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CHINA EVERBRIGHT ENVIRONMENT GROUP LIMITED

中國光大環境(集團)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 257)

ANNOUNCEMENT ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

- Revenue decreased by 25% to HK\$37,321,229,000 (2021: HK\$49,895,384,000)
- EBITDA decreased by 15% to HK\$12,841,787,000 (2021: HK\$15,027,003,000)
- Profit attributable to equity holders decreased by 32% to HK\$4,601,939,000 (2021: HK\$6,804,099,000)
- Final dividend of HK9.0 cents per share (2021: HK15.0 cents per share). Total dividends for the year of HK24.0 cents per share (2021: HK34.0 cents per share)

2022 ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of China Everbright Environment Group Limited (the “Company” or “Everbright Environment”) announces the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2022 together with comparative figures for the year ended 31 December 2021. The annual results have been reviewed by the Audit Committee of the Company (the “Audit Committee”).

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
REVENUE	4	37,321,229	49,895,384
Direct costs and operating expenses		<u>(22,956,630)</u>	<u>(33,432,002)</u>
Gross profit		14,364,599	16,463,382
Other revenue	5	1,170,414	917,338
Other income and gains/(losses), net	5	(1,292,897)	(623,055)
Administrative expenses		<u>(3,642,177)</u>	<u>(3,530,840)</u>
PROFIT FROM OPERATING ACTIVITIES		10,599,939	13,226,825
Finance costs	6	(3,488,268)	(3,079,448)
Share of profits of joint ventures		113,859	81,837
Share of profits of associates		<u>37,417</u>	<u>91,377</u>
PROFIT BEFORE TAX	7	7,262,947	10,320,591
Income tax	8	<u>(1,747,983)</u>	<u>(2,200,248)</u>
PROFIT FOR THE YEAR		<u>5,514,964</u>	<u>8,120,343</u>
ATTRIBUTABLE TO:			
Equity holders of the Company		4,601,939	6,804,099
Holders of perpetual capital instruments		71,686	–
Non-controlling interests		<u>841,339</u>	<u>1,316,244</u>
		<u>5,514,964</u>	<u>8,120,343</u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	10		
– Basic and diluted		<u>HK74.91 cents</u>	<u>HK110.76 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
PROFIT FOR THE YEAR	5,514,964	8,120,343
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	(8,638,088)	2,637,744
Reclassification adjustments for foreign operations deemed disposed of during the year	–	(25,328)
Debt instruments at fair value through other comprehensive income:		
Changes in fair value	61,221	(131,727)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	(8,576,867)	2,480,689
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Other financial assets measured at fair value through other comprehensive income:		
Changes in fair value	–	5,151
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	–	5,151
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	(8,576,867)	2,485,840
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	(3,061,903)	10,606,183
ATTRIBUTABLE TO:		
Equity holders of the Company	(2,561,037)	8,865,879
Holders of perpetual capital instruments	71,686	–
Non-controlling interests	(572,552)	1,740,304
	(3,061,903)	10,606,183

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Investment properties		168,581	181,512
Property, plant and equipment		8,943,821	8,921,701
Right-of-use assets		907,321	1,009,094
		<u>10,019,723</u>	<u>10,112,307</u>
Goodwill		1,561,486	2,353,687
Intangible assets		30,794,582	30,474,870
Interests in joint ventures		965,932	811,375
Interests in associates		592,922	606,970
Contract assets	<i>11</i>	96,984,420	101,971,151
Finance lease receivables		13,367	15,464
Other financial assets		197,546	142,748
Other receivables, deposits and prepayments	<i>12</i>	3,105,883	4,076,627
Deferred tax assets		376,031	440,770
		<u>144,611,892</u>	<u>151,005,969</u>
CURRENT ASSETS			
Inventories		1,014,432	1,258,539
Contract assets	<i>11</i>	12,445,930	11,907,704
Finance lease receivables		770	771
Other financial assets		221,717	222,880
Debtors, other receivables, deposits and prepayments	<i>12</i>	20,476,261	20,138,476
Tax recoverable		44,053	96,303
Pledged bank deposits		1,163,850	553,704
Deposits with banks with maturity period over three months		27,651	4,339
Cash and cash equivalents		10,591,242	15,046,943
		<u>45,985,906</u>	<u>49,229,659</u>
Total current assets		45,985,906	49,229,659

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
CURRENT LIABILITIES			
Creditors, other payables and accrued expenses	<i>13</i>	22,437,850	25,636,846
Interest-bearing borrowings			
– Secured		3,742,461	3,410,134
– Unsecured		16,435,727	10,530,590
		20,178,188	13,940,724
Tax payable		197,011	190,832
Total current liabilities		42,813,049	39,768,402
NET CURRENT ASSETS		3,172,857	9,461,257
TOTAL ASSETS LESS CURRENT LIABILITIES		147,784,749	160,467,226
NON-CURRENT LIABILITIES			
Other payables	<i>13</i>	533,657	839,348
Interest-bearing borrowings			
– Secured		39,663,880	44,506,065
– Unsecured		34,882,432	40,678,875
		74,546,312	85,184,940
Deferred tax liabilities		10,105,887	10,100,716
Total non-current liabilities		85,185,856	96,125,004
NET ASSETS		62,598,893	64,342,222
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		17,329,537	17,329,537
Reserves		30,044,571	34,447,950
		47,374,108	51,777,487
Non-controlling interests		11,769,351	12,564,735
Perpetual capital instruments		3,455,434	–
TOTAL EQUITY		62,598,893	64,342,222

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The accounting policies and basis of preparation adopted in the preparation of the financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2021 except for the changes in accounting policies as further detailed in note 2 below. The financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated. The financial statements have been reviewed by the Company’s Audit Committee.

The financial information relating to the years ended 31 December 2022 and 2021 included in this preliminary announcement of annual results 2022 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2022 in due course.

The Company’s auditor has reported on the financial statements of the Group for the years ended 31 December 2022 and 2021. The auditor’s reports for both years were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The revised HKFRSs that are applicable to the Group did not have any significant impact on the financial position or performance of the Group.

In addition, the Group has adopted the following new accounting policy:

Perpetual capital instruments

Perpetual capital instruments with no contractual obligation to repay the principal or to pay any distribution are classified as part of the equity. Fees, commissions and other transaction costs of the instruments issuance are deducted from equity. The distributions on the instruments are accrued as profit distribution.

3. OPERATING SEGMENT INFORMATION

The Group manages its business by divisions, 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 four reportable segments.

- Environmental energy project construction and operation: this segment engages in the construction and operation of waste-to-energy plants, food and kitchen waste treatment projects, sludge treatment and disposal projects, leachate treatment projects, methane-to-energy plants, fecal treatment projects, fly ash landfill projects, medical waste treatment projects and solid waste treatment projects, and provision of waste sorting, renewable resources utilisation, sanitation operation services, to generate revenue from construction services, revenue from operation services as well as finance income.
- Environmental water project construction and operation: this segment engages in the construction, upgrade and operation of waste water treatment plants, water supply, reusable water treatment plants, sludge treatment, sponge city construction, river-basin ecological restoration, waste water source heat pump projects, leachate treatment, research and development of water environment technologies and engineering projects, to generate revenue from construction services, revenue from operation services as well as finance income.

3. OPERATING SEGMENT INFORMATION *(continued)*

- Greentech project construction and operation: this segment engages in the construction and operation of integrated biomass utilisation projects, hazardous and solid waste treatment projects, solar energy projects and wind power projects, and provision of environmental remediation services, to generate revenue from construction services, revenue from operation services as well as finance income.
- Others: this segment engages in the conduct of environmental protection technology research and development, provision of environmental-related technological services, design of environmental protection projects, provision of environmental protection project equipment construction and installation services and sales of related equipment, sales of energy-saving street lamps, and energy management contract projects from which it generates revenue.

For the purpose of assessing segment performance and allocating resource between segments, the Group's 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, investments in other financial assets, tax recoverable, deferred tax assets and current assets with the exception of intercompany receivables and other corporate assets. Segment liabilities include tax payable, deferred tax liabilities, creditors, other payables and accrued expenses attributable to the activities of the individual segment and borrowings managed directly by the segments, with the exception of intercompany payables and other corporate liabilities.

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. However, other than reporting inter-segment sales of equipment and provision of technological services, assistance provided by one segment to another, including technical know-how, is not measured.

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

In addition to receiving segment information concerning segment results, management is provided with segment information concerning revenue (including inter-segment sales and revenue from technological services), depreciation and amortisation and additions to non-current segment assets used by the segments in their operations.

During the year, the Group redefined its business segments to align its organisation structure for the purpose of managing its strategic direction. Certain financial information previously included in the "Others" segment have been reclassified to the "Environmental energy project construction and operation" segment. Accordingly, the comparative segment information has been reclassified to conform with the current year's presentation.

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 years ended 31 December 2022 and 2021 is set out below.

For the year ended 31 December

	Environmental energy project construction and operation		Environmental water project construction and operation		Greentech project construction and operation		Others		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)						(Restated)		
Segment revenue:										
Revenue from external customers	21,968,171	33,252,336	6,727,967	6,912,371	8,042,271	8,445,138	582,820	1,285,539	37,321,229	49,895,384
Inter-segment revenue	217,014	192,522	-	-	5,900	1,861	1,148,423	2,713,730	1,371,337	2,908,113
Reportable segment revenue	<u>22,185,185</u>	<u>33,444,858</u>	<u>6,727,967</u>	<u>6,912,371</u>	<u>8,048,171</u>	<u>8,446,999</u>	<u>1,731,243</u>	<u>3,999,269</u>	<u>38,692,566</u>	<u>52,803,497</u>
Reconciliation:										
Elimination of inter-segment revenue									<u>(1,371,337)</u>	<u>(2,908,113)</u>
Reportable segment revenue derived from the Group's external customers									<u>37,321,229</u>	<u>49,895,384</u>

3. OPERATING SEGMENT INFORMATION (continued)

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

For the year ended 31 December

	Environmental energy project construction and operation		Environmental water project construction and operation		Greentech project construction and operation		Others		Total	
	2022 HK\$'000	2021 HK\$'000 (Restated)	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000 (Restated)	2022 HK\$'000	2021 HK\$'000
Segment results:										
Reportable segment profit (Adjusted EBITDA)	<u>9,056,301</u>	<u>10,225,664</u>	<u>2,178,925</u>	<u>2,266,890</u>	<u>2,234,378</u>	<u>2,931,990</u>	<u>261,968</u>	<u>1,131,241</u>	<u>13,731,572</u>	<u>16,555,785</u>
Elimination of inter-segment profits									<u>(391,526)</u>	<u>(1,353,568)</u>
Reportable segment profit derived from the Group's external customers									<u>13,340,046</u>	<u>15,202,217</u>
Finance costs									<u>(3,488,268)</u>	<u>(3,079,448)</u>
Depreciation and amortisation, including unallocated portion									<u>(2,090,572)</u>	<u>(1,626,964)</u>
Unallocated head office and corporate income									<u>84,705</u>	<u>13,127</u>
Unallocated head office and corporate expenses									<u>(582,964)</u>	<u>(188,341)</u>
Consolidated profit before tax									<u>7,262,947</u>	<u>10,320,591</u>
Other segment information:										
Depreciation and amortisation	822,393	651,283	253,898	115,520	924,790	746,090	78,504	66,588	2,079,585	1,579,481
Impairment of debtors, net	155,812	222,449	226,899	149,287	107,770	2,134	5,858	-	496,339	373,870
Impairment of other receivables	73,206	-	33,829	16,451	-	-	-	-	107,035	16,451
Impairment/(write-back of impairment) of contract assets, net	29,315	132,694	4,002	3,533	1,476	(1,094)	-	-	34,793	135,133
Impairment of goodwill	593,368	-	-	-	14,474	-	-	-	607,842	-
Impairment of property, plant and equipment	-	-	-	-	15,526	-	-	-	15,526	-
Impairment of intangible assets	-	-	14,230	-	-	-	-	-	14,230	-
Additions to property, plant and equipment and right-of-use assets during the year	951,831	564,216	124,145	1,026,068	429,540	1,594,535	52,668	173,307	1,558,184	3,358,126
Additions to intangible assets and non-current portion of prepayments during the year	3,241,105	4,495,962	489,941	482,237	936,075	1,359,178	8,726	8,301	4,675,847	6,345,678
Additions to non-current portion of contract assets during the year	8,570,649	23,532,993	3,185,465	3,682,043	825,872	947,705	-	-	12,581,986	28,162,741

3. OPERATING SEGMENT INFORMATION *(continued)*

(i) Segment results, assets and liabilities *(continued)*

	Environmental energy project construction and operation		Environmental water project construction and operation		Greentech project construction and operation		Others		Total	
	2022 HK\$'000	2021 HK\$'000 (Restated)	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000 (Restated)	2022 HK\$'000	2021 HK\$'000
Reportable segment assets	<u>110,305,556</u>	<u>114,462,032</u>	<u>33,172,387</u>	<u>32,645,367</u>	<u>39,250,554</u>	<u>40,623,673</u>	<u>3,084,121</u>	<u>3,902,946</u>	<u>185,812,618</u>	<u>191,634,018</u>
Unallocated head office and corporate assets									<u>4,785,180</u>	<u>8,601,610</u>
Consolidated total assets									<u>190,597,798</u>	<u>200,235,628</u>
Reportable segment liabilities	<u>52,448,424</u>	<u>58,756,347</u>	<u>20,454,421</u>	<u>19,802,079</u>	<u>25,694,727</u>	<u>26,475,112</u>	<u>2,163,579</u>	<u>3,205,779</u>	<u>100,761,151</u>	<u>108,239,317</u>
Unallocated head office and corporate liabilities									<u>27,237,754</u>	<u>27,654,089</u>
Consolidated total liabilities									<u>127,998,905</u>	<u>135,893,406</u>

3. OPERATING SEGMENT INFORMATION *(continued)*

(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 investment properties, property, plant and equipment, right-of-use assets and intangible assets and (iii) the Group's non-current portion of other receivables, deposits and prepayments and non-current portion of contract assets. The geographical location of customers is based on the location at which the services were provided. The geographical location of the assets is based on the physical location of the assets, in the case of investment properties, property, plant and equipment and right-of-use assets, and 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		Investment properties, property, plant and equipment, right-of-use assets and intangible assets		Non-current portion of other receivables, deposits and prepayments and contract assets	
	2022	2021	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong (place of domicile)	5,709	2,294	35,779	86,716	-	-
Other parts of the PRC	36,669,710	49,227,707	39,751,966	39,675,658	100,089,198	106,045,421
Germany	20,404	10,906	26,307	31,545	-	-
Poland	554,172	589,270	447,375	536,767	241	878
Vietnam	71,234	65,207	552,431	254,254	864	1,479
Singapore	-	-	447	2,237	-	-
Total	<u>37,321,229</u>	<u>49,895,384</u>	<u>40,814,305</u>	<u>40,587,177</u>	<u>100,090,303</u>	<u>106,047,778</u>

(iii) Information about a major customer

For the years ended 31 December 2022 and 2021, the revenue from the Group's largest customer amounted to less than 10% of the Group's total revenue.

4. REVENUE

An analysis of revenue is as follows:

	2022	2021
	HK\$'000	HK\$'000
		(Restated)
<i>Revenue from contracts with customers</i>		
Revenue from environmental energy project construction services	9,193,065	21,932,588
Revenue from environmental water project construction services	2,668,060	3,321,643
Revenue from greentech project construction services	1,297,251	1,736,617
Revenue from environmental energy project operation services	8,898,332	7,827,908
Revenue from environmental water project operation services	2,951,962	2,522,688
Revenue from greentech project operation services	6,378,433	6,349,087
Revenue from equipment construction and installation services and sales	509,051	1,183,673
Others	73,769	101,866
	<hr/>	<hr/>
Total revenue from contracts with customers	31,969,923	44,976,070
Finance income from service concession arrangements	5,351,306	4,919,314
	<hr/>	<hr/>
Total revenue	37,321,229	49,895,384
	<hr/>	<hr/>

The aggregated revenues from environmental energy project construction and operation services, environmental water project construction and operation services, greentech project construction and operation services and finance income derived from the local government authorities in the PRC amounted to HK\$32,672,072,000 (2021: HK\$45,853,797,000) for the year ended 31 December 2022. The revenues are included in “Environmental energy project construction and operation”, “Environmental water project construction and operation” and “Greentech project construction and operation” segments as disclosed in note 3.

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

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other revenue		
Rental income from operating leases	9,305	9,054
Interest income	171,112	128,853
Dividend income	–	165
Government grants*	241,618	268,013
Value-added tax refund**	328,831	200,491
Others	419,548	310,762
	<u>1,170,414</u>	<u>917,338</u>
Other income and gains/(losses), net		
Fair value gains/(losses), net:		
Other financial assets – unlisted equity investment	2,597	968
Other financial assets – unlisted investments	(18,382)	(58,583)
Loss on disposal and write-off of property, plant and equipment, net	(3,729)	(4,320)
Loss on deemed disposal of joint ventures	–	(47,366)
Gain on disposal of interests in associates	20,918	2
Loss on deregistration of a subsidiary	(19,157)	–
Gain on disposal of a subsidiary	476	–
Loss on disposal of contract assets	–	(33,045)
Loss on disposal of intangible assets	–	(3,217)
Impairment of debtors, net	(496,339)	(373,870)
Impairment of other receivables	(107,035)	(16,451)
Impairment of contract assets, net	(34,793)	(135,133)
Impairment of goodwill	(607,842)	–
Impairment of property, plant and equipment	(15,526)	–
Impairment of intangible assets	(14,230)	–
Others	145	47,960
	<u>(1,292,897)</u>	<u>(623,055)</u>
Total	<u>(122,483)</u>	<u>294,283</u>

* Government grants were granted during the year ended 31 December 2022 to subsidise certain environmental energy projects, environmental water projects and greentech projects of the Group in the PRC and Poland. There are 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.

** Value-added tax refund was received/receivable during the year ended 31 December 2022 in relation to certain environmental energy projects, environmental water projects and greentech projects operations of the Group in the PRC. There are no unfulfilled conditions and other contingencies attached to the receipts of such tax refund. There is no assurance that the Group will continue to receive such tax refund in the future.

6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on bank and other loans	3,041,534	2,646,824
Interest on corporate bond, asset-backed securities, medium-term notes and super and short-term commercial papers	423,757	309,745
Interest on lease liabilities	6,327	4,154
Asset-backed notes arrangement fees	55,646	177,203
Others	–	5,595
Less: Interest expenses capitalised into construction in progress*	<u>(38,996)</u>	<u>(64,073)</u>
	<u>3,488,268</u>	<u>3,079,448</u>

* The borrowing costs have been capitalised at rates ranging from 3.9% to 4.8% (2021: 3.9% to 4.8%) per annum during the year ended 31 December 2022.

7. PROFIT BEFORE TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Depreciation		
– property, plant and equipment	646,186	507,247
– right-of-use assets	70,778	70,103
Amortisation of intangible assets	1,373,608	1,049,614
Research and development costs	122,480	121,482
Lease payments not included in the measurement of lease liabilities	47,586	37,438
Auditor's remuneration		
– audit services	14,281	13,155
– other services	7,134	4,124
Employee benefit expense (excluding directors' remuneration):		
Wages, salaries, allowances and benefits in kind	3,551,012	3,526,199
Retirement scheme contributions	<u>385,049</u>	<u>429,879</u>
	<u>3,936,061</u>	<u>3,956,078</u>
Foreign exchange differences, net	370,137	(239)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	<u>24</u>	<u>415</u>

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

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the year ended 31 December 2022 (2021: Nil).

Tax for the PRC operations is charged at the statutory rate of 25% of the assessable profits under tax rules and regulations in the PRC. During the year, certain PRC subsidiaries are subject to tax at 50% of the standard tax rate or fully exempted from income tax under the relevant tax rules and regulations.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current – Elsewhere:		
Charge for the year	790,343	960,880
Overprovision in prior years	(18,027)	(5,510)
Deferred	<u>975,667</u>	<u>1,244,878</u>
Total tax expense for the year	<u>1,747,983</u>	<u>2,200,248</u>

9. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividends attributable to the year:		
Interim – HK15.0 cents (2021: HK19.0 cents) per ordinary share	921,446	1,167,165
Proposed final – HK9.0 cents (2021: HK15.0 cents) per ordinary share	<u>552,868</u>	<u>921,446</u>
	<u>1,474,314</u>	<u>2,088,611</u>
Final dividend in respect of the previous financial year paid during the year – HK15.0 cents (2021: HK16.0 cents) per ordinary share	<u>921,446</u>	<u>982,876</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

10. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the year attributable to equity holders of the Company of HK\$4,601,939,000 (2021: HK\$6,804,099,000), and 6,142,975,292 (2021: 6,142,975,292) ordinary shares in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

11. CONTRACT ASSETS

		31 December 2022	31 December 2021	1 January 2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current				
Service concession assets	<i>(a)</i>	96,907,828	102,050,909	79,680,846
Other contract assets	<i>(c)</i>	158,808	–	–
Less: Impairment		(82,216)	(79,758)	(61,160)
		<u>96,984,420</u>	<u>101,971,151</u>	<u>79,619,686</u>
Current				
Service concession assets	<i>(a)</i>	8,339,084	8,724,603	6,969,899
Unbilled renewable energy tariff subsidy	<i>(b)</i>	3,804,093	2,606,313	4,815,183
Other contract assets	<i>(c)</i>	445,589	707,037	691,569
Less: Impairment		(142,836)	(130,249)	(9,285)
		<u>12,445,930</u>	<u>11,907,704</u>	<u>12,467,366</u>
Total		<u>109,430,350</u>	<u>113,878,855</u>	<u>92,087,052</u>
Contract assets arising from performance under construction contracts in connection with service concession arrangements, which are included in “Intangible assets”		<u>3,265,071</u>	<u>3,762,581</u>	<u>4,906,015</u>

Notes:

- (a) Included in “Service concession assets” are amounts of HK\$525,427,000 (2021: HK\$534,155,000) and HK\$704,322,000 (2021: HK\$822,617,000) which are related to the construction services under Build-Operate-Transfer (“BOT”), Build-Operate-Own (“BOO”) and Transfer-Operate-Transfer (“TOT”) arrangements rendered by the Group to a non-controlling shareholder of a non wholly-owned subsidiary and a related company of a non wholly-owned subsidiary, respectively.

“Service concession assets” arose from the Group’s revenue from construction services under BOT, BOO and TOT arrangements and bear interest at rates ranging from 4.40% to 7.83% (2021: 4.65% to 7.83%) per annum. Among the total of HK\$105,246,912,000 (2021: HK\$110,775,512,000), HK\$86,250,171,000 (2021: HK\$102,196,885,000) relates to BOT, BOO and TOT arrangements with operations commenced.

Pursuant to the BOT, BOO and TOT arrangements, the Group receives no payment from the grantors during the construction period and receives service fees when relevant services are rendered during the operating periods. The service concession assets are not yet due for payment and will be settled by service fees to be received during the operating periods of the service concession arrangements. Amounts billed will be transferred to debtors.

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

11. CONTRACT ASSETS *(continued)*

Notes: (continued)

- (b) The balance represented government on-grid tariff subsidy for certain projects which will be billed and settled upon the successful completion of government administrative procedures pursuant to notices jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration.

- (c) The balance as at 31 December 2022 comprised contract assets of HK\$377,322,000 (2021: HK\$415,871,000) arising from performance under environmental remediation service contracts, and HK\$227,075,000 (2021: HK\$291,166,000) arising from performance under construction management service 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current		
Other receivables, deposits and prepayments	3,139,237	4,083,594
Less: Impairment – other receivables	<u>(33,354)</u>	<u>(6,967)</u>
	<u>3,105,883</u>	<u>4,076,627</u>
Current		
Debtors	16,252,797	13,772,488
Less: Impairment	<u>(937,452)</u>	<u>(661,888)</u>
	15,315,345	13,110,600
Other receivables, deposits and prepayments	5,248,258	7,041,259
Less: Impairment – other receivables	<u>(87,342)</u>	<u>(13,383)</u>
	<u>5,160,916</u>	<u>7,027,876</u>
	<u>20,476,261</u>	<u>20,138,476</u>
Total	<u>23,582,144</u>	<u>24,215,103</u>

Included in “Debtors, other receivables, deposits and prepayments” of the Group are debtors of which HK\$22,605,000 (2021: HK\$9,948,000), HK\$15,397,000 (2021: HK\$17,343,000), HK\$13,963,000 (2021: HK\$14,211,000), and nil (2021: HK\$11,657,000) are due from the Group’s joint ventures, associates, a related company of a non wholly-owned subsidiary and a non-controlling shareholder of a non wholly-owned subsidiary, respectively. Debtors mainly represent revenue from the provision of operation services for environmental energy projects, environmental water projects, greentech projects and the provision of environmental protection project equipment construction and installation services and sales of related equipment and the billed amounts of the service concession assets.

Debtors are due within 30 to 90 days from the date of billing.

12. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

Included in “Debtors, other receivables, deposits and prepayments” are debtors, that were not individually nor collectively considered to be impaired, with the following ageing analysis as at the end of the reporting period:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current	<u>4,881,907</u>	<u>5,823,916</u>
Within 1 month past due	1,421,616	2,673,351
More than 1 month but within 3 months past due	657,924	842,527
More than 3 months but within 6 months past due	1,621,204	820,758
More than 6 months but within 12 months past due	2,582,620	2,018,077
More than 12 months past due	<u>4,150,074</u>	<u>931,971</u>
Amounts past due	<u>10,433,438</u>	<u>7,286,684</u>
	<u>15,315,345</u>	<u>13,110,600</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	2,495,283	3,510,032
More than 1 month but within 2 months	1,480,883	942,775
More than 2 months but within 4 months	1,402,981	1,367,976
More than 4 months but within 7 months	1,809,460	2,579,633
More than 7 months but within 13 months	2,480,817	2,354,411
More than 13 months	<u>5,645,921</u>	<u>2,355,773</u>
	<u>15,315,345</u>	<u>13,110,600</u>

Included in “Debtors, other receivables, deposits and prepayments” are debtors of HK\$5,212,657,000 (2021: HK\$3,299,533,000), which were measured at fair value through other comprehensive income as these debtors are managed within a business model with the objective of both holding to collect contractual cash flows and selling for working capital management and the contractual terms of these receivables give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Included in “Other receivables, deposits and prepayments” at 31 December 2022 is an advance made to local government authority in relation to service concession arrangement amounting to HK\$20,985,000 (2021: HK\$25,941,000) which is unsecured, interest-bearing at the rates announced by the People’s Bank of China, and will be settled by instalments from 2023 to 2026.

Included in “Other receivables, deposits and prepayments” under current assets at 31 December 2022 is loan to the Group’s non-controlling shareholder of a non wholly-owned subsidiary of HK\$25,971,000 (2021: HK\$27,115,000), which is secured, interest-bearing at 110% of the rates announced by the People’s Bank of China and repayable by December 2023.

Included in “Other receivables, deposits and prepayments” under current assets at 31 December 2022 are advances of HK\$9,365,000 (2021: HK\$9,843,000) to the Group’s associate, which are unsecured, repayable on demand and interest-bearing at a rate of 4.75% per annum, and other receivables of HK\$5,369,000 (2021: HK\$1,520,000) due from the Group’s associates, which are unsecured, interest-free and repayable within one year.

Included in “Other receivables, deposits and prepayments” at 31 December 2022 are loans to the Group’s joint venture of HK\$26,806,000 (2021: HK\$11,612,000), which are unsecured, interest-bearing at the loan prime rate announced by the People’s Bank of China (“LPR”) to 125% of LPR, and repayable in 2023 to 2024, and other receivables and advances to the Group’s joint ventures of HK\$18,396,000 (2021: HK\$21,389,000), which are unsecured, interest-free and repayable within one year.

All of the current portion of the above balances are expected to be recovered or recognised as expenses within one year.

13. CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Creditors	16,251,484	20,031,592
Other payables, accrued expenses and deferred income		
– government grants	<u>6,720,023</u>	<u>6,444,602</u>
	22,971,507	26,476,194
Less: Non-current portion		
– other payables, accrued expenses and deferred income		
– government grants	<u>(533,657)</u>	<u>(839,348)</u>
Current portion	<u>22,437,850</u>	<u>25,636,846</u>

13. CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES (continued)

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 6 months	12,548,564	17,013,449
Over 6 months	3,702,920	3,018,143
	<u>16,251,484</u>	<u>20,031,592</u>

Creditors totalling HK\$11,096,878,000 (2021: HK\$14,354,194,000) represent construction payables for the Group’s BOT, BOO and TOT arrangements. The construction payables are not yet due for payment.

Included in “Creditors, other payables and accrued expenses” are creditors of HK\$4,816,000 (2021: HK\$12,970,000) and HK\$71,031,000 (2021: HK\$85,758,000) due to the Group’s associate and non-controlling shareholders of non wholly-owned subsidiaries, respectively, which are unsecured, interest-free and repayable on credit terms similar to those offered by the associate or the non-controlling shareholders to their major customers.

Included in “Other payables, accrued expenses and deferred income – government grants” at 31 December 2022 are other payables of HK\$101,000 (2021: HK\$309,000) and HK\$15,671,000 (2021: HK\$11,438,000) due to the Group’s associate and non-controlling shareholders of non wholly-owned subsidiaries, respectively, which are unsecured, interest-free and repayable on demand. Included in “Other payables, accrued expenses and deferred income – government grants” at 31 December 2022 is other payable of HK\$1,201,000 (2021: HK\$1,314,000) due to a non-controlling shareholder of a non wholly-owned subsidiary, which is unsecured, interest-free and repayable within one year. Included in “Other payables, accrued expenses and deferred income – government grants” at 31 December 2022 are other payables of HK\$215,053,000 (2021: HK\$228,468,000) due to a non-controlling shareholder of a non wholly-owned subsidiary, which are unsecured, interest-bearing at the rates announced by the People’s Bank of China and repayable on demand.

SCOPE OF WORK OF ERNST & YOUNG ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group’s consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Company’s auditor, Ernst & Young, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an 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 Ernst & Young on the preliminary announcement.

BUSINESS REVIEW AND PROSPECTS

Operating Results

Business Overview

In 2022, confronted with the complex and unpredictable international situation and arduous domestic tasks of continuing reform and development and maintaining stability, China forged ahead and enhanced macro-control efforts to achieve stable economic operation, steady improvement in development quality, and overall social stability. All the new achievements have been hard-won. In terms of the environmental protection sector, the blueprint of the Chinese path to modernisation has incorporated green development as an important component, with the aim to promote the harmonious co-existence of human and nature. With the public's increasing demand for a better environment, together with China's strategic goal of "Peaking Carbon Emissions" and "Achieving Carbon Neutrality" ("Dual Carbons") fostering a systematic economic and social transformation, the domestic environmental protection industry sees huge development potential. In the meantime, as the traditional environmental protection markets have become saturated and the investment-driven development model saw an urgent need to change, the industry development turned into a cyclical adjustment.

As a one-stop integrated environmental management service provider, during the year under review, China Everbright Environment Group Limited (the "Company" or "Everbright Environment", together with its subsidiaries, collectively the "Group") rose to various external difficulties and challenges, upheld the general principle of "Making Progress with Stability", focused on its major businesses and responsibilities, optimised its revenue and management structures, and enhanced effort to reduce cost and boost efficiency. As a result, the Group solidified its development fundamentals and industry-leading position.

In terms of operating results, during the year under review, the Group adopted various measures to boost its operational management proficiency and efficiency. It solidified its existing business areas and explored new business fields to achieve synergistic effects. The Group also achieved positive progress in technological innovation with fruitful results. The revenue structure of the Group continued to be optimised, with the proportion of operation service revenue against the total revenue increasing significantly. The Group developed diverse financing channels, kept financing cost under control, maintained abundant capital, and recorded good results across all financial indicators.

Major operating indicators in 2022 are summarised in the table below:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	Percentage Change
Revenue	37,321,229	49,895,384	-25%
Earnings before interest, taxes, depreciation and amortisation (“EBITDA”)	12,841,787	15,027,003	-15%
Profit attributable to equity holders of the Company	4,601,939	6,804,099	-32%
Basic earnings per share (HK cents)	74.91	110.76	-32%

During the year under review, the Group recorded a total revenue of HK\$37,321,229,000, of which revenue from operation services increased by 5% to HK\$18,811,547,000 as compared with that for 2021, and revenue from construction services decreased by 51% to HK\$13,158,376,000 as compared with that for 2021. The revenue from operation services, construction services and finance income accounted for 51%, 35% and 14% of the total revenue, respectively.

During the year under review, the Group actively expanded its financing channels and built up a portfolio of both long-term and short-term financing tools to effectively reduce financing costs, improve liquidity, and provide capital backing for its medium-term to long-term development. At the same time, the Group enhanced efforts to collect and manage its debtors, negotiated with banks to secure additional facility support, and obtained various domestic subsidies amounting to RMB342 million. As of 31 December 2022, the Group had cash on hand amounting to HK\$11.783 billion, with a reasonable gearing level and a healthy financial position.

The Group’s major financing arrangements in 2022 are summarised in the table below:

Issue Date	Financing Activities and Uses of Proceeds	Issue Size (RMB)
September 2022	China Everbright Water Limited (“Everbright Water”), the Company’s listed subsidiary, issued the third tranche super and short-term commercial papers in the national inter-bank bond market for the replenishment of working capital of Everbright Water’s subsidiaries.	1 billion
August 2022	Everbright Environmental Protection (China) Limited* (“EEP China”), the Company’s wholly-owned subsidiary, issued the asset-backed notes series 2 in the national inter-bank bond market for the replenishment of the working capital of EEP China and its subsidiaries, repayment of debts to financial institutions and/or any other purposes in compliance with relevant national industrial policies and applicable laws and regulations.	Approximately 858 million
June 2022	Everbright Water issued the first tranche perpetual medium-term notes (“MTN”) in the national inter-bank bond market for the replacement of the due debts of Everbright Water and its subsidiaries.	700 million
May 2022	China Everbright Greentech Limited (“Everbright Greentech”), the Company’s listed subsidiary, issued the 2022 first tranche perpetual MTN in the national inter-bank bond market for the repayment of interest-bearing debts of Everbright Greentech and its subsidiaries.	700 million

* *For identification only*

Issue Date	Financing Activities and Uses of Proceeds	Issue Size (RMB)
April 2022	The Company issued the 2022 perpetual MTN (series 1) in the national inter-bank bond market for the repayment of the Group’s interest-bearing debts.	1.5 billion
April 2022	Everbright Greentech issued the 2022 green MTN (series 1) (bond connect) in the national inter-bank bond market for the repayment of interest-bearing debts of Everbright Greentech and its subsidiaries, replenishment of their working capital and/or investment and construction of their environmental protection projects and other business development purposes.	1.2 billion
April 2022	Everbright Water issued the third tranche MTN in the national inter-bank bond market for the replenishment of the working capital of Everbright Water’s subsidiaries.	1 billion
January 2022	Everbright Water issued the second tranche super and short-term commercial papers in the national inter-bank bond market for the replenishment of the working capital of Everbright Water’s subsidiaries.	1 billion

The Group remains dedicated to creating value for and sharing development returns with the shareholders of the Company (the “Shareholders”). To reward the Shareholders for their long-term trust and support, the Board (the “Board”) of Directors (the “Director(s)”) of the Company proposed to pay a final dividend of HK9.0 cents per share as of 31 December 2022 to the Shareholders (2021: HK15.0 cents per share), with the total dividend for the year amounting to HK24.0 cents per share (2021: HK34.0 cents per share).

As of 31 December 2022, the Group had a business presence in 220 cities, counties and districts across 26 provinces, municipalities, autonomous regions and special administrative region in China, with overseas business markets in Germany, Poland, Vietnam and Mauritius. The Group invested in and secured a total of 564 environmental protection projects, with an aggregate investment of approximately RMB157.675 billion. It also undertook various asset-light projects and services, such as environmental remediation, waste sorting, engineering, procurement and construction (“EPC”), operation and management (“O&M”), equipment supply, and technical services. As the world’s largest waste-to-energy investor and operator, the Group had a total of 185 waste-to-energy projects (including an O&M project) under its environmental energy and greentech sectors, with an aggregated designed daily household waste processing capacity of 155,200 tonnes.

In terms of market expansion, during the year under review, with a focus on solid waste, water-related and clean energy fields as the three major business areas, the Group solidified its advantageous businesses such as waste-to-energy and waste water treatment, and also expanded industrial chains relating to the three major business areas, in a bid to develop a business portfolio that creates synergistic effects and integrates asset-light and asset-heavy businesses. In 2022, the Group tapped into the provincial waste-to-energy market in Guizhou Province and multiple county-level waste-to-energy markets, in addition to securing waste-to-energy synergistic businesses of various types. The Group also secured its first municipal sludge disposal project, with continuously enhanced capabilities to expand existing and potential business relating to municipal and industrial waste water treatment. Additionally, the Group deployed in-depth environmental remediation services for landfill sites, and continued to expand solar energy business at home and abroad. Moreover, the Group reported successful sales of environmental protection equipment and energy-saving lighting products both inside and outside the country. The Group also made progress in the commercialisation of technological innovation results, continuing to empower the development of all its businesses. In addition, based on the principle of “Openness, Sharing and Win-win Co-operation”, the Group has established strategic partnerships with many local governments and enterprises to expand its partner network towards long-term development. It also explored overseas market opportunities and followed up multiple potential environmental protection projects, in adherence to the country’s initiative of the green development of the Belt and Road. In 2022, the Group invested in and secured a total of 39 new projects (including acquisition projects) and 1 supplementary agreement on existing project for a total investment of approximately RMB5.546 billion, involving waste-to-energy, food and kitchen waste treatment and other waste-to-energy synergistic businesses, municipal and industrial waste water treatment, sludge treatment and disposal, and solar energy. The Group also undertook various asset-light businesses, worth a total contract value of approximately RMB2.430 billion.

The major designed treatment and supply capacities of the new projects secured in 2022 are summarised as below:

Project Category	Designed Treatment/Supply Capacity
Household waste	4,900 tonnes/day
Food and kitchen waste	1,248 tonnes/day
Hazardous and solid waste	1,500 tonnes/year
Steam supply	812,100 tonnes/year
Water treatment*	187,500 m ³ /day

* Including various types of water treatment business, such as water supply, waste water treatment and reusable water.

In terms of operations, safety, and environmental management, during the year under review, the Group adhered to stable operation and compliant discharge and emission, through the establishment of digital and intelligent management platforms, to refine its operations management proficiency. At the same time, the Group continued to improve the safety and environmental management system to effectively reduce relevant loopholes. It launched professional training and examinations to strengthen the safety and environmental management team's capability and awareness. As a result, the Group's incident rates further declined.

In terms of project construction, during the year under review, the Group continued to adhere to the seven principles of "Productivity, Efficiency, Quality, Cost-Effectiveness, Legitimacy, Safety and Integrity", adopted dynamic management among other measures, and actively responded to the adverse effects of the Pandemic prevention and control measures in various places on the project construction. The Group strengthened the control of safety risk factors and smoothly carried out all project construction works. In 2022, 39 projects completed construction and commenced operation, and 1 project completed construction. 7 environmental remediation services and 12 EPC projects were completed and delivered. Additionally, 44 projects (including EPC projects) commenced construction and 8 environmental remediation services began execution.

During the year under review, the Group actively engaged in various "Cost Reduction and Efficiency Enhancement" activities and achieved effective results. In terms of financial management, the Group optimised its domestic and overseas loan structure, reduced interest rates, saved finance costs, and minimised the impact of external interest rate market fluctuations. In terms of operations, safety, and environmental management, the Group completed the construction of the safety and environmental management platform, to facilitate supervision and protection and boost relevant management efficiency. The Group also

promoted the construction of digital functions, such as an efficiency analysis system, early warning platform and security platform, to further empower its “Intelligent Power Plants” and “Intelligent Water Plants”. In terms of project construction management, the Group strengthened the revision and improvement of relevant instructions, enhanced the dynamic management of the budget, and elevated efficiency of the use of construction funds. It also optimised the functions of the project management information systems for environmental energy, environmental water and greentech, to promote the efficiency of systematised assessment, co-ordination, supervision, etc. In terms of tendering and procurement, the Group overcame the constraints of previous projects and geographical areas, and actively promoted centralised procurement to boost the “Cost Reduction and Efficiency Enhancement” of bidding and procurement work with scale effect.

In addition, during the year under review, the Group focused on China’s “Dual Carbons” strategic goal and took “Reduction of Pollution and Carbon Emissions” as footholds, fully utilising its own advantages and characteristics to carry out in-depth exploration and active deployment. The relevant work progressed well and achieved good results.

In terms of pollution reduction, the Group adhered to high standards while developing and operating its environmental protection projects and services, in a bid to continuously manage and protect the living and ecological environment in various locations. The Group’s major environmental contributions in 2022 are summarised as below:

	Treatment Capacity	Environmental Contribution
Household waste processed	48,968,000 tonnes	Generating green electricity of 24,762,121,000 kWh. This output could support the annual electricity consumption needs of 20,635,000 households, equivalent to saving 9,905,000 tonnes of standard coal, while reducing Carbon Dioxide (CO ₂) emissions by 20,463,000 tonnes.
Hazardous and solid waste processed	431,000 tonnes	
Agricultural and forestry waste processed	8,186,000 tonnes	
Waste water treated	1,770,260,000 m ³	Reducing Chemical Oxygen Demand (“COD”) discharge of 824,000 tonnes
Waste-to-energy plants’ leachate treated	11,357,000 m ³	

Since the Group’s first environmental protection project commenced operation in 2005, its aggregate major environmental contributions are summarised as below:

	Aggregate Treatment Capacity	Aggregate Environmental Contribution
Household waste processed	217,925,000 tonnes	Generating green electricity of 105,486,150,000 kWh. This output could support the annual electricity consumption needs of 87,905,000 households, equivalent to saving 42,195,000 tonnes of standard coal, while reducing CO ₂ emissions by 99,067,000 tonnes.
Hazardous and solid waste processed	1,771,000 tonnes	
Agricultural and forestry waste processed	34,789,000 tonnes	
Waste water treated	14,732,562,000 m ³	Reducing COD discharge of 5,776,000 tonnes.
Waste-to-energy plants’ leachate treated	47,229,000 m ³	

In terms of carbon reduction, during the year under review, the Group completed the pilot project on the on-site monitoring of greenhouse gas emissions, as assigned by the Ministry of Ecology and Environment of the People’s Republic of China (“PRC”) (“MEE”), and participated in the preparation of greenhouse gas emission monitoring methods focusing on the three areas of waste-to-energy, landfill and waste water treatment. The Group also participated in the drafting of the national standards related to carbon accounting, completed the *Roadmap of Everbright Environmental Technology Development under the Dual Carbons Vision*, as well as continuously optimised carbon accounting models and evaluated the level of carbon emissions of its own operations to improve carbon reduction strategies. The Group also insisted on adopting authoritative international standards for the disclosure of key climate risks and the adoption of strategic and corporate governance measures to address related environmental risks, emissions and the carbon footprint of production and operation activities. The Group continued to promote carbon reduction pilot projects such as the “in-plant solar energy”, “rooftop solar energy” and “low-carbon steam” programmes, actively developing “low-carbon projects”, “zero-carbon factories” and “low-carbon parks”. It also promoted the research and development (“R&D”) of carbon reduction technologies such as “carbon capture”, completing the development of 100kg-level solid amine CO₂ capture materials. In addition, individual scientific research topics have been certified as having reached the internationally advanced level by domestic authoritative experts. The Group also joined hands with universities and research institutions, such as the Shenzhen Institute of Advanced Technology of the Chinese Academy of Sciences, to promote communication and co-operation in the field of carbon reduction-related scientific research. Additionally, the Group actively promoted the pilot development of carbon assets for its projects. The Company and its subsidiaries issued several carbon neutrality-themed bonds to deploy green financial instruments to facilitate green business development.

Having been deeply engaged in the environmental field for two decades, the Group is well aware that high-quality environmental management and environmental information disclosure are not only about the basic rights and well-being of the public, but also the responsibility of corporate citizens that conduct business in the field of environmental protection. During the year under review, given the ongoing pandemic prevention controls, the Group continued to launch online open-up activities and opened its projects to the public as appropriate, with 151 projects open up to the public and over 40,000 domestic and overseas visitors across all sectors received by its operating projects. At the project level, a number of the Group's projects launched various activities in conjunction with important environmental protection holiday occasions such as the "World Environment Day", "World Water Day" and "China Water Week", guiding surrounding communities to pay attention to sustainable development issues such as ecological and environmental protection, energy conservation and consumption reduction, promoting the green living concept of resource conservation and recycling. At the same time, such activities helped to promote the integration of projects with the local communities, facilitating the in-depth implementation of China's "Dual Carbons" strategic goal at the primary level. In 2022, the Group's environmental protection projects in several domestic provinces were granted more than 20 honorary titles, such as projects opening up to the public and environmental protection science popularisation bases, at the national, provincial, municipal, and county levels.

As a corporate citizen, the Group not only promoted environmental protection through various forms of activities during the year under review, but also actively fulfilled its mission by exploring the community integration model through its projects and actively promoting the long-term development of shared interests among government authorities, businesses and residents. Among them, the Group's Hebei Zhangjiakou Waste-to-energy Project ensured the harmless treatment of household waste in Zhangjiakou and the safe treatment of medical and other waste for the 2022 Beijing Winter Olympic Games, to facilitate the smooth running of the international games and promote the concept of green Olympic Games. Facing the impact of the new waves of the Pandemic in many areas in 2022, the Group's project teams in various places prevented the Pandemic within their projects and protected the local livelihood, ensuring the health and safety of employees and the stable operation of projects, as well as preventing secondary transmission of the virus through various waste, leveraging the Group's quality environmental services to protect environmental safety and residents' health in various places. When Hong Kong was severely attached by the Pandemic, the Group not only ensured the health and safety of its employees in Hong Kong, but also actively participated in and organised volunteer activities, donating goods to local communities to fight against the Pandemic and working with local residents to combat all difficulties. During the straw harvesting and storage period in autumn, the Group's biomass integrated utilisation projects acquired straw through a "government-led, enterprise-operated and market-run" mechanism, which not only ensured a stable supply of the biomass raw materials, but also benefited more than 10 million farmers and provided work opportunities to nearly 5,000 people, actively serving the country's rural revitalisation strategy.

In 2022, the Group received many honours from home and abroad in recognition of its fulfillment of its responsibility and continued efforts in different aspects, including business operation, technology R&D, sustainable development and social responsibilities. The major awards and honours are summarised as below:

Category	Award/Recognition	Awarding Organisation(s)
Operational Management	First place in the “2022 Top 50 Environmental Enterprises in China” (the fourth consecutive year)	China Environment Chamber of Commerce
	Shortlisted in the Fortune China 500 list (the second consecutive year)	<i>Fortune China</i>
	First place in the “Top Ten Influential Solid Waste Treatment Enterprises in China” (the twelfth consecutive year)	E20 Environmental Platform
	Blue Ocean Award	Asian Development Bank
	2022 Outstanding Practice Case of Directors’ Office of Listed Companies	China Association for Public Companies
	Everbright Water was shortlisted in the “Top Ten Influential Enterprises in China’s Water Industry” (the fifth consecutive year)	E20 Environmental Platform
	Everbright Water received the “ListCo Excellence Award 2022” (the third consecutive year)	Hong Kong stocks channel of ifeng.com and Hong Kong media am730
	Everbright Water was recognised as one of the “ASEAN Asset Class Publicly Listed Companies”	2021 Association of Southeast Asian Nations (“ASEAN”) Corporate Governance Scorecard
	Everbright Greentech received the “Corporate Governance Awards 2022” (H-share Companies and Other Mainland Enterprises Category)	Hong Kong Institute of Certified Public Accountants

Category	Award/Recognition	Awarding Organisation(s)
Technology R&D	<p>Everbright Environmental Technical Equipment (Changzhou) Limited* (“Changzhou Equipment Company”) was shortlisted in the fourth batch of the National “Little Giant” enterprises that use special and sophisticated technologies to produce novel and unique products and services</p>	<p>Ministry of Industry and Information Technology of the PRC (“MIIT”)</p>
	<p>Changzhou Equipment Company was shortlisted in the fourth batch of the National “Service Oriented Manufacturing Demonstration Enterprises”</p>	<p>MIIT</p>
	<p>200 tonnes/day quick loading small-scale furnace R&D and industrialisation project was awarded a demonstration project by the NDRC</p>	<p>The National Development and Reform Commission of the PRC (“NDRC”)</p>
	<p>The research topic on “Application of Precise Dioxin Prevention and Control Technology and Environmental Supervision in the Whole Process of Waste Incineration and Metal Smelting” received the second prize of the Environmental Protection Science and Technology Award</p>	<p>Environmental Protection Science and Technology Awards Committee</p>

* For identification only

Category	Award/Recognition	Awarding Organisation(s)
Technology R&D (cont'd)	The research topic on “Innovation and Application of Key Technologies for Synergy in Resource Recovery of Autotrophic Desulfurisation and Carbon Reduction of Industrial Waste Water” received the first prize of the Environmental Protection Science and Technology Award	Environmental Protection Science and Technology Awards Committee
	“Suzhou Domestic Waste Incineration Medium Temperature Ultra High Pressure and Ultra Low Emission Technology Application” won the first prize of the Science and Technology Award (Science and Technology Application Award)	China Association of Urban Environmental Sanitation
	Everbright-Qingdao University of Technology Research Institute of Environmental Technology received the CNAS certificate, recognised as a laboratory by the country	China National Accreditation Service for Conformity Assessment (CNAS)
Project Construction	The construction work of the Group’s Hainan Danzhou Waste-to-energy Project won the Luban Prize for the period of 2022 and 2023 in China’s construction industry	China Construction Industry Association
	The construction work of the Group’s Zhejiang Fuyang Waste-to-energy Project received the China Quality Construction Work Award	NDRC

Category	Award/Recognition	Awarding Organisation(s)
Sustainable Development	Included in the Dow Jones Sustainability Indices (the seventh consecutive year)	Dow Jones
	Included in the <i>Sustainability Yearbook</i> (the fifth time)	S&P Global
	Included in the Hang Seng Corporate Sustainability Benchmark Index (the twelfth consecutive year)	Hang Seng Indexes
	Included in the Hang Seng ESG 50 Index for the first time	Hang Seng Indexes
	Received the “Achievement of Net-zero” certificate and “Pioneering Organisation in Net-zero Contribution”	Hong Kong Quality Assurance Agency
	Shortlisted in the list of “2022 China’s Top 50 Carbon Neutral Contribution Enterprises”	China Energy News, Digital and Dual Carbons Research Institute, Tsinghua University and China Energy Economics Research Institute
	Everbright Greentech received the “Best in ESG Awards” and “Best in Reporting Awards”	The BDO ESG Awards
Social Responsibility	Social Responsibility Brand of the Year (the eighth consecutive year)	China Charity Festival
	Zhejiang Quzhou Waste-to-energy Project of the Group was recognised as one of the “Top Ten Opening-Up Environmental Protection Facilities in 2022”	The MEE and the Central Office for Guiding Cultural and Ethical Progress

I. ENVIRONMENTAL ENERGY

Environmental energy is a core business sector of the Group, with the largest scale and biggest business portion, covering waste-to-energy, food and kitchen waste treatment, leachate treatment, fly ash treatment, methane-to-energy, sludge treatment and disposal, construction and decoration waste treatment, and the development of environmental protection industrial parks. On this basis, in order to better play a synergistic role and expand the scope of its solid waste industrial chain, the Group merged the eco-recycling and environmental planning sectors into environmental energy during the year under review, which further improved the deployment of the Group's waste-to-energy industrial chain, strengthened integrated development of the resources and energy integrated utilisation businesses, and consolidated the Group's leading position in the waste-to-energy industry.

As of 31 December 2022, environmental energy had invested in and held 258 projects, with a total investment of approximately RMB94.400 billion, and undertook 2 O&M projects and 11 EPC projects, which are designed to have an annual household waste processing capacity (including capacity of the O&M projects) of 52,432,250 tonnes, which is expected to generate 17,736,434,700 kWh of annual on-grid electricity, an annual food and kitchen waste processing capacity of 2,886,420 tonnes, an annual sludge treatment capacity of 503,700 tonnes, and an annual medical waste processing capacity of 12,775 tonnes.

As of 31 December 2022, environmental energy's waste-to-energy projects are summarised as follows:

Project Status	Number of Projects	Designed Processing Capacity (tonnes/annum)
In Operation*	143	46,793,000
Under construction	8	3,577,000

* including an O&M project

As of 31 December 2022, environmental energy's waste-to-energy synergistic projects are summarised as follows:

Project Status	Number of Projects	Designed Processing Capacity* (tonnes/annum)
In Operation	66	3,821,057
Under construction	12	492,750

* *including the processing capacity of various waste-to-energy synergistic projects such as food and kitchen waste treatment, sludge treatment and disposal, and medical waste treatment*

In terms of market development, in 2022, environmental energy actively responded to the industry adjustments and changes in the market environment, focused on both the domestic potential and existing markets, actively developed overseas markets expansion and explored new business growth opportunities, and steadily carried out the high-quality development of its business. During the year under review, environmental energy further opened up the county waste-to-energy market and successively acquired waste-to-energy projects in Hunan Ningxiang, Shaanxi Chengcheng and Anhui Guzhen, among others. Through acquisition of equity interest, the Group secured Guizhou Zhijin Waste-to-energy Project and Guangxi Luchuan Waste-to-energy Project, achieving a breakthrough in the expansion of the environmental protection market in Guizhou Province while responding to the relevant requirements of the national ecological poverty alleviation. The Group continued to promote synergistic business development, and successively implemented 16 projects such as food and kitchen waste treatment and sludge treatment and disposal, in addition to 1 waste sorting service, to drive revenue growth with business synergies. The Group acquired asset-light businesses such as the EPC project for the zero-carbon demonstration zone in Hainan Boao, and actively integrated the eco-recycling and environmental planning sectors into environmental energy during the fourth quarter of 2022. By doing so, the Group continued to promote its business development strategies that pay equal attention to the development of asset-light and asset-heavy businesses and emphasis synergy to boost efficiency, so as to enhance the deployment of the waste-to-energy industrial chain. During the year under review, environmental energy secured 25 new projects (including acquisition projects), with a total investment of approximately RMB3.887 billion, in addition to undertaking 4 EPC projects, 7 O&M projects and other types of light-asset businesses, with a total contract value of approximately RMB1.401 billion. The newly secured projects contribute a designed daily household waste processing capacity of 4,500 tonnes and a designed daily food and kitchen waste processing capacity of 1,248 tonnes.

In terms of project construction, during the year under review, environmental energy carried out project construction works in an orderly manner. 28 projects completed construction and commenced operation, with a total designed daily household waste processing capacity of 13,250 tonnes, a designed daily food and kitchen waste processing capacity of 780 tonnes, and a designed daily fly ash treatment capacity of 229 tonnes. 22 projects (including an EPC project) commenced construction, with a total designed daily household waste processing capacity of 3,250 tonnes, and a designed daily food waste processing capacity of 740 tonnes. During the year under review, the construction work of Hainan Danzhou Waste-to-energy Project received the Luban Prize, making it the fourth waste-to-energy project of the Group to win the highest honor in the construction engineering field of the country. The construction work of Zhejiang Fuyang Waste-to-energy Project won the National Quality Engineering Award, fully demonstrating the Group's outstanding capability in environmental engineering planning and construction.

In terms of operations management, environmental energy further established and improved an efficient and professional operations management system during the year under review, enhanced the standardisation of its operations management, further reduced the workload of project staff, and strengthened the professionalism of the project operations management personnel through various operation-related training, to drive the effective improvement of project operation efficiency. At the same time, environmental energy continued to increase investment in areas related to intelligent power station and achieved practical results. It has implemented automated programming system (APS), automated combustion control (ACC), automated frequency control (AFC), automated leachate control, and unattended slag crane, which boosted the quality and efficiency of the project operations. In 2022, the average electricity generated per tonne of waste incinerated at environmental energy's waste-to-energy projects was approximately 470 kWh, with an integrated power consumption ratio of approximately 16%.

During the year under review, environmental energy contributed an EBITDA of HK\$9,056,301,000, a decline of 11% as compared with 2021. Environmental energy contributed a net profit attributable to the Group of HK\$5,065,735,000, a decline of 15% as compared with 2021. The decrease in profit was mainly attributable to the decrease in the number of construction projects affected by the market during the year under review, which resulted in the decline in revenue and profit from construction services, and one-off impairment of goodwill.

Major operating data relating to environmental energy during 2022 are summarised in the table below:

	2022	2021	Percentage Change
Waste processing volume (tonnes)	45,511,000	40,534,000	12%
Food and kitchen waste, sludge processing volume (tonnes)	1,775,000	895,000	98%
On-grid electricity (MWh)	15,114,860	13,263,566	14%

II. ENVIRONMENTAL WATER

As of 31 December 2022, the Group held a 72.87% stake in Everbright Water, which is listed on the Mainboard of the Singapore Exchange Securities Trading Limited and the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), with the goal of creating value to industries through various water-related businesses. Everbright Water has developed fully-fledged business coverage, which includes raw water protection, water supply, municipal waste water treatment, industrial waste water treatment, reusable water, river-basin ecological restoration, and sludge treatment and disposal. Everbright Water has also formed a full industrial chain in the water business, including project investment, planning and design, technology R&D and related services, engineering and construction, and operations management and integrated diagnosis, amongst others. It is a first-class water environment management service provider in China.

As of 31 December 2022, Everbright Water had invested in and held 161 projects, with a total investment of approximately RMB29.603 billion. It also secured 4 EPC projects, 5 O&M projects and other types of asset-light businesses like technical services. These projects are designed to have an annual waste water treatment capacity (including capacity of the O&M projects) of 2,225,806,500 m³, an annual reusable water supply capacity of 109,719,000 m³, an annual water supply capacity of 310,250,000 m³, and an annual sludge treatment capacity of 793,900 tonnes.

As of 31 December 2022, Everbright Water’s water projects are summarised as follows:

Project status	Number of Projects	Designed Treatment Capacity (m³/annum)
In operation*	134	2,161,420,500
Under construction	12	321,200,000

* including O&M projects

In terms of market development, in 2022, Everbright Water stucked to “water” as the fundamental factor of its business, consolidated the traditional business fields such as waste water treatment. In the meantime, it focused on the “water-related” business concept and established adaptive industrial research workforces, to actively broaden its business development vision and deploy the “water-related” industrial chain. As a result, the sector had secured new businesses in the fields such as industrial waste water treatment, municipal sludge treatment and disposal. During the year under review, Everbright Water secured 10 projects, with a total investment of approximately RMB1.309 billion, and undertook various asset-light services, including 2 O&M projects and technical services, with a total contract value of approximately RMB595 million. The new projects are designed to have a daily waste water treatment capacity (including capacity of the O&M projects) of 111,000 m³, a daily reusable water supply of 50,000 m³, and a daily sludge treatment capacity of 625 tonnes.

In terms of project construction, during the year under review, Everbright Water had 3 projects that completed construction and commenced operation and 2 projects that completed construction (including a EPC project), with a total designed daily water treatment capacity of 190,000 m³; 5 projects commenced construction, with a total designed daily water treatment capacity of 150,000 m³.

In terms of operations management, during the year under review, Everbright Water actively followed the country’s “Dual Carbons” strategic goal and implemented carbon-reduction tactics at its operating projects. It collaborated with local enterprises and introduced alternative carbon sources like expired beverages, which reduced drug consumption and project operational cost. The “in-plant solar energy” pilot programme was further promoted and completed implementation of 6 sets of solar power facilities, with a total stalled capacity of 8 WMp. The sector further unveiled potential of its water projects in Tianjin Municipality, by implementing the “in-plant solar energy” facility, extracting thermal energy from waste water, supplying reusable water directly to the local communities, and utilising sludge, which helped to improve the projects’ capability of

utilising water resources and its by-products, and to transform into low-carbon benchmark projects. In the meantime, Everbright Water continued the construction and application of its information system. It upgraded the operations management system and applied the system across all operating projects. The intelligent water sources management was promoted, which introduced several intelligent operation methods for the first time, such as sampling by unmanned ships and scene image analysis for water sources. In 2022, a total of 8 waste water treatment plants of Everbright Water received regulatory approval for tariff hikes, ranging between 3% and 39%.

During the year under review, the Group's environmental water sector contributed an EBITDA of HK\$2,178,925,000, a 4% decrease compared with 2021. Environmental water contributed a net profit attributable to the Group of HK\$731,431,000, a 18% decrease compared with 2021. The decrease in profit was mainly due to the rise of raw material costs, and implementation of VAT exemption incentive policy which resulted in an increase of operating costs in one-off basis.

Major operating data relating to environmental water during 2022 are summarised in the table below:

	2022	2021	Percentage Change
Waste water treatment volume ('000 m ³)	1,770,000	1,698,700	4%

III. GREENTECH

As of 31 December 2022, the Group held a 69.7% stake in Everbright Greentech, which is listed on the Main Board of the Stock Exchange. Everbright Greentech focuses on hazardous and solid waste treatment, integrated biomass utilisation, new energy, and environmental remediation, amongst others. It positions itself as a leading intelligent energy supplier dedicated to "Carbon Neutrality", as well as a prominent industrial hazardous waste treatment investor and operator in China.

As of 31 December 2022, Everbright Greentech had invested in and held 140 projects, with a total investment of approximately RMB33.05 billion. These projects are designed to have an annual biomass raw material processing capacity of 8,089,800 tonnes, an annual household waste processing capacity of 4,215,750 tonnes, an annual 6,992,190,013 kWh of on-grid electricity, an annual hazardous and solid waste processing capacity of 2,873,400 tonnes, as well as 5,389,663 tonnes of steam supply per annum.

As of 31 December 2022, Everbright Greentech’s solar energy projects are summarised as follows:

Project Status	Number of Projects	Designed Installed Capacity (WMp)
In Operation	19	33.05
Under Construction	3	9.6

In terms of market development, in 2022, Everbright Greentech proactively “stabilised major businesses and carried out transformation”. For the traditional business areas, Everbright Greentech further optimised the collection, storage and transportation mechanism of biomass raw materials to ensure the supply of biomass fuel. It also integrated and established a regional co-ordination centre to ensure the existing hazardous and solid waste treatment business, while further expanding the business to consolidate its market share. In the second half of 2022, Everbright Greentech reached a strategic co-operation agreement with Alibaba Cloud Computing Co. Ltd. to deepen the deployment of new energy development and promote the digital transformation of the environmental protection field. During the year under review, Everbright Greentech secured 4 new projects and signed 1 supplemental agreement for existing project, which commanded a total investment of approximately RMB350 million. It also undertook 8 environmental remediation services, with a total contract value of approximately RMB244 million. The new projects are designed to have an annual household waste processing capacity of 146,000 tonnes, an annual hazardous and solid waste processing capacity of 1,500 tonnes, an annual steam supply capacity of 166,400 tonnes, and a designed solar energy installed capacity of 15.7 WMp.

With respect to project construction, during the year under review, Everbright Greentech had 7 projects that had completed construction and commenced operation, contributing a designed annual hazardous and solid waste processing capacity of 380,000 tonnes and a designed solar energy installed capacity of 1.387 WMp. 7 environmental remediation services were completed and delivered. In addition, 8 projects commenced construction, with a designed annual household waste processing capacity of 365,000 tonnes and a designed solar energy installed capacity of 10.99 WMp. 8 environmental remediation services started their respective remediation work in succession.

During the year under review, the Group's greentech sector contributed an EBITDA of HK\$2,234,378,000, a decrease of 24% as compared with 2021. Greentech contributed a net profit attributable to the Group of HK\$290,267,000, a decrease of 67% as compared with 2021. The decrease in profit was primarily due to the resurgence of the Pandemic in China and the slowdown of economic growth during the year, which has resulted in the decrease of unit prices for treatment fees and the increase in the raw material costs, resulting in the significant decrease in the profit margin.

Major operating data relating to greentech during 2022 are summarised in the table below:

	2022	2021	Percentage Change
Waste processing volume (<i>tonnes</i>)	3,457,000	2,919,000	18%
Biomass raw material processing volume (<i>tonnes</i>)	8,186,000	7,964,000	3%
Hazardous and solid waste processing volume (<i>tonnes</i>)	431,000	269,000	60%
Steam supply volume (<i>tonnes</i>)	2,419,361	2,154,671	12%
On-grid electricity (<i>MWh</i>)	6,270,760	6,310,119	-1%

IV. ENVIROTECH

Being the Group's engine for technology R&D and innovation, the envirotech sector has been leveraging its R&D layout with platforms in various locations, focusing on key research areas such as household waste treatment, treatment of various hazardous and solid waste treatment, agricultural and forestry biomass utilisation, water environment management, big data and intelligent control. The sector is positioned to become a global platform dedicated to green technological innovation and conversion.

During the year under review, envirotech strived to cater to the development of traditional business, new business and the Group's future development needs while promoting R&D work, in a bid to empower and provide technical support for the development of all businesses of the Group. In addition to a focus on China's "Dual Carbons" strategic goal and implementation of a series of "Carbon" themed research work, envirotech continued to carry out various R&D work and tackle difficult R&D issues. As a result, it made good progress in the fields of waste-to-energy, hazardous and solid waste treatment, flue gas treatment, and intelligent control.

The Group's major technology R&D progress and results in 2022 are summarised as follows:

Business Area	Research Result(s)/Topic(s)
Waste-to-energy and Hazardous and Solid Waste Treatment	<ul style="list-style-type: none">• The 1,000 tonnes/day large-scale solid waste synergistic treatment technologies were applied to the Group's Jiangsu Wujiang Waste-to-energy Project ("Wujiang Project"), with an ignition loss rate of less than 2%• The research on fluoroplastic heat exchanger was applied and demonstrated in the Group's environmental protection projects in Suzhou City• The application of anaerobic membrane bioreactor (MBR) for waste leachate treatment was demonstrated in the Group's Jiangsu Suzhou Waste-to-energy Project ("Suzhou Project") for demonstration purposes and to optimise and improve the existing anaerobic systems• The furnace ash cleaning technology was in trial run at the Group's Zhejiang Haiyan Waste-to-energy Project• The research topic of "Key Technology Equipment and Engineering Demonstration Research on Efficient, Clean and Stable Furnace Incineration of Organic Solid Waste" entered the stage of preparation for acceptance• The research topic of "Intelligent Automatic Optimised Control System for Incineration Process Measurement and Multi-Data Coupling" entered the preparation stage for acceptance

Business Area	Research Result(s)/Topic(s)
Flue Gas Treatment	<ul style="list-style-type: none"> • The flue gas heater with ultra-low emission (GGH) was demonstrated in the Suzhou Project • The second generation of flue gas recirculation technology was used in the optimisation and transformation of the second phase of Wujiang Project to provide emission reduction technology demonstration
Intelligent Control	<ul style="list-style-type: none"> • The automatic combustion control (ACC) system was applied to over 40 projects within the Group and externally • The key technologies of the integrated smart environmental sanitation platform provided key technologies and service support for individual waste sorting projects of the Group • The results of the “research on core technology of Intelligent Internet of Things and its application in the field of energy conservation” provided a new generation of intelligent gateway for the Group’s energy-saving lighting projects and optimised its smart city management platform
Energy and Carbon Reduction	<ul style="list-style-type: none"> • The project of “R&D of key technologies of high stable solid amine carbon dioxide capture material synthesis and application equipment” made good progress • The energy saving and efficiency improvement technology was applied in the demonstration of energy saving and efficiency improvement in the third phase of Suzhou Project

As of 31 December 2022, patents that were held and major technical essays published by the Group are listed in the table below:

	2022	As of 31 December 2022 (Accumulated)
Granted patents	385	1,675
Invention patents	35	167
Utility Model patents	244	1,194
Software patents	83	267
Appearance patents	23	47
Major technical essays	15	87

In terms of scientific research co-operation and exchange, during the year under review, envirotech actively integrated resources and expanded information sharing channels. It successively established scientific research co-operation partners with Southeast University, Zhejiang University and other universities and institutions, carried out co-operative R&D work on solid waste treatment, biomass utilisation and other fields, and jointly launched special training courses. Riding on the collaboration with the Hong Kong Science and Technology Parks Corporation in 2021 to launch a green technology incubation and commercialisation platform in Hong Kong, envirotech held many technical exchange meetings and met with many domestic and foreign green technology enterprises to start continuous and extensive exchanges and interactions in the fields of energy conservation for buildings, optical storage and monitoring equipment.

V. EQUIPMENT MANUFACTURING

With Changzhou Equipment Company being the main platform, the Group's equipment manufacturing sector strives to upgrade its factories from the country's "Green Factories" to "Zero-carbon Factories", promoting the integration of advanced manufacturing and modern services. During the year under review, with the incorporation of the business of the Group's greenergy sector, equipment manufacturing further expanded its scope of business and enriched its product portfolio, fostering a new development paradigm for the "Intelligently Made by Everbright", continuing to solidify its industry-leading position.

In terms of market expansion, during the year under review, in the environmental equipment market, equipment manufacturing continuously consolidated domestic market share and actively promoted overseas market expansion, signing 18 external sales contracts and selling 22 sets of equipment to external markets, including 8 sets of grate furnaces, 6 sets of gas emission purification equipment and 8 sets of leachate treatment systems. It secured contracts relating to the external sale of complete sets of equipment, which amounted to a total contract value of RMB603 million. In the energy-saving lighting market, the Group proactively followed and reached many strategic partnerships, signed 9 energy-saving lighting EPC projects, and secured multiple business orders relating to direct sales of lighting products, with a total contract value of approximately RMB32.85 million. In addition, positive progress was made on the sales of the water purifier products.

In terms of equipment supply and after-sales services, during the year under review, equipment manufacturing commenced 24 service items, spanning 16 provinces, municipalities and autonomous regions in China. It provided 19 sets of grate furnaces to projects of the Group and external clients, which have a total designed daily waste processing capacity of 9,450 tonnes. In addition, it sold 109 sets of equipment, covering grate furnace systems and leachate treatment systems. It also signed 118 contracts in relation to external after-sales services, worth a total contract value of approximately RMB46.64 million. Throughout 2022, the sector provided 163 after-sales service projects, of which 101 were internal projects and 62 were external projects.

In terms of equipment, processes and technologies, during the year under review, equipment manufacturing adhered to its innovative development philosophy, follow market demands, and leverage its advantages to activate its innovation power. As a result, it successfully promoted a number of R&D projects, with major results being summarised as follows:

Area of Business	Major Result(s)
Environmental Equipment	<ul style="list-style-type: none"> • The domestic selective catalytic reduction (SCR) technology was successfully applied to a number of environmental protection projects of the Group • The new process of the primary air system for grate furnace was implemented in many projects • Production lines of the ultrafiltration membrane technology were established and the relevant membrane products were used by projects • The medical waste incineration technology completed trial operation, providing project operation experience for the development of countercurrent rotary kiln technology • The higher heating value water-cooled grate furnace system was installed in individual projects of the Group and received orders from various internal and external projects • The research results on the food and kitchen waste treatment to enhance automation were applied to the Group's food and kitchen waste treatment project in Jiangyin, Jiangsu Province, which can realise information visualisation, data analysis optimisation and reduced fault judgment during the kitchen waste treatment process • The R&D work of a set of equipment for solid waste treatment (processing capacity below 200 tonnes/day) progressed well and was approved by the NDRC

Area of Business	Major Result(s)
Energy-Saving Lighting	<ul style="list-style-type: none"> <li data-bbox="596 257 1449 427">• The intelligent industrial park management platform integrated the “Dual Carbons” management and other functions, and commenced and promoted such in industrial parks <li data-bbox="596 438 1449 519">• The smart light poles management platform and system were applied in multiple internal and external projects <li data-bbox="596 529 1449 742">• The smart gateway, single lamp controller, centralised controller and prefabricated equipment compartment with independent intellectual property rights began production, were applied in multiple projects, and started the technology upgrading work <li data-bbox="596 753 1449 927">• The new generation of study desktop lamps achieved mass production, and the third generation of control system and negative ion module function completed development and finalisation

Events After the Reporting Period

On 2 March 2023, the Company completed the issuance of the 2023 MTN (series 1) in the national inter-bank bond market of the PRC with a principal amount of RMB2 billion, an interest rate of 3.10% per annum and a maturity period of 3 years. The proceeds from the issuance were used for repayment of bank borrowings of the Company.

On 8 March 2023, Everbright Water completed the issuance of the fourth tranche super & short-term commercial papers with a principal amount of RMB1 billion, an interest rate of 2.60% per annum and a maturity period of 180 days to the institutional investors in the national inter-bank bond market of the PRC. The proceeds from the issuance were used for repayment of outstanding debts of Everbright Water.

On 6 March 2023, Everbright Water received a notice of registration acceptance issued by National Association of Financial Market Institutional Investors of the PRC (中國銀行間市場交易商協會) (“NAFMII”) approving the proposed issuance of MTN in multiple tranches to institutional investors in the national inter-bank bond market of the PRC with a registered principal amount of RMB5 billion by Everbright Water. Meanwhile, as part of the aforesaid issuance of MTN, Everbright Water was approved by NAFMII to issue an initial tranche of MTN with a principal amount of between RMB1 billion and RMB1.5 billion. As at the date of approval of the financial statements of the Group, Everbright Water has not issued the initial tranche of MTN as aforesaid.

On 7 March 2023, Everbright Greentech made an application to NAFMII for registration of multiple types of debt financing instruments in the aggregate amount of not more than RMB5 billion to be issued in multiple tranches within two years from the date of the notice of acceptance of registration to be issued by NAFMII. As the aforesaid application is being processed, there remains uncertainty as to whether and when the above application will be approved and when the registration of the debt financing instruments will be completed.

Business Prospects

The years pass and the seasons flow like clockwork. Stepping into 2023, inflation remains high worldwide, coupled with weakened global economic and trading growth momentum, adding to uncertainties in the external environment. China's economic growth is stabilising and improving but still needs to be solidified, due to the great triple pressure of shrinking demand, supply shocks, and weakening expectations. However, the domestic economy has great resilience, huge potential, and a strong dynamic. With the economic dynamic and potential being fully unleashed, China will continue to instill confidence and strength in the world's economy.

The year 2023 marks a critical year for the implementation of China's 14th Five-Year Plan. Combined with the national "Dual Carbons" strategic goal and the general trend of people's desire for a better living environment, the domestic environmental protection industry will continue to be in a period of adjustment from "expansion" to "maturity" and a critical period of seeking a "second growth curve" and high-quality development. Although the market environment is highly competitive, China's regional strategies, rural revitalisation, the "Belt and Road" development, the battle against pollution and carbon reduction, and other major policies are expected to inspire new models, new businesses, new products and new services, which will breed huge market opportunities.

The Group has embarked on a year of hard work and the promotion of quality development in 2023, which also marks an important milestone as the 30th anniversary of the Company's incorporation and the 20th anniversary of its pivot to environmental protection. The Group will continue to adhere to its corporate mission of being "Devoted to Ecology and Environment for a Beautiful China" and its corporate pursuit of "Creating Better Investment Value and Undertaking More Social Responsibility". Moreover, the Group will adhere to the general principle of "Making Progress with Stability", and stick to its original aspiration and move forward courageously. For the next round of development deployment, the Group will strengthen strategic guidance to steadily promote transformation, strengthen market expansion to activate its development engine, deepen "cost reduction and efficiency enhancement" to boost development efficiency, drive innovation to foster development momentum, continuously optimise management to support its development, and guard against operating risks to establish a solid bottom line for development. With the strategic guidance of the Board and support from its stakeholders, the Group will work together and is confident to grasp the development opportunities arising from national policies and industry adjustments, in a bid to achieve five major transformations, namely the transformation from high-speed development to high-quality development, the transformation from the investment-driven development to development driven by a balance of asset-heavy and asset-light businesses, the transformation from construction service revenue to operation service revenue as the major source of revenue, the transformation from the extensive mode of management to a fine management mode, and the transformation from an enterprise with technological strengths to a technology-based enterprise. By doing so, the Group aims to steadily move towards the goal of becoming a world-class ecological and environmental management group, and to actively serve the national strategies and contribute the "Everbright" strength to the construction of a beautiful China, with a higher stance, longer-term vision and more practical commitment.

FINANCIAL REVIEW

Financial Results

In 2022, the Group's consolidated revenue amounted to HK\$37,321,229,000, a decrease of 25% from HK\$49,895,384,000 in 2021. Consolidated gross profit was HK\$14,364,599,000, a decrease of 13% compared to 2021. The Group's consolidated gross margin increased to approximately 38%, an increase of 5% over 2021. The EBITDA was decreased by 15% from HK\$15,027,003,000 to HK\$12,841,787,000 in 2022. Profit attributable to equity holders of the Company for 2022 was HK\$4,601,939,000, a decrease of 32% compared to 2021. Basic earnings per share for 2022 was HK74.91 cents, HK35.85 cents less than the amount of HK110.76 cents in 2021. The decrease of revenue and earnings were primarily due to:

1. a substantial decrease in construction service revenue was recorded during 2022, mainly resulting from a significant drop in the number of new projects in the industry; and
2. the Group has made a full goodwill impairment in the amount of approximately HK\$590 million for its subsidiaries in Poland during 2022, which was mainly due to the sharply increasing rates of Poland government bonds, the severe inflation in Poland caused by geopolitical frictions and the substantially rising operating costs for the Poland project. Please refer to the 2022 annual report for details.

Financial Position

As of 31 December 2022, the Group's total assets approximately amounted to HK\$190,597,798,000 with net assets amounting to HK\$62,598,893,000. Net asset value per share attributable to equity holders of the Company was HK\$7.712 per share, representing a decrease of 9% as compared to HK\$8.429 per share as at the end of 2021. As of 31 December 2022, the gearing ratio (total liabilities over total assets) of the Group was 67%, a decrease of 1 percentage point as compared with that of 68% as at the end of 2021.

Financial Resources

The Group adopts a prudent approach on cash and financial management to ensure proper risk control and low cost of funds. It finances its operations primarily with internally generated cash flow and loan facilities from banks. As of 31 December 2022, the Group had cash and bank balances of HK\$11,782,743,000, representing a decrease of HK\$3,822,243,000 as compared to HK\$15,604,986,000 at the end of 2021. Most of the Group's cash and bank balance, representing approximately 98%, was denominated in Hong Kong dollars and Renminbi.

Borrowings

The Group is dedicated to enhancing the ways of financing and improving banking facilities to reserve funding to support the development of the environmental protection business. As of 31 December 2022, the Group had outstanding borrowings of HK\$94,724,500,000, representing a decrease of HK\$4,401,164,000 as compared to HK\$99,125,664,000 at the end of 2021. The borrowings included secured interest-bearing borrowings of HK\$43,406,341,000 and unsecured interest-bearing borrowings of HK\$51,318,159,000. The borrowings are mainly denominated in Renminbi, representing approximately 70% of the total borrowings, and the remainder is denominated in Hong Kong dollars, US dollars and Polish zloty. Most of the borrowings are at floating rates. As of 31 December 2022, the Group had banking facilities of HK\$115,033,069,000, of which HK\$32,886,138,000 have not been utilised. The banking facilities are of 1 to 25 years terms.

Foreign Exchange Risks

The Company's financial statements are denominated in Hong Kong dollars, which is the functional currency of the Company. The Group's investments made outside Hong Kong (including the Mainland China) may incur foreign exchange risks and foreign exchange realignment when retranslation of the financial statements of foreign subsidiaries into Hong Kong dollars. The Group's operations are predominantly based in China, representing over 96% of its total investments and revenue. The Group's assets, borrowings and major transactions are mainly denominated in Renminbi, and as such, it forms a natural hedging effect in a long run. With this in mind, the Group also pursues an optimal allocation of borrowings in different currencies while setting appropriate levels of borrowing in non-base currencies, and adoption of proper financial instruments to closely manage foreign exchange risk.

Pledge of Assets

Certain banking facilities, lease liabilities and asset-backed securities of the Group were secured by revenue and receivables in connection with the Group's service concession arrangements, bank deposits, mortgages over property, plants and equipment, right-of-use assets and the equity interests of certain subsidiaries of the Company. As of 31 December 2022, the aggregate net book value of assets and equity interests in subsidiaries pledged amounted to approximately HK\$101,353,017,000.

Commitments

As of 31 December 2022, the Group had purchase commitments of HK\$3,073,325,000 outstanding in connection with the construction contracts.

Contingent Liabilities

As of 31 December 2022, the Company granted financial guarantees to its subsidiaries. The Board does not consider it probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as of 31 December 2022 for the provision of the guarantees was HK\$654,551,000.

INTERNAL MANAGEMENT

The Group adheres to the management principle of “People-oriented, Pragmatism, Creativity and Systematic Management”, and has built a comprehensive management structure to maximise efficiency. The Group’s management holds Management Decision Committee meeting(s) on a monthly basis to review current operations and management, with a view to promoting the sustainable development of the Company. The responsibilities of each functional department and business sector of the Group are clear with various comprehensive management systems. Internal control procedures are sound and have been implemented effectively. The Company’s audit department performs its internal monitoring functions to ensure that each functional department and business sector strictly comply with the relevant internal control requirements.

The Group is committed to building a comprehensive risk management culture. It implements the risk management model of “Integration of Policy, Procedure and System with Risk-oriented” to comprehensively strengthen its risk management and control. During the year under review, the Group updated the list of risk factors according to the progress of the implementation of risk management system, with a view to continuously enhancing the systematisation and normalisation level of risk management.

During the year under review, the Group continued to uphold the fundamental principle of “maintaining safe and stable operations while ensuring compliance with relevant emission standards” and strictly complied with the relevant national laws and regulations. In terms of safety, environment and occupational health, it proactively carried out routine inspections. Apart from incorporating “Safe Production Month” into its operation, the Group paid close attention to safety and environmental management and carried out comprehensive hidden hazards identification and rectification in relation to safety and environment risk to ensure all projects, whether under construction or in operation, strictly complied with all production safety policies. These steps secured the stable operation of environmental protection projects including waste-to-energy, integrated biomass utilisation, waste water treatment projects, etc, while enhancing economic benefits. Besides, the Group continued to move forward with project construction works while accelerating the finalisation of projects in the preparatory stage. It also went through due formalities to ensure that all project construction works were carried out in compliance with laws and regulations. At the same time, the Group continued to put more efforts into safety management of construction projects to ensure professional and safe construction.

HUMAN RESOURCES

Human Resources are the key strategy of corporate development which require appropriate personnel to execute this core strategy. The Group highly values its human resources management and puts great emphasis on staff training. It believes that realising the full potential of its employees is crucial to its long-term growth. The Group continues to improve its human resources through internal training as well as local, overseas, and on-campus recruitment.

During the year under review, the Group continued to adopt the prevention measures of the Pandemic and encouraged employees to be vaccinated as early as possible. Annual physical examinations have been arranged to protect the health and safety of employees. To cope with the development requirement of the Group, the Group successively held safety and environmental management training, the cybersecurity training, tendering management training, construction cost training, anti-corruption training, etc. through online and offline blended training mode. The management and employees were well equipped with relevant knowledge and skills with a view to address new opportunities and challenges.

The Group makes full use of the advantages of diversified business to provide employees with a broad development platform. In addition to cross-sector and cross-regional job rotation, the Group has enriched the backup management talent pool and international talent pool to prepare for the sustainable and steady development of the Group.

As at 31 December 2022, the Group had approximately 12,400 employees. Details of the total employee benefit expense for the year under review are set out in the 2022 annual report. Employees within the Group are remunerated according to their qualifications, experience, job nature, performance and with reference to market conditions. Apart from a discretionary performance bonus, the Group also provides other benefits such as medical insurance and a mandatory provident fund scheme to employees in Hong Kong.

PRINCIPAL RISKS AND UNCERTAINTIES

During the year under review, the Group continued to promote work in relation to its risk management. The principal risks faced by the Group during the year were adequately identified and assessed, which included accounts receivable risk, strategic transformation and market competition risk, environmental compliance and safety management risk, staff turnover risk, procurement compliance risk, cost control risk, construction project management risk and policy changing risk, the details of which are set out in the 2022 annual report.

ENVIRONMENTAL AND SOCIAL MANAGEMENT

The Group pays close attention to its operational impacts brought to the environment and society. After years of development, the Group has established a comprehensive safety and environmental management system. In 2022, the Group further revised and improved 25 relevant management policies, covering structure and responsibilities, accident management, flood control, risk classification, hidden danger investigation, safety and environment training, information reporting, rating of the safety and environmental management levels of the operating projects and construction projects, fire safety management, related parties' management, occupational health, public opening, etc.

The Group implements all staff safety production responsibility system and clarifies the safety production and environmental management responsibilities and assessment standards. The person in charge of the various levels of units of the project companies is the key person responsible for the safety and environmental management of the respective units and is fully responsible for the safety production and environmental management of the respective units. The Group and the business sectors have formulated the annual safety and environmental management target responsibility statement every year, clarifying the annual target, key tasks and assessment methods.

In addition, The Group has signed the "Safety Production, Occupational Health, and Environmental Protection Responsibility Letter" with various construction and operation service providers to clarify relevant standards in order to provide greater protection to the safety and health of the employees as well as the external personnel.

The Board and senior management review sustainability strategies of the Group on a regular basis, and revise the strategies when appropriate.

The Group's waste-to-energy projects are designed and operated fully in compliance with the applicable national environmental requirements and standards including but not limited to the Standard for Pollution Control on the Municipal Solid Waste Incineration (GB18485-2014), the relevant local standards, as well as other requirements as set forth in the environmental impact assessment reports approved by the local government, while the daily average values of online flue gas continuously monitored parameters are well below the respective emissions limits as stipulated under the Industrial Emissions Directive (2010/75/EU) and its relevant annexes and amendments. Moreover, all of the Group's biomass combustion operations meet the Emission Standard of Air Pollutants for Thermal Power Plants (GB13223- 2011), the relevant local standards, as well as other requirements as set forth in the environmental impact assessment reports approved by the local government.

The Group continued proactively and timely disclosing emissions data and environmental management information of its projects on Everbright Environment's corporate website, including the connection to the automatic monitoring data information disclosure platform of the MEE at <https://ljgk.envsc.cn/index.html> in respect of the daily average values of the 5 indicators of flue gas and furnace temperature data from the operation of waste-to-energy projects of Everbright Environment. The Group was also devoted to improving the information sharing platforms to facilitate the management to monitor the operational condition to ensure compliant operation, and to timely report the operating performance of the projects to the stakeholders of the Group.

More details about the environmental and social management performance of the Group are set out in the sustainability report 2022 of the Company which is prepared in accordance with the Global Reporting Initiative Standards: Comprehensive option, as well as the Environmental, Social and Governance Reporting Guide published by the Stock Exchange. Furthermore, the Group's environmental and social management strategies echo with the Sustainable Development Goals of the United Nations, reflecting the Group's commitment to tackling global challenges and creating a sustainable future. The full report will be available at the websites of the Company under "CSR > Sustainability Report" section (www.cebenvironment.com/en/csr/susreport.php) and Hong Kong Exchanges and Clearing Limited ("HKEx") (www.hkexnews.hk) in due course.

THE IMPACT OF THE PANDEMIC

Under the normalization trend of the Pandemic, the Group has given full consideration to all the pandemic-related risks as well as prevention and control measures in its daily operation. With the joint efforts of the management and all employees, the Group made efforts to effectively contain the pandemic and perform various production and operation tasks in an orderly manner. The Group also made a donation of HK\$1.95 million in the name of China Everbright Group's companies based in Hong Kong and actively set up volunteer teams to support frontline workers in fighting against the pandemic in Hong Kong. In response to the resurgence of the Pandemic in various provinces and cities in China during 2022, the Group reiterated its requirements for all business units to make arrangements for internal staff and personnel of contractors to properly implement pandemic prevention and responsive measures based on the requirements of local governments and actual work conditions. Such measures included minimising the flow of personnel, reserving sufficient materials for production, daily lives and pandemic prevention, paying attention to employees' health conditions, providing sufficient protection for the employees and, based on the changes in pandemic control policies of various regions, timely adjusting the pandemic containment policies of projects to ensure safe and stable production of projects as well as compliance with relevant emission standards.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Group upholds the management principle of “People-oriented, Pragmatism, Creativity and Systematic Management”. The Board firmly believes that high-quality, comprehensive and high-level corporate governance is the cornerstone of the Group, which can create long term value for the Group and is vital to the sustainable development of the Group. It can also safeguard the interests of the Shareholders and other stakeholders of the Company, including but not limited to customers, suppliers, employees and the general public. The Board and management strive to maintain high-level corporate governance standards, and continue to strengthen corporate governance, internal control and risk management systems through a series of rules, regulations and policies, and actively improve transparency and accountability. The Company strictly complies with the laws and regulations of the places where it operates, and complies with the applicable guidelines and rules issued by the regulatory authorities.

The Corporate Governance Code (the “CG Code”) set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) have been duly adopted by the Board as the code on corporate governance practices of the Company.

The Company complied with all Code Provisions as set out in the CG Code throughout the year ended 31 December 2022. The Company will continue to commit to enhancing its corporate governance appropriate to the conduct and growth of its business, and to continuously reviewing, monitoring and assessing from time to time its corporate governance practices to ensure the same comply with the CG Code and align with the latest developments.

The details of the Company’s corporate governance practices are set out in the 2022 annual report.

Model Code for Securities Transactions by Directors

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct for Directors’ transactions in securities of the Company. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout their tenure during the year ended 31 December 2022.

FINAL DIVIDEND

The Board has proposed to pay a final dividend of HK9.0 cents per share (2021: HK15.0 cents per share) for the year ended 31 December 2022, payable to the Shareholders whose names appear on the register of members of the Company (the “Register of Members”) on Monday, 5 June 2023. Subject to approval by the Shareholders of the payment of final dividend at the forthcoming annual general meeting of the Company to be held on Wednesday, 24 May 2023 (the “2023 AGM”), the final dividend will be paid to the Shareholders on or around Monday, 26 June 2023.

ANNUAL GENERAL MEETING

The 2023 AGM will be held on Wednesday, 24 May 2023 and the notice of the 2023 AGM will be published and dispatched in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders’ eligibility to attend and vote at the 2023 AGM and entitlement to the final dividend, the Register of Members will be closed in accordance with the following timetable:

- (i) For determining the Shareholders’ eligibility to attend and vote at the 2023 AGM:
 - (a) Latest time to lodge transfer documents for registration 4:30 pm on Thursday, 18 May 2023
 - (b) Closure of Register of Members Friday, 19 May 2023 to Wednesday, 24 May 2023
(both dates inclusive)
- (ii) For determining entitlement to the final dividend:
 - (a) Latest time to lodge transfer documents for registration 4:30 pm on Wednesday, 31 May 2023
 - (b) Closure of Register of Members Thursday, 1 June 2023 to Monday, 5 June 2023
(both dates inclusive)
 - (c) Record date Monday, 5 June 2023

During the above closure periods, no transfer of shares will be registered. In order to be eligible to attend and vote at the 2023 AGM, and to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than the relevant latest time set out above.

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

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

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.cebenvironment.com/en/ir/announcements.php) and HKEx (www.hkexnews.hk). The 2022 annual report containing all the information required by the Listing Rules will be published on the websites of the Company and HKEx and dispatched to the Shareholders in due course.

By Order of the Board
China Everbright Environment Group Limited
Huang Haiqing
Chairman of the Board

Hong Kong, 30 March 2023

As at the date of this announcement, the Board comprises: (i) five Executive Directors, namely Mr. Huang Haiqing (Chairman of the Board), Mr. Luan Zusheng (Chief Executive Officer), Mr. Hu Yanguo (Vice President), Mr. Qian Xiaodong (Vice President) and Mr. An Xuesong (Vice President and Chief Financial Officer); and (ii) four Independent Non-executive Directors, namely Mr. Fan Yan Hok, Philip, Mr. Zhai Haitao, Mr. Suo Xuquan and Ms. Li Shuk Yin, Edwina.