

EVERBRIGHT ENVIRONMENT ANNOUNCES 2021 INTERIM RESULTS

Financial Highlights

	Six months ended 30 June		Change
	2021 HKD'000	2020 HKD'000	
Revenue	26,495,324	18,377,460	44%
Gross Profit	8,500,732	6,489,221	31%
EBITDA	8,197,532	6,369,203	29%
Profit Attributable to Equity Holders of the Company	3,887,378	3,028,747	28%
Basic Earnings per Share (HK cents)	63.28	49.30	28%
Interim Dividend per Share (HK cents)	19.0	14.0	36%

12 August 2021, Hong Kong – China Everbright Environment Group Limited (“Everbright Environment” or the “Company”) (SEHK: 257) is pleased to announce its unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2021 (the “period under review”).

In first half of 2021 (“1H2021”), facing new situations, challenges and opportunities, the Group closely followed the “Four Three Three” strategic deployment of China Everbright Group Ltd. (“China Everbright Group”) and set a “Three Carbons” development target of “Becoming a Carbon-Negative Company, Developing Zero-Carbon Plants, and Pursuing Low-Carbon Lifestyle”. By upholding “Value Creation” as the core, implementing the “Three Five Eight Seven” development strategies, and focusing on management advancement, the Group bravely stepped out its comfort zone and steadily carried out transformation. As a result, the Group achieved growth in both business scale and operational efficiency.

In terms of operating results, during the period under review, the Group’s traditional business sectors continued stable progress and new business sectors maintained positive momentum, with operating indicators recording significant growth. In 1H2021, the Group’s revenue amounted to HKD26,495,324,000, an increase of 44% from the first half of 2020 (“1H2020”); EBITDA amounted to HKD8,197,532,000, an increase of 29% from 1H2020; profit attributable to equity holders of the

Company amounted to HKD3,887,378,000, an increase of 28% from 1H2020; basic earnings per share amounted to HK63.28 cents, up by 28% from 1H2020. The Group had smooth and diverse access to financing channels, with abundant capital and good results across all financial indicators.

During the period under review, the Group recorded a total revenue of HKD26,045,032,000 from its environmental energy, greentech and environmental water sectors, of which revenue from construction services increased by 51% from 1H2020 to HKD15,674,240,000, and revenue from operation services increased by 37% from 1H2020 to HKD7,881,493,000. The revenue from construction services, operation services and finance income accounted for 60%, 30% and 10% of the total, respectively.

In terms of market development, during the period under review, the Group continued to make steady progress despite the fierce market competition, adhered to the high-quality development of traditional businesses such as waste-to-energy, and at the same time made great efforts in developing new businesses such as sorting, collecting, transferring and transporting of waste, resource recycling, and energy-saving lighting, in a bid to strike a balance between asset-light and asset-heavy businesses and the business diversification. During the period under review, China Everbright Greentech Limited (“Everbright Greentech”), the Company’s subsidiary, acquired a 60% equity interest in Kellon Green Energy Limited (“Kellon Company”, now known as Everbright Kellon Green Energy Limited) in Hong Kong by increasing its share capital, tapping into Hong Kong’s solar energy market and marking the Group’s entry into Hong Kong’s environmental protection industry. Separately, China Everbright Water Limited (“Everbright Water”), another subsidiary of the Company, purchased a 65% equity interest in Tianjin Binhai New Area Huantang Sewage Treatment Co., Ltd. (“Huantang Company”) and tapped into Tianjin’s water Market. This not only further solidifies the Group’s market deployment in the Beijing-Tianjin-Hebei Region, but also marks the Group’s first attempt under the mixed-ownership reform of China’s state-owned enterprises.

In 1H2021, the Group signed 40 new projects (including projects secured through acquisitions) and 2 supplementary agreements for the existing projects, commanding a total investment of approximately RMB7.031 billion. In addition, it undertook 1 waste sorting pilot service, 4 environmental remediation services, 7 engineering, procurement and construction (“EPC”) projects, 2 energy management contract (“EMC”) projects and 1 equipment supply project, with an aggregate contract value of approximately RMB228 million. The new projects contribute an additional designed daily household waste processing capacity of 7,450 tonnes, an additional designed daily food and kitchen

waste processing capacity of 2,130 tonnes, an additional designed annual hazardous and solid waste processing capacity of 100,000 tonnes, an additional designed annual steam supply capacity of 634,000 tonnes, and an additional designed daily water treatment capacity of 270,000 m³.

As of 30 June 2021, the Group had a business presence in over 200 locations across 24 provinces, municipalities, autonomous regions and special administrative region in China, with overseas business markets in Germany, Poland and Vietnam. It secured a total of 499 environmental protection projects, with an aggregate investment of approximately RMB146.311 billion; and also undertook 40 environmental remediation services, 21 EPC projects, 5 EMC projects and 3 operation and management (“O&M”) projects. As the world’s largest waste-to-energy investor and operator, the Group had a total of 168 waste-to-energy projects under its environmental energy and greentech sectors, with an aggregated designed daily household waste processing capacity of 144,650 tonnes.

In terms of project construction, during the period under review, with the normalisation of the COVID-19 pandemic prevention and control, the Group remained committed to carrying out construction works in an orderly manner, with a focus on safety, quality, cost and compliance and adhering to the 7 principles of “productivity, efficiency, quality, cost-effectiveness, legitimacy, safety and integrity”. It also enhanced the dynamic management of construction progress. As a result, the Group saw an increase in construction service revenue. In 1H2021, 53 projects completed construction and commenced operation, and 4 projects completed construction. Meanwhile, 23 projects commenced construction, together with 5 environmental remediation services, 1 waste sorting project, 1 EMC project and 3 EPC projects that were completed and delivered.

In terms of operations management, during the period under review, the Group, with a focus on “cost reduction and efficiency enhancement” and “value creation”, continued to uphold high management standards on its operating projects, to ensure stable operation and compliance with relevant emission standards. It also proactively built up its capabilities in digitalisation and intelligent management, as well as enhanced the platform roles of its projects. Additionally, with effective pandemic prevention and control measures in place, the Group continued to open up its projects for public visits, enhancing the transparency of its project operation.

During the period under review, with an aim to better align with the development pace and timely replenish its working capital, the Group paid close attention to market dynamics, continued to explore and further diversify financial channels, optimised its capital structure, as well as reasonably

managed financial costs, in order to further enhance financial security for the Group's future development. In June 2021, the Company successfully issued its first tranche of 2021 medium-term notes (bond connect), with an issue size of RMB2 billion, in the national inter-bank bond market in mainland China for the replenishment of daily working capital for the Company's subsidiaries and repayment of bank borrowings. In April 2021, Everbright Greentech issued its first asset-backed notes, with a principal amount of RMB589 million, with receivables relating to the national subsidies for renewable energy power prices as the underlying assets for the replenishment of general working capital of Everbright Greentech or repayment of borrowings. In January 2021, Everbright Water issued its second tranche of medium-term notes, with a principal amount of RMB1 billion, in the national inter-bank bond market in mainland China for the replenishment of working capital of Everbright Water's subsidiaries.

During the period under review, the Group thoroughly explored industry trends and its development path, by closely following China's goals of "Peaking Carbon Dioxide Emissions" and "Achieving Carbon Neutrality" and in light of its "Three Carbons" development target. It conducted comprehensive exploration and deployment based on various approaches. In terms of theoretical knowledge, the Group enhanced its expertise in relevant areas through themed lectures, seminars and study groups, as well as broadened the mindset and horizon of all staff. As for technological research, the Group improved the model for carbon emissions calculation, building a theoretical basis to help define the Group's corporate nature in terms of carbon emissions. In addition, it developed charts to estimate its greenhouse gas emissions by 2030 and 2060 respectively, which serve as scientific evidence for its future development and technological innovation plans. The Group also established a technology research and development ("R&D") center dedicated to carbon neutrality, with a view to catching up with internationally-advanced technologies and building a professional platform for conducting relevant researches in the future. Regarding development positioning, the Group conducted thorough study, analysis and exploration of carbon-themed business opportunities to facilitate its business transformation and innovation. In respect of business development ideas, the Group started preparing whitepapers and action plans that focus on "Peaking Carbon Dioxide Emissions" and "Achieving Carbon Neutrality".

ENVIRONMENTAL ENERGY

During the period under review, the Group's environmental energy sector adhered to the principle of "Three Priorities and One Clarification" to carry out high-quality development of its waste-to-energy business. In the meantime, it leveraged on the Group's "Five Points in One Line" process

model for waste sorting, which includes sorting, transferring, selecting, recycling and incinerating waste, to further penetrate the upstream business of the waste-to-energy industry; as a result, it secured waste sorting and transfer projects in multiple provinces including Jiangsu and Shandong. Additionally, by focusing on the 3 major business areas as the business strategy, the Group developed synergistic businesses relating to the waste-to-energy, so as to extend its business value chain, with the newly secured projects covering steam supply, food and kitchen waste treatment, sludge treatment and disposal, medical waste treatment, fly ash treatment, etc. In 1H2021, environmental energy secured 23 new projects (including a project secured through an acquisition) for a total investment of approximately RMB4.771 billion. It also secured 1 EPC project, with a contract value of RMB28 million. The newly secured projects contributed a designed daily household waste processing capacity of 6,950 tonnes and a designed daily food and kitchen waste processing capacity of 1,530 tonnes.

In terms of project construction, during the period under review, environmental energy had 44 projects that completed construction and commenced operation, with a designed daily household waste processing capacity of 24,100 tonnes and a designed daily food and kitchen waste processing capacity of 1,415 tonnes. 12 projects commenced construction, with a designed daily household waste processing capacity of 6,050 tonnes, a designed daily food and kitchen waste processing capacity of 830 tonnes.

As of 30 June 2021, environmental energy had invested in 217 projects, commanding a total investment of approximately RMB86.792 billion, and undertook 1 O&M project. These projects are designed to have an annual household waste processing capacity of 49,019,500 tonnes, which is expected to generate annual on-grid electricity of 16,482,010,800 kWh, an annual food and kitchen waste processing capacity of 2,131,600 tonnes, an annual sludge treatment capacity of 321,200 tonnes, and an annual medical waste processing capacity of 10,950 tonnes.

GREENTECH

As of 30 June 2021, the Group held a 69.7% stake in Everbright Greentech.

During the period under review, Everbright Greentech acquired a 60% equity interest in Kellon Company by increasing its share capital to expand its solar energy business in Hong Kong, in response to China's commitment to "Peaking Carbon Dioxide Emissions" and "Achieving Carbon Neutrality". In 1H2021, Everbright Greentech secured 11 new projects and signed 2 supplementary agreements

for the existing projects, commanding a total investment of approximately RMB742 million. It also undertook 4 environmental remediation services, with a total contract value of approximately RMB117 million. The new projects are designed to have an annual household waste processing capacity of 182,500 tonnes, an annual steam supply capacity of 450,000 tonnes and an annual hazardous and solid waste processing capacity of 100,000 tonnes.

In terms of project construction, during the period under review, Everbright Greentech had 7 projects that completed construction and commenced operation, in addition to 1 project that completed construction, contributing a designed annual household waste processing capacity of 620,500 tonnes, and a designed annual hazardous and solid waste processing capacity of 329,800 tonnes. 5 environmental remediation services were completed and delivered in 1H2021. In addition, 9 projects commenced construction, with a designed annual hazardous and solid waste processing capacity of 632,500 tonnes. 5 environmental remediation services started respective remediation work.

As of 30 June 2021, Everbright Greentech had invested in 131 projects with a total investment of approximately RMB32.432 billion. These projects are designed to have an annual biomass raw material processing capacity of 8,089,800 tonnes, an annual household waste processing capacity of 3,777,750 tonnes, and an annual hazardous and solid waste processing capacity of 2,941,900 tonnes, which are expected to generate annual on-grid electricity of 6,825,844,700 kWh and an annual steam supply of 4,969,000 tonnes.

ENVIRONMENTAL WATER

As of 30 June 2021, the Group held a 72.87% stake in Everbright Water.

During the period under review, Everbright Water purchased a 65% equity interest in Huantang Company to enter Tianjin's water market and enhance the Group's market deployment in the Beijing-Tianjin-Hebei Region. In 1H2021, Everbright Water secured 5 new projects with a total investment of approximately RMB1.069 billion. The new projects are designed to have a daily waste water treatment capacity of 225,000 m³ and a daily reusable water supply of 45,000 m³.

In terms of project construction, Everbright Water continued to carry out its project construction work in an orderly manner. During the period under review, 2 projects completed construction and commenced operation, and 3 projects completed construction, with a total designed daily water treatment capacity of 111,000 m³.

2 projects commenced construction, with a designed daily water treatment capacity of 40,000 m³.

As of 30 June 2021, Everbright Water had invested in and held 143 water projects, commanding a total investment of approximately RMB25.747 billion. It also secured 4 EPC projects and 2 O&M projects. These projects are designed to have an annual waste water treatment capacity of 2,079,259,000 m³, an annual reusable water supply capacity of 88,184,000 m³, and an annual water supply capacity of 310,250,000 m³.

EQUIPMENT MANUFACTURING

In 1H2021, the Group's equipment manufacturing sector continued to leverage on Everbright Environmental Technical Equipment (Changzhou) Limited as the main platform to carry out traditional and new businesses, as well as relevant work, in a steady and orderly manner. The sector has further solidified its leading position in the waste-to-energy equipment industry.

In terms of market expansion, during the period under review, equipment manufacturing signed 10 external sales contracts, and sold 11 sets of equipment to external markets, covering grate furnaces, flue gas purification systems and leachate treatment systems. It also secured a set of contracts relating to external equipment sales, worth a total contract value of approximately RMB177 million. In addition, equipment manufacturing set up the Everbright Electric Appliance Division. Starting from the water purifier series, the division independently undertook the whole operational process including design and R&D, market development, sales and after-sales services, representing the Group's encouraging progress in the consumer market.

In terms of equipment supply and services, during the period under review, equipment manufacturing commenced 45 service items, spanning across 16 provinces and municipalities in China. It provided 22 sets of grate furnaces to projects of the Group and external customers, which have a designed daily waste processing capacity of 11,700 tonnes. In addition, it sold 95 sets of equipment, covering grate furnaces, gas purification systems and leachate treatment systems.

In terms of after-sales services, during the period under review, equipment manufacturing signed 65 contracts in relation to external after-sales services, worth a total contract value of approximately RMB62.53 million. The sector also provided 116 after-sales service projects.

ECO-RECYCLING

In 1H2021, the Group's eco-recycling sector continued to ride on the "Five Points in One Line" process model for waste sorting, with a focus on 3 main business areas, namely waste sorting and zero-waste cities, environmental sanitation integration and resource recycling.

During the period under review, eco-recycling adhered to the strategic plan of "One Body and Two Wings" and the "Five Points in One Line" process model to carry out market expansion work. The sector had been tracking several potential business opportunities in multiple provinces, involving recycling of construction and bulky waste, waste sorting and environmental sanitation integration, waste collecting, transferring and transporting, among others. Among which, the Group secured a contract for Jiangsu Changzhou Economic Zone Waste Sorting Pilot Service. With a service period of 3 years, the service has already commenced operation.

GREENERGY

In 1H2021, the Group's greenergy sector focused on the R&D, manufacturing and sales of energy-saving healthy lighting products, as well as software and hardware products relating to the development of smart cities that are based on greenergy's intelligent light poles.

In terms of market expansion, during the period under review, greenergy signed the contracts, based on an EMC model, for Tianjin Jinghai Urban District Streetlight Retrofitting Project ("Tianjin Jinghai Project") and Jiangsu Nanjing Jiangbei New Material Science and Technology Park Project ("Nanjing Jiangbei Project"). In addition, greenergy secured, based on an EPC model, 5 lighting projects in Shandong, Jiangsu, Shaanxi, Zhejiang and Guangdong Provinces; the sector also obtained 1 equipment supply project in Guangdong Province, with a total contract value of approximately RMB51.39 million. Greenergy signed 59 contracts for the internal and external direct sales of the Everbright New Sodium Lamps, with a contract value of approximately RMB4.43 million in total.

In terms of project construction, during the period under review, Tianjin Jinghai Project commenced construction, and Nanjing Jiangbei Project commenced and completed construction. Shandong Ji'nan Sungeng Street Streetlight Retrofitting Project, which was implemented based on an EPC model, also completed construction. Additionally, 5 EPC projects secured by greenergy during the period under review commenced construction and the construction work proceeded smoothly.

ENVIROTECH

In 1H2021, being the Group's technology R&D and innovation engine, the envirotech sector had been leveraging on its "Four-in-One" technological innovation and R&D layout with platforms in Hong Kong, Shenzhen, Nanjing and Qingdao, to foster and accelerate the Group's strategic transformation, structure optimisation and new business development. The sector aims to become a global platform dedicated to green technological innovation and conversion.

In terms of R&D layout, during the period under review, envirotech strived to cater for the development of traditional businesses, new businesses and the future development needs, to promote R&D work. By responding to the needs of the Group's other business sectors to facilitate their business development, envirotech completed many technical support services for system designs, covering grate furnaces, in addition to flue gas purification, leachate treatment and control systems.

In 1H2021, the Group was granted 91 patents (including 62 utility patents, 12 software copyright licenses, 9 invention patents and 8 appearance patents) and also published 3 major essays. As of 30 June 2021, the Group had been granted over 1,000 patents in total.

ENVIRONMENTAL PLANNING

In 1H2021, the Group's environmental planning sector leveraged on Everbright Ecological and Environmental Planning and Design Institute (the "Institute") as the main platform, with a focus on the fields of environmental protection and energy. It strives to build core technological capabilities, and expand the business scope and industry chain.

While continuing to undertake the Group's internal business, the Institute strengthened its efforts to explore external business opportunities. During the period under review, it signed a number of internal and external service contracts in the field of consulting and design, EPC and others, with a total contract value of RMB101 million.

In addition, during the period under review, the Institute made an active effort to obtain relevant qualifications. It has obtained the Grade A Qualification for Environmental Engineering Work for Solid Waste and Grade I Qualification for Professional Contracting of Environmental Protection Engineering Work, progressing towards the goal of becoming a grade A design institute.

Mr. Luan Zusheng, CEO of Everbright Environment, said, “In 1H2021, while the global recovery was proving bumpy, China was accelerating the creation of a new development model. As a one-stop integrated environmental management service provider, Everbright Environment is dedicated to providing quality and stable environmental services, as well as keeping confidence in its strategies amid a complex and changing environment, so as to working with all sectors to survive the current unprecedented period. In the meantime, the Group, with a focus on the areas of environment, resources and energy, continued to increase the depth and breadth of its industrial chains, strengthen the comprehensiveness and diversity of its businesses, improve the intelligence and digitalisation levels for management, and enhance technological innovation as core competitiveness, further building up its overall competitiveness. For the next step, the Group, by fully leveraging on its business strength and advantages, will deeply get involved in China’s green, low-carbon and circular development process, in a bid to continuously solidify its industry position and move towards the goal of becoming a world-leading player.”

Mr. Wang Tianyi, Chairman of the board of Everbright Environment, said, “Given rapid transformation of the unprecedented changes in the world in a century, ‘Achieving Carbon Neutrality’ has been elevated to a new dimension and a new height of the global development. As a leading player in the areas of ecology and environment, as well as a participant in the development of the circular economy and zero-waste cities, Everbright Environment will adhere to the 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’. It will focus on ‘Value Creation’ in accordance with the ‘Three Carbons’ development target and implement the ‘Three Five Eight Seven’ development strategy, while having a deeper understanding of business development and stimulating endogenous dynamics. It will identify directions and emphasis for strategic transformation, as well as pursue high-quality development. On the back of the strategic guidance and full support of China Everbright Group and the board of directors of the Company, we believe that the Group will be able to proactively seize a new round of industry opportunities arising from the country’s pledge of ‘Peaking Carbon Dioxide Emissions’ and ‘Achieving Carbon Neutrality’. It will face up to challenges, solidify the existing strength, and seek innovation, in order to become a world-leading ecological and environmental group. The Group also aims to take a higher stance and a longer view to serve the national strategies and contribute the ‘Everbright’ strength!”

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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 (“HKEX”) (257.HK). It has two listed subsidiary companies: China Everbright Water Limited, which is dual listed on Singapore Exchange Securities Trading Limited and HKEX (U9E.SG and 1857.HK), and China Everbright Greentech Limited, which is listed on HKEX (1257.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, biomass power generation, 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 24 provinces, municipalities, autonomous regions and special administrative region in China, as well as in Germany, Poland and Vietnam.

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