

## EVERBRIGHT ENVIRONMENT ANNOUNCES 2020 ANNUAL RESULTS

### Financial Highlights

	For the year ended 31 December		Percentage Change
	2020 HK\$'000	2019 HK\$'000	
Revenue	42,926,426	37,557,635	14%
Gross profit	14,103,833	11,457,901	23%
Earnings before interest, taxation, depreciation and amortisation (“EBITDA”)	12,851,501	10,957,474	17%
Profit attributable to equity holders of the Company	6,015,863	5,203,291	16%
Basic earnings per share (HK cents)	97.93	84.70	16%
Final dividend (HK cents)	16.0	13.0	23%
Total dividend (HK cents)	30.0	26.0	15%

**11 March 2021, Hong Kong** – China Everbright Environment Group Limited (“Everbright Environment” or the “Company”) (SEHK: 257) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2020 (“2020” or the “year under review”).

In 2020, with a focus on value creation, together with the commitment to seeking further transformation and steady development, the Group continued to forge ahead with its corporate mission of being “Devoted to Ecology and Environment for a Beautiful China” and the corporate pursuit of “Creating Better Investment Value and Undertaking More Social Responsibility”. As a result, it won the battles for the COVID-19 pandemic (“Pandemic”) prevention and control, business growth and enhancement of its industry position, achieving outstanding results in both business scale and operational efficiency. At the same time, the Company officially completed the change of its company name to further cement its original aspiration and mission to the ecological environment, and to enhance the brand value.

In terms of operating results, during the year under review, the Group focused on the three major areas of environment, resources and energy, implemented strategic transformation steadily, made effort in face of adversity, carefully nurtured new sources of business growth, increased its business scale progressively, and achieved high-quality development. Each of the Group’s business sectors

continued to achieve stable progress. In 2020, the Group's revenue amounted to HK\$42,926,426,000, an increase of 14% from the year ended 31 December 2019 ("2019"); EBITDA amounted to HK\$12,851,501,000, up by 17% from 2019; profit attributable to equity holders of the Company was HK\$6,015,863,000, an increase of 16% from 2019; basic earnings per share was HK97.93 cents, an increase of HK13.23 cents or 16% from 2019. The Group has smooth and diverse access to financing channels, with abundant capital and good results across all financial indicators.

During the year under review, the Group recorded a total revenue of HK\$41,622,047,000 from its environmental energy, greentech and environmental water sectors, of which revenue from construction services increased by 7% from 2019 to HK\$25,493,014,000 and revenue from operation services increased by 30% from 2019 to HK\$12,286,022,000. The revenue from construction services, operation services and finance income accounts for 61%, 30% and 9% of the total.

In terms of market expansion, during the year under review, in response to the fierce market competition, the Group focused on the quality development of its waste-to-energy business and others. In the meantime, it proactively expanded its presence in new business areas such as waste sorting, resource recycling and energy-saving lighting. In 2020, the Group secured 56 new projects and signed 2 supplementary agreements for the existing projects, commanding a total investment of approximately RMB16.500 billion. It also signed 4 equity interest acquisition agreements for the existing project companies, at a total consideration of RMB64 million. In addition, it undertook 9 environmental remediation services, 2 supplementary agreements for the existing environmental remediation services, 3 engineering, procurement and construction ("EPC") projects, 2 energy management contract ("EMC") projects and 1 operation and management ("O&M") project, with an aggregate contract value of approximately RMB610 million. The new projects contributed additional designed treatment and supply capacities of household waste by 16,000 tonnes/day, food and kitchen waste by 1,920 tonnes/day, hazardous and solid waste by 612,500 tonnes/year, steam supply by 1,340,000 tonnes/year and water treatment by 320,000 m<sup>3</sup>/day.

In terms of project construction, during the year under review, facing the Pandemic, by ensuring the health and safety of its staff in the first place, the Group carried out the Pandemic control for its construction sites and resumption of construction work in an orderly manner. In the meantime, the Group adhered to the seven principles of "productivity, efficiency, quality, cost-effectiveness, legitimacy, safety and integrity", enhanced dynamic management of all construction work, and therefore carried out construction work with high quality, which brought an increase in construction

service revenue. In 2020, 43 projects completed construction and commenced operation, 80 projects commenced construction; and 5 environmental remediation services, 2 EPC projects and 1 EMC project were completed and delivered.

In terms of operations management, during the year under review, the Group upheld the highest standards to manage its operating projects, strived to ensure safety and environmental management proficiency, operational costs of projects under proper control, and the projects' operational efficiency continuously on the rise. In order to cope with the difficult situations brought about by the Pandemic in 2020, the Group ensured not only zero infection cases in the workplace but also full-speed operations of more than 200 environmental protection projects in operation, which are located in over 100 cities across China. These projects safeguarded the environmental safety and public health of the local communities, by treating household waste and waste water, as well as enhancing the treatment and disposal of medical waste. Many environmental protection projects of the Group volunteered to facilitate the local authorities and institutions to conduct safe treatment of medical waste, waste water, as well as waste from hospitals and quarantine areas.

As of 31 December 2020, the Group had a business presence in over 200 locations across 23 provinces, municipalities and autonomous regions in China, with overseas business markets in Germany, Poland and Vietnam. The Group secured a total of 458 environmental protection projects, with an aggregated investment of approximately RMB140.386 billion; it also undertook 36 environmental remediation services, 14 EPC projects, 4 EMC projects and 4 O&M projects. As the world's largest waste-to-energy investor and operator, the Group had a total of 161 waste-to-energy projects under its environmental energy and greentech sectors, with an aggregated designed daily household waste processing capacity of 139,200 tonnes.

During the year under review, with an aim to maintain its sustainable development and meet the capital demands in support of the mid- to long-term growth, the Group actively explored and expanded its financing channels and strengthened its capital structure. In 2020, the Company, through its wholly-owned subsidiary, entered into a limited partnership agreement with China Everbright Group Ltd. ("China Everbright Group") and wholly-owned subsidiaries of China Everbright Limited to participate in the Everbright Belt And Road Green Equity Investment Fund to further diversify its investing and financing channels. In addition, the Group signed a five-year HK\$2 billion green loan facility with Bank of China (Hong Kong) Limited, which is used for the Group's environmental energy business. During the year under review, China Everbright Water Limited

(“Everbright Water”), a subsidiary of the Company, issued asset-backed securities to qualified investors in mainland China (the “Mainland”) with an issue size of RMB300 million, followed by the issuance of its first tranche of medium-term notes (“MTN”) to institutional investors in the national Inter-bank bond market in the Mainland with an issue size of RMB1 billion. The proceeds from the issuances were used to replenish the working capital of Everbright Water and its subsidiaries. China Everbright Greentech Limited (“Everbright Greentech”), a subsidiary of the Company, also issued its first tranche of MTN in the national inter-bank bond market in the Mainland with an issue size of RMB1 billion. The proceeds from the issuance were used for the replenishment of the working capital of Everbright Greentech and its loan repayments.

## **ENVIRONMENTAL ENERGY**

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In 2020, the Group’s environmental energy sector fully adjusted its market development strategies in response to changes in industry policies and trends. It adhered to the principle of “Three Priorities and One Clarification” and prioritised quality rather than speed in terms of the waste-to-energy business development. By promoting the synergistic business development relating to the waste-to-energy business, environmental energy leveraged on the Group’s “Five Points in One Line” process model for waste sorting, which includes sorting, transferring, selecting, recycling and incinerating of waste, to access the upstream business of the waste-to-energy industry, and took over several waste sorting projects from the Group’s eco-recycling sector. During the year under review, environmental energy secured 38 new projects, involving a total investment of approximately RMB12.447 billion. The new projects contributed a designed daily household waste processing capacity of 15,000 tonnes and a designed daily food and kitchen waste processing capacity of 1,860 tonnes. Among the newly secured projects, securing of Thua Thien Hue Waste-to-energy Project and Da Nang Waste-to-energy Project in Vietnam marks the significant increase of the Group’s market share in the Vietnamese waste-to-energy market.

In terms of project construction, during the year under review, environmental energy had 20 projects that completed construction and commenced operation, with a designed daily household waste processing capacity of 10,500 tonnes and a designed daily food waste processing capacity of 190 tonnes; 47 projects commenced construction, with a designed daily household waste processing capacity of 29,050 tonnes and a designed daily food and kitchen waste processing capacity of 1,055 tonnes.

As of 31 December 2020, environmental energy had invested in 193 projects with a total investment of approximately RMB83.126 billion, and undertook 2 O&M projects. These projects are designed to have an annual household waste processing capacity of approximately 47,212,750 tonnes, which is expected to generate an annual on-grid electricity of approximately 15,767,363,800 kWh, an annual food and kitchen waste processing capacity of approximately 1,543,950 tonnes, and an annual sludge treatment capacity of approximately 248,200 tonnes.

## **GREENTECH**

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As of 31 December 2020, the Group held a 69.7% stake in Everbright Greentech.

In 2020, Everbright Greentech actively screened high-quality projects and vigorously developed the heat supply business, with an emphasis on the development of integrated hazardous waste utilisation business and making progress on this track. During the year under review, Everbright Greentech secured 8 new projects and signed 2 supplementary agreements for the existing projects, commanding a total investment of approximately RMB2.560 billion. It also undertook 9 environmental remediation services and signed 2 supplementary agreements for the existing services, with a total contract value of approximately RMB289 million. These new projects are designed to have an annual household waste processing capacity of approximately 365,000 tonnes, an annual hazardous and solid waste processing capacity of approximately 612,500 tonnes, and an annual steam supply capacity of approximately 1,340,000 tonnes.

In respect to project construction, during the year under review, Everbright Greentech had 15 projects that completed construction and commenced operation, contributing a designed annual biomass raw material processing capacity of approximately 1,870,000 tonnes, a designed annual household waste processing capacity of approximately 930,750 tonnes, a designed annual hazardous and solid waste processing capacity of approximately 65,000 tonnes, and a designed annual steam supply of approximately 960,000 tonnes. 5 environmental remediation services were completed and delivered in 2020. In addition, 18 projects commenced construction, with a designed annual household waste processing capacity of approximately 839,500 tonnes and a designed annual hazardous and solid waste processing capacity of approximately 778,800 tonnes. 9 environmental remediation services started respective remediation work.

As of 31 December 2020, Everbright Greentech had invested in 120 projects with a total investment of approximately RMB31.690 billion. These projects are designed to have an annual biomass raw

material processing capacity of approximately 8,089,800 tonnes, an annual household waste processing capacity of approximately 3,595,250 tonnes, and an annual hazardous and solid waste processing capacity of approximately 2,841,900 tonnes, which are expected to generate an annual on-grid electricity of approximately 6,774,374,700 kWh and an annual steam supply of approximately 4,519,000 tonnes.

## **ENVIRONMENTAL WATER**

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As of 31 December 2020, the Group had a 72.87% stake in Everbright Water.

In 2020, Everbright Water secured 9 new projects with a total investment of approximately RMB1.192 billion, and also undertook 1 O&M project and 1 EPC project. The new projects are designed to have a daily waste water treatment capacity of 290,000 m<sup>3</sup> and a daily reusable water supply of 30,000 m<sup>3</sup>.

In terms of project construction, Everbright Water had 15 projects (inclusive of 1 EPC project) that had commenced construction, with a designed daily water treatment capacity of 1,023,000 m<sup>3</sup>. 8 projects completed construction and commenced operation, with a designed daily water treatment capacity of 270,000 m<sup>3</sup>.

As of 31 December 2020, Everbright Water had invested in and held 138 water projects, commanding a total investment of approximately RMB24.678 billion. It also secured 3 EPC projects and 2 O&M projects. These projects are designed to have an annual waste water treatment capacity of approximately 1,997,134,000 m<sup>3</sup>, an annual reusable water supply capacity of approximately 71,759,000 m<sup>3</sup>, and an annual water supply capacity of approximately 310,250,000 m<sup>3</sup>. The waste water source heat pump projects provide heating and cooling services to an area of 295,000 m<sup>2</sup>.

## **EQUIPMENT MANUFACTURING**

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In 2020, the Group's self-developed 1,000 tonnes/day grate furnace completed assembly and got off the production line, showcasing the Group's self-developed grate furnace with large processing capacity has reached new highs in terms of research and development ("R&D"), design and manufacturing. In addition, phase III of the Group's equipment manufacturing centre in Changzhou City commenced operation, effectively expanding the equipment manufacturing capacity.

In terms of market expansion, during the year under review, the Group's equipment manufacturing sector signed 24 external sales contracts; and sold 49 sets of equipment to the external markets, including 27 sets of grate furnaces, 16 sets of flue gas purification systems and 6 sets of leachate treatment systems. In 2020, it secured a set of contracts relating to external equipment sales and EPC contracts, worth a total contract value of approximately RMB935 million. In addition, equipment manufacturing steadily explored business transformation, including water purification and other consumer business opportunities.

In terms of equipment supply and services, during the year under review, equipment manufacturing commenced 59 service items. It provided 97 sets of grate furnaces to projects of the Group and external customers, which have a designed daily waste processing capacity of 50,880 tonnes. In addition, it sold 224 sets of equipment, covering grate furnaces, gas purification systems and leachate treatment systems.

In terms of after-sales service, during the year under review, equipment manufacturing signed 171 contracts in relation to external after-sales services, worth a total contract value of approximately RMB108 million. Throughout 2020, equipment manufacturing provided 159 after-sales service projects, including 75 internal ones and 84 external ones.

## **ECO-RECYCLING**

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In 2020, based on its three major business focuses, namely waste sorting and zero-waste cities, environmental sanitation integration, and resource recycling, the Group's eco-recycling sector improved the intelligence level of the waste sorting system and optimised the waste sorting categories at the front-end; integrated the waste collection, transferring and transporting processes at the middle-end, in order to connect waste sorting business at the front-end with the waste incineration and resource recycling at the back-end; developed resource recycling centers at the back-end, with the aim to improve the proficiencies of resource recycling and integrated utilisation, as well as the profitability of waste sorting business.

During the year under review, eco-recycling proactively responded to the Group's adjustments to its strategic planning. It handed over several waste sorting projects, for which it had won the bids, to the Group's environmental energy sector. In the meantime, it leveraged the Group's "Five Points in One Line" process model to explore synergistic opportunities with other business sectors of the Group. In addition, eco-recycling was active in market expansion, with focuses on the three major

business areas, and had reached the intention of cooperation with some cities and regions. In 2020, eco-recycling won the bid for a kitchen waste treatment project in Ji'nan City of Shandong Province.

## **GREENERGY**

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In 2020, the Group's greenery sector leveraged on its core product Everbright New Sodium Lamp (the "Lamp") and focused on building a full industry chain that includes the R&D and manufacturing of energy-saving street lamps, urban outdoor lighting projects and other types of energy-saving lighting products. Greenergy provided integrated lighting solutions to users based on three major business models, namely EMC, EPC and direct sales.

In terms of market expansion, during the year under review, greenery won the bids, based on an EMC model, for Shandong Tengzhou Urban District Streetlight Retrofitting Project ("Tengzhou EMC Project") and Tianjin Jinghai District Streetlight Retrofitting Project. The two projects are expected to retrofit approximately 15,900 streetlights in total. Greenergy also undertook Ji'nan Jiyang Sungeng Streetlight Retrofitting Project based on an EPC model, with a contract value of approximately RMB1.50 million. It also signed 85 contracts for the internal and external direct sales of the Lamps, with a contract value of approximately RMB8.89 million in total. During the year under review, greenery established the Greenergy Intelligent Industrial Park ("Greenergy Industrial Park") in Ji'nan City, Shandong Province, which will be responsible for manufacturing the Lamps and other products, with the aim to become a national technological innovation base.

In terms of project construction, during the year under review, greenery's Shandong Rizhao Streetlight Retrofitting EMC Project completed construction; Shandong Ji'nan Streetlight Retrofitting EMC Project, the Tengzhou EMC Project and the Greenergy Industrial Park commenced construction in succession with steady progress.

## **ENVIROTECH**

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In 2020, being the technology R&D innovation engine of the Group, the envirotech sector substantially established the "Four-in-One" technological innovation and R&D layout with platforms in Hong Kong, Shenzhen, Nanjing and Qingdao cities, in order to build a global platform dedicated to green technological innovation and technology conversion, and to better promote the Group's strategic plan of pursuing development that is driven by technology and innovation.



During the year under review, envirotech achieved R&D progress and results in several areas, including solid waste treatment, flue gas treatment, water treatment and intelligent control. For example: The Group applied optimised anti-coking design for small-scale waste incinerators at its Shandong Ju County Waste-to-energy Project, with good operational outcome; completed R&D of the high-temperature metal pre-cleaner technology for waste incineration, first of this type at home and abroad; and applied intelligent automatic combustion control system with independent intellectual property rights at its waste-to-energy projects in Boluo County of Guangdong Province and Lantian County of Shaanxi Province.

In 2020, the Group was granted a total of 235 patents (including 208 utility patents, 15 software copyright licenses, 11 invention patents and 1 appearance patent) and published 17 major scientific essays. As of 31 December 2020, the Group had been granted more than 1,000 patents.

#### **ENVIRONMENTAL PLANNING**

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In 2020, leveraging on Everbright Ecological and Environmental Planning and Design Institute (“Environmental Planning and Design Institute”) as the main platform, the Group’s environmental planning sector accomplished design works of the Group’s Jiangsu Wujiang Waste-to-energy Project, involving the 1,000 tonnes/day waste incineration treatment line, and integrated treatment of industrial waste, household waste and sludge. So far, it has developed the design capacity of a full range of waste incineration treatment lines, with capacity ranging from 300 tonnes/day to 1,000 tonnes/day. It partnered with the Group’s environmental energy sector to develop economic models relating to food and kitchen waste treatment projects and heat supply projects, which facilitated the Group to win bids for multiple food and kitchen waste treatment projects.

During the year under review, Environmental Planning and Design Institute expanded its design and consulting services to the fields of food and kitchen waste treatment, waste landfill, sludge treatment and disposal, integrated slag utilisation, and medical waste treatment, strongly supporting the development of the Group’s other business sectors. The design and consulting services contributed a total contract value of approximately RMB118 million. During the year under review, the construction work of the 2 EPC projects of the Environmental Planning and Design Institute progressed smoothly. Among these, Jiangsu Gaoyou EPC project had passed its trial run.

**Mr. Wang Tianyi, Chairman of the Board and CEO of Everbright Environment,** said: “In 2020, facing the unprecedented changes and challenges in the external environment, Everbright Environment, as China’s largest environmental protection enterprise, an industry leader in Asia and a world-renowned environmental group, faced up to challenges with courage and strong team cohesion. By closely following the national strategies, monitoring market trends, nurturing new business areas, and carrying out the strategic transformation, the Group reaped the fruits from its effort, increased its comprehensive competitiveness, and solidified its industry-leading position.”

**Mr. Wang Tianyi** emphasised: “The year 2021 marks the beginning of China’s 14th Five-year Plan, embarks the beginning of the country’s plan to achieve carbon dioxide emissions peak and carbon neutrality, and is a decisive year for human to fight against the Pandemic and pursue green development. The year 2021 also represents a crucial year for Everbright Environment to move towards the goal of becoming a world-leading ecological and environmental group. The Group will cement its aspiration and mission to concentrate on the ecological environment, and closely follow China’s relevant policies and guidance. With the focus on value creation, it will further promote its ‘Three Five Eight Seven’ development strategy and accelerate the strategic transformation and high-quality development, with an emphasis on the areas of environment, resources and energy. It will also bravely step outside of its comfort zone and forge ahead more aggressively through innovation, while playing its dual role as being a state-owned and a foreign company at the same time to expand footprints in both domestic and international markets. Moreover, it will strike a balance between asset-light and asset-heavy models when making investments, launch innovative municipal facilities and consumer products, as well as appropriately handle the relationship between collective and individual interest. Last but not least, the Group will adhere to its corporate mission of being ‘Devoted to Ecology and Environment for a Beautiful China’, and capitalise on growth opportunities arising from the 14th Five-Year Plan and the global green and low carbon development, to enter into a new stage of development and scale new heights!”

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About China Everbright Environment Group Limited

China Everbright Environment Group Limited (“Everbright Environment”) is a backbone enterprise of China Everbright Group Ltd. Everbright Environment is listed on the Main Board of The Stock Exchange of Hong Kong Limited (257.HK). It has two listed subsidiary companies: China Everbright Greentech Limited, which is listed in Hong Kong (1257.HK), and China Everbright Water Limited, which is dual listed in Singapore and Hong Kong (U9E.SG and 1857.HK). After over a decade of development, Everbright Environment has become the largest environmental protection company in China, a leading player in Asia’s environmental protection industry, as well as a world-renowned ecological and environmental management group. As China’s first one-stop integrated environmental solution provider, Everbright Environment focuses on the three areas of environment, resource and energy, with main businesses covering waste-to-energy and integrated waste treatment, integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation, water environment management, equipment manufacturing, waste sorting, environmental sanitation integration, resource recycling, development of zero-waste cities, energy-saving lighting, analysis and testing, research and development relating to green technologies, ecological and environmental planning and designing, as well as environmental protection industrial parks. Everbright Environment has a business presence in over 200 locations across 23 provinces, municipalities and autonomous regions in China, as well as in Germany, Poland and Vietnam.

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