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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 2022**

#### **FINANCIAL HIGHLIGHTS**

- Revenue decreased by 5% to HK\$8,048,171,000 (2021: HK\$8,446,999,000)
- EBITDA decreased by 23% to HK\$2,175,944,000 (2021: HK\$2,837,942,000)
- Profit attributable to equity shareholders of the Company decreased by 69% to HK\$340,201,000 (2021: HK\$1,110,385,000)
- No final dividend (2021: HK4.0 cents per share). Total dividends for the year decreased by 67% to HK3.6 cents (2021: HK11.0 cents) per share

#### **2022 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 2022 together with comparative figures for the year ended 31 December 2021. 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 2022

		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>REVENUE</b>	4	<b>8,048,171</b>	8,446,999
Direct costs and operating expenses		<u>(6,364,723)</u>	<u>(6,101,028)</u>
Gross profit		<b>1,683,448</b>	2,345,971
Other revenue	5	<b>335,566</b>	313,890
Other gains/(losses), net	5	<b>(139,486)</b>	1,082
Administrative expenses		<b>(617,325)</b>	(628,561)
Finance costs	6	<b>(740,997)</b>	(741,858)
Share of profits of associates		<b>7,475</b>	82,390
Share of losses of joint ventures		<u><b>(18,523)</b></u>	<u>(24,312)</u>
<b>PROFIT BEFORE TAX</b>	7	<b>510,158</b>	1,348,602
Income tax	8	<u><b>(165,158)</b></u>	<u>(228,571)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>345,000</b></u>	<u>1,120,031</u>
<b>ATTRIBUTABLE TO:</b>			
Equity shareholders of the Company		<b>340,201</b>	1,110,385
Holdings of perpetual medium-term notes		<b>15,952</b>	—
Non-controlling interests		<u><b>(11,153)</b></u>	<u>9,646</u>
		<u><b>345,000</b></u>	<u>1,120,031</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY</b>	10		
Basic and diluted ( <i>HK cents</i> )		<u><b>16.47</b></u>	<u>53.74</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>PROFIT FOR THE YEAR</b>	<u>345,000</u>	<u>1,120,031</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Changes in fair value of debtors at fair value through other comprehensive income/(loss), net of nil tax	66,345	(131,727)
Exchange differences on translation of financial statements of entities outside Hong Kong, net of nil tax		
— Subsidiaries	(1,629,271)	549,700
— Associates	(24,190)	6,608
— Joint ventures	<u>(2,189)</u>	<u>1,492</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX</b>	<u>(1,589,305)</u>	<u>426,073</u>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>	<u><u>(1,244,305)</u></u>	<u><u>1,546,104</u></u>
<b>ATTRIBUTABLE TO:</b>		
Equity shareholders of the Company	(1,219,378)	1,526,163
Holder of perpetual medium-term notes	15,952	—
Non-controlling interests	<u>(40,879)</u>	<u>19,941</u>
	<u><u>(1,244,305)</u></u>	<u><u>1,546,104</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		5,044,489	5,367,020
Right-of-use assets		619,354	700,217
Goodwill		134,207	162,638
Intangible assets		13,355,885	14,365,263
Interests in joint ventures		33,424	24,761
Interests in associates		239,883	254,413
Other receivables, deposits and prepayments	11	506,297	781,099
Contract assets	12	6,698,920	6,900,257
Deferred tax assets		80,855	82,450
<b>Total non-current assets</b>		<b>26,713,314</b>	<b>28,638,118</b>
<b>CURRENT ASSETS</b>			
Inventories		377,993	327,694
Debtors, other receivables, deposits and prepayments	11	6,964,425	6,311,107
Contract assets	12	3,092,300	2,610,620
Tax recoverable		5,051	7,932
Pledged bank deposits		75,043	160,542
Deposits with banks		23,465	—
Cash and cash equivalents		1,904,785	2,483,568
<b>Total current assets</b>		<b>12,443,062</b>	<b>11,901,463</b>
<b>CURRENT LIABILITIES</b>			
Creditors, other payables and accrued expenses	13	3,207,250	4,114,988
Interest-bearing bank and other borrowings		5,809,395	4,493,433
Lease liabilities		3,049	854
Tax payables		42,078	45,684
<b>Total current liabilities</b>		<b>9,061,772</b>	<b>8,654,959</b>
<b>NET CURRENT ASSETS</b>		<b>3,381,290</b>	<b>3,246,504</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>30,094,604</b>	<b>31,884,622</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(Continued)*  
*At 31 December 2022*

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Other payables	13	<b>181,923</b>	222,062
Interest-bearing bank and other borrowings		<b>14,927,130</b>	16,057,663
Lease liabilities		<b>16,513</b>	14,782
Deferred tax liabilities		<b>1,434,753</b>	1,444,748
<b>Total non-current liabilities</b>		<b><u>16,560,319</u></b>	<u>17,739,255</u>
<b>NET ASSETS</b>		<b><u>13,534,285</u></b>	<u>14,145,367</u>
<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>10,776,766</b>	12,153,166
		<b>12,384,795</b>	13,761,195
Perpetual medium-term notes		<b>806,982</b>	—
Non-controlling interests		<b>342,508</b>	384,172
<b>TOTAL EQUITY</b>		<b><u>13,534,285</u></b>	<u>14,145,367</u>

## 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 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 HKFRS16 Leases, and HKAS 41

The Group has assessed that the adoption of the above revised standards has had no significant 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 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)

#### (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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue (note 4):										
Revenue from external customers and reportable segment revenue	6,036,741	6,264,735	1,673,766	1,658,459	148,205	318,320	189,459	205,485	8,048,171	8,446,999
Segment results:										
Reportable segment profit (adjusted EBITDA)	1,650,143	2,060,530	488,557	686,664	10,831	42,182	171,450	189,181	2,320,981	2,978,557
Finance costs									(740,997)	(741,858)
Depreciation and amortisation, including unallocated portion									(924,789)	(747,482)
Unallocated head office and corporate income									30,573	29,272
Unallocated head office and corporate expenses									(175,610)	(169,887)
Consolidated profit before tax									510,158	1,348,602
Other segment information:										
Finance costs	330,248	383,670	94,559	48,120	8,023	10,707	15,206	19,031	448,036	461,528
Unallocated finance costs									292,961	280,330
Depreciation and amortisation	474,496	478,280	360,834	180,518	13,175	13,217	71,716	71,109	920,221	743,124
Unallocated depreciation and amortisation									4,568	4,358
Impairment losses/(write-back of impairment) of debtors and contract assets	99,896	(881)	6,810	1,821	50	100	2,490	—	109,246	1,040
Bad debt recovered	—	—	—	—	(146)	(654)	—	—	(146)	(654)
Share of losses/(profits) of joint ventures, net	—	—	18,818	24,560	—	—	(295)	(248)	18,523	24,312
Share of losses/(profit) of associates, net	(9,575)	(82,390)	2,100	—	—	—	—	—	(7,475)	(82,390)
Additions to property, plant and equipment, right-of-use assets, intangible assets, goodwill and non-current portion of prepayments	381,593	367,482	878,555	2,470,537	46,994	49,308	65,290	51,993	1,372,432	2,939,320
Additions to non-current portion of contract assets	819,793	940,619	6,079	7,086	—	—	—	—	825,872	947,705

### 3. OPERATING SEGMENT INFORMATION (Continued)

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

	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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment assets	26,543,477	28,328,011	8,759,043	9,223,772	669,924	759,083	1,321,490	1,388,933	37,293,934	39,699,799
Unallocated head office and corporate assets									1,862,442	839,782
Consolidated total assets									<u>39,156,376</u>	<u>40,539,581</u>
Reportable segment liabilities	10,636,659	11,398,281	4,447,199	4,701,744	452,068	572,879	378,697	447,935	15,914,623	17,120,839
Unallocated head office and corporate liabilities									9,707,468	9,273,375
Consolidated total liabilities									<u>25,622,091</u>	<u>26,394,214</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 asset 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	
	2022	2021	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
People's Republic of China ("PRC")	8,036,634	8,439,087	18,946,607	20,373,524	7,205,217	7,681,356
Hong Kong	5,709	2,294	46,972	27,693	—	—
Germany	5,828	5,618	26,149	31,283	—	—
Total	<u>8,048,171</u>	<u>8,446,999</u>	<u>19,019,728</u>	<u>20,432,500</u>	<u>7,205,217</u>	<u>7,681,356</u>

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

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

For the year ended 31 December 2022, the Group has transactions with one (2021: 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 2022 amounted to HK\$1,970,194,000 (2021: HK\$2,148,756,000).

### 4. REVENUE

An analysis of revenue is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from integrated biomass utilisation project construction services	763,527	859,786
Revenue from hazardous and solid waste treatment project construction services	533,724	876,831
Revenue from integrated biomass utilisation project operation services	4,912,706	5,052,601
Revenue from hazardous and solid waste treatment project operation services	1,133,963	774,542
Revenue from environmental remediation project operation services	148,205	318,320
Revenue from solar energy and wind power project operation services	189,459	205,485
Revenue from contracts with customers	7,681,584	8,087,565
Finance income from service concession arrangements	366,587	359,434
Total revenue	<u>8,048,171</u>	<u>8,446,999</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\$6,329,165,000 (2021: HK\$6,945,368,000) for the year ended 31 December 2022. The revenues are included in four segments as disclosed in note 3.

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

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Other revenue</b>		
Interest income	21,916	23,103
Government grants*	135,605	162,552
Value-added tax refunds**	122,215	76,430
Others	55,830	51,805
	<u>335,566</u>	<u>313,890</u>

\* Government grants of HK\$119,434,000 (2021: HK\$158,444,000) were granted during the year ended 31 December 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 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\$122,215,000 (2021: HK\$76,430,000) during the year ended 31 December 2022. 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.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Other gains/(losses), net</b>		
Net gain/(loss) on disposal of items of property, plant and equipment	(2,623)	1,468
Loss on deregistration of a subsidiary	(19,157)	—
Gain on disposal of a subsidiary	476	—
Gain on partial disposal of interests in an associate	20,918	—
Impairment losses of items of property, plant and equipment	(15,526)	—
Impairment losses of goodwill	(14,474)	—
Write-back of impairment/(impairment losses) of contract assets	(1,476)	1,094
Impairment losses of debtors at amortised cost	(11,468)	(2,134)
Impairment losses of debtors at fair value through other comprehensive income	(96,302)	—
Bad debt recovered	146	654
	<u>(139,486)</u>	<u>1,082</u>

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interest on bank and other borrowings	<b>661,658</b>	648,344
Interest on medium-term notes	<b>117,629</b>	62,247
Interest on lease liabilities	<b>706</b>	610
Asset-backed notes arrangement fee	<b>—</b>	94,730
	<hr/>	<hr/>
Finance costs incurred	<b>779,993</b>	805,931
Less: interest capitalised*	<b>(38,996)</b>	(64,073)
	<hr/>	<hr/>
	<b>740,997</b>	741,858
	<hr/> <hr/>	<hr/> <hr/>

\* The borrowing costs have been capitalised at a rate ranging from 3.89% to 4.75% (2021: 3.89% to 4.75%) per annum during the year ended 31 December 2022.

## 7. PROFIT BEFORE TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of inventories consumed	3,148,906	2,943,017
Depreciation of property, plant and equipment*	297,327	198,997
Depreciation of right-of-use assets	19,341	18,093
Amortisation of intangible assets**	608,121	530,392
Lease payments not included in the measurement of lease liabilities	14,467	15,682
Auditor's remuneration		
— audit services	3,000	2,900
— other services	2,448	1,000
	<u>5,448</u>	<u>3,900</u>
Employee benefit expense (excluding directors' remuneration)#		
Wages and salaries	628,145	707,743
Pension scheme contributions	65,811	66,514
	<u>693,956</u>	<u>774,257</u>
Impairment losses/(write-back of impairment) of contract assets	1,476	(1,094)
Impairment losses of goodwill	14,474	—
Impairment losses of items of property, plant and equipment	15,526	—
Impairment losses of debtors at amortised cost	11,468	2,134
Impairment losses of debtors at fair value through other comprehensive income	96,302	—
Loss on deregistration of a subsidiary	19,157	—
Gain on disposal of a subsidiary	(476)	—
Gain on partial disposal of interests in an associate	(20,918)	—
Foreign exchange differences, net	<u>42,149</u>	<u>10,677</u>

\* The depreciation of property, plant and equipment of HK\$262,757,000 (2021: HK\$163,026,000) 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\$589,680,000 (2021: HK\$512,008,000) was included in "Direct costs and operating expenses" on the face of the consolidated statement of profit or loss.

# As at 31 December 2022, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2021: 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 2022 (2021: 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.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax — Elsewhere		
Charge for the year	43,870	136,106
Under/(over)-provision in prior years	7,703	(7,113)
Deferred tax	<u>113,585</u>	<u>99,578</u>
Total tax expenses for the year	<u><u>165,158</u></u>	<u><u>228,571</u></u>

## 9. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividends attributable to the year:		
Interim — HK3.6 cents (2021: HK7.0 cents) per ordinary share	74,379	144,625
Final — HK Nil cents (2021: HK4.0 cents) per ordinary share	<u>—</u>	<u>82,643</u>
	<u><u>74,379</u></u>	<u><u>227,268</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\$340,201,000 (2021: HK\$1,110,385,000), and the weighted average number of ordinary shares of 2,066,078,000 (2021: 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 2022 and 2021 in the calculation of diluted earnings per share as there were no potential dilutive ordinary shares during the years ended 31 December 2022 and 2021.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Debtors	6,189,303	5,530,856
Other receivables, deposits and prepayments	1,218,833	1,507,503
Amounts due from fellow subsidiaries	4,384	1,316
Amount due from an associate	4,088	550
Loan to a non-controlling interest	25,971	27,115
Amounts due from joint ventures	44,999	31,340
	<u>7,487,578</u>	<u>7,098,680</u>
Impairment	(16,856)	(6,474)
	<u>7,470,722</u>	<u>7,092,206</u>
Less: Non-current portion		
— Other receivables, deposits and prepayments	(490,653)	(753,984)
— Amounts due from joint ventures	(15,644)	—
— Loan to a non-controlling interest	—	(27,115)
	<u>(506,297)</u>	<u>(781,099)</u>
Current portion	<u>6,964,425</u>	<u>6,311,107</u>

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	464,921	1,493,474
More than 1 month but within 2 months	195,349	201,076
More than 2 months but within 4 months	329,770	554,635
More than 4 months but within 7 months	555,128	1,766,581
More than 7 months but within 13 months	829,619	1,184,447
More than 13 months	3,797,660	324,169
	<u>6,172,447</u>	<u>5,524,382</u>

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

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 are loans to joint ventures of RMB23,990,000 (equivalent to HK\$26,806,000) (2021: RMB9,500,000 (equivalent to HK\$11,612,000)), which are unsecured, interest-bearing at Loan Prime Rate (“LPR”) in the PRC to 125% of the LPR in the PRC and recoverable in 2023 to 2024. 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.

The movements in the loss allowance for impairment of debtors measured at amortised cost are as follows:

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
At beginning of year	6,474	4,172
Impairment losses, net ( <i>note 7</i> )	11,468	2,134
Exchange realignment	<u>(1,086)</u>	<u>168</u>
At end of year	<u><u>16,856</u></u>	<u><u>6,474</u></u>

The movements in the loss allowance for impairment of debtors measured at fair value through other comprehensive income are as follows:

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
At beginning of year	—	—
Impairment losses, net ( <i>note 7</i> )	96,302	—
Exchange realignment	<u>(4,447)</u>	<u>—</u>
At end of year	<u><u>91,855</u></u>	<u><u>—</u></u>

## 12. CONTRACT ASSETS

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Service concession assets	(a)	<b>7,100,699</b>	7,471,736
Unbilled renewable energy tariff subsidy	(b)	<b>2,321,068</b>	1,630,338
Environmental remediation contract assets	(c)	<b>377,322</b>	415,871
		<b>9,799,089</b>	9,517,945
Impairment		<b>(7,869)</b>	(7,068)
		<b>9,791,220</b>	9,510,877
Less: Non-current portion			
— Service concession assets		<b>(6,540,112)</b>	(6,900,257)
— Environmental remediation contract assets		<b>(158,808)</b>	—
		<b>(6,698,920)</b>	(6,900,257)
Current portion		<b>3,092,300</b>	2,610,620
Contract assets arising from performance under construction contracts in connection with service concession arrangements, which are included in “Intangible assets”		<b>1,342,776</b>	1,712,057

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

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At beginning of year	<b>7,068</b>	7,927
Impairment losses/(write-back of impairment), net ( <i>note 7</i> )	<b>1,476</b>	(1,094)
Exchange realignment	<b>(675)</b>	235
At end of year	<b>7,869</b>	7,068

## 12. CONTRACT ASSETS (Continued)

### 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% (2021: 4.90% to 6.60%) per annum as at 31 December 2022.

As at 31 December 2022, HK\$6,646,337,000 (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 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>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Creditors			
— third parties	(i)	<b>1,835,729</b>	2,403,924
— fellow subsidiaries	(i)	<b>21,307</b>	15,919
Other payables and accrued expenses		<b>1,297,263</b>	1,753,335
Amounts due to fellow subsidiaries	(ii)	<b>30,970</b>	16,578
Amount due to a non-controlling interest	(iii)	<b>1,201</b>	1,314
Loans from non-controlling interests	(iv)	<b>8,300</b>	8,300
Deferred income — government grants	(v)	<b>194,403</b>	137,680
		<b>3,389,173</b>	4,337,050
Less: Non-current portion			
— Deferred income — government grants		<b>(84,770)</b>	(65,841)
— Other payables and accrued expenses		<b>(97,153)</b>	(156,221)
		<b>(181,923)</b>	(222,062)
Current portion		<b>3,207,250</b>	4,114,988

*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:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 6 months	<b>1,374,528</b>	2,174,891
More than 6 months	<b>482,508</b>	244,952
	<b>1,857,036</b>	2,419,843

Creditors totalling HK\$1,015,546,000 (2021: HK\$1,653,411,000) as at 31 December 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.

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

*Notes: (Continued)*

- (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 2022, of which an amount of HK\$16,171,000 (2021: HK\$4,108,000) 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 2022 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 2022, there was a notable slowdown in global economic recovery under the persistent influence by the drastic change in the international geopolitical landscape and the high pressure of inflation. In China, contributions to economic growth from investments and consumer spending were diminishing owing to recurring COVID-19 pandemic, and the Chinese economy was subject to enormous downside pressure. Facing with the complicated and austere conditions both at home and abroad as well as the impact of a series of unanticipated factors, the Chinese government implemented economic stabilisation measures and enhanced green transformation of the economy and the society with the aim of achieving high quality and sustainable development. As such, the development of an ecological civilisation has become increasingly important in national planning and people's livelihood.

During the year under review, the strategic arrangement for building of a modern nation was affirmed at the 20th National Congress of the Communist Party of China (the "20th National Congress"). In respect of the ecological environment, the mission of coordinated realignment of industry mix, pollution treatment, ecological protection, addressing climate change and development of low-carbon green industry was set out. Focused on the environmental industry, the industry policy continued to advance the progress from quantitative to qualitative change in terms of environmental improvement in 2022, as environmental regulation became more stringent following the announcement and implementation of energy conservation and carbon reduction plans for as many as 17 sectors under the "14th Five-Year Plan". The environmental protection market was affected by the pandemic with upstream enterprises operating under capacity, and the direction for traditional market development has shifted from "increasing in numbers" to "enhancing existing businesses." Directed by the Carbon Peak and Carbon Neutrality ("Dual Carbon") strategy, new growth drivers have been unleashed at a faster pace. In connection with technology, with the gradual escalation of environmental standards and formation of a new market pattern, quality and efficiency enhancement for projects in operation has been advanced through technological innovation, as the research and investigation of sub-segment and low-carbon technologies has become the latest area of interest for the industry.

In 2022, the Group persisted in the corporate vision to “Create Better Investment Value and Undertake More Social Responsibility”, initiating reforms with vigorous proactive efforts to fight against difficulties as it enhanced the quality of project operation through management initiatives and broaden financing channels through innovative financing options. The Group was engaged in close tracking and research of the technologies and market developments in new sectors, stabilising the operation of its principal businesses while exploring pathways for business transformation as it ensured the stable and orderly operation of all production activities in a strong effort to overcome the adverse impact of changes in external business conditions on the Company’s business.

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 2022, the Group had 139 environmental protection projects with a total investment of approximately RMB32.828 billion and had undertaken 50 environmental remediation projects with a total contract amount of approximately RMB1.409 billion.

In terms of market development, during the year under review, the Group secured 12 new projects and entered into 1 supplementary agreement for biomass heat supply, and committed additional investment to 1 project involving an additional total investment of approximately RMB350 million and environmental remediation projects with a total contract amount of approximately RMB244 million. Such new projects included 1 integrated biomass utilisation project, 1 hazardous and solid waste treatment project, 2 solar energy projects and 8 environmental remediation projects. In terms of project scale, our capacity for power generation was increased by 15.704 MW, daily household waste processing designed capacity was increased by 400 tonnes, while our designed capacity for steam supply and hazardous and solid waste treatment were increased by approximately 166,400 tonnes and 1,500 tonnes per annum, respectively.

During the year under review, the Group was engaged in full-gear efforts towards business transformation. To seize the development opportunities presented by the nation’s Dual Carbon strategy, the Group entered into a cooperation agreement with Alibaba Cloud Computing Co. Ltd. (“Ali Cloud”) for the mutual promotion of cooperation in areas such as new energy development and operation, integrated energy management and digital transformation, with the aim of assuming a commanding position in the technology for the digitalised new energy sector. On the back of the sound investment, construction and operation of its existing projects, the Group entered into “Low-carbon City” and “Zero-carbon Industry Park” cooperation agreements with Lianshui County and Huaiyin District in Huaian City, Jiangsu Province during the year under review to establish our presence in the smart energy market. In environmental remediation, the Company has also secured its first contract for the dig-up and screening of decayed garbage as well as taken up its first environmental remediation project in Beijing in an initial indication of the outcome of its business transformation.

In terms of project construction, the Group continued to advance its project work construction in a steady manner. During the year under review, 16 new projects started implementation or construction while 14 projects had completed construction and commenced operation. As at 31 December 2022, the Group had 25 projects under construction or implementation, including 2 integrated biomass utilisation projects, 6 hazardous and solid waste treatment projects, 15 environmental remediation projects and 3 solar energy projects. With a strong emphasis on construction safety, construction quality and work scheduling for projects under construction, the Group has enhanced safety management standard at project sites through ongoing optimisation of its construction management system and framework.

In terms of technology research and development, the Group's technology research has been conducted to support the operating strategy of "Reinforcing Principal Businesses and Driving Transformation". During the year under review, the Group's technology research focused on biomass ash recycling, reduction of emission of biomass flue particles and sulphur dioxide and lowering of the concentration of soluble salt in landfills, with a view to enhancing the quality and efficiency of projects in operation. Moreover, the Group has commenced research in a number of new frontiers, such as lithium-ion power battery recycling, perovskite solar technology, carbon capture and solid fuel battery (SOFC+SOEC), mobile power storage, spot trade in the power market, virtual power plant and Energy Internet, to provide technical support for business transformation. As of 31 December 2022, the Group held 228 authorised patents, including 32 invention patents, 191 utility model patents, and 5 software copyrights.

In terms of operational management, the Group is committed to the development and ongoing improvement of its production and operation management regime. During the year under review, the Group completed the formulation of the Integrated Biomass Utilisation and Hazardous and Solid Waste Disposal Operational and Management Standards (the "Operational Standards") and conducted two rounds of benchmarking inspection on the projects according to the Operational Standards to give a full assessment of the projects' potential in quality and efficiency enhancement and implement improvement measures accordingly. In 2022, the Group continued to promote its experience in self-operated fuel intake and storage for integrated biomass utilisation projects, as substantial enhancement in the volume and quality of fuel storage compared to the previous year was reported. During the year under review, the Group continued to deepen the implementation of its environmental, safety, health and social responsibility ("ESHS") management system with ongoing progress in the standardisation of safe production and the building of the dual prevention regime. Safe production and compliant emissions at projects have been ensured through safety and health education and training and more rigorous supervision and inspection of safety and environmental indicators of projects.

In terms of risk management, the Group has normalised its risk identification and inspection work and endeavoured to improve its risk management regime. During the year under review, the Group formulated “Greentech Risk Appetite 2022” and “Greentech Risks Subject to Key Control 2022” while making amendments to the “Risk Factors Checklist”. Risk factors of the Group relating to environmental, social and governance (“ESG”) matters were identified and analysed with a view to providing guidance for the Company’s operational compliance. During the year under review, the Group established standards for risk rating and audit outcome assessment to facilitate compliance management over the operating activities of the projects. Effective control has been exercised over significant risks and prominent effect in risk control has been noted.

In 2022, the Group continued to fulfill its social responsibility and enhance corporate governance as an established environmental business, as it obtained numerous awards and honours on the back of its effort to enhance sustainable development. During the year under review, the Group garnered the 2020/2021 ESG Award of Yazhou Zhoukan, received all 3 awards of “ESG Report of the Year Awards — Main Board — Small Market Capitalisation”, “Best in ESG Awards — Main Board — Small Market Capitalisation” and “Best in Reporting Awards — Main Board — Small Market Capitalisation” in the BDO ESG Awards 2022 organised by BDO Limited; “Corporate Governance Special Mention” under the H-share Companies and other Mainland Enterprises category in the Best Corporate Governance and ESG Awards 2022 presented by the HKICPA, “EcoChallenger” certificate and “3 Years + EcoPioneer” logo in the “BOCHK Corporate Environmental Leadership Awards 2021” jointly organised by the Federation of Hong Kong Industries and Bank of China (Hong Kong).

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 enterprise. During the year 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 31 December 2022, a total of 47 projects were officially opened to the public and 140 offline open-to-the-public activities was held, receiving a total of 4,200 visitors.

Affected by the pandemic, the Group's revenue for the year ended 31 December 2022 decreased by 5% to approximately HK\$8,048,171,000 from HK\$8,446,999,000 for 2021. EBITDA decreased by 23% to approximately HK\$2,175,944,000 compared to HK\$2,837,942,000 for 2021. Profit attributable to equity shareholders of the Company for the year decreased by 69% to approximately HK\$340,201,000 from HK\$1,110,385,000 for 2021. Basic earnings per share for 2022 was HK16.47 cents, HK37.27 cents less compared to HK53.74 cents for 2021. The Group was backed by ready access to various financing options and ample cash flow with sound financial indicators. As at the end of the year, cash and bank balances amounted to approximately HK\$2,003,293,000 and total bank loan facilities amounted to HK\$25,342,733,000, including unutilised bank loan facilities of HK\$8,545,654,000. The aggregate amount of available cash and unutilised bank loan facilities was approximately HK\$10,548,947,000.

The decrease in revenue and profit attributable to equity holders for the year under review reflected primarily the Group's proactive adjustment of the Company's 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 raw materials of integrated biomass utilisation segment, lacklustre demand and decline in unit prices for hazardous and solid waste treatment owing to the pandemic in China and control measures in related regions.

The Group recorded impairment losses on goodwill and property, plant and machinery with the aggregate amount of HK\$30 million for the year ended 31 December 2022, as compared to that of nil for the year ended 31 December 2021, taking into account the industry conditions and changes in operating environment. The Group recorded expected credit losses on debtors and debt instruments of HK\$109 million for the year ended 31 December 2022, as compared to that of HK\$1 million for the year ended 31 December 2021, mainly due to failure to collect government on-grid renewable energy tariff subsidy receivables in a timely manner.

In April 2022, the Company completed the issuance of the third tranche of medium-term notes, namely the 2022 Green Medium-term Note (Series 1) (Bond Connect) (the "2022 Green Medium-term Notes (Series 1) (Bond Connect)") for an amount of RMB1.2 billion with a maturity period of 3+2 years at a coupon rate of 3.27% per annum for the first 3 years. The Company shall be entitled to adjust the coupon rate of the 2022 Green Medium-term Notes (Series 1) (Bond Connect) 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 2022 Green Medium-term Notes (Series 1) (Bond Connect) will be used for the repayment of the Group's interest-bearing loans, replenishment of the Group's working capital and/or investment in and construction of the Group's environmental protection projects and other business development purposes. As at 31 December 2022, the Company's medium-term notes had no unissued registered principal amount.

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 registration and 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 in the People's Republic of China ("PRC"), and such registered principal amount shall be valid for 2 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") for an amount of RMB700 million with a base term of 3 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). The coupon rate is 3.35% per annum for the first 3 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 once every 3 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 31 December 2022, the unissued registered capital of the Company's remaining perpetual medium-term notes amounted to RMB3.3 billion.

### **Subsequent events**

On 7 March 2023, the Company made an application to the National Association of Financial Market Institutional Investors (the "NAFMII") for registration of multiple types of debt financing instruments in the aggregate amount of not more than RMB5 billion to be issued in multiple tranches within two years from the date of the notice of acceptance of registration to be issued by NAFMII. As the aforesaid application is being processed, there remains uncertainty as to whether and when the Application will be approved and when the registration of the debt financing instruments will be completed.

As at the date of this announcement, the Company has not received any notice of registration acceptance issued by the NAFMII. The Company will make further disclosure on the progress of the possible debt financing instruments issue as and when appropriate.

## 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\$8,048,171,000 in aggregate, comprising approximately HK\$1,297,251,000 from construction services, representing a 25% decrease compared to HK\$1,736,617,000 for 2021, and approximately HK\$6,384,333,000 from operation services, which was broadly unchanged compared to 2021. Analysed by nature of revenue, construction services, operation services and finance income accounted for 16%, 79% and 5%, 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 2022 are summarised as follows:

	2022				Total	2021				Total
	Integrated biomass utilisation projects	Hazardous and solid waste treatment projects	Environmental remediation projects	Solar energy and wind power projects		Integrated biomass utilisation projects	Hazardous and solid waste treatment projects	Environmental remediation projects	Solar energy and wind power projects	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue										
— construction services	763,527	533,724	—	—	1,297,251	859,786	876,831	—	—	1,736,617
— operation services	4,912,706	1,133,963	148,205	189,459	6,384,333	5,052,601	774,542	318,320	205,485	6,350,948
— finance income	360,508	6,079	—	—	366,587	352,348	7,086	—	—	359,434
	<u>6,036,741</u>	<u>1,673,766</u>	<u>148,205</u>	<u>189,459</u>	<u>8,048,171</u>	<u>6,264,735</u>	<u>1,658,459</u>	<u>318,320</u>	<u>205,485</u>	<u>8,446,999</u>
EBITDA	<u>1,650,143</u>	<u>488,557</u>	<u>10,831</u>	<u>171,450</u>	<u>2,320,981</u>	<u>2,060,530</u>	<u>686,664</u>	<u>42,182</u>	<u>189,181</u>	<u>2,978,557</u>

To reserve more capital to capture opportunities and meet the challenges ahead, the Board did not recommend a final dividend for the year ended 31 December 2022 (2021: HK4.0 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 enables it to significantly lower the operating costs of projects 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. Through the combined effect of technological optimisation and delicacy management, the Group's integrated biomass utilisation projects sustained long cycles of stable operation, resulting in substantial enhancement in operational standards and economic efficiency of the projects.

As of 31 December 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 RMB17.066 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 year under review, the Group operated and completed 50 integrated biomass utilisation projects, generating approximately 6,009,489 MWh of on-grid electricity which was approximate to 2021; the volume of steam supplied was approximately 2,411,215 tonnes, representing an increase of 12% over 2021; and processed approximately 8,185,800 tonnes of biomass raw materials and approximately 3,457,231 tonnes of household waste, representing increases of 3% and 18% over 2021 respectively. As of 31 December 2022, the Group had 2 integrated biomass utilisation projects under preparation, with power generation designed capacity of 22 MW and daily household waste processing designed capacity of approximately 1,000 tonnes and an estimated annual on-grid power generation of approximately 117,000 kwh.

During the year under review, the Group's integrated biomass utilisation projects contributed EBITDA of approximately HK\$1,650,143,000, representing a decrease of 20% compared to 2021. The integrated biomass utilisation projects contributed net profit of approximately HK\$777,214,000, representing a decrease of 27% compared to 2021. 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 pandemic during the year under review.

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

	2022	2021
<b>Integrated biomass utilisation projects</b>		
On-grid electricity ( <i>MWh</i> )	<b>6,009,489</b>	6,027,143
Biomass raw materials processing volume ( <i>tonnes</i> )	<b>8,185,800</b>	7,964,335
Household waste processing volume ( <i>tonnes</i> )	<b>3,457,231</b>	2,918,918
Volume of steam supplied ( <i>tonnes</i> )	<b>2,411,215</b>	2,154,671
EBITDA ( <i>HK\$'000</i> )	<b>1,650,143</b>	2,060,530
Segment net profit ( <i>HK\$'000</i> )	<b>777,214</b>	1,059,693

### **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 2022, the Group had a total of 61 hazardous and solid waste treatment projects, distributed variously in 9 provinces and autonomous regions 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 RMB14.284 billion and an aggregate annual processing designed capacity of approximately 2,873,400 tonnes.

During the year under review, the Group had 40 hazardous and solid waste treatment projects that were in operation or completed construction. For detoxification treatment, approximately 399,047 tonnes of hazardous and solid waste were treated in total, representing an increase of 62% compared to 2021. For integrated resource utilisation, 32,089 tonnes of hazardous and solid waste were treated, representing an increase of 40% compared to 2021, and approximately 12,058 tonnes of recycled products were sold, representing an increase of a 27% compared to 2021. There were 6 hazardous and solid waste treatment projects under construction with an aggregate annual hazardous waste processing designed capacity of approximately 592,500 tonnes.

During the year under review, the Group's hazardous and solid waste treatment projects contributed EBITDA of approximately HK\$488,557,000, representing a decrease of 29% compared to 2021. Hazardous and solid waste treatment projects recorded net loss of approximately HK\$23,973,000, representing a decrease of 107% compared to the profit contribution for 2021. The decrease in profit was mainly attributable to the continuous decline in treatment prices amidst escalated peer competition owing to demand-supply imbalances and unyielding cost caused by the shortage of production waste at certain upstream waste-generating enterprises under the pandemic as well as road blockade measures to deal with the pandemic which affected the collection, storage and transportation of waste.

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

	<b>2022</b>	2021
<b>Hazardous and solid waste treatment projects</b>		
Hazardous and solid waste processing volume ( <i>tonnes</i> )		
— Detoxification treatment	<b>399,047</b>	245,676
— Integrated resource utilisation	<b>32,089</b>	23,003
Sales volume of recycled products ( <i>tonnes</i> )	<b>12,058</b>	9,490
On-grid electricity ( <i>MWh</i> )	<b>6,362</b>	—
Volume of steam supplied ( <i>tonnes</i> )	<b>8,146</b>	—
EBITDA ( <i>HK\$'000</i> )	<b>488,557</b>	686,664
Segment net profit/(loss) ( <i>HK\$'000</i> )	<b>(23,973)</b>	364,210

### **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 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 31 December 2022, the Group had 14 environmental remediation projects under implementation, which were mainly located in Jiangsu Province, Anhui Province, Tianjin and Beijing respectively, with a total contract amount of approximately RMB733 million. There were also 3 projects in the preparatory stage, with a total contract amount of approximately RMB117 million.

During the year under review, the Group’s environmental remediation projects contributed EBITDA of approximately HK\$10,831,000, representing a decrease of 74% compared to 2021. Environmental remediation projects recorded net loss of approximately HK\$7,641,000, representing a decrease of 148% compared to the profit contribution for 2021. The decrease in profit was mainly attributable to pandemic control measures in force during the year under review which affected the progress of project execution and process of new project tenders.

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

	2022	2021
<b>Environmental remediation projects</b>		
EBITDA ( <i>HK\$’000</i> )	10,831	42,182
Segment net profit/(loss) ( <i>HK\$’000</i> )	<u>(7,641)</u>	<u>15,831</u>

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

Apart from the County-wide Advancement Solar Project in Feng County, as of 31 December 2022, the Group has 19 operating and completed solar energy projects 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 RMB1.45 billion and providing an aggregate power generation designed capacity of 132.63 MW. The Group is responsible for building, managing and operating these projects and selling electricity generated to local power grid companies.

As at 31 December 2022, the Group’s County-wide Solar Energy Advancement Project in Feng County included 14 subsidiary projects with a total investment of approximately RMB27,038,000 and an aggregate power generation designed capacity of 6.014 MW, of which 6 projects with an aggregate power generation designed capacity of 2.384 MW were in operation, 1 project with an aggregate power generation designed capacity of 100 kW were under construction and 7 projects with an aggregate power generation designed capacity of 3.53 MW were under preparation.

During the year under review, the Group's solar energy and wind power projects sold approximately 254,909 MWh of electricity, representing a 10% decrease compared to 2021. The projects contributed EBITDA of approximately HK\$171,450,000, representing a 9% decrease compared to 2021. Solar energy and wind power projects contributed net profit of approximately HK\$62,332,000, representing a decrease of 15% compared to 2021. This was mainly attributable to reduced power generation due to weaker wind resources and the inability to repair malfunctioning equipment owing to road blockade measures to contain the pandemic, as well as decline in power tariffs caused by electricity trades during the year under review.

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

	2022	2021
<b>Solar energy and wind power projects</b>		
On-grid electricity ( <i>MWh</i> )	<b>254,909</b>	282,976
EBITDA ( <i>HK\$'000</i> )	<b>171,450</b>	189,181
Segment net profit ( <i>HK\$'000</i> )	<b><u>62,332</u></b>	<u>73,110</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 6,291,582\* MWh of green electricity, which was sufficient for the annual electricity consumption of 5,242,985 households, reducing standard coal consumption by 2,516,633 tonnes and carbon dioxide (CO<sub>2</sub>) emissions by 3,050,914 tonnes, while saving 817,905,660 trees. The Group also treated 721,601.5 tonnes of leachate in its waste-to-energy power plants and hazardous waste landfills and removed 2,736.7 tonnes of chemical oxygen demand.

### **Business Prospects**

In 2023, global economic recovery continues to face enormous pressure given uncertainties arise from geopolitical conflicts and complicated international relations. During the year under review, China optimised and adjusted its anti-epidemic measures, as COVID-19 infection has been removed from the list of infectious diseases subject to quarantine measures under the Frontier Health and Quarantine Law of the People's Republic of China. With industrial production and investment gradually returning to normalised operation amidst the waning social and economic impact of the pandemic and domestic demand stabilising and on the rise again with the aid of various stabilisation measures adopted by the government, the Chinese economy is hopeful of a speedy recovery.

\* Such data is operational caliber data

With the implementation of the principle of developing an ecological civilisation set out at the 20th National Congress, pollution treatment and energy conservation and emission reduction measures will be further implemented, and the scope and boundaries of the environmental protection industry will be gradually extended, unveiling a new era. From the environmental perspective, the emphasis on coordination between pollution reduction and carbon reduction remained the overtone of the environmental policies in 2022. Following the joint publication of the Implementation Plan for Synergizing the Reduction of Pollution and Carbon Emission by 7 ministries including the Ministry of Ecology and Environment of the PRC, the scope of application of the guiding policy for low-carbon environmental protection will be extended to cover more regions and sectors, including numerous sub-segments and their upstream and downstream businesses. In terms of resources, the Guiding Opinions on the Accelerating Construction of a Recycling System for Waste Materials and Implementation Plan for Comprehensive Utilization of Industrial Resources jointly published by the National Development and Reform Commission of the PRC and Ministry of Industry and Information Technology of the PRC during the year promote the recycled use of solid waste, suggesting enormous market potential for bulk industrial solid waste. In connection with energy, following the promulgation of the Guiding Opinions on Accelerating the Construction of a Uniform National Electricity Market System in 2021, the authorities governing the industry further published the Basic Rules for the Electricity Spot Market (Draft for Comments) during the year under review, pointing to new business models for the new electricity market regime, with new business forms such as virtual power plant, energy storage and auxiliary power services firmly positioned in the pipeline.

While the gloom of the pandemic is waning after 3 years of ravaging and the social economy is gradually returning to normal, the environmental protection industry has experienced hushed changes. Challenges will remain for environmental protection enterprises as, on the one hand, recovery of the industry will take some time given its extensive coverage of multiple sectors and the extent to which it is affected by its upstream and downstream sectors, while the start-up and operating costs for environmental protection projects have been increasing and the market has become increasingly competitive in tandem with the ongoing upgrade of industry standards.

To address the radical changes in the external environment, the Group will continue to persist in the business philosophy of “Reinforcing Principal Businesses 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 self-operated 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, in order to comprehensively enhance the ability of its principal business to deliver value.

To facilitate development in transformation, the Group will persist in the “three dimensions” development strategy — extending the length of the industry chain, penetrating the depth for more market shares and broadening the scope of its 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, the Group will actively expand the landfill remediation and leachate treatment business and investigate the ecology-oriented development (EOD) model. In connection with resources, the Group will focus on the recycling of bulk industrial solid waste, while building up experience in the investment, construction and operation of the end-of-life tyre recycling business. 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 establishing our presence in the smart energy sector featuring primarily the “Low-carbon City” and the “Zero-carbon Industry Park” and advancing the virtual power plant business. In connection with climate, the Group 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 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 protection industry.

## **FINANCIAL REVIEW**

### **Financial position**

As at 31 December 2022, the Group's total assets amounted to approximately HK\$39,156,376,000 (31 December 2021: HK\$40,539,581,000) with net assets amounting to approximately HK\$13,534,285,000 (31 December 2021: HK\$14,145,367,000). Net asset value per share attributable to equity shareholders of the Company was HK\$5.99, a decrease of 10% as compared to HK\$6.66 per share as at the end of 2021. As at 31 December 2022, the gearing ratio (total liabilities over total assets) of the Group was 65.44%, an increase of 0.33 percentage point as compared to that of 65.11% as at the end of 2021. The current ratio of the Group was 137.31%, a decrease of 0.19 percentage point as compared to that of 137.50% as at the end of 2021.

### **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 bank loans. As at 31 December 2022, the Group had cash and bank balances of approximately HK\$2,003,293,000, a decrease of approximately HK\$640,817,000 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 31 December 2022, the Group had outstanding borrowings of approximately HK\$20,736,525,000, an increase of approximately HK\$185,429,000 as compared to HK\$20,551,096,000 as at the end of 2021. The borrowings included secured interest-bearing borrowings of approximately HK\$8,654,292,000 (31 December 2021: HK\$9,720,331,000) and unsecured interest-bearing borrowings of approximately HK\$12,082,233,000 (31 December 2021: HK\$10,830,765,000). The borrowings of the Group were denominated in Renminbi and Hong Kong dollars, representing 73% and 27% of the total respectively. The majority of the Group's borrowings were subject to floating rates. As at 31 December 2022, the Group had banking facilities of approximately HK\$25,342,733,000 (31 December 2021: HK\$24,334,199,000), of which approximately HK\$8,545,654,000 (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, intangible assets and receivables in connection with the Group's service concession arrangements, bank deposits, property, plant and equipment, right-of-use assets and equity interest of a subsidiary of the Group. As at 31 December 2022, the aggregate net book value of assets pledged amounted to approximately HK\$19,430,554,000 (31 December 2021: HK\$21,584,176,000).

## **Commitments**

As at 31 December 2022, the Group had purchase commitments of approximately HK\$295,360,000 (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 Nil (31 December 2021: HK\$36,535,000) and approximately HK\$27,935,000 (31 December 2021: Nil) respectively.

## **Contingent liabilities**

As at 31 December 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**

The Group strongly believes that staff is the most precious assets of the Company and is committed to fostering an environment in which all staff could thrive with their strengths with an emphasis on opportunities for staff growth and development. To recruit high-calibre staff and maintain workforce stability, as well as to enhance the grooming of back-up officers, the Group has formulated the Measures for the Management of Everbright Greentech Back-up Officers to provide staff with more choices in career development. The concept of “demotion as well as promotion” has been put into practice, as the identification of talents, selection and appointment of officers and talent pool has been enhanced. The Group will continue to optimise the mechanism of talent appointment by enhancing internal recommendations and in-house training, stepping up with efforts to retain core personnel and broadening the channels for staff selection and appointment, in order to develop a sound and diversified human resources management system. 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 2022, the Group had 3,580 employees (31 December 2021: 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 protection business included policy changes, trade receivables, investment and business development, environmental compliance and safety management, recruitment and staff allocation, production capacity management and cost control. In addition to the above-mentioned material risks, the Group has also implemented effective preventive measures against the ongoing COVID-19 pandemic to avoid and reduce the impact of the pandemic on project operation through a range of measures. At the same time, ongoing effective preventive measures were implemented at the project companies to avoid infection of the Company’s staff. The Group has incorporated ESG risks into the Company’s risk management regime, including an ongoing focus on global climate change, in particular contingency plans and reasonable response measures to address risks which might result from extreme weather; actively participated in the national policies and implementation measures for “carbon reduction” and “carbon peak”; making

advanced arrangements and response measures catering to higher mandatory emission standards for enterprises that might be announced by the nation; facilitating staff development by creating job opportunities and incorporating the concepts of inclusivity and equality in the Staff Handbook and human resources regime; and practicing defined poverty aid by purchasing straws from local farmers to increase their income within the context of the Company's business in solid fulfilment of the corporate social responsibility of the Company. Details of the Group's key risks will be discussed in the Company's 2022 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 and delicacy management to maximise control over relevant risks and eliminate management deficiencies.

In 2022, the Group focused on enhancing management over high-risk zones and operations in safety management in line with the objective of "safe production and compliant emission". Solid efforts were made to drive the standardisation of safe production and building of a dual prevention regime. We have compiled and published 11 standard regulatory procedures for high-risk operations and launched 24 joint inspections on specific areas, while achieving 100% completion of our dual prevention regime in an effective improvement of the standardisation and reliability of our safety management work. Regarding environmental management, the environmental management system was updated for better applicability with enhanced process supervision and preemptive warning to ensure compliant emission. In connection with epidemic prevention, the Group vigorously fulfilled its social responsibilities as it assisted local governments affected areas to handle infected medical waste on top of persistent implementation of normalised epidemic control measures and received commendations and honours awarded by the government.

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 Production 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 protection standards resulting in significant loss for and impact to the Group was recorded in 2022.

## **FINAL DIVIDEND**

The Board did not recommend payment of final dividend for the year ended 31 December 2022 (2021: HK4.0 cents). The interim dividend of HK3.6 cents was paid in October 2022, resulting in a full-year dividend of HK3.6 cents (2021: HK11.0 cents) per share. The dividend payout ratio in 2022 is 21.9%.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company (the "AGM") is expected to be held at Salon I & II, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wan Chai, Hong Kong on Tuesday, 23 May 2023 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**

For the purpose of determining the Shareholders who are entitled to attend and vote at the AGM expected to be held on Tuesday, 23 May 2023, the register of members of the Company will be closed on Wednesday, 17 May 2023 to Tuesday, 23 May 2023, 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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong expected not later than 4:30 p.m. on Tuesday, 16 May 2023.

## **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 Group understands that corporate governance and ESG performance is a good reflection of the management capability of a company, including its performance in dealing with environmental and social risks or impacts. Good corporate governance is not only a prerequisite for the effective management of ESG issues, but also provides the cornerstone needed to manage environmental and social risks, so as to ensure that accountability is undertaken and fulfilled seriously by the senior management of a company. The Board emphasises in creating long-term sustainable growth for Shareholders and delivering long-term value to all stakeholders.

The Corporate Governance Code (the “CG Code”) set out in Appendix 14 to the Listing Rules has been adopted by the Board as the guidelines of corporate governance practices of the Company. During the year of 2022, 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 determining, with delegated responsibilities, the remuneration packages of the individual Executive Directors and senior management, etc., 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. 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 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 2022 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, 24 March 2023

*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. LO Kam Fan (*Chief Financial Officer, Executive Director*)  
Mr. ZHU Fugang (*Vice President, 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*)