

EVERBRIGHT GREENTECH ANNOUNCES 2022 ANNUAL RESULTS

Financial Highlights

For the year ended 31 December

	2022	2021	
	HK\$'000	HK\$'000	Change
Revenue	8,048,171	8,446,999	(5)%
Gross Profit	1,683,448	2,345,971	(28)%
EBITDA	2,175,944	2,837,942	(23)%
Profit attributable to equity shareholders of the Company	340,201	1,110,385	(69)%
Basic earnings per share (HK cents)	16.47	53.74	(69)%

	At 31 Dec 2022	At 31 Dec 2021	Change
Cash and bank balances (HK\$ million)	2,003,293	2,644,110	(24)%
Total assets (HK\$ million)	39,156,376	40,539,581	(3)%
Asset-liability ratio (total liabilities over total assets)	65.44%	65.1%	0.33 ppt
Current ratio (current assets over current liabilities)	137.31%	137.5%	(0.19) ppt

* ppt: percentage point

Hong Kong, 24 March 2023 – China Everbright Greentech Limited (the “Company” or “Everbright Greentech”, and together with its subsidiaries, the “Group”) (SEHK: 1257.HK) today announced its audited annual results for the year ended 31 December 2022.

In 2022, the Group persisted in the corporate vision to “Create Better Investment Value and Undertake More Social Responsibility”, initiating reforms with vigorous proactive efforts to fight against difficulties as it enhanced the quality of project operation through management initiatives and broaden financing channels through innovative financing options. The Group was engaged in close tracking and research of the technologies and market developments

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in new sectors, stabilising the operation of its principal businesses while exploring pathways for business transformation as it ensured the stable and orderly operation of all production activities in a strong effort to overcome the adverse impact of changes in external business conditions on the Company's business.

Affected by the COVID-19 pandemic, the Group's revenue for the year ended 31 December 2022 decreased by 5% to approximately HK\$8,048,171,000 from HK\$8,446,999,000 for 2021. EBITDA decreased by 23% to approximately HK\$2,175,944,000 compared to HK\$2,837,942,000 for 2021. Profit attributable to equity shareholders of the Company decreased by 69% to approximately HK\$340,201,000 from HK\$1,110,385,000 for 2021. Basic earnings per share for 2022 was HK16.47 cents, HK37.27 cents less compared to HK53.74 cents for 2021. The Group was backed by ready access to various financing options and ample cash flow with sound financial indicators.

The decrease in revenue and profit attributable to equity holders for the year under review reflected primarily the Group's proactive adjustment of the Company's development strategy to accommodate changes in national policies and market developments, which resulted in the decline in revenue and profit from construction services. Profit contributions from operations were also affected by rising prices for raw materials of integrated biomass utilisation segment, lacklustre demand and decline in unit prices for hazardous and solid waste treatment owing to the pandemic in China and control measures in related regions.

In terms of market development, during the year under review, the Group secured 12 new projects and entered into 1 supplementary agreement for biomass heat supply, and committed additional investment to 1 project involving an additional total investment of approximately RMB 350 million, and environmental remediation projects with a total contract amount of approximately RMB 244 million. Such new projects include 1 integrated biomass utilisation project, 1 hazardous and solid waste treatment project, 2 solar energy projects and 8 environmental remediation projects. In terms of project scale, the Group's capacity for power generation was increased by 15.704 MW, and daily household waste processing designed capacity was increased by 400 tonnes. Additionally, the Group designed capacity for steam supply and hazardous and solid waste treatment were increased by approximately 166,400 tonnes and 1,500 tonnes per annum, respectively.

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

In terms of technology research and development, the Group's technology research has been conducted to support the operating strategy of "Reinforcing Principal Businesses and Driving Transformation". During the year under review, the Group's technology research focused on biomass ash recycling, reduction of emissions of biomass flue particles and sulphur dioxide

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and lowering of the concentration of soluble salt in landfills, with a view to enhancing the quality and efficiency of projects in operation. Moreover, the Group commenced research in a number of new frontiers, such as lithium-ion power battery recycling, perovskite solar technology, carbon capture and solid fuel battery (SOFC+SOEC), mobile power storage, spot trade in the power market, virtual power plant and the energy Internet, to provide technical support for business transformation. As of 31 December 2022, the Group held 228 authorised patents, including 32 invention patents, 191 utility model patents, and 5 software copyrights.

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

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

As of 31 December 2022, the Group had 139 environmental protection projects with a total investment of approximately RMB 32.828 billion and had undertaken 50 environmental remediation projects with a total contract amount of approximately RMB 1.409 billion.

Integrated biomass utilisation

During the year under review, the Group operated and completed 50 integrated biomass utilisation projects, generating approximately 6,009,489 MWh of on-grid electricity which was approximate to 2021, the volume of a steam supplied was approximately 2,411,215 tonnes, representing an increase of 12% over 2021, and processed approximately 8,185,800 tonnes

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of biomass raw materials and approximately 3,457,231 tonnes of household waste, representing increases of 3% and 18% over 2021 respectively. As of 31 December 2022, the Group had 2 integrated biomass utilisation projects under preparation, with power generation designed capacity of 22 MW and daily household waste processing designed capacity of approximately 1,000 tonnes and an estimated annual on-grid power generation of approximately 117,000 kwh.

During the year under review, the Group's integrated biomass utilisation projects contributed EBITDA of approximately HK\$1,650,143,000, representing a decrease of 20% compared to 2021. The integrated biomass utilisation projects contributed a net profit of approximately HK\$777,214,000, representing a decrease of 27% compared to 2021. The decrease in profit was mainly attributable to the decrease in the number of projects under construction resulting in the corresponding decrease in revenue generated from construction services, as well as the increase in operating costs owing to the pandemic and driven by rising biomass raw materials prices during the year under review.

Hazardous and solid waste treatment

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

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

Environmental remediation

As of 31 December 2022, the Group had 14 environmental remediation projects under implementation, which were mainly located in Jiangsu Province, Anhui Province, Tianjin and Beijing respectively, with a total contract amount of approximately RMB 733 million. There were also 3 projects in the preparatory stage, with a total contract amount of approximately RMB 117 million.

During the year under review, the Group's environmental remediation projects contributed EBITDA of approximately HK\$10,831,000, representing a decrease of 74% compared to 2021. Environmental remediation projects recorded a net loss of approximately HK\$

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7,641,000, representing a decrease of 148% compared to the profit contribution for 2021. The decrease in profit was mainly attributable to pandemic control measures in force during the year under review which affected the progress of project execution and process of new project tenders.

Solar energy and wind power

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

Apart from the County-wide Advancement Solar Project in Feng County, as of 31 December 2022, the Group has 19 operating and completed solar energy projects and 2 wind power projects in operation distributed in Jiangsu Province, Anhui Province, Shanxi Province, Hong Kong and Germany, respectively, involving a total investment of approximately RMB 1.45 billion and providing an aggregate power generation designed capacity of 132.63 MW.

Mr. QIAN Xiaodong, CEO of Everbright Greentech, said, "In 2022, despite multiple unexpected factors such as the complex and volatile international environment and domestic pandemic outbreak, Everbright Greentech overcame all difficulties and stayed focused on quality and efficiency enhancement in its principal businesses while making efforts in exploring markets of transformation. The Group also made continuous efforts in optimising its financial structure, adopting an innovation-driven approach, and enhancing the standardisation of its principal business operation. Besides, it made new strides in various emerging businesses, such as the smart energy model featuring the "Zero-Carbon Industry Park", distributed solar energy, and the virtual power plant businesses. In the new year ahead, the Group will strictly adhere to the national strategies and plans pertaining to ecological civilisation and energy security, keep abreast of market trends and conditions and push forward the implementation of new businesses. At the same time, the Group will keep pace with the latest technological advancements in the industry and drive the transformation and innovation of existing projects to build up a solid foundation for development. We believe that the Group will usher in a new outlook for its businesses as the pandemic subsides and the Chinese economy gradually recovers."

Mr. HUANG Haiqing, Chairman of the Board of Everbright Environment, and Chairman of Everbright Greentech, said: "In 2022, the 20th National Congress of the Communist Party of China (the '20th National Congress') was held, elucidating the significance of the ecological civilisation to the building of a modernised China and the mission of achieving this civilisation as a national strategy for the first time, and called for coordinated promotion of the goals of carbon and pollution reduction, green enlargement, growth, ecological prioritisation, economical and intensive operation, and low-carbon green development. As an important pillar in the building of ecological civilisation, the environmental protection industry has been playing an active and significant role in the nation's battle to protect the sky, waters and land

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from pollution in recent years. Following the gradual implementation of various strategic arrangements for the building of the ecological civilisation set out at the 20th National Congress, the industry shall be obliged to step up with its role to serve qualitative economic development and measures to facilitate coordinated efficiency enhancement in pollution and carbon reduction, making intensive efforts to identify the industry's intrinsic potential and extend its scope of business and thereby continuing to embrace new opportunities for development.”

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About China Everbright Greentech Limited

China Everbright Greentech Limited is a specialty environmental protection service provider in China, focusing on integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation, solar energy and wind power. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) on 8 May 2017, with its controlling shareholder being China Everbright Environment Group Limited (stock code: 0257.HK). Everbright Greentech adheres to development driven by business innovation and initiated the urban-rural integration project in the country. Its businesses span across 15 provinces, autonomous region and special administrative region in China, in addition to Germany. Leveraging on its unique and diversified business models, strategic planning, robust supply networks, a strong pipeline of projects, and high level of technologies and management capabilities, Everbright Greentech is well positioned in China’s environmental protection service industry.

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