

EVERBRIGHT GREENTECH ANNOUNCES 2023 ANNUAL RESULTS

Hong Kong, 15 March 2024 – China Everbright Greentech Limited (the “Company” or “Everbright Greentech”, and together with its subsidiaries, the “Group”) (SEHK: 1257.HK) today announced its audited annual results for the year ended 31 December 2023.

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

During the year under review, the Group’s revenue and profit generated from integrated biomass utilisation, environmental remediation and solar energy and wind power segments increased or remained flat compared to the previous year, but the hazardous and solid waste treatment segment recorded a loss due to a significant decline in construction services, which affected the overall revenue and profit performance. The Group’s revenue for the year ended 31 December 2023 decreased by 8% to approximately HK\$7,416,973,000 compared to 2022. Loss attributable to equity shareholders of the Company and basic loss per share for 2023 amounted to approximately HK\$301,711,000 and HK14.60 cents, respectively, due to the impairment losses on intangible assets, property, plant and equipment and right-of-use assets, coupled with the continued decline in the volume and price of domestic hazardous and solid waste treatment market in China and the continuous operating losses of some projects of Everbright Greentech. The Group was backed by ready access to various financing options and ample cash flow with sound financial indicators.

Collection of government subsidies set to improve in 2024

During the year under review, the impairment losses on debtors and contract assets were mainly due to failure to collect government on-grid renewable energy tariff subsidy receivables in a timely manner. On a positive note, the situation is expected to improve this year. According to the latest announcement, from 1 January 2024 to 8 March 2024, 16 agricultural and forestry biomass power generation project companies under the Group have received notices from the State Grid Corporation of China in relation to the settlement of additional subsidies for renewable energy tariff, according to which the total settlement amount is approximately RMB1.534 billion and the total amount of additional subsidies for renewable energy tariff that has been received is approximately RMB1.377 billion.

In terms of market development, during the year under review, the Group secured 20 new projects and entered into 1 supplementary agreement for biomass heat supply, involving an

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additional total investment of approximately RMB532 million and environmental remediation projects with a total contract amount of approximately RMB236 million. Such new projects included 1 integrated biomass utilisation project, 9 solar energy projects and 10 environmental remediation projects. In terms of project scale, the installed capacity for solar power generation was increased by 100 MW, while the designed capacity for steam supply were increased by approximately 657,000 tonnes per annum.

In terms of project construction, the Group continued to advance its project work construction in a steady manner. During the year under review, 15 projects completed construction and commenced operation. As of 31 December 2023, the Group had 29 projects under construction or implementation, including 2 integrated biomass utilisation projects, 3 hazardous and solid waste treatment projects, 17 environmental remediation projects and 7 solar energy projects. With a strong emphasis on construction safety, construction quality and work scheduling for projects under construction, the Group has enhanced safety management standard at project sites through ongoing optimisation of its construction management system and accomplished the annual safe production targets for its projects under construction.

In terms of technology research and development (“R&D”), the Group supported business transformation and project operation through technological innovation. During the year under review, the Group commenced research in end-of-life tyre recycling, integrated treatment of waste landfill, biomass ash recycling, ash recycling, biomass preparation of green methanol, energy storage and carbon capture, utilisation and storage (CCUS), among others, to stock up new power for Everbright Greentech’s transformation and development. In addition, the Group led in the national key research programme Development and Application of Safe, Clean and Efficient Incineration Technology for General Combustible Industrial Solid Waste with practical project applications. We also participated in the national key research programmes, Demonstration of Pollution Control Technology for Synergistic Solid Waste Disposal and Industry Park-based Systems Integration and Industrial Boiler Fume and Multi-pollutant Low-consumption High-efficiency Coordinated Treatment Technology and Equipment Development. The Group also participated in the research of government research projects such as Research and Development of Key Technologies for Equipment for Synthesis and Application of High-stability Solid Amine CO₂ Capture Materials and Research on Ultra-low Emission Mechanism for Synergistic Purification of Pollutants from Incineration and Disposal of Hazardous Waste. As of 31 December 2023, the Group held 210 authorised patents, including 40 invention patents, 170 utility model patents, and also held 5 software copyrights.

In terms of operational management, the Group revised and improved its operational management regime during the year under review based on inspection of the operation regime and enhanced awareness for standardisation at projects through the publication of the Operational Management Standards. Efforts were made by the Group to advance the informatisation of operational management and ensure effective implementation of various standards for the enhancement of operational management standards. The Group adhered to the strategy of integrating the localisation of fuel supply with regional deployment, i.e. in regions where conditions were favourable, the localisation of fuel supply was used to further reduce the cost of fuel acquisition and stabilise the fuel supply. In case of inadequate fuel supply, the Group coordinated allocation and transportation and shared stock of fuel among projects in the neighbouring regions on the basis of inventory and market conditions, so as

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to stabilise the overall operational performance of the biomass projects. The Group continued to work on improving quality and efficiency, actively developed a new customer base of heat-users and explored potential demand for heat supply. The Group was committed to improving the standard of refined operation at its solid waste incineration and recycling projects, as cost analyses were conducted and cost reduction and efficiency enhancement was achieved through process technique optimisation and technological upgrade at selected projects on a trial basis which were subsequently established as exemplary models for promotion at other projects. Unit cost for projects has been reduced as a result.

In 2023, the Group persistently adhered to the principle of sustainability. In recognition of its outstanding ESG performance, the Group was honoured with the “Outstanding Contribution to Environment Award 2022” in the first KPMG China “Future • ESG” Awards, “Best in ESG Awards — Main Board — Small Market Capitalisation” in the BDO ESG Awards 2023 and “Corporate Governance Special Mention” under the Non-Hang Seng Index (Small Market Capitalization) Category in the Best Corporate Governance and ESG Awards 2023 presented by the Hong Kong Institute of Certified Public Accountants. As of 31 December 2023, the Group had 139 environmental protection projects with a total investment of approximately RMB30.713 billion and had undertaken 59 environmental remediation projects with a total contract amount of approximately RMB1.608 billion.

Integrated biomass utilisation

During the year under review, the Group operated and completed 52 integrated biomass utilisation projects, generating approximately 6,155,349 MWh of on-grid electricity, representing an increase of 2% over 2022; the volume of steam supplied was approximately 2,406,237 tonnes which was approximate to 2022; and processed approximately 7,845,389 tonnes of biomass raw materials and approximately 3,836,284 tonnes of household waste, representing decreases of 4% and increase of 11% over 2022 respectively. As of 31 December 2023, the Group had 2 integrated biomass utilisation projects under preparation, with power generation designed capacity of 20 MW and daily household waste processing designed capacity of approximately 700 tonnes and an estimated annual on-grid power generation of approximately 91,645 MWh.

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

Hazardous and solid waste treatment

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

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construction with an aggregate annual hazardous waste processing designed capacity of approximately 226,500 tonnes.

During the year under review, the Group's hazardous and solid waste treatment projects recorded EBITDA of approximately HK\$428,162,000. Hazardous and solid waste treatment projects recorded net loss of approximately HK\$752,752,000, mainly due to the impairment losses on intangible assets, property, plant and equipment and right-of-use assets, which were mainly attributed to the continued decline in the volume and price of domestic hazardous and solid waste treatment market and the continuous operating losses of some projects of Everbright Greentech.

Environmental remediation

As of 31 December 2023, the Group had 17 environmental remediation projects under implementation, which were mainly located in Jiangsu Province, Anhui Province, Zhejiang Province and Hubei Province respectively, with a total contract amount of approximately RMB708 million. There was also 1 project in the preparatory stage, with a total contract amount of approximately RMB78 million.

During the year under review, the Group's environmental remediation projects contributed EBITDA of approximately HK\$29,960,000, representing an increase of 177% compared to 2022. Environmental remediation projects recorded a turnaround from loss to net profit of approximately HK\$9,473,000 in 2023, mainly attributable to pandemic control measures in force during 2022 which affected the progress of project execution and process of new project tenders.

Solar energy and wind power

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

Apart from the County-wide Advancement Solar Project in Feng County, as of 31 December 2023, the Group has 21 operating and completed solar energy projects and 2 wind power projects in operation distributed in Jiangsu Province, Anhui Province, Shanxi Province, Hong Kong and Germany, respectively, involving a total investment of approximately RMB1.45 billion and providing an aggregate power generation designed capacity of 151.05 MW.

Mr. ZHU Fugang, CEO of Everbright Greentech, said, "Throughout 2023, Everbright Greentech navigated through various challenges at home and abroad with determination. Adhering to the development strategy of 'Reinforcing Principal Businesses and Driving Transformation', the Group actively expanded its business presence with a focus on making breakthroughs in 'Zero-carbon Industry Parks' projects, which is underpinned mainly by solar power storage, and environmental remediation projects, which is underpinned mainly by 'Waste Landfill Restoration'. It also continued to implement refined operation and management, diversify its financing channels, and promote high-quality development through innovation. Through these efforts, the Company's operation and business performance progressed steadily. In the new year ahead, Everbright Greentech will actively respond to

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opportunities presented by the national strategies and changes in the industry, vigorously advance business transformation, and establish business presence and enrich its business portfolio, with a strong emphasis on clean energy. Meanwhile, we will also proactively explore high-quality biomass utilisation, such as biomass gasification, biomass preparation of green methanol, among others, to facilitate the transformation of the biomass plants in the long-term, with an aim to become a leading operator of green energy and zero-carbon industry parks and the largest biomass green electricity trade operator in China.”

Mr. HUANG Haiqing, Chairman of the Board of Everbright Environment, and Chairman of Everbright Greentech, said: “With the implementation of the *Measures for the Administration of Voluntary Greenhouse Gas Emission Reduction Trading*, the long-awaited national voluntary greenhouse gas emission reduction trading system has officially made a comeback. In the future, the environmental protection industry will focus on key areas such as new energy, new materials and carbon reduction in an ongoing effort to enrich the industry. 2024 marks the 75th anniversary of the founding of the People’s Republic of China. It is a critical year for the accomplishment of the goals and missions for the ‘14th FYP’, as well as a year in which the nation will start to plan for the key modernisation targets and missions of the ‘15th FYP’. In ongoing adherence to a forward-looking perspective, Everbright Greentech will actively roll out and plan for integrated energy development to tap into the industry potential, seize development opportunities, and consolidate and enhance the level of high-quality development.”

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About China Everbright Greentech Limited

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

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