

EVERBRIGHT GREENTECH ANNOUNCES 2021 INTERIM RESULTS

Financial Highlights

For the six months ended 30 June

	2021	2020	
	HK\$'000	HK\$'000	Change
Revenue	4,318,742	4,245,875	2%
Gross profit	1,322,582	1,426,144	(7)%
EBITDA	1,590,554	1,565,385	2%
Profit attributable to equity shareholders of the Company	702,030	822,208	(15)%
Basic earnings per share (HK cents)	33.98	39.80	(15)%
	At 30 Jun 2021	At 31 Dec 2020	Change
Cash and bank balances (HK\$ million)	2,591	2,727	(5)%
Total assets (HK\$ million)	38,506	35,265	9%
Asset-liability ratio (total liabilities over total assets)	64.04%	63.51%	0.53ppt
Current ratio (current assets over current liabilities)	148.0%	156.2%	(8.2)ppt

*ppt: percentage point

Hong Kong, 9 August 2021 – China Everbright Greentech Limited (the “Company” or “Everbright Greentech”, and together with its subsidiaries, the “Group”) (Stock code: 1257.HK) today announced its unaudited interim results for the six months ended 30 June 2021.

Press Release



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Reviewing the first half of 2021, the Chinese government unprecedentedly included “carbon emission peak” and “carbon neutrality” in its overall planning for the construction of ecological civilisation and called for the accelerated establishment of an economic regime featuring low-carbon green recycling development. In pursuit of the carbon reduction goals, a number of regulations and measures were enacted, while a complete system of carbon trading rules was also developed to welcome the imminent commencement of the carbon trading market. Guided by the objective of developing a low-carbon green recycling economic regime, the National Carbon Emissions Trading Market Trading Center was set up in Shanghai and the National Green Technology Trading Center was established, while the green electricity certificate trading market was warming up. These developments have undoubtedly outlined broader market prospects with stronger potentials for the environmental protection industry and have given rise to a brand new landscape for the development of ecological civilisation in China.

As a specialised environmental protection service provider in China, the Group laid out plans for a new phase of qualitative development and achieved steady development in various business segments in 2021, persisting in prudent progress with a special focus on management enhancement and emphasis on innovation and reform-driven measures in ongoing firm adherence to the corporate mission of being “Devoted to Ecology and Environment for a Beautiful China” and the corporate vision of endeavouring to “Create Better Investment Value and Undertake More Social Responsibility”.

In terms of operating results, the Group reported continuous growth in revenue for the first half of 2021. It continued to enhance management of projects at the preparatory stage and drive steady progress of project construction. In connection with operation services, revenues generated from the operation service segment continued to grow in line with ongoing increase in the volumes of on-grid electricity through integrated biomass utilisation, household waste processed and steam supply. For the period under review, the Group’s revenue amounted to approximately HK\$4,318,742,000, which represented a 2% growth compared with HK\$4,245,875,000 for the same period last year. EBITDA increased by 2% to approximately HK\$1,590,554,000 over HK\$1,565,385,000 for the same period last year. Profit attributable to equity shareholders of the Company for the period under review was approximately HK\$702,030,000, decreasing by 15% as compared to HK\$822,208,000 recorded for the same period last year. Basic earnings per share for the first half of 2021 was HK33.98 cents, HK5.82 cents less compared to HK39.8 cents for the same period last year. The Group was backed by ready access to various financing options and ample cash flow, with sound financial indicators across the board.

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In terms of market development, the Group was engaged in full-gear efforts towards business transformation. The integrated biomass utilisation business has been transforming towards a value-added business model, while continuous progress was made in the heat supply market. For the hazardous and solid waste treatment business, it is steadily transforming to the role of an industrial environmental protection service provider alongside the end-of-life tyre disposal project obtaining further success. In the Group's first move to deploy in the solar energy market since its spinoff listing, its business presence was extended to Hong Kong market. Moreover, the Group engaged in in-depth research of market opportunities in the strategic context of "carbon emission peak" and "carbon neutrality" in an active bid to explore new business models and growth niches.

During the period under review, the Group secured 15 new projects and entered into 2 supplementary agreements for biomass heat supply, involving an additional total investment of approximately RMB742 million and environmental remediation projects with a contract amount of approximately RMB117 million. Such new projects included 1 integrated biomass utilisation project, 1 hazardous and solid waste treatment project, 4 environmental remediation projects and 9 solar energy projects. In terms of project scale, the designed capacities for power generation were increased by 13.78 MW, while its designed capacity for household waste treatment, steam supply and hazardous and solid waste treatment were increased by approximately, 182,500 tonnes, 450,000 tonnes and 100,000 tonnes per annum, respectively.

In terms of project construction, the Group continued to ensure steady progress in the construction work of its projects in adherence to the seven principles of "productivity, efficiency, quality, cost-effectiveness, legitimacy, safety and integrity". During the period under review, 14 new projects started implementation or construction, while 13 projects had completed construction or commenced operation. As at 30 June 2021, the Group had 35 projects under construction or implementation, including 3 solar energy projects, 1 integrated biomass utilisation project, 18 hazardous and solid waste treatment projects and 13 environmental remediation projects. With a strong emphasis on construction safety, construction quality and work scheduling for projects under construction, the Group has enhanced safety management at project sites through ongoing optimisation of its construction management system and framework.

In connection with technology research and development, the Group emphasises technological innovation as the driving force for development, as all technological research underway are in tandem with the requirements of the Company's business transformation. During the period under review, the Group's research efforts focused on carbon neutrality,

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solar energy storage integration and power batteries recycling, which provided support for the technical feasibility of its new business categories. During the period under review, the project for the “Development and Application of Safe, Clean and Efficient Incineration Technology for General Combustible Industrial Solid Waste”, a major international collaboration project of the Group, commenced successfully with preliminary completion of interim tasks. As of 30 June 2021, the Group held 189 authorised patents, including 22 invention patents and 162 utility model patents, and 5 software copyrights.

As of 30 June 2021, the Group held 130 environmental protection projects with a total investment of approximately RMB32.141 billion and had undertaken 40 environmental remediation projects, with a total contract amount of approximately RMB1.131 billion.

Integrated biomass utilisation

During the period under review, the Group operated and completed 49 integrated biomass utilisation projects, generating approximately 2,894,208 MWh of on-grid electricity which represented an increase of 15% over the same period last year. Meanwhile, the Group processed approximately 3,752,000 tonnes of biomass raw materials and approximately 1,664,000 tonnes of household waste, representing increases of 30% and 55% over the same period last year respectively. During the period under review, the Group’s volume of steam supplied was approximately 1,059,000 tonnes, representing an increase of 80% over the same period last year. As of 30 June 2021, the Group had 1 integrated biomass utilisation project under construction, with an aggregate power generation designed capacity of 25 MW and a daily household waste processing designed capacity of approximately 1,000 tonnes.

For the period under review, the Group’s integrated biomass utilisation projects contributed EBITDA of approximately HK\$1,138,344,000, a decrease of 13% compared to the same period last year. The integrated biomass utilisation projects contributed net profit of approximately HK\$596,880,000, a decrease of 23% compared to the same period last year. The decrease in profit was mainly attributable to the decrease in the number of projects under construction resulting in the corresponding decrease in revenue generated from construction services, as well as the increase in operating costs driven by rising biomass raw materials prices during the period under review.

Hazardous and solid waste treatment

During the period under review, the Group operated and completed 26 hazardous and solid waste treatment projects. For detoxification treatment, approximately 104,000 tonnes of

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hazardous and solid waste were treated in total, a 30% increase compared to the same period last year. For integrated resource utilisation, 10,900 tonnes of hazardous and solid waste were treated, increasing by 91% compared to the same period last year, and approximately 4,600 tonnes of recycled products were sold, a 92% increase compared to the same period last year. There were 18 hazardous and solid waste treatment projects under construction with an aggregate annual hazardous waste processing designed capacity of 1,176,500 tonnes.

For the period under review, the Group's hazardous and solid waste treatment projects contributed EBITDA of approximately HK\$365,092,000, an increase of 90% compared to the same period last year. Hazardous and solid waste treatment projects contributed net profit of approximately HK\$222,130,000, a 120% increase over the same period last year. The increase in profit was mainly attributable to the increase in the number of projects under construction qualified for contributions to revenue generated from construction services during the period under review.

Environmental Remediation

As of 30 June 2021, the Group had 13 environmental remediation projects under implementation, which were located variously in Jiangsu Province, Shandong Province, Anhui Province and Tianjin Municipality, with a total contract amount of approximately RMB689 million. There were also 2 projects in the preparatory stage, with a total contract amount of approximately RMB43.55 million.

For the period under review, the Group's environmental remediation projects contributed EBITDA of approximately HK\$16,214,000, an increase of 23% compared the same period last year. Environmental remediation projects contributed net profit of approximately HK\$2,560,000, which was broadly unchanged compared to the same period last year.

Solar energy and wind power

For the period under review, the Group's solar energy and wind power projects sold approximately 145,139 MWh of electricity, representing a 7% increase compared to the same period last year. The projects contributed EBITDA of approximately HK\$108,976,000, representing a 13% increase compared to the same period last year. Solar energy and wind power projects contributed net profit of approximately HK\$47,624,000, representing a 9% increase compared to the same period last year, which was mainly attributable to stronger wind resources during the period under review.

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Mr. QIAN Xiaodong, CEO of Everbright Greentech, said, “In the first half of 2021, with strong support from China Everbright Group Ltd. (“Everbright Group”) and China Everbright Environment Group Limited (“Everbright Environment”), Everbright Greentech has been exploring new business directions to seize new market opportunities, paving the way for the transformation of the Company. In addition, the Company focused on management enhancement to ensure the steady development of all businesses by continuing to enhance the quality and efficiency. In the second half of 2021, the Group will adhere to the development roadmap of ‘Consolidating Major Businesses and Exploring Business Transformation’ to accelerate research in the carbon-linked market and tap into carbon assets, while strengthening technical research and market expansion in renewable energy, bulk industrial solid waste and the environmental restoration of landfills. The Company will also strive to explore new business models and consolidate its value creation capabilities to achieve outstanding financial results for the investors.”

Mr. WANG Tianyi, Chairman of the Board of Everbright Environment, and Chairman of Everbright Greentech, said: “In the first half of 2021, the environmental protection industry faced unprecedented changes and challenges, with market competition being intensified, as the COVID-19 pandemic situation remained unstable. In the meantime, with the inclusion of ‘carbon emission peak’ and ‘carbon neutrality’ in the Chinese government’s overall planning for the construction of its ecological civilisation, the country’s roadmap of promoting synergy between ‘pollution reduction’ and ‘carbon reduction’ is becoming clearer amid new and larger market opportunities. Given this new market environment, the Group will follow the development strategy of Everbright Group and Everbright Environment, face up to challenges, bravely step out of the ‘comfort zone’ and accelerate the strategic transformation, to adapt to and lead the development of the industry. At the same time, the Group will leverage technology to integrate its resources and build on its core competitiveness. Everbright Greentech will seize development opportunities when implementing national strategies and build a long-term mechanism to improve quality and boost efficiency to promote its continued development.”

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About China Everbright Greentech Limited

China Everbright Greentech Limited is a specialty environmental protection service provider in China, focusing on integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation, solar energy and wind power. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) on 8 May 2017, with its controlling shareholder being China Everbright Environment Group Limited (stock code: 257.HK). Everbright Greentech adheres to development driven by business innovation and initiated the urban-rural integration project in the country. Its businesses span across 15 provinces, autonomous region and special administrative region in China, in addition to Germany. Leveraging on its unique and diversified business models, strategic planning, robust supply networks, a strong pipeline of projects, and high level of technologies and management capabilities, Everbright Greentech is well positioned in China’s environmental protection service industry.

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