光大綠色環保
Everbright Greentech

CHINA EVERBRIGHT GREENTECH LIMITED
中國光大綠色環保有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1257)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

- Revenue decreased by 9% to HK$3,819,944,000 (2022: HK$4,220,291,000)
- EBITDA decreased by 3% to HK$1,263,506,000 (2022: HK$1,296,684,000)
- Profit attributable to equity shareholders of the Company decreased by 29% to HK$263,862,000 (2022: HK$371,871,000)
- Interim dividend of HK2.5 cents per share (2022: HK3.6 cents per share)

INTERIM FINANCIAL RESULTS

The board (the "Board") of directors (the "Directors") of China Everbright Greentech Limited (the "Company") announces the unaudited interim financial results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2023. The interim financial results are unaudited, but have been reviewed by Ernst & Young ("EY"), in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), whose independent review report on review of interim financial information is included in the interim report to be sent to the shareholders of the Company (the "Shareholders"). The interim financial results have also been reviewed by the Company's Audit and Risk Management Committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

		For the six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**3,819,944**	4,220,291
Direct costs and operating expenses		**(2,862,755)**	(3,243,597)
GROSS PROFIT		**957,189**	976,694
Other revenue		**130,205**	145,657
Other losses, net		**(6,723)**	(27,803)
Administrative expenses		**(293,141)**	(263,675)
Finance costs	*5*	**(398,256)**	(367,456)
Share of profits/(losses) of associates		**(7,211)**	13,400
Share of profits/(losses) of joint ventures		**338**	(14,922)
PROFIT BEFORE TAX	*6*	**382,401**	461,895
Income tax	*7*	**(111,228)**	(88,084)
PROFIT FOR THE PERIOD		**271,173**	373,811
ATTRIBUTABLE TO:			
Equity shareholders of the Company		**263,862**	371,871
Holders of perpetual medium-term notes		**12,943**	2,636
Non-controlling interests		**(5,632)**	(696)
		271,173	373,811
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY	*9*		
Basic and diluted		**HK12.77 cents**	HK18.00 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2023

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**271,173**	373,811
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Changes in fair value of debtors at fair value through other comprehensive income/(loss), net of nil tax	**(90,506)**	21,198
Exchange differences on translation of financial statements of entities outside Hong Kong, net of nil tax		
— Subsidiaries	**(288,738)**	(779,028)
— Associates	**(3,573)**	(12,704)
— Joint ventures	**(1,928)**	(1,127)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(384,745)**	(771,661)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(113,572)**	(397,850)
ATTRIBUTABLE TO:		
Equity shareholders of the Company	**(117,051)**	(385,107)
Holders of perpetual medium-term notes	**12,943**	2,636
Non-controlling interests	**(9,464)**	(15,379)
	(113,572)	(397,850)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	**30 June 2023 (Unaudited)** *HK$'000*	31 December 2022 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**4,992,816**	5,044,489
Right-of-use assets		**603,886**	619,354
Goodwill		**132,093**	134,207
Intangible assets		**13,370,956**	13,355,885
Interests in joint ventures		**31,834**	33,424
Interests in associates		**229,099**	239,883
Other receivables, deposits and prepayments	*10*	**455,545**	506,297
Contract assets	*11*	**6,458,424**	6,698,920
Deferred tax assets		**73,194**	80,855
Total non-current assets		**26,347,847**	26,713,314
CURRENT ASSETS			
Inventories		**405,410**	377,993
Debtors, other receivables, deposits and prepayments	*10*	**7,472,141**	6,964,425
Tax recoverable		**1,069**	5,051
Contract assets	*11*	**3,454,552**	3,092,300
Pledged bank deposits		**37,131**	75,043
Deposits with banks		**33,741**	23,465
Cash and cash equivalents		**1,877,393**	1,904,785
Total current assets		**13,281,437**	12,443,062

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
At 30 June 2023

	Notes	**30 June 2023 (Unaudited)** ***HK$'000***	31 December 2022 (Audited) *HK$'000*
CURRENT LIABILITIES			
Creditors, other payables and accrued expenses	*12*	**3,142,335**	3,207,250
Interest-bearing bank and other borrowings		**4,946,287**	5,809,395
Lease liabilities		**3,838**	3,049
Tax payables		**42,271**	42,078
Total current liabilities		**8,134,731**	9,061,772
NET CURRENT ASSETS		**5,146,706**	3,381,290
TOTAL ASSETS LESS CURRENT LIABILITIES		**31,494,553**	30,094,604
NON-CURRENT LIABILITIES			
Other payables	*12*	**178,369**	181,923
Interest-bearing bank and other borrowings		**16,468,056**	14,927,130
Lease liabilities		**17,382**	16,513
Deferred tax liabilities		**1,443,355**	1,434,753
Total non-current liabilities		**18,107,162**	16,560,319
NET ASSETS		**13,387,391**	13,534,285
EQUITY			
Equity attributable to equity shareholders of the Company			
Share capital		**1,608,029**	1,608,029
Reserves		**10,656,742**	10,776,766
		12,264,771	12,384,795
Perpetual medium-term notes		**809,189**	806,982
Non-controlling interests		**313,431**	342,508
TOTAL EQUITY		**13,387,391**	13,534,285

NOTES

1 BASIS OF PREPARATION

The unaudited interim financial information of the Group for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). This unaudited interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022.

The accounting policies adopted in the preparation of the unaudited interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022, except for the adoption of the revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards and Interpretations) for the first time for the current period's unaudited interim financial information, as further detailed in note 2 below.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

3 OPERATING SEGMENT INFORMATION

The Group manages its business by segments, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments.

(i) Integrated biomass utilisation project construction and operation: this segment engages in the construction and operation of biomass direct combustion power generation projects, biomass heat supply project, biomass electricity and heat cogeneration projects, waste-to-energy projects and integrated biomass and waste-to-energy projects to generate revenue from construction services, revenue from operation services as well as finance income.

3 OPERATING SEGMENT INFORMATION *(continued)*

(ii) Hazardous and solid waste treatment project construction and operation: this segment engages in the construction and operation of hazardous waste landfill projects, hazardous waste incineration projects, general industrial solid waste electricity and heat cogeneration projects and physicochemical and resources recycling projects to generate revenue from construction services, revenue from operation services as well as finance income.

(iii) Environmental remediation project operation: this segment engages in the operation of environmental remediation projects covering restoration of industrial contaminated sites, contaminated farmland, mines and landfills, treatment of industrial gas emission, integrated treatment of oil sludge, treatment of river/lake sediments and industrial sludge, construction and operation of wetland parks, environmental stewardship services and anti-seepage at landfill sites to generate revenue from operation services.

(iv) Solar energy and wind power project operation: this segment engages in the operation of solar energy projects and wind power projects to generate revenue from operation services.

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, intangible assets, goodwill, interests in associates and joint ventures, deferred tax assets and current assets with the exception of intercompany receivables and other corporate assets which are managed on a group basis. Segment liabilities include tax payables, deferred tax liabilities, creditors, other payables and accrued expenses attributable to the activities of the individual segments and interest-bearing bank and other borrowings managed directly by the segments, with the exception of intercompany payables and other corporate liabilities which are managed on a group basis.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

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

In addition to segment information concerning the adjusted EBITDA, management is provided with segment information concerning revenue, interest expense from borrowings managed directly by the segments, depreciation and amortisation and additions to non-current segment assets used by the segments in their operations.

3 OPERATING SEGMENT INFORMATION *(continued)*

(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 period is set out below:

	Integrated biomass utilisation project construction and operation		Hazardous and solid waste treatment project construction and operation		Environmental remediation project operation		Solar energy and wind power project operation		Total	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue (note 4):										
Revenue from external customers and reportable segment revenue	**3,060,898**	3,052,547	**566,944**	997,867	**79,651**	70,256	**112,451**	99,621	**3,819,944**	4,220,291
Segment results:										
Reportable segment result (the adjusted EBITDA)	**1,081,917**	870,045	**137,244**	366,196	**4,960**	7,733	**101,479**	94,285	**1,325,600**	1,338,259
Finance costs									**(398,256)**	(367,456)
Depreciation and amortisation, including unallocated portion									**(482,849)**	(467,333)
Unallocated head office and corporate income									**12,317**	3,161
Unallocated head office and corporate expenses									**(74,411)**	(44,736)
Consolidated profit before tax									**382,401**	461,895
Other segment information:										
Depreciation and amortisation	**231,581**	246,446	**205,370**	175,330	**7,671**	6,819	**35,635**	36,869	**480,257**	465,464
Impairment losses of debtors and contract assets	**5,904**	28,238	**53**	126	**—**	3	**764**	195	**6,721**	28,562
Additions to property, plant and equipment, right-of-use assets, intangible assets and non-current portion of prepayments	**460,908**	156,291	**196,302**	569,996	**164**	17,688	**3,803**	34,011	**661,177**	777,986
Additions to non-current portion of contract assets	**177,294**	383,252	**2,516**	3,140	**—**	—	**—**	—	**179,810**	386,392

	Integrated biomass utilisation project construction and operation		Hazardous and solid waste treatment project construction and operation		Environmental remediation project operation		Solar energy and wind power project operation		Total	
	30 June 2023	31 December 2022	**30 June 2023**	31 December 2022	**30 June 2023**	31 December 2022	**30 June 2023**	31 December 2022	**30 June 2023**	31 December 2022
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment assets	**27,602,195**	26,543,477	**8,507,035**	8,759,043	**654,649**	669,924	**1,177,273**	1,321,490	**37,941,152**	37,293,934
Unallocated head office and corporate assets									**1,688,132**	1,862,442
Consolidated total assets									**39,629,284**	39,156,376
Reportable segment liabilities	**11,624,329**	10,636,659	**4,161,514**	4,447,199	**405,344**	452,068	**359,804**	378,697	**16,550,991**	15,914,623
Unallocated head office and corporate liabilities									**9,690,902**	9,707,468
Consolidated total liabilities									**26,241,893**	25,622,091

3 OPERATING SEGMENT INFORMATION *(continued)*

(ii) Information about a major customer

For the six months ended 30 June 2023, the Group has transactions with one (six months ended 30 June 2022: one) local government authority in the People's Republic of China (the "PRC") which individually exceeded 10% of the Group's revenue. The revenue from the PRC local government authority during the six months ended 30 June 2023 amounted to HK$899,548,000 (six months ended 30 June 2022: HK$986,240,000).

4 REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue from integrated biomass utilisation project construction services	**419,923**	331,936
Revenue from hazardous and solid waste treatment project construction services	**43,225**	379,524
Revenue from integrated biomass utilisation project operation services	**2,463,681**	2,533,370
Revenue from hazardous and solid waste treatment project operation services	**521,203**	615,203
Revenue from environmental remediation project operation services	**79,651**	70,256
Revenue from solar energy and wind power project operation services	**112,451**	99,621
Revenue from contracts with customers	**3,640,134**	4,029,910
Finance income from service concession arrangements	**179,810**	190,381
Total revenue	**3,819,944**	4,220,291

The aggregated revenue from construction services, revenue from operation services and finance income derived from the local government authorities in the PRC amounted to HK$2,909,564,000 (six months ended 30 June 2022: HK$3,306,866,000) for the six months ended 30 June 2023. The revenues are included in four segments as disclosed in note 3.

5 FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**343,929**	333,134
Interest on lease liabilities	**398**	328
Interest on medium-term notes	**65,931**	54,574
Finance costs incurred	**410,258**	388,036
Less: Interest capitalised*	**(12,002)**	(20,580)
	398,256	367,456

* The borrowing costs have been capitalised at a rate ranging from 3.30% to 3.50% (six months ended 30 June 2022: 3.65% to 4.55%) per annum during the six months ended 30 June 2023.

6 PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Amortisation of intangible assets	**309,751**	311,059
Depreciation of property, plant and equipment	**161,635**	146,042
Depreciation of right-of-use assets	**11,463**	10,232
Interest income	**(13,920)**	(8,265)
Government grants*	**(16,936)**	(66,149)
Value-added tax refunds**	**(78,400)**	(51,961)
Lease payments not included in the measurement of lease liabilities	**6,646**	9,057
Carrying amount of inventories consumed	**1,378,135**	1,641,017
Impairment losses of debtors at amortised cost	**59**	9,210
Impairment losses of debtors at fair value through other comprehensive income	**6,224**	18,917
Bad debt recovered	**—**	(147)
Impairment losses of contract assets	**438**	435
Employee benefit expense		
Wages and salaries	**317,536**	299,352
Pension scheme contributions	**24,944**	22,885
	342,480	322,237

* Government grants of HK$11,383,000 (six months ended 30 June 2022: HK$61,922,000) were granted during the six months ended 30 June 2023 to subsidise certain projects of the Group in the PRC. There were no unfulfilled conditions and other contingencies attached to those grants. There is no assurance that the Group will continue to receive such grants in the future. The remaining amounts represent amortisation of deferred income.

** The Group was entitled to PRC value-added tax refunds of HK$78,400,000 (six months ended 30 June 2022: HK$51,961,000) during the six months ended 30 June 2023. There were no unfulfilled conditions and other contingencies attached to such tax refunds. There is no assurance that the Group will continue to receive such tax refunds in the future.

7 INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the six months ended 30 June 2023 and 2022.

Tax for the PRC operations is charged at the statutory rate of 25% of the assessable profits under tax rules and regulations in the PRC. During the period, certain PRC subsidiaries are subject to tax concessions under the relevant tax rules and regulations.

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current — Elsewhere:		
Charge for the period	**72,270**	7,317
Under-provision in prior periods	**310**	5,276
Deferred	**38,648**	75,491
Total tax expense for the period	**111,228**	88,084

8 DIVIDENDS

On 11 August 2023, the board of directors declared an interim dividend of HK2.5 cents (six months ended 30 June 2022: HK3.6 cents) per ordinary share, amounting to a total of approximately HK$51,652,000 (six months ended 30 June 2022: HK$74,379,000).

9 EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the period attributable to equity shareholders of the Company of HK$263,862,000 (six months ended 30 June 2022: HK$371,871,000), and the weighted average number of ordinary shares of 2,066,078,000 (six months ended 30 June 2022: 2,066,078,000) shares during the period.

No adjustment has been made to the calculation of the basic earnings per share amounts presented as there was no dilutive event during the six months ended 30 June 2023 and 2022.

10 DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Notes	**30 June 2023 (Unaudited) *HK$'000***	31 December 2022 (Audited) *HK$'000*
Debtors	*(i)*	**6,839,373**	6,189,303
Other receivables, deposits and prepayments		**1,046,215**	1,218,833
Amounts due from fellow subsidiaries	*(ii)*	**7,794**	4,384
Amount due from an associate		**—**	4,088
Loan to a non-controlling interest	*(iii)*	**3,791**	25,971
Amounts due from joint ventures	*(iv)*	**47,161**	44,999
		7,944,334	7,487,578
Impairment	*(i)*	**(16,648)**	(16,856)
		7,927,686	7,470,722
Less: Non-current portion			
— Other receivables, deposits and prepayments		**(455,545)**	(490,653)
— Loan to a non-controlling interest		**—**	(15,644)
		(455,545)	(506,297)
Current portion		**7,472,141**	6,964,425

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

Notes:

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

	30 June 2023 (Unaudited) ***HK$'000***	31 December 2022 (Audited) *HK$'000*
Within 1 month	**513,386**	464,921
More than 1 month but within 2 months	**203,888**	195,349
More than 2 months but within 4 months	**342,415**	329,770
More than 4 months but within 7 months	**434,315**	555,128
More than 7 months but within 13 months	**880,136**	829,619
More than 13 months	**4,448,585**	3,797,660
	6,822,725	6,172,447

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

As at 30 June 2023, the carrying amount (net of loss allowance) of debtors at amortised cost and at fair value through other comprehensive income of HK$2,044,974,000 (31 December 2022: HK$1,954,041,000) and HK$4,777,751,000 (31 December 2022: HK$4,218,406,000), respectively.

Included in the debtors, there is a loss allowance for impairment of debtors measured at fair value through other comprehensive income of HK$96,454,000 (31 December 2022: HK$91,855,000).

(ii) The amounts due from fellow subsidiaries are unsecured, interest-free and the prepayments are expected to be recognised as expenses within one year.

(iii) The loan to a non-controlling interest is secured by its equity interest in a non-wholly owned subsidiary, interest bearing at 110% of the rates announced by the People's Bank of China. The balance was expected to be recovered or recognised as expenses within one year.

(iv) Included in the amounts due from joint ventures are loans to a joint venture of RMB23,500,000 (equivalent to HK$25,845,000) (31 December 2022: RMB23,990,000 (equivalent to HK$26,806,000)), which are unsecured, interest-bearing at 125% of Loan Prime Rate in the PRC and recoverable by 2024. The remaining balance is unsecured, interest-free and recoverable within one year.

11 CONTRACT ASSETS

	Notes	30 June 2023 (Unaudited) HK$'000	31 December 2022 (Audited) HK$'000
Service concession assets	*(a)*	**6,839,236**	7,100,699
Unbilled renewable energy tariff subsidy	*(b)*	**2,722,927**	2,321,068
Environmental remediation contract assets	*(c)*	**358,984**	377,322
		9,921,147	9,799,089
Impairment		**(8,171)**	(7,869)
		9,912,976	9,791,220
Less: Non-current portion			
— Service concession assets		**(6,302,117)**	(6,540,112)
— Environmental remediation contract assets		**(156,307)**	(158,808)
		(6,458,424)	(6,698,920)
Current portion		**3,454,552**	3,092,300
Contract assets arising from performance under construction contracts in connection with service concession arrangements, which are included in "Intangible assets"		**337,884**	1,342,776

Notes:

(a) Service concession assets

Service concession assets arose from the Group's revenue from construction services under certain Build-Operate-Transfer ("BOT") and Build-Operate-Own ("BOO") arrangements and bear interest at rates ranging from 4.90% to 6.60% (31 December 2022: 4.90% to 6.60%) per annum as at 30 June 2023.

As at 30 June 2023, HK$6,454,098,000 (31 December 2022: HK$6,646,337,000) relates to certain BOT and BOO arrangements with operations commenced.

Pursuant to the BOT and BOO arrangements, the Group receives no payment from the local government in Mainland China (the "Grantors") during the construction period and instead receives service fees for the Group's operation services when relevant services are rendered during the operating periods. The service concession assets are not yet due for payment and will be settled by the service fees to be received during the operating periods of the arrangements.

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

11 CONTRACT ASSETS *(continued)*

Notes: (continued)

(b) Unbilled renewable energy tariff subsidy

The balance represents government on-grid renewable energy tariff subsidy receivables for certain integrated biomass utilisation projects which newly commenced operations and arose from the Group's revenue from operations. The amounts will be billed and settled upon the completion of government administrative procedures pursuant to "Notice on Relevant Review Work on the Projects List of Renewable Energy Power Generation Subsidies" (Caibanjian [2020] No. 6)《關於開展可再生能源發電補貼項目清單審核有關工作的通知》issued by the Ministry of Finance of the PRC.

(c) Environmental remediation contract assets

The balance arose from performance under environmental remediation contracts. Such contracts include payment schedules which require stage payments over the service periods once milestones are reached.

12 CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES

	Notes	**30 June 2023 (Unaudited) *HK$'000***	31 December 2022 (Audited) *HK$'000*
Creditors			
— third parties	*(i)*	**1,573,870**	1,835,729
— fellow subsidiaries	*(i)*	**19,569**	21,307
Other payables and accrued expenses		**1,505,886**	1,297,263
Amounts due to fellow subsidiaries	*(ii)*	**29,318**	30,970
Amount due to a non-controlling interest	*(iii)*	**1,182**	1,201
Loans from non-controlling interests	*(iv)*	**8,150**	8,300
Deferred income — government grants		**182,729**	194,403
		3,320,704	3,389,173
Less: Non-current portion			
— Deferred income			
— government grants		**(80,312)**	(84,770)
— Other payables and accurred expenses		**(98,057)**	(97,153)
		(178,369)	(181,923)
Current portion		**3,142,335**	3,207,250

12 CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES *(continued)*

Notes:

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

	30 June 2023 (Unaudited) ***HK$'000***	31 December 2022 (Audited) *HK$'000*
Within 6 months	**1,063,414**	1,374,528
More than 6 months	**530,025**	482,508
	1,593,439	1,857,036

Creditors totalling HK$840,101,000 (31 December 2022: HK$1,015,546,000) as at 30 June 2023 represent construction payables for the Group's BOT and certain BOO arrangements.

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS

During the first half of 2023, although the global economy was starting to emerge from the gloom of the COVID-19 pandemic, the overall drive for recovery remained meagre. In the face of a complicated and volatile landscape of market competition and a highly market-driven business model, the Group has persisted in the development philosophy of prudence in progress and action amidst a challenging environment, making proactive approaches to adapt itself to the new normal in economic development in close tandem with its strategic "14th Five-Year Plan" (the "14th FYP") and the main focus on enhancing the quality of development.

In active response to the nation's call for the building of an ecological civilisation, the Group strived to adapt itself to new changes in the environmental policy of the government and the energy mix, seizing new opportunities in industry development and actively advancing its strategic transformation. In accordance with its medium- to long-term planning, the Group further identified potentials in its existing businesses and vigorously explored new business models, while strengthening its operational and management efficiency and competence in sustainability in order to achieve stable and orderly business results.

The Group is principally engaged in the businesses of integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation, solar energy and wind power. As of 30 June 2023, the Group had 132 environmental protection projects with a total investment of approximately RMB30.44 billion and had undertaken 54 environmental remediation projects with a total contract amount of approximately RMB1.501 billion.

In terms of market development, the Group focused on smart energy projects which aimed at the development of "Zero-carbon Industry Park", such as distributed solar energy, user energy storage and virtual power plant, among others, and environmental remediation projects which focused on "ecological restoration of waste landfill" on the back of biomass and solar energy storage and charging integration, under the business philosophy of "driving transformation". As of 30 June 2023, the Group's distributed solar energy projects in Mainland China had an aggregate power generation designed capacity of 68.73 MW, located mainly in Jiangsu Province. The Group also placed a strong emphasis on the development of distributed solar energy projects in Hong Kong. As of 30 June 2023, the Group had 12 solar energy projects in Hong Kong with an aggregate power generation designed capacity of 3.40 MW, among which, rooftop solar energy projects of Phases I and II of Dah Chong Hong are currently the Group's largest of its kind in Hong Kong, occupying a site of approximately 10,600 square metres. During the period under review, the Group developed 7 new projects (including 4 environmental remediation projects) and increased investment in 1 solar proejct and added installed capacity of 33 MW in aggregate, user storage capacity of 2.5 MW/5 MWh and heat supply capacity of approximately 657,000 tonnes per annum.

In terms of project construction, the Group continued to advance its project work construction in a steady manner. During the period under review, 6 new projects started implementation or construction while 8 projects had completed construction and commenced operation (including 4 environmental remediation projects). As of 30 June 2023, the Group had 25 projects under construction or implementation, including 3 integrated biomass utilisation projects, 4 hazardous and solid waste treatment projects, 2 solar energy projects and 16 environmental remediation projects. With a strong emphasis on construction safety, construction quality and work scheduling for projects under construction, the Group has enhanced safety management standard at project sites through ongoing optimisation of its construction management system framework.

In terms of technology research and development (the "R&D"), the Group supported business transformation and project operation through technological innovation as it commenced research in integrated treatment of waste landfill, end-of-life tyre, biomass ash recycling, ash and waste salt recycling, solid fuel battery (SOFC+SOEC), hydrogen production and energy storage, among others, while enhancing research on policies relating to carbon trade, China Certified Emission Reduction (CCER) and power market trading, among others. The Group led in national key research programme and international technological innovation cooperation projects such as Development and Application of Safe, Clean and Efficient Incineration Technology for General Combustible Industrial Solid Waste and Demonstration of Pollution Control Technology for Synergistic Solid Waste Disposal and Industry Park-based Systems Integration with practical project applications. It also participated in government research projects such as Research and Development of Key Technologies for Equipment for Synthesis and Application of High-stability Solid Amine CO_2 Capture Materials and Research on Ultra-low Emission Mechanism for Synergistic Purification of Pollutants from Incineration and Disposal of Hazardous Waste. As of 30 June 2023, the Group held 224 authorised patents, including 32 invention patents, 192 utility model patents, and also held 5 software copyrights.

In terms of operational management, the Group revised and improved its operational management regime based on inspection of the operation regime and amended the "Operational and Safety and Environmental Regime Supporting Document" for distribution to the project companies of the Group to further regulate the standard format and management standards of various documents for the operational management of project companies during the period under review. Efforts were also made to advance the informatisation of operational management, through which the effective implementation of various standards would be assured for the enhancement of operational management standards. The Group continued to be engaged in quality and efficiency enhancement initiatives as it further increased its fuel localisation ratio and continued to drive efforts to reduce fuel prices and increase fuel quality, resulting in significant improvements in the economic efficiency of integrated biomass utilisation projects in comparison to the same period last year. The level of delicacy operation at the solid waste incineration and recycling projects was enhanced, as cost analyses were conducted and through technological upgrades and classified management, substantial reductions in operating cost were achieved to enhance market competitiveness. During the period under review, the Group continued to deepen its environmental, safety, health and social responsibility (ESHS) management system, advancing the standardised system for safe production and environmental management on all fronts and introducing amendments, implementing the dual prevention mechanism of tiered risk management and hazard inspection and rectification. The two tickets management was regulated while the Measures for the Administration of Safety and Environmental Qualifications Examination for All Staff was announced to enhance the regulation of project safety and environmental management, ensuring safe production and compliance in emission standards at the projects.

In terms of risk management, as various uncertainties continue to affect the Company's strategies and operating goals, the Group has placed an increasing emphasis on risk management. The Group conducts risk assessment and control on a normalised basis through its risk management regime comprising the risk management hierarchy, systems and processes of the Company, and is committed to improving its risk management regime. The Company is highly concerned with the issue of outstanding payment for national renewable energy tariff subsidy. With the accumulation of subsidy receivables and the aging of trade receivables, the funding pressure for the Company created by outstanding payment of subsidies will result in a certain extent of liquidity risk. The Company will actively maintain sufficient communication with the relevant ministries of the Central Government to closely monitor the turnover of trade receivables. During the period under review, the Group ascertained the Greentech Risks Subject to Key Control 2023, continued to retain the Greentech Risk Appetite 2022 and made amendments to the Risk Factors Checklist based on assessment outcomes. The Group has continued to place a strong emphasis on risks factors relating to environmental, social and governance ("ESG") matters and has incorporated ESG related risks into the Group's corporate risk management regime for key control, in order to enhance the Company's sustainability competence. Analyses of risk incidents were conducted to assist compliant and lawful operation of subsidiaries and prevent the occurrence of systematic risks. During the period under review, the Group improved the reference standards for risk rating and audit outcome assessment. Proper control has been exercised over material risks with prominent effect.

During the period under review, the Group was honoured with the first KPMG China "Future • ESG Awards" under the "Outstanding Contribution to Environment Award 2022" category for its outstanding performance in sustainability, corporate governance and social responsibility. To enhance its focus on the concept and practice of sustainability, the Group has participated in the "ESG Pledge" Scheme organised by the Chinese Manufacturers' Association of Hong Kong and obtained the ESG Pledge Certificate 2023 and the right to use its logo. Elsewhere, the Group has also received the "Caring Company" logo for 2022/23 awarded by The Hong Kong Council of Social Service for the fourth consecutive year.

During the period under review, the Group continued to fulfill the responsibility to open its environmental protection facilities to the public with more intensive actions, as flue emission and sewage discharge data of all projects in operation, among others, were synchronised with and instantly uploaded to government regulatory platforms, while environmental impact assessment reports and environmental surveillance data of projects were also disclosed to the public via various media for governmental and public supervision. The environmental protection facilities of the Company were opened to the public on a normalised basis. As of 30 June 2023, a total of 22 projects of the Company were officially opened to the public and 57 offline open-to-the-public activities were held, receiving a total of 1,098 visitors.

During the period under review, the Group's revenue was approximately HK$3,819,944,000, decreasing by 9% as compared to HK$4,220,291,000 for the same period last year. EBITDA was approximately HK$1,263,506,000, decreasing by 3% as compared to HK$1,296,684,000 for the same period last year. Profit attributable to equity shareholders of the Company for the period under review was approximately HK$263,862,000, decreasing by 29% as compared to HK$371,871,000 for the same period last year. Basic earnings per share for the first half of 2023 was HK12.77 cents, HK5.23 cents less compared to HK18.00 cents for the same period last year. The Group was backed by readily access to various financing options and ample cash flow and reported sound financial indicators across the board. Cash and bank balances as at 30 June 2023 amounted to approximately HK$1,948,265,000. The total amount of bank loan facilities was HK$24,378,396,000, of which HK$7,064,853,000 was unutilised. Available cash and unutilised bank loans amounted to approximately HK$9,013,118,000 in aggregate.

During the period under review, the decrease in revenue and profit attributable to equity shareholders of the Company was mainly attributable to the decrease in revenue and profit for construction services following the Group's proactive adjustment of the Company's development strategy given changes in national policies and market developments. In connection with the operation service, the unit treatment price for the hazardous waste and solid waste continued to drop against the backdrop of escalating competition resulting from demand and supply imbalances and unyielding cost, as upstream recovery as a whole fell short of expectations and waste production was limited to low levels. Nevertheless, the Group's integrated biomass utilisation project achieved long cycles of stable operation through the combined effect of technological optimisation and delicacy management, resulting in significant improvements in the operational standards and economic efficiency of the projects and contributing to a substantial year-on-year growth in the operating gross margin of the biomass segment.

In April 2023, the Company received the notice of acceptance of registration issued by the National Association of Financial Market Institutional Investors in respect of the Company's application for the registration and the proposed issuance of multiple types of debt financing instruments (the "DFI") with a registered principal amount of not more than RMB5 billion in the national inter-bank bond market of the PRC, and such registered principal amount is valid for two years from the date of the notice of acceptance of registration, being 4 April 2023. The targeted subscribers for the multiple types of DFI are institutional investors in the national inter-bank bond market. The multiple types of DFI are traded in the national inter-bank bond market.

In May 2023, the Company completed the issuance of the first tranche of the green medium-term note, namely the "China Everbright Greentech Limited 2023 First Tranche Green Medium-term Note" (the "2023 First Tranche Green Medium-term Note"), with a principal amount of RMB1 billion for a term of three years at a coupon rate of 3.2% per annum. The proceeds from the issuance of the 2023 First Tranche Green Medium-term Note will be used for repayment of the Group's interest-bearing debts, replenishment of the Group's working capital and/or investment and construction of the Group's environmental protection projects, and for other business development purposes. As at 30 June 2023, the unissued registered principal amount of the Company's multiple types of DFI was RMB4 billion.

BUSINESS REVIEW

During the period under review, revenue generated from integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation and solar energy and wind power segments amounted to approximately HK$3,819,944,000 in aggregate, comprising approximately HK$463,148,000 from construction services, representing a 35% decrease compared to HK$711,460,000 for the same period last year, and approximately HK$3,176,986,000 from operation services, representing a 4% decrease compared to HK$3,318,450,000 for the same period last year. Analysed by nature of revenue, construction services, operation services and finance income accounted for 12%, 83% and 5%, respectively, of the total revenue.

Major financial data of integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation and solar energy and wind power projects for the first half of 2023 are summarised as follows:

	For the six months ended 30 June 2023					For the six months ended 30 June 2022				
	Integrated biomass utilisation projects	**Hazardous and solid waste treatment projects**	**Environmental remediation projects**	**Solar energy and wind power projects**	**Total**	Integrated biomass utilisation projects	Hazardous and solid waste treatment projects	Environmental remediation projects	Solar energy and wind power projects	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue										
— construction services	**419,923**	**43,225**	**—**	**—**	**463,148**	331,936	379,524	—	—	711,460
— operation services	**2,463,681**	**521,203**	**79,651**	**112,451**	**3,176,986**	2,533,370	615,203	70,256	99,621	3,318,450
— finance income	**177,294**	**2,516**	**—**	**—**	**179,810**	187,241	3,140	—	—	190,381
	3,060,898	**566,944**	**79,651**	**112,451**	**3,819,944**	3,052,547	997,867	70,256	99,621	4,220,291
EBITDA	**1,081,917**	**137,244**	**4,960**	**101,479**	**1,325,600**	870,045	366,196	7,733	94,285	1,338,259

Benefitting from the favourable national policies, the Group received a total of approximately RMB14,443,000 in government grants and approximately RMB69,246,000 in value-added tax refunds in the first half of 2023.

The Group remains dedicated to enhancing value for the Shareholders. To reward the Shareholders for their support while taking into account the Group's long-term sustainable development, the Board has declared an interim dividend of HK2.5 cents per share for the six months ended 30 June 2023 (2022: HK3.6 cents per share) to the Shareholders.

Integrated biomass utilisation

The Group mainly utilises biomass raw materials to generate both electricity and heat. Biomass raw materials are categorised into yellow culms and grey culms. Yellow culms consist of agricultural residues, such as wheat straw, rice straw, corn straw, rice husks, peanut husks, etc.; while grey culms consist of forestry residues such as branches, barks and other manufacturing wood wastes, etc. In addition, the Group has developed a unique business model of urban-rural integration combining the construction of integrated biomass utilisation projects and waste-to-energy projects for integrated treatment of agricultural and forestry residues and rural household wastes in a pioneering attempt at treatment of the ecological environment in county areas. The unique advantage of the Group's urban-rural integration model enables it to significantly lower the operating costs of projects and enhance our competitiveness in the industry.

The comprehensive biomass raw material supply regime has safeguarded sufficient fuel supply for and stable operation of the integrated biomass utilisation projects, while the Group has also curbed fuel cost by acquiring biomass raw materials in nearby regions through regional coordination initiatives. Through the combined effect of technological optimisation and delicacy management, the Group's integrated biomass utilisation projects sustained long cycles of stable operation, resulting in significant enhancement in operational standards and economic efficiency of the projects and contributing to a substantial year-on-year growth in the operating gross margin of the biomass segment.

As of 30 June 2023, the Group had a total of 55 integrated biomass utilisation projects, distributed variously in 10 provinces in China, which were mainly located in Anhui Province, Jiangsu Province, Shandong Province, Hubei Province and Henan Province, etc. Such projects commanded a total investment of approximately RMB17.165 billion and provided an aggregate power generation designed capacity of 1,069 MW, an aggregate annual biomass processing designed capacity of approximately 8,139,800 tonnes, and a daily aggregate household waste processing designed capacity of approximately 11,610 tonnes.

During the period under review, the Group operated and completed a total of 51 integrated biomass utilisation projects, generating approximately 3,059,809 MWh of on-grid electricity which represented a 2% increase compared to the same period last year; approximately 3,750,000 tonnes of biomass raw materials and approximately 1,769,000 tonnes of household waste were processed, representing a decrease of 12% and increase of 3%, respectively, compared to the same period last year. During the period under review, the volume of steam supplied was approximately 1,126,000 tonnes, representing a decrease of 4% compared to the same period last year. As of 30 June 2023, the Group had 3 integrated biomass utilisation projects under construction, with power generation designed capacity of 32 MW and daily household waste processing designed capacity of approximately 1,200 tonnes and an estimated annual on-grid power generation of approximately 141,445 kWh.

During the period under review, the Group's integrated biomass utilisation projects contributed EBITDA of approximately HK$1,081,917,000, representing an increase of 24% compared to the same period last year. The integrated biomass utilisation projects contributed net profit of approximately HK$615,711,000, representing an increase of 44% compared to the same period last year. The increase in profit reflected mainly the substantial growth in operating gross profit margin of the integrated biomass utilisation projects mainly due to lower biomass power generation cost as a result of the stability in equipment operation and improved fuel quality.

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

	For the six months ended 30 June 2023	For the six months ended 30 June 2022
Integrated biomass utilisation projects		
On-grid electricity *(MWh)*	**3,059,809**	2,991,597
Biomass raw materials processing volume *(tonnes)*	**3,750,000**	4,266,000
Household waste processing volume *(tonnes)*	**1,769,000**	1,717,000
Volume of steam supplied *(tonnes)*	**1,126,000**	1,172,000
EBITDA *(HK$'000)*	**1,081,917**	870,045
Segment net profit *(HK$'000)*	**615,711**	426,826

Hazardous and solid waste treatment

The Group is principally engaged in the safe treatment and integrated utilisation of wastes including general industrial solid wastes, hazardous wastes and infectious animal carcasses. Currently, the Group conducts the disposal by way of incineration, landfill, physicochemical treatment and integrated utilisation.

The Group is a leading industry player in the hazardous waste treatment business, with capabilities for safely disposing of 44 out of 46 categories of hazardous wastes listed in the National Catalog of Hazardous Wastes. During the period under review, the Group continued to explore the potential of the general industrial solid waste electricity and heat cogeneration business. The Group is well-positioned to fully meet various requirements of customers on the back of its solid technical strengths and ability to provide one-stop services.

As of 30 June 2023, the Group had a total of 51 hazardous and solid waste treatment projects, distributed variously in 8 provinces and autonomous regions in China, which were mainly located in Jiangsu Province, Shandong Province, Anhui Province, Hubei Province, Zhejiang Province, etc. Such projects commanded a total investment of approximately RMB11.658 billion and an aggregate annual processing designed capacity of approximately 2,466,400 tonnes.

During the period under review, the Group had 42 hazardous and solid waste treatment projects that were in operation or completed construction. For detoxification treatment, approximately 173,000 tonnes of hazardous and solid waste were treated in total, representing a decrease of 16% compared to the same period last year. For integrated resource utilisation, 12,300 tonnes of hazardous and solid waste were treated, representing a decrease of 24% compared to the same period last year, and approximately 5,900 tonnes of recycled products were sold, representing a decrease of 11% compared to the same period last year. There were 4 hazardous and solid waste treatment projects under construction with an aggregate annual hazardous waste processing designed capacity of 326,500 tonnes.

During the period under review, the Group's hazardous and solid waste treatment projects contributed EBITDA of approximately HK$137,244,000, representing a decrease of 63% compared to the same period last year. Hazardous and solid waste treatment projects recorded net loss of approximately HK$116,824,000, representing an increase of 220% compared to the same period last year. The increase in loss was mainly attributable to the continuous decline in unit treatment prices amidst escalated peer competition owing to demand and supply imbalances and unyielding cost, as upstream recovery as a whole fell short of expectations and waste production was limited to low levels. Despite various unfavourable factors faced by the hazardous and solid waste industry, the Company nevertheless implemented delicacy management on all fronts, as it optimised regional coordination and strengthened benchmarking management to attain quantitative indicators and achieve quality enhancement, cost reduction and efficiency improvement. Moreover, profit from projects under construction for the period also decreased as compared to the same period last year.

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

	For the six months ended 30 June 2023	For the six months ended 30 June 2022
Hazardous and solid waste treatment projects		
Hazardous and solid waste processing volume *(tonnes)*		
— Detoxification treatment	**173,000**	207,000
— Integrated resource utilisation	**12,300**	16,100
Sales volume of recycled products *(tonnes)*	**5,900**	6,600
On-grid electricity *(MWh)*	**11,804**	—
Volume of steam supplied *(tonnes)*	**274,000**	—
EBITDA *(HK$'000)*	**137,244**	366,196
Segment net profit/(loss) *(HK$'000)*	**(116,824)**	97,205

Environmental remediation

The Group's environmental remediation business covers mainly the ecological restoration of landfills, restoration of industrial contaminated sites, restoration of contaminated farmland, treatment of river and lake sediments and industrial sludge, construction and operation of wetland parks, environmental stewardship services and anti-seepage at landfill sites.

In connection with qualifications, as of 30 June 2023, the Group held the following accreditations: First-grade Professional Contracting Qualification for Environmental Protection Projects, Second-Grade General Contractor for Municipal Public Works, Third-Grade General Contractor for Construction Works, Environmental Engineering EPO License (Class B) (for pollution remediation and prevention of water pollution), Environmental Pollution Control License (Class A) (remediation of contaminated sites) in Jiangsu Province, Environmental Pollution Control License (Class B) (contaminated water body remediation) in Jiangsu Province, General Contractor for Environmental Pollution Control License (First Class) (remediation of contaminated sites) in Jiangsu Province and General Contractor for Environmental Pollution Control License (Second Class) (contaminated water body remediation) in Jiangsu Province. It had also obtained an "AAA" corporate credit rating given by a credit rating agency, as well as ISO9001, OHSAS18001 and ISO14001 management system accreditations. In addition, the Group holds the China National Accreditation Services for Conformity Assessment (CNAS) qualification accreditation certificate which qualifies it to issue test data and results to third parties as valid proof for certification purposes.

As of 30 June 2023, the Group had 16 environmental remediation projects under implementation, which were mainly located in Beijing, Tianjin, Jiangsu Province, Hubei Province and Anhui Province, with a total contract amount of approximately RMB709 million. There were also 3 projects in the preparatory stage, with a total contract amount of approximately RMB135 million.

During the period under review, the Group's environmental remediation projects contributed EBITDA of approximately HK$4,960,000, representing a decrease of 36% compared to the same period last year. Environmental remediation projects recorded net loss of approximately HK$4,550,000, representing an increase of 93% compared to the same period last year. The increase in loss was mainly attributable to the decline in gross profit margin owing to intense competition in the industry during the period under review.

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

	For the six months ended 30 June 2023	For the six months ended 30 June 2022
Environmental remediation projects		
EBITDA *(HK$'000)*	**4,960**	7,733
Segment net loss *(HK$'000)*	**4,550**	2,358

Solar energy and wind power

Apart from the County-wide Solar Energy Advancement Project in Feng County, Jiangsu, as of 30 June 2023, the Group has 20 operating and completed solar energy projects and 2 wind power projects in operation distributed in Jiangsu Province, Anhui Province, Shanxi Province, Hong Kong and Germany, respectively, involving a total investment of approximately RMB1.436 billion and providing an aggregate power generation designed capacity of 131.44 MW. The Group is responsible for building, managing and operating these projects and selling electricity generated to local power grid companies.

As at 30 June 2023, the Group's County-wide Solar Energy Advancement Project in Feng County, Jiangsu included 17 subsidiary projects with a total investment of approximately RMB132 million and an aggregate power generation designed capacity of 29.61 MW, of which 6 projects with an aggregate power generation designed capacity of 2.38 MW were in operation, 11 projects with an aggregate power generation designed capacity of 27.23 MW were under construction and preparation.

During the period under review, the Group's solar energy and wind power projects sold approximately 165,330 MWh of electricity, representing an increase of 17% compared to the same period last year. The projects contributed EBITDA of approximately HK$101,479,000, representing a 8% increase compared to the same period last year. Solar energy and wind power projects contributed net profit of approximately HK$44,710,000, representing an increase of 25% compared to the same period last year. This was mainly attributable to a lower fault rate for wind power equipment during the period under review as compared to the same period last year.

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

	For the six months ended 30 June 2023	For the six months ended 30 June 2022
Solar energy and wind power projects		
On-grid electricity *(MWh)*	**165,330**	141,635
EBITDA *(HK$'000)*	**101,479**	94,285
Segment net profit *(HK$'000)*	**44,710**	35,870

BUSINESS PROSPECTS

Whilst the impact of the unprecedented pandemic is waning, global economic development has remained profoundly impacted by the Russian-Ukrainian conflict, great games between powers, the Federal Reserve interest rate hikes, trade protectionism and unyielding inflation. Confronted by uncertainties in the macro-economic landscape and intense industry competition, the Group has adopted multiple measures in active response to stern tests such as the retreat of renewable energy tariff subsidy for the biomass sector, slowing down of investment scale, excessive disposal capacity in the hazardous and solid waste sector, and declines in prices as well as volumes, achieving stable business development for the Company as a result.

This year marks the opening year for the implementation of the principles set out at the 20th National Congress of the Communist Party of China (the "20th National Congress"). The 20th National Congress draws a grand blueprint depicting modernisation that befits China and ascertains the key meaning and mission which is the harmony and co-existence between humans and nature. The National People's Congress of the PRC and The Chinese People's Political Consultative Conference (The Two Sessions) have emphasised the acceleration of qualitative and low-carbon green development, and called for the ongoing advancement of the battle for the protection of clean sky, water and land and prevention of pollution through the creation of a Beautiful China according to major regional strategies. In the process of the vigorous and prudent advancement of "carbon peak" and "carbon neutrality", with the promulgation of the Blue Paper for the Development of Novel Electric Systems (Draft for Comments), by the National Energy Administration and the Notice on Matters Pertaining to Participation in Green Power Trade by Green Power Projects Receiving Grants From the Central Government jointly by three ministries, as well as the amendment of the Provisional Measures for the Administration of Voluntary Greenhouse Gas Emission Reduction Trades and the requisition for opinions for the Measures for the Administration of Voluntary Greenhouse Gas Emission Reduction Trades (Trial) by the Ministry of Ecology and Environment of the PRC, the reactivation of China's carbon market is imminent. The Group will seize the important strategic opportunities brought by the 14th FYP in close tandem with national strategies and industry reforms, introducing innovative business models with greater investment in R&D following the new trends in integrated energy and technological innovation in a strong effort to drive transformational changes of efficiency and qualitative development of renewable energy.

In view of the significant opportunities presented by the upgrading low-carbon green transformation of the energy industry in the new phase of development, the Group will leverage the double edge afforded by its conditions and energy sources and extend to the segments of "new energy + energy storage" on the back of its existing projects to actively assist industrial and commercial users as well as government organisations to enhance their efficiency in energy consumption and accelerate the development of distributed solar energy and energy storage facilities, in order to facilitate the utilisation of renewable energy by users and the community in general to reduce carbon emission. The Group will focus on new business development based on the "Zero-carbon Industry Park" model to foster new growth niche. The Group will seek deeper synergistic values and strengthen coordination among various segments on the back of its nationwide business presence. The Group will continue to advance with a dual emphasis on both asset-light and asset-heavy models, to enhance expansion of our asset-light businesses with the aid of technical services such as Engineering, Procurement and Construction (EPC), Engineering Procurement Contract+Operation (EPC+O) and Operation and Maintenance (O&M). The Group will drive internationalisation and integration into the "Belt and Road" when timely in active exploration of business opportunities in the international market.

To address the radical changes in the external environment, the Group will continue to persist in the business philosophy of "Reinforcing Principal Businesses and Driving Transformation" with a special focus on quality and efficiency enhancement in its principal operations while growing its extended businesses in a systematic manner. To reinforce the foundation of its principal businesses, the Group will closely monitor policy and market developments to stabilise and strengthen its existing businesses with target-specific efforts, extend the existing business synergies. The Group will boost the quality and efficiency of various business operations through delicacy management. The integrated biomass utilisation business will optimise project operation cost by promoting the experience of developing self-operated fuel collection and storage regimes; the hazardous and solid waste treatment business will improve its "Major Market, Major Customer Service" mechanism in a bid to consolidate market resources; the environmental remediation business will expand its business boundary and improve its qualification. Moreover, the Group will increase R&D investment in persistent adherence to the technology-driven principle and enhance its competence in proprietary R&D to provide efficient, green and sustainable solutions to its operating projects. Efforts will also be made to enhance the deep integration of industry-university-research cooperation led by the enterprise, to step up with the commercialisation of technological research achievements. The Group will continue to broaden its financing channels to achieve cost reductions and conservation of resources, in a bid to generally raise the ability of its principal businesses to deliver value.

Moving forward, with the strong support of China Everbright Group Limited as a solid bulwark and of China Everbright Environment Group Limited, the Company's controlling shareholder, the Group will continue to uphold the philosophy of green development to strengthen strategic guidance, reinforce corporate governance and persist in the innovation-driven approach as it seeks to foster competence for development and transformation catered to the new environment and lay a solid foundation for the attainment of qualitative growth. The Group will continue to stand at the forefront of the environmental protection industry in close tandem with industry trends in an effort to become a leading player in the industry.

FINANCIAL REVIEW

Financial position

As at 30 June 2023, the Group's total assets amounted to approximately HK$39,629,284,000 (31 December 2022: HK$39,156,376,000) with net assets amounting to approximately HK$13,387,391,000 (31 December 2022: HK$13,534,285,000). Net asset value per share attributable to equity shareholders of the Company was HK$5.94 per share, representing a decrease of 1% as compared to HK$5.99 per share as at the end of 2022. As at 30 June 2023, the gearing ratio (total liabilities over total assets) of the Group was 66.22%, representing an increase of 0.78 percentage point as compared to that of 65.44% as at the end of 2022. The stability in gearing ratio reflected mainly the benefit of the Company's adoption of a prudent investment strategy in view of economic uncertainties. The current ratio of the Group was 163.27%, representing an increase of 25.96 percentage points as compared to that of 137.31% as at the end of 2022.

Financial resources

The Group adopts a prudent approach to cash and financial management to ensure proper risk control and lower the costs of funds. It finances its operations primarily with proceeds from the issuance of medium-term notes, internally generated cash flow and bank loans. As at 30 June 2023, the Group had cash and bank balances of approximately HK$1,948,265,000, representing a decrease of approximately HK$55,028,000 as compared to HK$2,003,293,000 at the end of 2022. Most of the Group's cash and bank balances were denominated in Hong Kong dollars and Renminbi.

Indebtedness

The Group endeavours to develop a diverse range of financing options and increasing banking facilities to reserve funds for the development of its environmental protection business. As at 30 June 2023, the Group had outstanding borrowings of approximately HK$21,414,343,000, representing an increase of approximately HK$677,818,000 as compared to HK$20,736,525,000 as at the end of 2022. The borrowings included secured interest-bearing borrowings of approximately HK$8,820,553,000 (31 December 2022: HK$8,654,292,000) and unsecured interest-bearing borrowings of approximately HK$12,593,790,000 (31 December 2022: HK$12,082,233,000). The borrowings of the Group were denominated in Renminbi and Hong Kong dollars, representing 78% and 22% of the total respectively. The majority of the Group's borrowings were subject to floating rates. As at 30 June 2023, the Group had banking facilities of approximately HK$24,378,396,000 (31 December 2022: HK$25,342,733,000), of which approximately HK$7,064,853,000 (31 December 2022: HK$8,545,654,000) was unutilised. The tenor of banking facilities ranged from 1 year to 18 years. Unutilised facilities decreased by approximately HK$1,480,801,000, attributable mainly to the Company's move to scale down unutilised bank facilities in an appropriate manner in line with the decrease in the Company's capital expenditure, in order to reduce relevant financial expenses.

Foreign exchange risks

The Company's financial statements are denominated in Hong Kong dollars, which is also the functional currency of the Company. The Group's investments made outside Hong Kong (including Mainland China) may incur foreign exchange risks. The Group's operations have been predominantly based in Mainland China, which makes up over 95% of its total investments and revenue. The majority of the Group's assets, borrowings and major transactions are denominated in Renminbi, forming basically a natural hedging effect. The Group closely manages its foreign exchange risk through the optimal allocation of borrowings in different currencies, moderate control of borrowings in non-base currencies, and adoption of appropriate financial instruments.

Pledge of assets

Certain banking facilities of the Group were secured by certain revenue rights, contract assets and receivables in connection with the Group's service concession arrangements, bank deposits, mortgages on property, plant and equipment, right-of-use assets and equity interest of a subsidiary of the Group. As at 30 June 2023, the aggregate net book value of assets pledged amounted to approximately HK$22,533,560,000 (31 December 2022: HK$19,430,554,000).

Commitments

As at 30 June 2023, the Group had purchase commitments of approximately HK$158,014,000 (31 December 2022: HK$295,360,000) under the construction contracts and capital commitments relating to capital injection in a joint venture of HK$27,495,000 (31 December 2022: HK$27,935,000).

Contingent liabilities

As at 30 June 2023, the Group did not have any contingent liabilities (31 December 2022: Nil).

Tax relief and exemption

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's shares.

HUMAN RESOURCES

As at 30 June 2023, the Group had a total of more than 3,500 employees in Hong Kong and Mainland China. For the six months ended 30 June 2023, the total staff cost was approximately HK$342,480,000 (30 June 2022: HK$322,237,000). Employees are remunerated according to their qualifications, experiences, job nature and performance with reference to market conditions. In addition to discretionary performance bonuses, the Group also provides staff with continuous training and other benefits, such as medical insurance and the mandatory provident fund.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group believes that maintaining sound and high standards of corporate governance is not only a key element in safeguarding the interest of the Shareholders but also creating long term value for all relevant stakeholders by enhancing the corporate value, accountability and transparency of the Group. The Group has constantly reinforced its internal control, risk prevention and management, and corporate governance through a set of rules and regulations.

The Board has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as the code for corporate governance practices of the Company. The Company had complied with all the applicable code provisions set out in Part 2 of the CG Code during the six months ended 30 June 2023, except for the following deviation with the reason explained below:

Code Provision F.2.2 of Part 2 of the CG Code

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

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

The Board has delegated the daily operations and the execution of policies and strategies formulated by the Board by formulating and implementing of annual work plans and medium-term development plans for the Group to the Management Committee. Management Committee holds meeting every month for discussing and reviewing the investment proposals, key personnel matters and appraisals, project schedules, budget executions, etc. Management Committee has been actively implementing the strategies and targets issued by the Board, practicing the corporate culture of Company and passing it on to the staff of all departments; pragmatically carrying out the governance of the management system and controlling the ESG of the operation of each project.

Moreover, an internal audit department and a risk management department have also been set up to perform internal audits and risk control functions respectively to bolster the Group's governance standards.

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

Audit and Risk Management Committee

The Audit and Risk Management Committee currently comprises all 3 Independent Non-executive Directors, namely Mr. CHOW Siu Lui (chairman), Mr. Philip TSAO and Prof. YAN Houmin. The committee is primarily responsible for, including but not limited to, providing an independent review of the effectiveness of financial reporting process, risk management and internal control systems of the Group, overseeing the audit process, reviewing the completeness, accuracy, clarity and fairness of the Company's financial statements, considering the scope, approach and nature of both internal and external audits, reviewing and monitoring connected transactions and performing other duties and responsibilities as may be assigned by the Board from time to time, etc. The terms of reference of the Audit and Risk Management Committee are published on the websites of both the Company and Hong Kong Exchanges and Clearing Limited ("HKEx").

During the period under review, the Audit and Risk Management Committee has reviewed with the management and the auditors of the Company, including but not limited to the audited annual financial results of the Group for the year ended 31 December 2022, the accounting principles and practices adopted by the Group, significant audit matters such as significant accounting estimates and judgmental areas, and the compliance of continuing connected transactions for the year 2022, approved the remuneration and terms of engagement of the auditors and discussed the Group's risk management and internal control matters. As at the date of this announcement, the Audit and Risk Management Committee has also reviewed the unaudited interim results and interim report of the Group for the six months ended 30 June 2023 and reports issued by internal audit department and risk management department of the Company.

Nomination Committee

The Nomination Committee currently comprises Mr. HUANG Haiqing (chairman), the Chairman of the Board, and all 3 Independent Non-executive Directors, namely Mr. CHOW Siu Lui, Mr. Philip TSAO and Prof. YAN Houmin. The primary responsibilities of the Nomination Committee include, among others, reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, making recommendations on any proposed changes to the Board to complement the Company's corporate strategies, reviewing and reporting the board diversity to the Board and considering the need for identifying suitable persons to become directors and made recommendations to the Board on the selection of individuals nominated for directorships. The terms of reference of the Nomination Committee are published on the websites of both the Company and HKEx.

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

Remuneration Committee

The Remuneration Committee currently comprises Mr. Philip TSAO (chairman), an Independent Non- executive Director, Mr. QIAN Xiaodong, the Executive Director and Chief Executive Officer, and 2 other Independent Non-executive Directors, namely Mr. CHOW Siu Lui and Prof. YAN Houmin. The terms of reference of the Remuneration Committee, which are published on the websites of both the Company and HKEx, which set out the duties of the Remuneration Committee, including determining, with delegated responsibilities, the remuneration packages of the individual Executive Directors and senior management, etc.

During the period under review, the Remuneration Committee reviewed the remuneration packages of Directors and senior management and the arrangement of bonus distribution of senior management for the year 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Having made specific enquiries with all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the period under review.

INTERIM DIVIDEND

To share the fruit of success with Shareholders, the Board has declared an interim dividend of HK2.5 cents per share for the six months ended 30 June 2023 (2022: HK3.6 cents per share) to Shareholders whose names appear on the Register of Members of the Company on Monday, 18 September 2023. The interim dividend payout ratio is 19.6% (2022: 20.0%) for the six months ended 30 June 2023. The interim dividend will be paid on or around Monday, 9 October 2023.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 14 September 2023 to Monday, 18 September 2023 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all transfer documents and the relevant share certificates must be lodged with the Hong Kong Branch Share Registrar and Transfer Office of the Company, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Wednesday, 13 September 2023.

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

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement of the Company for the six months ended 30 June 2023 is published on the websites of HKEx (www.hkex.com.hk) and the Company (http://www.ebgreentech.com/en/ir/announcements.php). The 2023 interim report will be published on the websites of HKEx and the Company and despatched to the Shareholders in due course.

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

Hong Kong, 11 August 2023

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

Mr. HUANG Haiqing *(Chairman, Non-executive Director)*
Mr. QIAN Xiaodong *(Chief Executive Officer, Executive Director)*
Mr. LO Kam Fan *(Chief Financial Officer, Executive Director)*
Mr. ZHU Fugang *(Vice President, Executive Director)*
Ms. GUO Ying *(Non-executive Director)*
Mr. SONG Jian *(Non-executive Director)*
Mr. CHOW Siu Lui *(Independent Non-executive Director)*
Mr. Philip TSAO *(Independent Non-executive Director)*
Prof. YAN Houmin *(Independent Non-executive Director)*