Nil (31 December 2021: HK\$36,535,000) and HK\$29,250,000 (31 December 2021: HK\$Nil) respectively.

Contingent liabilities

As at 30 June 2022, the Group did not have any contingent liabilities (31 December 2021: 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

As at 30 June 2022, the Group had a total of more than 3,700 employees in Hong Kong and Mainland China. For the six months ended 30 June 2022, the total staff cost was approximately HK\$322,237,000 (30 June 2021: HK\$292,135,000). Employees are remunerated according to their qualifications, experiences, job nature and performance

with reference to market conditions. In addition to discretionary performance bonuses, the Group also provides staff with continuous training and other benefits, such as medical insurance and the mandatory provident fund.

COMPLIANCE WITH 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 and corporate governance through a set of rules and regulations.

The Board has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules as the code for corporate governance practices of the Company. The Company has been in full compliance with the code provisions of the CG Code from 1 January 2022 to 30 June 2022.

The Board holds meetings on a regular basis. The Board has currently established 3 Board committees, namely Audit and Risk Management Committee, Nomination Committee and Remuneration Committee.

The Company has a Management Committee in place to take charge in the daily business operations and management, the research and review of the Company’s development strategy, planning, business directions, annual plan and implementation. The Management Committee being the decision making body for day-to-day business activities, supervises the daily operations, safety and environmental management of each business unit of the Group, and reports to the Board on all major decisions, personnel changes and other business and issues which may affect the Group. Moreover, an internal audit department and a risk management department have also been set up to perform internal audits and risk control functions respectively to bolster the Group’s governance standards.

In addition, the Company established the Sustainability Committee with specific written terms of reference with the aim of supervising the Group’s management and effectiveness in sustainability matters, so as to ensure the smooth implementation of various sustainability policies and measures in different business segments and units of the Group. There are 3 working groups under the Sustainability Committee: Operation Management Working Group, Employment and Community Investment Working Group, and Compliance and Risk Working Group. The 3 working groups comprise employees from different positions, and the groups are responsible for the Company’s environment and safety, social and human resources, and governance and risk management issues respectively. The members of the 3 working groups will report to the committee members at the Sustainability Committee meeting on the implementation of strategies and target practices in different areas.

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, including but not limited to, 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 websites of both the Company and Hong Kong Exchanges and Clearing Limited ("HKEx").

During the period under review, the Audit and Risk Management Committee has reviewed with the management and the auditors of the Company, including but not limited to the audited annual financial results of the Group for the year ended 31 December 2021, the accounting principles and practices adopted by the Group, significant audit matters such as significant accounting estimates and judgmental areas, approved the remuneration and terms of engagement of the auditors and discussed the Group's risk management and internal control matters. As at the date of this announcement, the Audit and Risk Management Committee has also reviewed the unaudited interim results and interim report of the Group for the six months ended 30 June 2022 and reports issued by internal audit department and risk management department of the Company.

Nomination Committee

The Nomination Committee currently comprises Mr. HUANG Haiqing (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. From 18 June 2022, Mr. HUANG Haiqing replaced the vacancy of Mr. WANG Tianyi as the chairman of the Nomination Committee. The primary responsibilities of the Nomination Committee 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 strategies, 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 websites of both the Company and HKEx.

During the period under review, the Nomination Committee has reviewed the structure, size, composition (including skills, knowledge and experience) and performance of the Board and the qualification and experience of each of the Directors according to the Board Diversity Policy and the Nomination Policy. The Nomination Committee has also considered the independence of each of the Independent Non-executive Directors and assessed the qualification and experience of Directors to be retired and entitled to be re-elected at the annual general meeting.

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, and 2 other Independent Non-executive Directors, namely Mr. CHOW Siu Lui and Prof. YAN Houmin. The terms of reference of the Remuneration Committee, which are published on the websites of both the Company and HKEx, set out the duties of the Remuneration Committee, including determining, with delegated responsibilities, the remuneration packages of the individual Executive Directors and senior management, etc.

During the period under review, the Remuneration Committee reviewed the remuneration packages of Directors and senior management and the arrangement of bonus distribution of senior management for the year 2021.

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 regarding directors’ securities transactions. Having made specific enquiries with all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the period under review.

INTERIM DIVIDEND

To share the fruit of success with Shareholders, the Board has declared an interim dividend of HK3.6 cents per share for the six months ended 30 June 2022 (2021: HK7.0 cents per share) to Shareholders whose names appear on the Register of Members of the Company on Wednesday, 14 September 2022. The interim dividend payout ratio is 20.0% (2021: 20.6%) for the six months ended 30 June 2022. The interim dividend will be paid on or around Wednesday, 5 October 2022.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 9 September 2022 to Wednesday, 14 September 2022 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all transfer documents and the relevant share certificates must be lodged with the Hong Kong Branch Share Registrar and Transfer Office of the Company, Tricor Investor Services Limited (the “Branch Share Registrar”) at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Thursday, 8 September 2022.

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

During the six months ended 30 June 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement of the Company for the six months ended 30 June 2022 is published on the websites of HKEx (www.hkex.com.hk) and the Company (<http://www.ebgreentech.com/en/ir/announcements.php>). The 2022 interim report will be published on the websites of HKEx and the Company and despatched to the Shareholders in due course.

CHANGE OF ADDRESS OF THE BRANCH SHARE REGISTRAR

With effect from 15 August 2022, the Branch Share Registrar, will change its address from Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong to

**17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong**

All telephone and facsimile numbers of the Branch Share Registrar will remain unchanged.

By order of the Board
China Everbright Greentech Limited
QIAN Xiaodong
Executive Director and Chief Executive Officer

Hong Kong, 9 August 2022

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

Mr. HUANG Haiqing (*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*)