光大綠色環保
Everbright Greentech

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 2023

FINANCIAL HIGHLIGHTS

- Revenue decreased by 8% to HK$7,416,973,000 (2022: HK$8,048,171,000)
- EBITDA decreased by 33% to HK$1,453,509,000 (2022: HK$2,175,944,000)
- Loss attributable to equity shareholders of the Company increased by 189% to HK$301,711,000 (2022: Profit attributable to equity shareholders of the Company HK$340,201,000)
- No final dividend (2022: Nil). Total dividends for the year decreased by 31% to HK2.5 cents (2022: HK3.6 cents) per share

2023 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 2023 together with comparative figures for the year ended 31 December 2022. 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 2023

	Notes	**2023** **HK$'000**	2022 HK$'000
REVENUE	4	**7,416,973**	8,048,171
Direct costs and operating expenses		**(5,821,730)**	(6,364,723)
Gross profit		**1,595,243**	1,683,448
Other revenue	5	**279,854**	335,566
Other losses, net	5	**(86,532)**	(123,960)
Impairment of intangible assets, property, plant and equipment and right-of-use assets		**(655,653)**	(15,526)
Administrative expenses		**(649,039)**	(617,325)
Finance costs	6	**(824,825)**	(740,997)
Share of profits of associates		**895**	7,475
Share of profits/(losses) of joint ventures		**769**	(18,523)
PROFIT/(LOSS) BEFORE TAX	7	**(339,288)**	510,158
Income tax credit/(expense)	8	**37,457**	(165,158)
PROFIT/(LOSS) FOR THE YEAR		**(301,831)**	345,000
ATTRIBUTABLE TO:			
Equity shareholders of the Company		**(301,711)**	340,201
Holders of perpetual medium-term notes		**36,285**	15,952
Non-controlling interests		**(36,405)**	(11,153)
		(301,831)	345,000
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY	10		
Basic and diluted *(HK cents)*		**(14.60)**	16.47

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**(301,831)**	345,000
OTHER COMPREHENSIVE INCOME/(LOSS)		
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	**(290,412)**	66,345
Exchange differences on translation of financial statements of entities outside Hong Kong, net of nil tax		
— Subsidiaries	**(466,523)**	(1,629,271)
— Associates	**(6,370)**	(24,190)
— Joint ventures	**(2,287)**	(2,189)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(765,592)**	(1,589,305)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(1,067,423)**	(1,244,305)
ATTRIBUTABLE TO:		
Equity shareholders of the Company	**(1,058,943)**	(1,219,378)
Holders of perpetual medium-term notes	**36,285**	15,952
Non-controlling interests	**(44,765)**	(40,879)
	(1,067,423)	(1,244,305)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	**2023** *HK$'000*	2022 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**4,579,981**	5,044,489
Right-of-use assets		**529,606**	619,354
Goodwill		**130,651**	134,207
Intangible assets		**12,820,119**	13,355,885
Interests in joint ventures		**31,906**	33,424
Interests in associates		**234,408**	239,883
Other receivables, deposits and prepayments	12	**391,012**	506,297
Contract assets	11	**6,357,849**	6,698,920
Deferred tax assets		**198,495**	80,855
Total non-current assets		**25,274,027**	26,713,314
CURRENT ASSETS			
Inventories		**364,659**	377,993
Debtors, other receivables, deposits and prepayments	12	**8,464,079**	6,964,425
Contract assets	11	**3,270,503**	3,092,300
Tax recoverable		**5,373**	5,051
Pledged bank deposits		**47,361**	75,043
Deposits with banks		**22,844**	23,465
Cash and cash equivalents		**2,308,578**	1,904,785
Total current assets		**14,483,397**	12,443,062
CURRENT LIABILITIES			
Creditors, other payables and accrued expenses	13	**2,655,805**	3,207,250
Interest-bearing bank and other borrowings		**10,213,907**	5,809,395
Lease liabilities		**4,080**	3,049
Tax payables		**69,897**	42,078
Total current liabilities		**12,943,689**	9,061,772
NET CURRENT ASSETS		**1,539,708**	3,381,290
TOTAL ASSETS LESS CURRENT LIABILITIES		**26,813,735**	30,094,604

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
At 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
NON-CURRENT LIABILITIES			
Other payables	13	**177,754**	181,923
Interest-bearing bank and other borrowings		**12,917,853**	14,927,130
Lease liabilities		**22,015**	16,513
Deferred tax liabilities		**1,339,774**	1,434,753
Total non-current liabilities		**14,457,396**	16,560,319
NET ASSETS		**12,356,339**	13,534,285
EQUITY			
Equity attributable to equity shareholders of the Company			
Share capital		**1,608,029**	1,608,029
Reserves		**9,663,198**	10,776,766
		11,271,227	12,384,795
Perpetual medium-term notes		**806,982**	806,982
Non-controlling interests		**278,130**	342,508
TOTAL EQUITY		**12,356,339**	13,534,285

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") 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 new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform — Pillar Two Model Rules*

The Group has assessed that the adoption of the above new and 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" (the "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	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	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	**5,783,557**	6,036,741	**1,180,106**	1,673,766	**243,364**	148,205	**209,946**	189,459	**7,416,973**	8,048,171
Segment results:										
Reportable segment profit/(loss) (Adjusted EBITDA/(LBITDA))	**1,858,233**	1,650,143	**(428,162)**	488,557	**29,960**	10,831	**188,338**	171,450	**1,648,369**	2,320,981
Finance costs									**(824,825)**	(740,997)
Depreciation and amortisation, including unallocated portion									**(967,972)**	(924,789)
Unallocated head office and corporate income									**20,713**	30,573
Unallocated head office and corporate expenses									**(215,573)**	(175,610)
Consolidated profit/(loss) before tax									**(339,288)**	510,158
Other segment information:										
Finance costs	**303,999**	330,248	**89,143**	94,559	**5,340**	8,023	**10,356**	15,206	**408,838**	448,036
Unallocated finance costs									**415,987**	292,961
Depreciation and amortisation	**462,057**	474,496	**415,200**	360,834	**15,077**	13,175	**70,577**	71,716	**962,911**	920,221
Unallocated depreciation and amortisation									**5,061**	4,568
Impairment losses of intangible assets	**—**	—	**210,144**	—	**—**	—	**—**	—	**210,144**	—
Impairment losses of property, plant and equipment	**—**	—	**380,086**	15,526	**—**	—	**—**	—	**380,086**	15,526
Impairment losses of right-of-use assets	**—**	—	**65,423**	—	**—**	—	**—**	—	**65,423**	—
Impairment losses of debtors and contract assets	**69,136**	99,896	**15,740**	6,810	**67**	50	**1,626**	2,490	**86,569**	109,246
Bad debt recovered	**—**	—	**—**	—	**—**	(146)	**—**	—	**—**	(146)
Share of losses/(profits) of joint ventures, net	**—**	—	**(514)**	18,818	**—**	—	**(255)**	(295)	**(769)**	18,523
Share of losses/(profits) of associates, net	**(1,545)**	(9,575)	**650**	2,100	**—**	—	**—**	—	**(895)**	(7,475)
Additions to property, plant and equipment, right-of-use assets, intangible assets, goodwill and non-current portion of prepayments	**643,483**	381,593	**266,977**	878,555	**234**	46,994	**85,297**	65,290	**995,991**	1,372,432
Additions to non-current portion of contract assets	**392,837**	819,793	**4,917**	6,079	**—**	—	**—**	—	**397,754**	825,872

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	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment assets	**27,951,768**	26,543,477	**7,865,045**	8,759,043	**695,315**	669,924	**1,261,355**	1,321,490	**37,773,483**	37,293,934
Unallocated head office and corporate assets									**1,983,941**	1,862,442
Consolidated total assets									**39,757,424**	39,156,376
Reportable segment liabilities	**12,069,707**	10,636,659	**4,151,802**	4,447,199	**411,638**	452,068	**397,447**	378,697	**17,030,594**	15,914,623
Unallocated head office and corporate liabilities									**10,370,491**	9,707,468
Consolidated total liabilities									**27,401,085**	25,622,091

(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	
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
People's Republic of China ("PRC")	**7,402,205**	8,036,634	**17,857,730**	18,946,607	**6,748,861**	7,205,217
Hong Kong	**9,402**	5,709	**48,349**	46,972	**—**	—
Germany	**5,366**	5,828	**23,627**	26,149	**—**	—
Total	**7,416,973**	8,048,171	**17,929,706**	19,019,728	**6,748,861**	7,205,217

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

(iii) Information about a major customer

For the year ended 31 December 2023, the Group has transactions with one (2022: 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 2023 amounted to HK$1,951,259,000 (2022: HK$1,970,194,000).

4. **REVENUE**

An analysis of revenue is as follows:

	2023	2022
	HK$'000	*HK$'000*
Revenue from integrated biomass utilisation project construction services	**618,405**	763,527
Revenue from hazardous and solid waste treatment project construction services	**42,240**	533,724
Revenue from integrated biomass utilisation project operation services	**4,826,455**	4,912,706
Revenue from hazardous and solid waste treatment project operation services	**1,132,949**	1,133,963
Revenue from environmental remediation project operation services	**243,364**	148,205
Revenue from solar energy and wind power project operation services	**209,946**	189,459
Revenue from contracts with customers	**7,073,359**	7,681,584
Finance income from service concession arrangements	**343,614**	366,587
Total revenue	**7,416,973**	8,048,171

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$5,531,505,000 (2022: HK$6,329,165,000) for the year ended 31 December 2023. The revenues are included in four segments as disclosed in note 3.

5. OTHER REVENUE AND OTHER LOSSES, NET

An analysis of other revenue and other losses, net is as follows:

	2023	2022
	HK$'000	*HK$'000*
Other revenue		
Interest income	**23,113**	21,916
Government grants*	**38,094**	135,605
Value-added tax refunds**	**174,666**	122,215
Others	**43,981**	55,830
Total other revenue	**279,854**	335,566

* Government grants of HK$23,156,000 (2022: HK$119,434,000) were granted during the year ended 31 December 2023 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$174,666,000 (2022: HK$122,215,000) during the year ended 31 December 2023. 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.

	2023	2022
	HK$'000	*HK$'000*
Other losses, net		
Net losses/(gains) on disposal of items of property, plant and equipment	**(37)**	2,623
Loss on deregistration of a subsidiary	**—**	19,157
Gain on disposal of a subsidiary	**—**	(476)
Gain on disposal of partial interests in an associate	**—**	(20,918)
Impairment losses of goodwill	**—**	14,474
Impairment losses of contract assets	**19,660**	1,476
Impairment losses of debtors at amortised cost	**22,908**	11,468
Impairment losses of debtors at fair value through other comprehensive income	**44,001**	96,302
Bad debt recovered	**—**	(146)
Total other losses, net	**86,532**	123,960

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2023	2022
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**709,041**	661,658
Interest on medium-term notes	**134,589**	117,629
Interest on lease liabilities	**1,067**	706
Finance costs incurred	**844,697**	779,993
Less: interest capitalised*	**(19,872)**	(38,996)
Total	**824,825**	740,997

* The borrowing costs have been capitalised at a rate ranging from 2.70% to 3.50% (2022: 3.89% to 4.75%) per annum during the year ended 31 December 2023.

7. PROFIT/(LOSS) BEFORE TAX

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

	2023	2022
	HK$'000	*HK$'000*
Cost of inventories consumed##	**2,701,343**	3,148,906
Depreciation of property, plant and equipment*	**316,612**	297,327
Depreciation of right-of-use assets	**22,939**	19,341
Amortisation of intangible assets**	**628,421**	608,121
Lease payments not included in the measurement of lease liabilities	**10,717**	14,467
Auditor's remuneration		
— audit services	**3,050**	3,000
— other services	**541**	2,448
	3,591	5,448
Employee benefit expense (excluding directors' remuneration)#		
Wages and salaries	**606,011**	628,145
Pension scheme contributions	**58,763**	65,811
	664,774	693,956
Impairment losses of intangible assets	**210,144**	—
Impairment losses of items of property, plant and equipment	**380,086**	15,526
Impairment losses of right-of-use assets	**65,423**	—
Impairment losses of goodwill	**—**	14,474
Impairment losses of contract assets	**19,660**	1,476
Impairment losses of debtors at amortised cost	**22,908**	11,468
Impairment losses of debtors at fair value through other comprehensive income	**44,001**	96,302
Write-down of inventories to net realisable value##	**35,405**	—
Loss on deregistration of a subsidiary	**—**	19,157
Gain on disposal of a subsidiary	**—**	(476)
Gain on disposal of partial interests in an associate	**—**	(20,918)
Foreign exchange differences, net	**28,069**	42,149

* The depreciation of property, plant and equipment of HK$284,540,000 (2022: HK$262,757,000) 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$611,084,000 (2022: HK$589,680,000) was included in "Direct costs and operating expenses" on the face of the consolidated statement of profit or loss.

\# As at 31 December 2023, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2022: Nil).

\## These items are "included in direct costs and operating expenses".

8. INCOME TAX EXPENSE/(CREDIT)

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 2023 (2022: 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.

	2023	2022
	HK$'000	*HK$'000*
Current tax — Elsewhere		
Charge for the year	**142,854**	43,870
Under/(over)-provision in prior years	**(1,259)**	7,703
Deferred tax	**(179,052)**	113,585
Total tax expense/(credit) for the year	**(37,457)**	165,158

9. DIVIDENDS

	2023	2022
	HK$'000	*HK$'000*
Dividends attributable to the year:		
Interim — HK2.5 cents (2022: HK3.6 cents) per ordinary share	**51,652**	74,379
Final — Nil (2022: Nil) per ordinary share	**—**	—
	51,652	74,379

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amount is based on the loss of HK$301,771,000 (2022: profit of HK$340,201,000) for the year attributable to equity shareholders of the Company, and the weighted average number of ordinary shares of 2,066,078,000 (2022: 2,066,078,000) in issue during the year.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the years ended 31 December 2023 and 2022 in the calculation of diluted earnings/(loss) per share as there were no potential dilutive ordinary shares during the years ended 31 December 2023 and 2022.

11. CONTRACT ASSETS

	Notes	2023 HK$'000	2022 HK$'000
Service concession assets	(a)	**6,744,070**	7,100,699
Unbilled renewable energy tariff subsidy	(b)	**2,495,034**	2,321,068
Environmental remediation contract assets	(c)	**416,237**	377,322
		9,655,341	9,799,089
Impairment		**(26,989)**	(7,869)
		9,628,352	9,791,220
Less: Non-current portion			
— Service concession assets		**(6,203,248)**	(6,540,112)
— Environmental remediation contract assets		**(154,601)**	(158,808)
		(6,357,849)	(6,698,920)
Current portion		**3,270,503**	3,092,300
Contract assets arising from performance under construction contracts in connection with service concession arrangements, which are included in "Intangible assets"		**204,401**	1,342,776

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

	2023 HK$'000	2022 HK$'000
At beginning of year	**7,869**	7,068
Impairment losses, net *(note 7)*	**19,660**	1,476
Exchange realignment	**(540)**	(675)
At end of year	**26,989**	7,869

Notes:

(a) Service concession assets arose from the Group's revenue from construction services under certain Build-Operate-Transfer ("BOT") and Build-Own-Operate ("BOO") arrangements and bear interest at rates ranging from 4.65% to 6.60% (2022: 4.90% to 6.60%) per annum as at 31 December 2023.

As at 31 December 2023, HK$6,692,920,000 (2022: HK$6,646,337,000) 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.

11. CONTRACT ASSETS *(Continued)*

Notes: (Continued)

(a) (Continued)

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 commenced operations and arose from the Group's revenue from operations.

(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.

12. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2023	2022
	HK$'000	*HK$'000*
Debtors	**7,893,254**	6,189,303
Other receivables, deposits and prepayments	**947,416**	1,218,833
Amounts due from fellow subsidiaries	**3,053**	4,384
Amount due from an associate	**—**	4,088
Amounts due from joint ventures	**50,301**	44,999
Loan to a non-controlling interest	**—**	25,971
	8,894,024	7,487,578
Impairment	**(38,933)**	(16,856)
	8,855,091	7,470,722
Less: Non-current portion		
— Other receivables, deposits and prepayments	**(391,012)**	(490,653)
— Amounts due from joint ventures	**—**	(15,644)
	(391,012)	(506,297)
Current portion	**8,464,079**	6,964,425

12. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

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

	2023	2022
	HK$'000	*HK$'000*
Within 1 month	**565,980**	464,921
More than 1 month but within 2 months	**201,362**	195,349
More than 2 months but within 4 months	**356,538**	329,770
More than 4 months but within 7 months	**465,813**	555,128
More than 7 months but within 13 months	**850,494**	829,619
More than 13 months	**5,414,134**	3,797,660
	7,854,321	6,172,447

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 RMB23,500,000 (equivalent to HK$25,563,000) (2022: RMB23,990,000 (equivalent to HK$26,806,000)), which are unsecured, interest-bearing at 125% of the Loan Prime Rate ("LPR") in the PRC (2022: LPR in the PRC to 125% of the LPR in the PRC) and recoverable in 2024 (2022: 2023 to 2024). The remaining balance is unsecured, interest-free and recoverable within one year.

As at 31 December 2022, 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 balance was fully repaid during the year ended 31 December 2023.

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

	2023	2022
	HK$'000	*HK$'000*
At beginning of year	**16,856**	6,474
Impairment losses, net *(note 7)*	**22,908**	11,468
Exchange realignment	**(831)**	(1,086)
At end of year	**38,933**	16,856

12. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

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

	2023	2022
	HK$'000	*HK$'000*
At beginning of year	**91,855**	—
Impairment losses, net *(note 7)*	**44,001**	96,302
Exchange realignment	**(3,173)**	(4,447)
At end of year	**132,683**	91,855

13. CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES

		2023	2022
	Notes	***HK$'000***	*HK$'000*
Creditors			
— third parties	(i)	**1,458,132**	1,835,729
— fellow subsidiaries	(i)	**20,730**	21,307
Other payables and accrued expenses		**1,140,731**	1,297,263
Amounts due to fellow subsidiaries	(ii)	**29,094**	30,970
Amount due to a non-controlling interest	(iii)	**—**	1,201
Loans from non-controlling interests	(iv)	**8,150**	8,300
Deferred income — government grants	(v)	**176,722**	194,403
		2,833,559	3,389,173
Less: Non-current portion			
— Deferred income — government grants		**(73,856)**	(84,770)
— Other payables and accrued expenses		**(103,898)**	(97,153)
		(177,754)	(181,923)
Current portion		**2,655,805**	3,207,250

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

Notes:

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

	2023	2022
	HK$'000	*HK$'000*
Within 6 months	**1,000,527**	1,374,528
More than 6 months	**478,335**	482,508
	1,478,862	1,857,036

Creditors totalling HK$592,683,000 (2022: HK$1,015,546,000) as at 31 December 2023 represent construction payables for the Group's BOT and certain BOO arrangements.

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

(ii) The amounts due to fellow subsidiaries are unsecured, interest-free and repayable on demand.

(iii) The amount due to a non-controlling interest is unsecured, interest-free and repayable within one year.

(iv) Loans from non-controlling interests are unsecured, interest-free and repayable on demand.

(v) Deferred income represents government grants received to subsidise the construction of property, plant and equipment of the Group during the year ended 31 December 2023, of which an amount of HK$14,938,000 (2022: HK$16,171,000) 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 2023 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 2023, we welcomed the resumption of economic development following the conclusion of anti-epidemic measures against the COVID-19 pandemic which had lasted for 3 years. This year also marked the opening year for the implementation of the principles set out at the 20th National Congress of the Communist Party of China. The Chinese economy and society returned to normalised proceedings on all fronts, as the domestic economy showcased an upward recovery curve amidst ongoing pressure. The Chinese government persisted in an approach that sought progress in stability and in turn enhanced stability with progress, cementing and strengthening the fundamentals whilst consistently driving the economy to achieve effective improvements in quality and reasonable growth in quantity.

In 2023, against the backdrop of a series of grave testing conditions such as the complicated and volatile external market, escalating uncertainty in policies for the solid waste industry and instability in market expectations, the Group responded with calm composure and overcome hurdles and difficulties amidst adverse market conditions, ringing in the critical battle of "reinforcing principal businesses and driving transformation" on all fronts. In vigorous adherence to national development strategies and firm fulfillment of requirements in the new stage of development, the Group has made a strong effort to extend its existing businesses by identifying further development potential in such businesses with a special focus on creating value.

With the Chinese economy transitioning into the stage of qualitative development, the government has stated its objective of achieving Carbon Peak and Carbon Neutrality ("Dual Carbon"), underpinned by the development of a novel power system mainly supported by new energy. In tandem with the overwhelming trend of energy revolution, the Group was negotiating transformation into an integrated energy service provider as it embarked on development of the "Zero-carbon Industry Park + Environmental Remediation" business through the combination of asset-heavy and asset-light models, with a view to the ongoing expansion of its business portfolio. The Group continued to implement delicacy management of its operations, diversify its financing channels and closely monitor frontier industry technologies, constantly enhancing its core competitiveness in an effort to overcome any adverse impact of changes in the external environment on the Group'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 2023, the Group had 139 environmental protection projects with a total investment of approximately RMB30.713 billion and had undertaken 59 environmental remediation projects with a total contract amount of approximately RMB1.608 billion.

In terms of market development, during the year under review, the Group secured 20 new projects and entered into 1 supplementary agreement for biomass heat supply, involving an additional total investment of approximately RMB532 million and environmental remediation projects with a total contract amount of approximately RMB236 million. Such new projects included 1 integrated biomass utilisation project, 9 solar energy projects and 10 environmental remediation projects. In terms of project scale, the installed capacity for solar power generation was increased by 100 MW, while the designed capacity for steam supply were increased by approximately 657,000 tonnes per annum.

During the year under review, the Group vigorously advanced business transformation in tandem with the nation's energy security strategies and Dual Carbon targets as well as the new market landscape, with a special focus on making breakthroughs in the "Zero-carbon Industry Park" projects underpinned mainly by solar power storage and environmental remediation projects underpinned mainly by "Waste Landfill Restoration". During the year under review, the Company entered into a cooperation agreement with Jiangsu King's Luck Brewery Joint-Stock Co., Ltd. in connection with a "Zero-carbon Industry Park" project for a total investment of approximately RMB88.25 million, which primarily involved the construction of relevant projects for the zero-carbon plant, including rooftop solar power (20 MWp), user energy storage (10 MW/20 MWh), smart charging station (2 MW) and virtual power plant. The energy and carbon management platform projects of King's Luck "Zero-carbon Industry Parks" was designed to facilitate management and monitoring of corporate energy consumption through digital means, including the collection, monitoring, analysis and optimised management of energy data, and to provide functions such as carbon stocktaking and carbon reporting, etc. Users will be able to conduct real-time monitoring, data analysis, energy efficiency optimisation in relation to energy consumption as well as carbon footprint analysis and carbon reduction management via the said platform, thereby helping the industry park to ultimately achieve the zero-carbon target. Meanwhile, the virtual power plant trading platform will integrate the solar power generation and energy storage systems and facilitate virtual integration of electric power with the aid of Internet of Things technology, so as to maximise utilisation of green electricity generated and ultimately achieve maximum efficiency. On the basis of this project, a replicable smart "Zero-carbon Industry Park" model will be created in future for establishment under the new business model of "Biomass + Zero-carbon Industry Park" on the back of the Group's nationwide network of integrated biomass utilisation projects. During the year under review, the Group successfully advanced the Zhejiang Songyang Energy Storage and Virtual Power Plant Project with notable achievements in energy conservation and consumption reduction. In the meantime, the Group has secured the qualifications to operate as an electricity supply company and has developed a green power trading platform to establish its presence in the virtual power plant and green power trading businesses. During the year under review, multi-variety power trading has commenced in effective enhancement of overall project efficiency.

In terms of project construction, the Group continued to advance its project work construction in a steady manner. During the year under review, 15 projects completed construction and commenced operation. As of 31 December 2023, the Group had 29 projects under construction or implementation, including 2 integrated biomass utilisation projects, 3 hazardous and solid waste treatment projects, 17 environmental remediation projects and 7 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 accomplished the annual safe production targets for its projects under construction.

In terms of technology research and development, the Group supported business transformation and project operation through technological innovation. During the year under review, the Group commenced research in end-of-life tyre recycling, integrated treatment of waste landfill, biomass ash recycling, ash recycling, biomass preparation of green methanol, energy storage and carbon capture, utilisation and storage (CCUS), among others, to stock up new power for the transformation and development of the Group. In addition, the Group led in the national key research programme Development and Application of Safe, Clean and Efficient Incineration Technology for General Combustible Industrial Solid Waste with practical project applications and also participated in the national key research programmes, Demonstration of Pollution Control Technology for Synergistic Solid Waste Disposal and Industry Park-based Systems Integration and Industrial Boiler Fume and Multi-pollutant Low-consumption High-efficiency Coordinated Treatment Technology and Equipment Development. At the same time, the Group also participated in the research of government research projects such as Research and Development of Key Technologies for Equipment for Synthesis and Application of High-stability Solid Amine CO_2 Capture Materials and Research on Ultra-low Emission Mechanism for Synergistic Purification of Pollutants from Incineration and Disposal of Hazardous Waste. As of 31 December 2023, the Group held 210 authorised patents, including 40 invention patents, 170 utility model patents, and also held 5 software copyrights.

In terms of operational management, the Group revised and improved its operational management regime during the year under review based on inspection of the operation regime and enhanced awareness for standardisation at projects through the publication of the Operational Management Standards. Efforts were made by the Group to advance the informatisation of operational management and ensure effective implementation of various standards for the enhancement of operational management standards. The Group adhered to the strategy of integrating the localisation of fuel supply with regional deployment, i.e. in regions where conditions were favourable, the localisation of fuel supply was used to further reduce the cost of fuel acquisition and stabilise the fuel supply. In case of inadequate fuel supply, the Group coordinated allocation and transportation and shared stock of fuel among projects in the neighbouring regions on the basis of inventory and market conditions, so as to stabilise the overall operational performance of the biomass projects. The Group continued to work on improving quality and efficiency, actively developed a new customer base of heat-users and explored potential demand for heat supply. The Group was committed to improving the standard of delicacy operation at its solid waste incineration and recycling projects, as cost analyses were conducted and cost reduction and efficiency enhancement was achieved through process technique optimisation and technological upgrade at selected projects on a trial basis which were subsequently established as exemplary models for promotion at other projects. Unit cost for projects has been reduced as a result. Moreover, the management has effectively achieved reduction in operating costs by setting quantitative targets for delicacy operation and management and linking such quantitative targets with performance. The hazardous waste incineration projects in particular have achieved substantial cost reductions. During the year under review, the Group continued to deepen its safety and environmental management regime, advancing the standardised system for safe production and environmental management on all fronts and introducing amendments, implementing the dual prevention mechanism of tiered risk management and hazard inspection and rectification. The two tickets management was regulated while the Measures for the Administration of Safety and Environmental Qualifications Examination for All Staff were announced to enhance the regulation of project safety and environmental management, ensuring safe production and compliance in emission standards at the projects.

In terms of risk management, the Group has always placed a strong emphasis thereon. The Group addressed volatilities in international political and economic situations and changes in the domestic economic structure and environment through a systematic and effective risk management regime to mitigate the impact of uncertainties on the strategic and business objectives of the Group. On the back of its risk management regime comprising the risk management organisation, risk management systems and risk management processes of the Company, the Group has set out clearly its mission and objectives in risk management and a reasonable risk appetite, which have been subject to ongoing review and optimisation. During the year under review, the Group paid more attention to the effectiveness of risk management, as the Risk Factors Checklist was revised on the basis of assessment results, "key management and control risks" were determined as the core to commence risk management work. The Group conducted ongoing overall analysis on risk events to ensure compliant and legal operations on the part of its subsidiaries and prevent the occurrence of systematic risks. The Group has been consistently placing a strong emphasis on environmental, social and governance ("ESG") risks and have incorporated such risks into the comprehensive risk management regime of the Group to facilitate key control, in order to enhance its competence in sustainable development. During the year under review, the Group optimised its risk rating and criteria for assessing audit results and exercised proper control over material risks in effective risk management.

In 2023, the Group implemented ESG responsibilities in the strategy and business operation of the Group in persistent adherence to the principle of sustainability, as it continued to review its performance and inadequacies in an effort to enhance its competence in sustainable development and lay the bedrock for delivering value in the long term. In recognition of its outstanding ESG performance, the Group was honoured with the "Outstanding Contribution to Environment Award 2022" in the first KPMG China "Future • ESG Awards", "Best in ESG Awards — Main Board —Small Market Capitalisation" in the BDO ESG Awards 2023 organised by BDO Limited ("BDO") and "Corporate Governance Special Mention" under the Non-Hang Seng Index (Small Market Capitalization) Category in the Best Corporate Governance and ESG Awards 2023 presented by the Hong Kong Institute of Certified Public Accountants.

During the year under review, the Group continued to fulfill the responsibility to open its environmental protection facilities to the public with more intensive actions, 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 made available to the public via various media for governmental and public supervision. The environmental protection facilities of the Company were opened to the public on a normalised basis. As of 31 December 2023, a total of 35 projects of the Company were officially opened to the public and 161 offline open-to-the-public activities were held, receiving a total of 3,716 visitors.

For the year ended 31 December 2023, the revenue of the Group decreased by 8% to approximately HK$7,416,973,000 from HK$8,048,171,000 for 2022. Earnings before interest, taxes, depreciation and amortisation ("EBITDA") decreased by 33% to approximately HK$1,453,509,000 compared to HK$2,175,944,000 for 2022. Loss attributable to equity shareholders of the Company for the year increased by 189% to approximately HK$301,711,000 from profit attributable to equity shareholders of the Company of approximately HK$340,201,000 for 2022. Basic loss per share for 2023 was HK14.60 cents, HK31.07 cents less compared to basic earnings per share HK16.47 cents for 2022. 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$2,378,783,000 and total bank loan facilities amounted to HK$24,910,746,000, including unutilised bank loan facilities of HK$6,884,254,000. The aggregate amount of available cash and unutilised bank loan facilities was approximately HK$9,263,037,000.

During the year under review, the continued decline in the volume and price of domestic hazardous and solid waste treatment market led to decrease in revenue, in addition to the continuous operating losses of some projects of the Company, causing impairment losses on intangible assets, property, plant and equipment and right-of-use assets, resulting in an increase in loss attributable to equity shareholders. In addition, the impairment losses on debtors and contract assets were mainly due to failure to collect government on-grid renewable energy tariff subsidy receivables in a timely manner.

The Group recorded impairment losses on intangible assets, property, plant and equipment and right-of-use assets with the aggregate amount of HK$656 million for the year ended 31 December 2023, as compared to impairment losses on goodwill, and property, plant and equipment of HK$30 million for the year ended 31 December 2022. The Group recorded expected credit losses on debtors, debt instruments and contract assets of HK$87 million for the year ended 31 December 2023, as compared to that of HK$109 million for the year ended 31 December 2022.

In April 2023, 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 multiple types of debt financing instruments ("DFI") with a registered principal amount of not more than RMB5 billion in the national inter-bank bond market in the PRC, and such registered principal amount shall be valid for 2 years from the date of the notice of registration acceptance, being 4 April 2023. The targeted subscribers for the DFI are institutional investors in the national inter-bank bond market. The DFI are traded in the national inter-bank bond market.

In May 2023, the Company completed the issuance of the first tranche of green medium-term note in the PRC in 2023, namely the "China Everbright Greentech Limited 2023 First Tranche Green Medium-term Note" (the "2023 First Tranche Green Medium-term Note") for an amount of RMB1 billion with a maturity period of 3 years at a fixed coupon rate of 3.20% per annum determined via centralized bookbuilding. The proceeds from issuance of the 2023 First Tranche Green Medium-term Note will be used for the repayment of the Group's interest-bearing debts, replenishment of the Group's working capital and/or investment in and construction of the Group's environmental protection projects and for other business development purposes.

In September 2023, the Company completed the issuance of the second tranche of green medium-term note in the PRC in 2023, namely the "China Everbright Greentech Limited 2023 Second Tranche Green Medium-term Note (Rural Vitalisation)" (the "2023 Second Tranche Green Medium-term Note") for an amount of RMB1 billion with a maturity period of 2 years at a fixed coupon rate of 2.83% per annum determined via centralized bookbuilding. The proceeds from the issuance of the 2023 Second Tranche Green Medium-term Note will be used for repayment of the Group's interest-bearing debts, replenishment of the Group's working capital and/or investment in and construction of the Group's environmental protection projects and for other business development purposes. As at 31 December 2023, the unissued registered principal amount of the Company's DFI was RMB3 billion.

SUBSEQUENT EVENTS

From 1 January 2024 to 8 March 2024, 16 agricultural and forestry biomass power generation project companies under the Group have received notices from the State Grid Corporation of China in relation to the settlement of additional subsidies for renewable energy tariff, according to which the total settlement amount is approximately RMB1.534 billion and the total amount of additional subsidies for renewable energy tariff that has been received is approximately RMB1.377 billion. Details of the above were set out in the Company's announcement dated 12 March 2024.

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$7,416,973,000 in aggregate, comprising approximately HK$660,645,000 from construction services, representing a 49% decrease compared to HK$1,297,251,000 for 2022, and approximately HK$6,412,714,000 from operation services, which was broadly unchanged compared to HK$6,384,333,000 for 2022. Analysed by nature of revenue, construction services, operation services and finance income accounted for 9%, 86% 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 2023 are summarised as follows:

	2023					2022				
	Integrated biomass utilisation projects HK$'000	**Hazardous and solid waste treatment projects HK$'000**	**Environmental remediation projects HK$'000**	**Solar energy and wind power projects HK$'000**	**Total HK$'000**	Integrated biomass utilisation projects HK$'000	Hazardous and solid waste treatment projects HK$'000	Environmental remediation projects HK$'000	Solar energy and wind power projects HK$'000	Total HK$'000
Revenue										
— construction services	**618,405**	**42,240**	**—**	**—**	**660,645**	763,527	533,724	—	—	1,297,251
— operation services	**4,826,455**	**1,132,949**	**243,364**	**209,946**	**6,412,714**	4,912,706	1,133,963	148,205	189,459	6,384,333
— finance income	**338,697**	**4,917**	**—**	**—**	**343,614**	360,508	6,079	—	—	366,587
	5,783,557	**1,180,106**	**243,364**	**209,946**	**7,416,973**	6,036,741	1,673,766	148,205	189,459	8,048,171
EBITDA/(LBITDA)	**1,858,233**	**(428,162)**	**29,960**	**188,338**	**1,648,369**	1,650,143	488,557	10,831	171,450	2,320,981

To reserve more capital to capture opportunities and meet the challenges ahead, the Board does not recommend a final dividend for the year ended 31 December 2023 (2022: Nil) to the shareholders of the Company (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 effectively curbed fuel cost by adhering to the strategy of integrating localisation of fuel supply with regional deployment. 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 2023, the Group had a total of 55 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 RMB17.21 billion and provided an aggregate power generation designed capacity of 1,069 MW, an aggregate annual biomass processing designed capacity of approximately 8,139,800 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 52 integrated biomass utilisation projects, generating approximately 6,155,349 MWh of on-grid electricity, representing an increase of 2% over 2022; the volume of steam supplied was approximately 2,406,237 tonnes which was approximate to 2022; and processed approximately 7,845,389 tonnes of biomass raw materials and approximately 3,836,284 tonnes of household waste, representing decreases of 4% and increase of 11% over 2022 respectively. As of 31 December 2023, the Group had 2 integrated biomass utilisation projects under construction, with power generation designed capacity of 20 MW and daily household waste processing designed capacity of approximately 700 tonnes and an estimated annual on-grid power generation of approximately 91,645 MWh.

During the year under review, the Group's integrated biomass utilisation projects contributed EBITDA of approximately HK$1,858,233,000, representing an increase of 13% compared to 2022. The integrated biomass utilisation projects contributed net profit of approximately HK$997,636,000, representing a increase of 28% compared to 2022. The increase in profit reflected mainly due to lower biomass power generation cost as a result of the stability in equipment operation and improved fuel quality, which lead to substantial growth in operating gross profit margin of the integrated biomass utilisation projects.

Major operating and financial data of the integrated biomass utilisation segment for 2023 are summarised as follows:

	2023	2022
Integrated biomass utilisation projects		
On-grid electricity *(MWh)*	**6,155,349**	6,009,489
Biomass raw materials processing volume *(tonnes)*	**7,845,389**	8,185,800
Household waste processing volume *(tonnes)*	**3,836,284**	3,457,231
Volume of steam supplied *(tonnes)*	**2,406,237**	2,411,215
EBITDA *(HK$'000)*	**1,858,233**	1,650,143
Segment net profit *(HK$'000)*	**997,636**	777,214

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 2023, the Group had a total of 51 hazardous and solid waste treatment projects, distributed variously in 8 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 RMB11.658 billion and an aggregate annual processing designed capacity of approximately 2,466,000 tonnes.

During the year under review, the Group had 43 hazardous and solid waste treatment projects that were in operation or completed construction. For detoxification treatment, approximately 360,922 tonnes of hazardous and solid waste were treated in total, representing a decrease of 10% compared to 2022. For integrated resource utilisation, 87,890 tonnes of hazardous and solid waste were treated, representing an increase of 174% compared to 2022, and approximately 21,436 tonnes of recycled products were sold, representing an increase of 78% compared to 2022. There were 3 hazardous and solid waste treatment projects under construction with an aggregate annual hazardous waste processing designed capacity of approximately 226,500 tonnes.

During the year under review, the Group's hazardous and solid waste treatment projects recorded loss before interest, taxes, depreciation and amortisation ("LBITDA") of approximately HK$428,162,000, representing an increase of 184% compared to 2022. Hazardous and solid waste treatment projects recorded net loss of approximately HK$752,752,000, representing a 3,040% increase in loss compared to 2022. The increase in loss was mainly due to the continued decline in the volume and price of domestic hazardous and solid waste treatment market and the continuous operating losses of some projects of the Company, which lead to the impairment losses on intangible assets, property, plant and equipment and right-of-use assets.

Major operating and financial data of the hazardous and solid waste treatment segment for 2023 are summarised as follows:

	2023	2022
Hazardous and solid waste treatment projects		
Hazardous and solid waste processing volume *(tonnes)*		
— Detoxification treatment	**360,922**	399,047
— Integrated resource utilisation	**87,890**	32,089
Sales volume of recycled products *(tonnes)*	**21,436**	12,058
On-grid electricity *(MWh)*	**22,069**	6,362
Volume of steam supplied *(tonnes)*	**677,272**	8,146
EBITDA/(LBITDA) *(HK$'000)*	**(428,162)**	488,557
Segment net loss *(HK$'000)*	**(752,752)**	(23,973)

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 2023, the environmental remediation companies under 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 2023, the Group had 17 environmental remediation projects under implementation, which were mainly located in Jiangsu Province, Anhui Province, Zhejiang Province and Hubei Province respectively, with a total contract amount of approximately RMB708 million. There was also 1 project in the preparatory stage, with a total contract amount of approximately RMB78 million.

During the year under review, the Group's environmental remediation projects contributed EBITDA of approximately HK$29,960,000, representing an increase of 177% compared to 2022. Environmental remediation projects recorded net profit of approximately HK$9,473,000, representing an increase of 224% compared to the loss contribution for 2022. The increase in profit was mainly attributable to pandemic control measures in force during last year which affected the progress of project execution and process of new project tenders.

Major financial data of the environmental remediation segment for 2023 are summarised as follows:

	2023	2022
Environmental remediation projects		
EBITDA *(HK$'000)*	**29,960**	10,831
Segment net profit/(loss) *(HK$'000)*	**9,473**	(7,641)

Solar energy and wind power

Apart from the County-wide Advancement Solar Project in Feng County, as of 31 December 2023, the Group has 21 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 151.05 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 2023, the Group's County-wide Solar Energy Advancement Project in Feng County included 17 subsidiary projects with a total investment of approximately RMB132 million and an aggregate power generation designed capacity of 19.96 MW, of which 9 projects with an aggregate power generation designed capacity of 18.23 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 1.63 MW were under preparation.

During the year under review, the Group's solar energy and wind power projects sold approximately 296,845 MWh of electricity, representing a 16% increase compared to 2022. The projects contributed EBITDA of approximately HK$188,338,000, representing a 10% increase compared to 2022. Solar energy and wind power projects contributed net profit of approximately HK$80,315,000, representing a 29% increase compared to 2022. This was mainly attributable to a lower fault rate for wind power equipment during the year under review as compared to last year.

Major operating and financial data of the solar energy and wind power segment for 2023 are summarised as follows:

	2023	2022
Solar energy and wind power projects		
On-grid electricity *(MWh)*	**296,845**	254,909
EBITDA *(HK$'000)*	**188,338**	171,450
Segment net profit *(HK$'000)*	**80,315**	62,332

Business prospects

In 2024, the Chinese government will persist in the keynote of seeking progress in stability, ensuring stability through progress and establishing new orders before removing old ones, strengthening countercyclical and cross-cycle adjustment in its macro-policies, and the domestic economy will be stabilising and steering towards positive development, despite various challenges facing the world economy and escalating conflicts in a number of areas. In retrospect of 2023, the society and the economy returned to normality and low-carbon green transformation was gaining pace, as China made clear its objective to drive qualitative economic development through green development, taking the building of ecological civilisation to a new level. The nation welcomed successive important milestones for its ecological environment sector: the National Ecological Environmental Protection Conference was convened with the systematic planning of "Six Major Tasks" in the full advancement of the building of a Beautiful China; at the third meeting of the Central Comprehensively Deepening Reforms Commission, the Opinion on the Full Advancement of the Building of a Beautiful China was considered and approved, confirming the goal of building a Beautiful China should basically be achieved by 2035, whereupon fundamental improvements in the ecological environment will materialise through solid actions that tackle the roots as well as symptoms of environmental problems; the Measures for the Administration of Voluntary Greenhouse Gas Emission Reduction Trades (Trial) were jointly promulgated by the Ministry of Ecology and Environment of the PRC and the State Administration for Market Regulation, signifying the official relaunch of the greenhouse gas voluntary emission reduction trading system. In future, the environmental protection industry will be focused on key areas such as new energy, new materials and carbon reduction on an ongoing effort to enrich the industry.

In view of various uncertainties in the macro-economic landscape and intense industry competition, the Group will actively seize opportunities presented by national strategies and changes in the industry and continue to develop new businesses to enrich its business categories with a strong focus on clean energy. On top of its integrated biomass utilisation business, the Group will coordinate the waste-to-energy projects within the system and develop new businesses such as distributed solar power, energy storage and virtual power plant. We will construct a range of "Zero-carbon Industry Parks" with the aid of digital technologies and develop a nationwide green electricity trading platform. Meanwhile, we will also conduct active investigation of high-quality biomass utilisation, such as biomass gasification, biomass preparation of green methanol, among others, to facilitate the transformation of the biomass plants in the long term into a leading operator of green energy and "Zero-carbon Industry Parks" and the largest biomass green electricity trade operator in China.

The Group will continue to focus on its existing hazardous and solid waste treatment projects, enabling more effective utilisation of existing resources to increase project efficiency by adopting measures to enhance the coordination and coupling ability of the existing projects and improve quality and efficiency. The Group will further enhance our project servicing capability to complement upstream enterprises in the regions we serve with sound services, while monitoring opportunities for recycling relating to the extension of local industries, with a view to delivering greater value for upstream enterprises. Our focus will be on new technologies and business forms that offer strong synergy and relevance to our existing businesses, such as ash recycling, integrated utilisation of waste salt, waste mineral oil and integrated utilisation of waste emulsified liquid, in an ongoing effort to deepen integrated utilisation. Meanwhile, the Group will coordinate the ash recycling business within the system to pursue large-scale development of the ash recycling business, with the aim of growing into a leading enterprise in industrial hazardous and solid waste treatment in China.

The Group will focus on the waste-to-energy projects within the system, making intensive effort to identify resources available from the locations of the waste-to-energy projects while focusing on the expansion of its existing landfill restoration service, on the basis of which, new energy business engineering projects relating to solar energy and energy storage, among others, will be developed. The Group aims to develop its environmental remediation segment into a leading provider of environmental remediation services in the domestic landfill business sector and an integrated engineering enterprise.

Year 2024 marks the 75th anniversary of the founding of the PRC. It is a critical year for the accomplishment of the goals and missions for the "14th Five-Year Plan ("FYP")", as well as a year in which the nation will start to plan for the key modernisation targets and missions of the "15th FYP". In ongoing adherence to the corporate vision of "Create Better Investment Value and Undertake More Social Responsibility", the Group will actively roll out and plan for integrated energy development with a forward-looking perspective, working incessantly to contribute more towards China's ecological civilisation with the Everbright power.

FINANCIAL REVIEW

Financial position

As at 31 December 2023, the Group's total assets amounted to approximately HK$39,757,424,000 (31 December 2022: HK$39,156,376,000) with net assets amounting to approximately HK$12,356,339,000 (31 December 2022: HK$13,534,285,000). Net asset value per share attributable to equity shareholders of the Company was HK$5.46, a decrease of 9% as compared to HK$5.99 per share as at the end of 2022. As at 31 December 2023, the gearing ratio (total liabilities over total assets) of the Group was 68.92%, an increase of 3.48 percentage point as compared to that of 65.44% as at the end of 2022. The current ratio of the Group was 111.90%, a decrease of 25.41 percentage point as compared to that of 137.31% as at the end of 2022.

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 2023, the Group had cash and bank balances of approximately HK$2,378,783,000, an increase of approximately HK$375,490,000 as compared to HK$2,003,293,000 at the end of 2022. 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 2023, the Group had outstanding borrowings of approximately HK$23,131,760,000, an increase of approximately HK$2,395,235,000 as compared to HK$20,736,525,000 as at the end of 2022. The borrowings included secured interest-bearing borrowings of approximately HK$9,119,715,000 (31 December 2022: HK$8,654,292,000) and unsecured interest-bearing borrowings of approximately HK$14,012,045,000 (31 December 2022: HK$12,082,233,000). The borrowings of the Group were denominated in Renminbi and Hong Kong dollars, representing 81% and 19% of the total respectively. The majority of the Group's borrowings were subject to floating rates. As at 31 December 2023, the Group had banking facilities of approximately HK$24,910,746,000 (31 December 2022: HK$25,342,733,000), of which approximately HK$6,884,254,000 (31 December 2022: HK$8,545,654,000) 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 2023, the aggregate net book value of assets pledged amounted to approximately HK$17,239,332,000 (31 December 2022: HK$19,430,554,000).

Commitments

As at 31 December 2023, the Group had purchase commitments of approximately HK$108,723,000 (31 December 2022: HK$295,360,000) under the construction contracts and capital commitments relating to capital injection in a joint venture of approximately HK$27,195,000 (31 December 2022: HK$27,935,000).

Contingent liabilities

As at 31 December 2023, the Group did not have any contingent liabilities (31 December 2022: 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 represent the most precious assets of the Company. With a strong emphasis on opportunities for staff growth and development, the Group is committed to fostering an environment in which all staff could thrive with their strengths. The Group has also continued to optimise human resources management, setting out clear objectives for all business units to build, identify and groom back-up teams and actively train and recruit technical and management personnel for its new businesses. The respective scopes of authority of the project companies, regional offices, business management centres and headquarters in business operation, human resources and appraisal were subject to comprehensive streamlining as part of the effort to drive internal management efficiency and human resource optimisation in persistent adherence to the management philosophy of "target-oriented operation and results-oriented staff appointment".

As at 31 December 2023, the Group had an aggregate of 3,569 employees (31 December 2022: 3,580 employees) 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

When the Company commences its operations, it is always subject to a lot of uncertainties in the process of achieving its goals, from the setting of such goals to determining strategies and the breakdown and implementation of such strategies. From such point of view, the process of business operation is essentially a process of risk management. The Group has always placed a strong emphasis on risk management. During the year under review, on the back of a comprehensive internal control and risk management regime, the Group highlighted the forward-looking qualities and effectiveness of risk control with more attention on details. In the course of risk identification and assessment, the Company based on the sections and areas in which uncertainties could have an adverse impact on the accomplishment of its goals, the relevant risks were categorised according to the classification of the Company's internal functions. 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 which had been identified and evaluated. Meanwhile, the effectiveness of risk control was assessed on a regular basis and deficiencies were rectified in a timely manner. Key risks associated with the development of the Group's environmental protection business during the year under review included trade receivables, policy changes, strategic transformation and market competition, production capacity management, environmental compliance and safety management, human resources and cost control, meanwhile, special attention was paid to fraud risk. The Group has incorporated ESG risks into the Company's risk management regime, and relevant details were allocated to major risk categories to facilitate risk control based on the sections and areas in which the accomplishment of corporate goals could be affected. The Company places 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", and making advanced arrangements and response measures catering to higher mandatory emission standards for enterprises that might be announced by the nation. Staff development was facilitated by creating job opportunities and incorporating the concepts of inclusivity and equality in the Staff Handbook and human resources regime. In conjunction with the Company's business, it was sought to increase the income of local farmers through the purchase and secondary processing of straws, thereby facilitating rural revitalisation in genuine fulfilment of the Company's social responsibility. For details of the impact of climate change on the Company, please refer to the section headed "Addressing Climate Change" in the 2023 sustainability report of the Company, which will be uploaded to the respective websites of Hong Kong Exchanges and Clearing Limited ("HKEx") and the Company by the end of April. Details of the Group's key risks will be discussed in the Company's 2023 annual report.

ENVIRONMENTAL AND SOCIAL MANAGEMENT

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

In 2023, the Group was focused on the objective of "safe production and compliant emission" as it persisted in the principles of "control at source, preemptive prevention and systematic treatment". In connection with safety management, our work was focused on risk management and implemented on the basis of leadership abilities in safety matters and safety culture through initiatives for improving competence as well as supervision and inspection work. The standard of inherent safety has been improved with the benefit of protective measures facilitated by new technologies and augmented "digital-intelligent" engineering technology. Regarding environmental management, national and local directives, policies, laws, regulations and standards pertinent to environmental protection have been acquired and implemented in a timely manner, while ongoing efforts have been made to enhance process supervision and preemptive warning and procure rigorous implementation of responsibilities and measures.

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 Hazardous Waste Landfills (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 2023.

FINAL DIVIDEND

The Board did not recommend payment of final dividend for the year ended 31 December 2023 (2022: Nil). The interim dividend of HK2.5 cents was paid in October 2023, resulting in a full-year dividend of HK2.5 cents (2022: HK3.6 cents) per share.

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, 14 May 2024 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 "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, 14 May 2024, the register of members of the Company will be closed on Wednesday, 8 May 2024 to Tuesday, 14 May 2024, 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, 7 May 2024.

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 C3 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 C1 to the Listing Rules has been adopted by the Board as the guidelines of corporate governance practices of the Company. During the year of 2023, the Company has complied with all the applicable code provisions set out in Part 2 of the CG Code during the year of 2023, except for the following deviation with the reason explained below:

CODE PROVISION F.2.2 OF PART 2 OF THE CG CODE

Code Provision F.2.2 of Part 2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. Mr. HUANG Haiqing, the Chairman of the Board, was unable to attend the annual general meeting held on 23 May 2023 (the "2023 AGM") due to his other business engagement. Mr. LO Kam Fan, the Executive Director and Chief Financial Officer, was appointed to chair the 2023 AGM.

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

As at 31 December 2023, the Audit and Risk Management Committee comprised 2 Independent Non-executive Directors, namely Mr. CHOW Siu Lui (chairman), Prof. YAN Houmin and Mr. Philip TSAO, a then Independent Non-executive Director. Following the change in directorship on 9 February 2024, the Audit and Risk Management Committee comprises Mr. CHOW Siu Lui (chairman), an Independent Non-executive Director, together with 2 Independent Non-executive Directors, namely, Prof. YAN Houmin and Mr. LI Huaqiang, with effect from the same date. The committee is primarily responsible for, including but not limited to, providing an independent review of the effectiveness of financial reporting process, risk management and internal control systems of the Group, overseeing the audit process, reviewing the completeness, accuracy, clarity and fairness of the Company's financial statements, considering the scope, approach and nature of both internal and external audits, reviewing and monitoring connected transactions and performing other duties and responsibilities as may be assigned by the Board from time to time, etc. The terms of reference of the Audit and Risk Management Committee are published on the websites of both the Company and HKEx.

Remuneration Committee

As at 31 December 2023, the Remuneration Committee comprised Mr. Philip TSAO (chairman), a then Independent Non-executive Director, Mr. QIAN Xiaodong, the then Executive Director and Chief Executive Officer, and 2 other Independent Non-executive Directors, namely Mr. CHOW Siu Lui and Prof. YAN Houmin. Following the change in directorship on 9 February 2024, the Remuneration Committee comprises Prof. YAN Houmin (chairman), an Independent Non-executive Director, Mr. ZHU Fugang, Executive Director and Chief Executive Officer, together with 2 Independent Non-executive Directors, namely, Mr. CHOW Siu Lui and Mr. LI Huaqiang, with effect from the same date. The terms of reference of the Remuneration Committee were published on the websites of both the Company and HKEx, which set out the duties of the Remuneration Committee, including determining, with delegated responsibilities, the remuneration packages of the individual Executive Directors and senior management, etc.

Nomination Committee

As at 31 December 2023, the Nomination Committee comprised Mr. HUANG Haiqing (chairman), the Chairman of the Board, and 2 Independent Non-executive Directors, namely Mr. CHOW Siu Lui, Prof. YAN Houmin and Mr. Philip TSAO, a then Independent Non-executive Director. Following the change in directorship on 9 February 2024, the Nomination Committee comprises Mr. HUANG Haiqing (chairman), the Chairman of the Board, together with all 3 Independent Non-executive Directors, namely, Mr. CHOW Siu Lui, Prof. YAN Houmin and Mr. LI Huaqiang, with effect from the same date. The primary responsibilities of the Nomination Committee include, among others, reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, making recommendations on any proposed changes to the Board to complement the Company's corporate strategies, reviewing and reporting the board diversity to the Board and considering the need for identifying suitable persons to become directors and made recommendations to the Board on the selection of individuals nominated for directorships. The terms of reference of the Nomination Committee are published on the websites of both the Company and HKEx.

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 2023 is published on the respective websites of the HKEx (www.hkexnews.hk) and the Company (www.ebgreentech.com/en/ir/announcements.php).

By Order of the Board
China Everbright Greentech Limited
ZHU Fugang
Chief Executive Officer

Hong Kong, 15 March 2024

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

Mr. HUANG Haiqing *(Chairman, Non-executive Director)*
Mr. ZHU Fugang *(Chief Executive Officer, Executive Director)*
Mr. LO Kam Fan *(Chief Financial Officer, Executive Director)*
Mr. SONG Jian *(Non-executive Director)*
Mr. CHOW Siu Lui *(Independent Non-executive Director)*
Prof. YAN Houmin *(Independent Non-executive Director)*
Mr. LI Huaqiang *(Independent Non-executive Director)*