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**CHINA ENVIRONMENTAL TECHNOLOGY AND  
BIOENERGY HOLDINGS LIMITED**

**中科生物控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1237)**

**ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

The Board announces the audited consolidated annual results of the China Environmental Technology and Bioenergy Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2021 (“Year 2021” or the “Reporting Year”), together with the comparative figures for the corresponding period in 2020.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

*(Expressed in Renminbi)*

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b>	2020 RMB'000
<b>Continuing operations</b>			
<b>Revenue</b>	3	<b>608,074</b>	492,589
Cost of sales		<u>(486,390)</u>	<u>(485,241)</u>
<b>Gross profit</b>		<b>121,684</b>	7,348
Other revenue	4(a)	<b>15,783</b>	17,626
Other net gain/(loss)	4(b)	<b>8,435</b>	(39,416)
Selling and distribution expenses		<b>(46,860)</b>	(21,721)
Administrative expenses		<b>(62,155)</b>	(57,269)
Reversal of/(Provision of) expected credit loss on financial assets		<b>2,529</b>	(3,933)
Finance costs	5(a)	<b>(1,245)</b>	(162)
Share of losses of associate		<u>-</u>	<u>(287)</u>
<b>Profit/(loss) before tax from continuing operations</b>	5	<b>38,171</b>	(97,814)
Income tax credit	6	<u><b>10,153</b></u>	<u>4,119</u>
<b>Profit/(loss) for the year from continuing operations</b>		<u><b>48,324</b></u>	<u>(93,695)</u>
<b>Discontinued operation</b>			
Loss for the year from a discontinued operation		<b>(612)</b>	(587)
Gain on de-registration of a subsidiary, net		<u>-</u>	<u>1,183</u>
<b>(Loss)/Profit for the year from a discontinued operation</b>		<u><b>(612)</b></u>	<u>596</u>
<b>Profit/(loss) for the year</b>		<u><b>47,712</b></u>	<u>(93,099)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

*(Expressed in Renminbi)*

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
Attributable to :			
Owners of the Company		<b>47,092</b>	(93,099)
Non-controlling interest		<b>620</b>	-
		<u><b>47,712</b></u>	<u>(93,099)</u>
<b>Earnings/(loss) per share attributable to ordinary equity holders of the Company</b>	<b>7</b>		
Basic			
– Profit/(loss) for the year		<b>0.057</b>	(0.128)
– Profit/(loss) from continuing operations		<b>0.058</b>	(0.129)
Diluted			
– Profit/(loss) for the year		<b>0.057</b>	(0.128)
– Profit/(loss) from continuing operations		<u><b>0.058</b></u>	<u>(0.129)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

*(Expressed in Renminbi)*

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Profit/(Loss) for the year</b>	<b>47,712</b>	(93,099)
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statement of foreign operations	<b>2,521</b>	2,262
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Equity investment designated at fair value through other comprehensive income		
- Changes in fair value	<b>(58)</b>	(648)
- Income tax effect	<b>9</b>	97
Other comprehensive income for the year, net of tax	<b><u>2,472</u></b>	<u>1,711</u>
Total comprehensive income for the year attributable to owners of the Company	<b><u>50,184</u></b>	<u>(91,388)</u>
Attributable to:		
Owners of the Company	<b>49,564</b>	(91,388)
Non-controlling interest	<b>620</b>	-
	<b><u>50,184</u></b>	<u>(91,388)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER 2021**

*(Expressed in Renminbi)*

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		399,500	450,260
Investment properties	8	30,358	-
Non-current deposits for acquisitions of property, plant and equipment		1,698	1,907
Other financial assets at fair value through other comprehensive income		2,342	2,400
Time deposit		30,000	-
Deferred tax assets		1,213	1,025
<b>Total non-current assets</b>		<u>465,111</u>	<u>455,592</u>
<b>Current assets</b>			
Inventories		133,547	115,134
Trade and other receivables	9	229,487	134,800
Other financial assets at fair value through profit or loss	10	92,842	29,174
Derivatives financial instruments		5,077	1,619
Pledged deposits		1,640	4,590
Cash and cash equivalents		61,671	137,969
<b>Total current assets</b>		<u>524,264</u>	<u>423,286</u>
<b>Current liabilities</b>			
Trade and other payables	11	35,571	32,062
Derivatives financial instruments		896	157
Interest-bearing bank borrowings, secured		54,000	-
Lease liabilities		51	23
Debentures		4,376	-
Tax payables		11,649	22,451
<b>Total current liabilities</b>		<u>106,543</u>	<u>54,693</u>
<b>Net current assets</b>		<u>417,721</u>	<u>368,593</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER 2021**

*(Expressed in Renminbi)*

	<i>Notes</i>	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
<b>Total assets less current liabilities</b>		<b>882,832</b>	824,185
<b>Non-current liabilities</b>			
Other payables	11	4,680	5,070
Lease liabilities		-	53
Debentures		-	4,535
Deferred tax liabilities		<b>2,760</b>	1,925
<b>Total non-current liabilities</b>		<b>7,440</b>	11,583
<b>Net assets</b>		<b>875,392</b>	812,602
<b>EQUITY</b>			
Share capital	12	35,345	32,591
Reserves		<b>834,527</b>	780,011
		<b>869,872</b>	812,602
Non-controlling interest		<b>5,520</b>	-
<b>Total equity</b>		<b>875,392</b>	812,602

## NOTES:

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 17 October 2011 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as revised and consolidated) of the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 6 July 2012.

The consolidated financial statements for the year ended 31 December 2021 comprise the financial statements of the Company and its subsidiaries (together referred to as the “Group”). The consolidated financial statements were authorised for issue by the directors (the “Directors”) of the Company on 31 March 2022.

### 2. BASIS OF PREPARATION AND PRESENTATION

The annual results set out in this announcement do not constitute the Group’s consolidated financial statements for the year ended 31 December 2021 but are extracted from those financial statements.

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual IFRSs, International Accounting Standards (“IASs”), Interpretations issued by the International Accounting Standards Board (“IASB”) and the requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

#### ADOPTION OF REVISED IFRSs – EFFECTIVE 1 JANUARY 2021

The Group has adopted the following revised IFRSs for the first time for the current year’s consolidated financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2
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Amendment to IFRS 16	COVID-19-Related Concessions
Amendment to IFRS 16	COVID-19-Related Concessions beyond 30 June 2021

The application of the amendments to IFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

#### (a) Revenue

The principal activities of the Group are (i) the manufacturing and sales of outdoor wooden products; (ii) retail sales of outdoor wooden products; and (iii) manufacturing and sales of renewable energy products. During the year, the Group discontinued its operation of retail sales of outdoor wooden products.

Revenue from contracts with customers within the scope of IFRS 15 is as follows:

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Sales of outdoor wooden products	<b>601,968</b>	486,102
Retail sales of outdoor wooden products	-	-
Sales of renewable energy products	<b>6,106</b>	6,487
	<b><u>608,074</u></b>	<u>492,589</u>
Revenue		
– Attributable to continuing operations reported in the consolidated statement of profit or loss	<b>608,074</b>	492,589
– Attributable to a discontinued operation	-	-
	<b><u>608,074</u></b>	<u>492,589</u>

*Revenue from contracts with customers*

***Disaggregation of revenue information***

In the following table, revenue is disaggregated by primary geographical markets.

	2021				
	Continuing operations			Discontinued operation	
Primary geographical markets*	Manufacturing and sales of wooden products RMB'000	Manufacturing and sales of renewable energy products RMB'000	Sub-total RMB'000	Retail sales of outdoor wooden products RMB'000	Total RMB'000
The PRC (place of domicile)	81,832	6,106	87,938	-	87,938
Australasia	438,912	-	438,912	-	438,912
North America	40,953	-	40,953	-	40,953
Europe	29,777	-	29,777	-	29,777
Asia Pacific (exclusive of the PRC)	10,494	-	10,494	-	10,494
	<u>601,968</u>	<u>6,106</u>	<u>608,074</u>	<u>-</u>	<u>608,074</u>

	2020				
	Continuing operations			Discontinued operation	
	Manufacturing and sales of wooden products <i>RMB'000</i>	Manufacturing and sales of renewable energy products <i>RMB'000</i>	Sub-total <i>RMB'000</i>	Retail sales of outdoor wooden products <i>RMB'000</i>	Total <i>RMB'000</i>
Primary geographical markets*					
The PRC (place of domicile)	94,119	6,487	100,606	-	100,606
Australasia	224,551	-	224,551	-	224,551
North America	137,708	-	137,708	-	137,708
Europe	25,337	-	25,337	-	25,337
Asia Pacific (exclusive of the PRC)	4,387	-	4,387	-	4,387
	<u>486,102</u>	<u>6,487</u>	<u>492,589</u>	<u>-</u>	<u>492,589</u>

\* The geographical location of customers is based on the location at which the goods were delivered.

## (b) Segment reporting

In a manner consistent with how the Group managed its business and 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 identified three reportable segments, namely (i) manufacturing and sales of wooden products, (ii) manufacturing and sales of renewable energy products and (iii) retail sales of outdoor wooden products. During the year, the Group discontinued the operation of retail sales of outdoor wooden products. No operating segments have been aggregated to form the above reportable segments:

- Manufacturing and sales of wooden products: manufacturing and sales of outdoor wooden products to both domestic and overseas customers, and trading of timber;
- Manufacturing and sales of renewable energy products: manufacturing and sales of biomass pellet fuel to both domestic and overseas customers; and
- Retail sales of outdoor wooden products: retail sales of outdoor wooden products through self-operated retail shops, which has been discontinued during the year.

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

Reportable segment revenue represents the revenue derived from the Group's external customers by manufacturing and sales of wooden products, retail sales of outdoor wooden products and manufacturing and sales of renewable energy products, respectively.

The measure used for reportable segment profit/(loss) is "profit/(loss) for the year (excluding the after tax effect of government subsidies)" of manufacturing and sales of wooden products, retail sales of outdoor wooden products and manufacturing and sales of renewable energy products, respectively.

Segment assets exclude other financial assets, deferred tax assets, derivative financial instruments, pledged deposits, time deposit, cash and cash equivalents, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank borrowings, debentures, tax payables, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2021 and 2020 is set out below:

(i) Segment results

	2021			2021	
	Continuing operations		Sub-total RMB'000	Discontinued operation	
	Manufacturing and sales of wooden products RMB'000	Manufacturing and sales of renewable energy products RMB'000		Retail sales of outdoor wooden products RMB'000	Total RMB'000
Revenue derived from the Group's external customers	601,968	6,106	608,074	-	608,074
Inter-segment revenue	5,843	3,482	9,325	-	9,325
Reportable segment revenue	<u>607,811</u>	<u>9,588</u>	<u>617,399</u>	<u>-</u>	<u>617,399</u>
Reportable segment profit/(loss) (profit/(loss) for the year (excluding government subsidies, net of tax))	<u>57,104</u>	<u>(2,209)</u>	<u>54,895</u>	<u>(612)</u>	<u>54,283</u>
	2020			2020	
	Continuing operations		Sub-total RMB'000	Discontinued operation	
	Manufacturing and sales of wooden products RMB'000	Manufacturing and sales of renewable energy products RMB'000		Retail sales of outdoor wooden products RMB'000	Total RMB'000
Revenue derived from the Group's external customers	486,102	6,487	492,589	-	492,589
Inter-segment revenue	5,164	2,650	7,814	-	7,814
Reportable segment revenue	<u>491,266</u>	<u>9,137</u>	<u>500,403</u>	<u>-</u>	<u>500,403</u>
Reportable segment profit/(loss) (profit/(loss) for the year (excluding government subsidies, net of tax))	<u>(84,011)</u>	<u>458</u>	<u>(83,553)</u>	<u>(587)</u>	<u>(84,140)</u>

(ii) *Segment assets and liabilities*

	2021				
	Continuing operations			Discontinued operations	Total RMB'000
	Manufacturing and sales of wooden products RMB'000	Manufacturing and sales of renewable energy product RMB'000	Sub-total RMB'000	Retail sales of outdoor wooden products RMB'000	
Segment assets	792,363	1,564	793,927	-	793,927
Corporate and other unallocated assets					195,448
Total assets					989,375
Segment liabilities	27,256	622	27,878	-	27,878
Corporate and other unallocated liabilities					86,105
Total liabilities					113,983
	2020				
	Continuing operations			Discontinued operations	Total RMB'000
	Manufacturing and sales of wooden products RMB'000	Manufacturing and sales of renewable energy product RMB'000	Sub-total RMB'000	Retail sales of outdoor wooden products RMB'000	
Segment assets	699,131	2,071	701,202	618	701,820
Corporate and other unallocated assets					177,058
Total assets					878,878
Segment liabilities	35,363	517	35,880	41	35,921
Corporate and other unallocated liabilities					30,355
Total liabilities					66,276

(iii) *Geographical information*

*Non-current assets*

Over 90% of non-current assets are located in the PRC.

**4. OTHER REVENUE AND OTHER NET LOSS**

**(a) Other revenue**

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Interest income on bank deposits	<b>3,601</b>	3,344
Government subsidies	<b>6,212</b>	10,044
Dividend income from equity investment designated as fair value through other comprehensive Income	<b>195</b>	983
Rental income	<b>1,046</b>	96
Others	<b>4,730</b>	3,159
	<b><u>15,784</u></b>	<u>17,626</u>
<b>Other revenue:</b>		
– Attributable to continuing operations reported in the consolidated statement of profit or loss	<b>15,783</b>	17,626
– Attributable to a discontinued operation	<b>1</b>	-
	<b><u>15,784</u></b>	<u>17,626</u>
Total	<b><u>15,784</u></b>	<u>17,626</u>

**(b) Other net gain/(loss)**

	<b>2021</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
Net foreign exchange gain/(loss)	<b>4,635</b>	(8,090)
Fair value gain/(loss) on derivative financial instruments	<b>4,637</b>	(8,684)
Fair value gain/(loss) on other financial assets	<b>1,225</b>	(1,201)
Gain on de-registration of a subsidiary, net	-	1,183
Gain on de-registration of associates, net	-	759
Gain on remeasurement of previously held equity interests in an associate	-	159
Gain on disposal of property, plant and equipment	<b>103</b>	1,782
Impairment of property, plant and equipment	-	(24,641)
Gain on early termination of leases	-	3
Impairment of non-current deposits for acquisition of property, plant and equipment	<b>(1,907)</b>	-
Gain on bargain purchase	-	697
Others	<b>(258)</b>	(200)
	<hr/>	<hr/>
Total	<b>8,435</b>	(38,233)
	<hr/>	<hr/>
<b>Other net gain/(loss):</b>		
– Attributable to continuing operations reported in the consolidated statement of profit or loss	<b>8,435</b>	(39,416)
– Attributable to a discontinued operation	-	1,183
	<hr/>	<hr/>
Total	<b>8,435</b>	(38,233)
	<hr/>	<hr/>

## 5. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after charging/(crediting):

### (a) Finance costs

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest expense on bank borrowings	1,103	22
Interest expense on debentures	138	133
Interest expense on lease liabilities	4	7
	<u>1,245</u>	<u>162</u>
<b>Finance costs:</b>		
– Attributable to continuing operations reported in the consolidated statement of profit or loss	1,245	162
– Attributable to a discontinued operation	-	-
	<u>1,245</u>	<u>162</u>
Total	<u>1,245</u>	<u>162</u>

### (b) Staff costs (exclude directors' remuneration)

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Salaries, wages and other benefits	23,158	27,173
Contributions to defined contribution retirement schemes	6,936	890
Equity-settled share award scheme expenses	4,108	5,777
	<u>34,202</u>	<u>33,840</u>
<b>Staff costs:</b>		
– Attributable to continuing operations the consolidated statement of profit or loss	33,893	33,556
– Attributable to a discontinued operation	309	284
	<u>34,202</u>	<u>33,840</u>
Total	<u>34,202</u>	<u>33,840</u>

Pursuant to the relevant labour rules and regulations in the PRC, the Group's entities in the PRC participate in defined contribution retirement benefit schemes (the "Schemes") organised by the local authorities whereby the entities are required to make contributions to the Schemes based on a percentage of the eligible employees' salaries during the years ended 31 December 2021 and 2020. Contributions to the Schemes vest immediately. Under the Schemes, retirement benefits of existing and retired employees are payable by the relevant scheme administrators and the Group has no further obligations beyond the annual contributions.

During the years ended 31 December 2021 and 2020, the Group had no forfeited contributions under its retirement benefit scheme in the PRC and under the MPF Scheme in Hong Kong which may be used to reduce the existing level of contributions as described in paragraph 26(2) of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

## 6. INCOME TAX CREDIT

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax – PRC corporate income tax	<b>(10,809)</b>	(4,216)
Deferred tax expense	<u>656</u>	<u>97</u>
Income tax credit	<u><b>(10,153)</b></u>	<u>(4,119)</u>

### *Notes:*

- (i) No provision was made for Hong Kong Profits Tax as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2021 and 2020.
- (ii) The Group's PRC subsidiaries are subject to PRC corporate income tax ("CIT") at the statutory rate of 25% unless otherwise specified.
- (iii) One of the Company's subsidiaries applied and was approved for the High and New Technology Entities ("HNTE") qualification under the PRC Corporate Income Tax Law and its relevant regulations during 2019, and therefore is entitled to the preferential income tax rate of 15% for a period of three years from 2019 to 2021.

- (iv) According to the announcement of the State Administration of Taxation on Issues Relating to Implementation of Inclusive Income Tax Relief Policy for Small Low-profit Enterprises, the CIT rate applicable to small-scale enterprises with low profitability that meet certain conditions including the assessable profits not more than RMB3,000,000, shall be reduced to 20%. Certain of the Company's subsidiaries have been designated as small-scale enterprises, pursuant to which, (i) the first RMB1,000,000 of assessable profits (the "1st Assessable Profits") of these subsidiaries is effectively taxable at 2.5% (i.e. 20% on 12.5% of the 1st Assessable Profits); and (ii) the remaining assessable profits not over RMB3,000,000 (the "Remaining Assessable Profits") is effectively taxable at 10% (i.e. 20% on 50% of the Remaining Assessable Profits).

## 7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculations of basic profit/(loss) per share are based on:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Profit/(Loss)</b>		
Profit/(Loss) for the year attributable to ordinary equity holders of the Company, used in the basic profit/(loss) per share calculation	<u>47,092</u>	<u>(93,099)</u>
Attributable to:		
Continuing operations	47,704	(93,695)
Discontinued operation	<u>(612)</u>	<u>596</u>
	<u>47,092</u>	<u>(93,099)</u>
	<b>Number of shares</b>	
	2021	2020
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in basic profit/(loss) per share calculation	<u>824,549,598</u>	<u>726,582,000</u>

The basic and diluted earnings/(loss) per share are the same as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

## 8. INVESTMENT PROPERTIES

Investment properties mainly represented certain properties previously held by the Group as owner-occupied properties. The Directors considered that such properties were leased out for earning rental income, therefore, the properties with a net carrying amount of approximately RMB29,191,000 were reclassified from property, plant and equipment to investment properties during the year. The Group's investment properties were stated at cost less accumulated depreciation and impairment, if any.

## 9. TRADE AND OTHER RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	117,052	77,828
Less: Loss allowance	<u>(19,810)</u>	<u>(22,339)</u>
	<u>97,242</u>	<u>55,489</u>
Trade deposit for raw materials	104,756	68,466
Due from a related company	63	67
Due from non-controlling interest	2,500	-
Interest receivables	648	-
Prepayments and other receivables	25,528	12,028
Less: Loss allowance	<u>(1,250)</u>	<u>(1,250)</u>
	<u>132,245</u>	<u>79,311</u>
Total trade and other receivables	<u>229,487</u>	<u>134,800</u>

The ageing analysis of trade receivables (net of loss allowances) as of the end of reporting period, based on invoice date, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 month	41,536	20,576
1 to 2 months	38,667	21,361
2 to 3 months	13,566	2,986
Over 3 months	<u>3,473</u>	<u>10,566</u>
	<u>97,242</u>	<u>55,489</u>

## 10. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Other financial assets represent (i) commodity investments with an authorised PRC bank of RMBNil (2020: RMB30,007,000); (ii) investment products of PRC banks of RMB10,592,000 (2020: RMB368,000); and (iii) certain index-linked debts instruments (the “Index-Linked Debts Instruments”) with an aggregate principal amount of RMB80,000,000 (2020: RMBNil), in which, the interest payments are linked to the relevant exchange rate between RMB and Euro or United States Dollar. The Index-Linked Debts Instruments were pledged to secure the Group’s interest-bearing bank borrowings.

## 11. TRADE AND OTHER PAYABLES

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade and bills payables	7,425	14,092
Contract liabilities	9,477	5,698
Due to a director	11	13
Other payables and accruals	18,268	11,869
Provision for medical compensation	5,070	5,460
	<u>40,251</u>	<u>37,132</u>
Less: Provision for medical compensation classified as non-current portion	<u>4,680</u>	<u>5,070</u>
	<u>35,571</u>	<u>32,062</u>

The maturity analysis of trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 month	4,811	1,215
1 to 2 months	30	451
2 to 3 months	-	2,618
Over 3 months	2,584	9,808
	<u>7,425</u>	<u>14,092</u>

## 12. SHARE CAPITAL

### Authorised and issued share capital

	2021			2020		
	Par Value HK\$	Number of shares (‘000)	Amount HK\$(‘000)	Par Value HK\$	Number of shares (‘000)	Amount HK\$(‘000)
Authorised:						
Ordinary shares	<b>0.05</b>	<b>2,000,000</b>	<b>100,000</b>	0.05	2,000,000	100,000

	2021		2020	
	Number of shares (‘000)	Amount RMB(‘000)	Number of shares (‘000)	Amount RMB(‘000)
Ordinary shares, issued and fully paid:				
At 1 January	783,750*	32,591	617,667*	25,544
Issuance of new shares	-	-	123,533*	5,242
Issue of new shares under share award scheme (Note (a))	66,618*	2,754	42,550*	1,805
At 31 December	<b>850,368*</b>	<b>35,345</b>	<b>783,750*</b>	<b>32,591</b>

### Notes

- (a) On 20 April 2021, the Board resolved to award a total of 66,618,016 Shares (the “Award Shares”) were issued to 13 eligible persons (the “Selected Persons”), in which, as to (i) 36,970,000 Award Shares were issued on 10 May 2021 to the Company’s employees pursuant to the general mandate; and (ii) the remaining 29,648,016 Award shares were issued on 7 June 2021 to the Directors pursuant to the specific mandate approved in the Extraordinary General Meeting on 31 May 2021. The Selected Persons are (i) senior and middle management of the Group; (ii) staffs who served the Group for a long period of time and (iii) Directors of the Company.

The 66,618,016 Award Shares had neither any vesting period nor condition, and accordingly, the aggregate fair value of 66,618,016 Award Shares amounting to approximately RMB7,706,000 were determined by the closing market prices of the Company’s Shares on the respective issue dates of the Award Shares and were recognised as expenses in the consolidated statement of profit or loss.

\* Share of HK\$0.05 each

### 13. BANKING FACILITIES AND PLEDGED ASSETS

The Group entered into certain banking facilities with certain PRC banks with an aggregate amount of RMB236,700,000 (2020: RMB97,700,000), of which, as to RMB73,989,000 (2020: RMB27,485,000) (including the bank borrowings of RMB54,000,000) have been utilised at the end of reporting date.

The banking facilities are secured by certain of the Group's land use rights, buildings, other financial assets at fair value through profit or loss and pledge deposits amounting to approximately RMB29,632,000 (2020: RMB14,764,000), RMB128,427,000 (2020: RMB31,780,000), RMB80,000,000 (2020: Nil) and RMB1,640,000 (2020: RMB4,590,000), respectively.

### 14. COMMITMENTS

#### (a) Capital commitments

Capital commitments outstanding as at 31 December 2021 not provided for in these consolidated financial statements were as follows:

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Contracted for	<u>6,571</u>	<u>-</u>

#### (b) Operating lease arrangements

The Group leases, as lessor, certain investment properties in the PRC were leased out under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits. Rental income recognised by the Group during the year was RMB1,046,000 (2020: RMB96,000).

##### As lessor

At 31 December 2021, the undiscounted lease rental receivable by the Group in future periods under noncancellable operating leases with its tenants are as follows:

	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
Within one year	1,132	533
After one year but within two years	1,143	518
After two years but within three years	<u>1,626</u>	<u>592</u>
	<u>3,901</u>	<u>1,643</u>

## **15. COMPARATIVE AMOUNTS**

The consolidated statement of profit or loss and other comprehensive income has been re-presented as if the operation discontinued during the current year has been discontinued at the beginning of the comparative period. Certain comparative amounts have been reclassified to conform with the current year's presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### Segment review

The Group's core business segments are comprised of manufacturing and sales of wooden products; retail sales of outdoor wooden products; and manufacturing and sales of renewable energy products. During the Year, the Group discontinued its operation of retail sales of outdoor wooden products. The performance of our business segments are as follows:

	Segment revenue derived from external customers		Change	% to total segment revenue derived from external customers		Reportable segment (loss)/profit	
	2021	2020		2021	2020	2021	2020
	RMB'000	RMB'000	%	%	%	RMB'000	RMB'000
<b>Continuing operations</b>							
Manufacturing and sales of wooden products	601,968	486,102	23.8	99.0	98.7	57,104	(84,011)
Manufacturing and sales of renewable energy products	6,106	6,487	(5.9)	1.0	1.3	(2,209)	458
	<u>608,074</u>	<u>492,589</u>				<u>54,895</u>	<u>(83,553)</u>
<b>Discontinued operation</b>							
Retail sales of outdoor wooden products	-	-	N/A	N/A	N/A	(612)	(587)
	<u>608,074</u>	<u>492,589</u>	<u>23.4</u>	<u>100.0</u>	<u>100.0</u>	<u>54,283</u>	<u>(84,140)</u>

During the Year, the distribution of revenue from our global markets are as follows:

	Revenue		Change	% to total revenue	
	2021	2020		2021	2020
	RMB'000	RMB'000	%	%	%
The PRC	87,938	100,606	(13)	14	20
Australasia	438,912	224,551	95	72	46
North America	40,953	137,708	(70)	7	28
Europe	29,777	25,337	18	5	5
Asia Pacific (exclusive of the PRC)	10,494	4,387	139	2	1
	<u>608,074</u>	<u>492,589</u>	<u>23</u>	<u>100</u>	<u>100</u>

Manufacturing and sales of wooden products remains to be the Group's largest business segment, contributing 99.0% of the Group's revenue. The revenue derived from such business increased 23.8%.

The 23.4% overall revenue for the year following a 11.9% negative growth in the first half of the year is principally attributable to the favorable pricing environment of the Group's wooden products. Following the stringent lockdown in 2020 and rock-bottom interest rates, several leading economies such as the United States, Australia and the United Kingdom have seen thriving new home demands. On the other hand, the disruption of global supply chain, severe shortage of construction material supplies has created favorable condition of price rise for the Group's wooden products. During the Year, the Group has also stopped exporting products affected by the additional tariff imposed by the US government in 2019. As a result, the Group's margin has bounced back to 20.0% for the reporting year from 1.5% in 2020 when the Group was temporarily crippled by additional tariff and dumping duties of the United States. The improved gross profit margin paved way to a positive turnaround to a total reportable segment profit of approximately RMB57 million from manufacturing and sales of wooden products (2020: a loss of RMB84 million).

The Group discontinued its retail sales of outdoor wooden products during the reporting year, yet the Group maintains its view that this segment is a strategic stepping stone in expanding its presence in the PRC household product market, and will adjust its business direction whenever appropriate.

The Group's renewable energy business focuses on the recycling of leftover sawdust from the production of our wooden products into biomass pellet fuel. Revenue from the renewable energy business slightly decreased 5.9% to RMB6.1 million during the reporting year, with a loss of approximately RMB2.2 million (2020: revenue of RMB6.5 million and profit of RMB0.5 million).

## Financial Review

### Revenue by product category

	Revenue	
	2021	2020
	RMB'000	RMB'000
Timber houses and their related parts and structures	535,761	374,106
Leisure household products		
Outdoor and indoor furniture	19,079	10,995
Recreational products	28,939	47,197
Landscape garden products	17,343	31,696
Pet-home designs	846	673
	66,207	90,561
Trading of timber	-	21,435
Renewable energy products	6,106	6,487
<b>Total</b>	<b>608,074</b>	<b>492,589</b>

Revenue from timber houses and their related parts and structures remained the largest income stream of the Group during the Period. Revenue from such category increased by 43% to RMB535.8 million (2020: RMB374.1 million), representing 88% of total sales for the reporting year (2020: 76%), mainly attributable to the increase in sales to the Australasia.

Overall revenue from the leisure household products decreased by 27% to RMB66.2 million (2020: RMB90.6 million) mainly because of the decreases in the sales in recreational products and landscaped garden products.

The Group has halted the trading of timber business as the selling costs of timbers increased for the additional tariff and dumping duties imposed by the United States. As a result, the revenue from trading of timber became nil (2020: 21.6 million).

During the Period, the Group's revenue from the renewable energy business decreased by 5.9% to approximately RMB6.1 million (2020: RMB6.5 million), due to the increasingly fierce competition in the domestic renewable energy market.

### Gross profit and gross margin

Gross profit surged to approximately RMB121.7 million (2020: RMB7.3 million) as brought by the spectacular increase of gross profit margin in the reporting year to 20.0% (2020: 1.5%), mainly because of i) the favorable pricing condition of construction materials; ii) ceased the sales of products affected by the additional tariff imposed by the US government in 2019 which had a lower gross margin; and iii) lowered cost of materials as a result of replacing imported materials with domestic materials.

#### *Other revenue*

During the Year, other revenue decreased to RMB15.8 million (2020: RMB17.6 million) mainly due to the decreased in government subsidies to RMB6.2 million during the reporting year (2020: RMB10.0 million).

#### *Other net gain/(loss)*

The Group recorded other net gain of RMB8.4 million for the Year (2020: other net loss of RMB39.4 million), which was mainly derived from net foreign exchange gain and fair value gain on derivative financial instruments.

#### *Selling and distribution expenses*

Our selling and distribution expenses incurred during the Year were RMB46.9 million (2020: RMB21.7 million) which was a result of the increase in turnover and number of shipments during the reporting year.

#### *Administrative expenses*

Our administrative expenses incurred during the reporting year amounted to RMB62.2 million (2020: RMB57.3 million). The increase was mainly due to the recognition of share award expenses during the year.

#### *Finance costs*

Our finance costs increased to approximately RMB1.3 million (2020: RMB0.2 million), which was primarily due to an increase of bank borrowings during the Year.

#### *Income tax credit*

The Group recorded an income tax credit of RMB10.2 million (2020: RMB4.1 million) mainly due to the write-back of over-provision of income tax in prior year during the reporting year.

#### *Liquidity and capital resources*

The Group principally meets its working capital and other liquidity requirements through operating cash flows and proceeds from bank borrowings. The Group anticipates that it can sufficiently meet funding needs for working capital and capital expenditure. As at 31 December 2021, the Group had current assets of RMB524.3 million (31 December 2020: RMB423.3 million), of which bank deposits and cash (including pledged deposits) were RMB63.3 million (31 December 2020: RMB142.6 million).

The Group's cash is generally deposited with banks and denominated mostly in RMB. As at 31 December 2021, total banking facilities utilised as at 31 December 2021 amounted to RMB74 million (31 December 2020: RMB 27 million) and these were mainly denominated in RMB and USD. All of the Group's banking facilities were subject to the fulfilment of certain covenants, as are commonly found in lending arrangements with financial institutions.

As at 31 December 2021, the current ratio and quick ratio were 4.9:1 and 3.7:1 respectively (31 December 2020: 7.7:1 and 5.6:1 respectively).

#### *Pledge of assets*

As detailed in note 11 to this announcement, the Group pledged its land use rights, buildings, other financial assets at fair value through profit or loss and pledged deposits to secure for certain banking facilities.

#### *Capital expenditure*

During the Year, the Group's total expenditure in respect of property, plant and equipment and non-current deposit for acquisitions of property, plant and equipment amounted to RMB17.8 million (2020: RMB6.6 million).

#### **Foreign currency risks**

The Group's sales are mainly denominated in AUD, USD and RMB while our cost of sales and operating expenses are mainly denominated in RMB. Therefore, the Group's profit margin would be affected if RMB appreciates against AUD and USD as the Group may not be able to reflect the appreciation in selling prices to overseas customers that were determined in AUD and USD. In response to this, the Group manages fluctuations in the exchange rate of RMB against AUD and USD by entering into foreign currency forward contracts mainly denominated in AUD, USD and RMB with banks when sales contracts were entered with overseas customers.

At 31 December 2021, the Group had foreign currency forward contracts with their fair values recognised as derivative financial instruments (assets) of RMB5,077,000 (2020: RMB1,619,000) and derivative financial instruments (liabilities) of RMB896,000 (2020: RMB157,000). The changes in fair value of the foreign currency forward contracts were recognised in the consolidated statement of profit or loss. All of the foreign currency forward contracts are to be settled within one year.

#### **Human resources**

As at 31 December 2021, we employed a total of 383 (2020: 340) full-time employees, mainly in the PRC and Hong Kong which included management staff, product designers, technicians, salespersons and workers. The Group has been consistently increasing production process automation, strengthening the training of staff with an emphasis on high-technique processing with a mission on the continuous development and enhancing of competitiveness. The Group offered highly competitive salary packages, as well as discretionary bonuses and contribution to social insurance to its employees.

The Group's emolument policies are formulated based on the performance of individual employee which will be reviewed periodically. Apart from the provident fund scheme (operation in accordance with the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or social insurance (including retirement pension insurance, medical insurance, unemployment insurance, injury insurance and maternity insurance for the PRC employees), discretionary bonuses are also awarded to employees and directors according to the assessment of individual performance. Since the adoption of the share option scheme on 15 June 2012 and up to 31 December 2021, no options have been granted.

On 20 April 2021, the Board of Directors of the Company has resolved to award an aggregate of 66,618,016 Shares (the "Award Shares") to 13 selected participants under the Share Award Scheme ("2021 Award"). The award of Award Shares has been settled by way of: (i) issue and allotment of 36,970,000 new Award Shares pursuant to the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 29 May 2020 to issue, allot and deal with new Shares not exceeding 20% of the total number of Shares in issue as of 29 May 2020 (i.e. 148,240,080 Shares) (the "New Award Shares") and (ii) issue and allotment of 29,648,016 new Award Shares pursuant to a specific mandate obtained in the extraordinary general meeting on 31 May 2021 (the "Connected Award Shares").

Under the 2021 Award, out of the 66,618,016 Award Shares granted to the 13 selected participants, (i) 36,970,000 new Award Shares were granted to 11 selected participants who are mainly senior and middle management of the Group and/or staff who served the Group for a long period of time, and (ii) 29,648,016 Connected Award Shares were granted to two of the Directors of the Company.

### **Events after the reporting period**

The Group has no material events after the reporting year.

### **Prospects**

Australia and New Zealand have seen GDP growth of 4.2% and 3.1% respectively in 2021. The momentum is expected to sustain through 2022 as Australia embraced its strongest growth in 46 years in the fourth quarter of 2022. As relief of global travel ban and open up of the two countries respectively in March and April 2022, it is widely expected that the Australasian economic growth will further accelerate throughout 2022 and 2023. In February, the National Housing Finance and Investment Corporation (NHFIC) of Australia estimated that the construction of there will be a net new dwellings of 550,000 over the next three years. Against a backdrop of thriving prospect of the Group's business in the its new market focus, the management maintains reasonably cautious with the geopolitical and economic development worldwide in mind, and will continue to formulate business plans and strategies for the future business development of the Group in order to deliver stable returns to the Shareholders of the Company.

### **Purchase, Sale or Redemption of Listed Securities**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

## **CORPORATE GOVERNANCE CODE**

During the Year, the Company was in full compliance with the code provisions set out in the Corporate Governance Code, except for the deviations from the code provisions A.1.1 and C.1.2.

### **The code provision A.1.1**

Pursuant to code provision A.1.1 of the Corporate Governance Code, the Board meetings should be held at least four times a year at approximately quarterly intervals. The Board only held two regular meetings during the Year to approve the annual results for the year ended 31 December 2020 and interim results for the six months period ended 30 June 2021 whilst other matters of the Board were dealt with by written resolutions or ad hoc Board meeting.

### **The code provision C.1.2**

Pursuant to code provision C.1.2, the management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the Board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

The Company has deviated from code provision C.1.2 in that while the management has updated most of the Directors on a monthly basis about the business operation and performance of the Company, not all the Directors received such updates as the monthly updates were conducted on-site at the Group's factory in China. Members of the Board who did not attend such on-site meetings did not receive the updates. However, the management would provide detailed updates to all the Directors on a half-yearly and yearly basis. In the event there are any significant updates to be provided, the management will update all the Directors as early as practicable for discussion and resolution. The Company also has in place a system for every Director to make enquiries with the senior management about the business operation of the Group and to give suggestions or feedback in the event such Director is not able to attend the monthly on-site updates session.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors.

Specific enquiries have been made with the Directors, and all Directors confirmed in writing that they have complied with the required standards set out in the Model Code regarding their securities transactions for the Year.

## **REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE**

The Group's annual results for the Year have been reviewed by the audit committee of the Company.

## **SCOPE OF WORK OF ASCENDA CACHET CPA LIMITED**

The figures in respect of the preliminary announcement of the Group's results for the Year have been compared by the Company's auditors, Ascenda Cachet CPA Limited, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the Year and the amounts were found to be in agreement. The work performed by Ascenda Cachet CPA Limited in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

## **DIVIDEND**

The Board did not recommend the payment of a final dividend for the year ended 31 December 2021 to the shareholders.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to determine the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from 26 May 2022 to 31 May 2022 (both days inclusive), during which period no transfer of Shares can be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration by not later than 4:30 p.m. on 30 May 2022.

## **PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This announcement is published on the Company's and the Stock Exchange's websites. The Company's annual report for the Year in accordance with the relevant requirements of the Listing Rules will be dispatched to the Shareholders and published on the Company's and the Stock Exchange's websites in due course.

By order of the Board  
**China Environmental Technology and  
Bioenergy Holdings Limited**  
**Xie Qingmei**  
*Chairlady*

Hong Kong, 31 March 2022

*As at the date of this announcement, the executive Directors are Ms. Xie Qingmei and Mr. Wu Zheyuan and the independent non-executive Directors are Mr. Lam Hin Chi, Prof. Jin Zhongwei and Prof. Su Wenqiang.*