

EVERBRIGHT GREENTECH ANNOUNCES 2022 INTERIM RESULTS

Financial Highlights

For six months ended 30 June

	2022	2021	
	HK\$'000	HK\$'000	Change
Revenue	4,220,291	4,318,742	(2%)
Gross Profit	976,694	1,322,582	(26%)
EBITDA	1,296,684	1,590,554	(18%)
Profit attributable to equity shareholders of the Company	371,871	702,030	(47%)
Basic earnings per share (HK cents)	18.00	33.98	(47%)
	At 30 Jun 2022	At 31 Dec 2021	Change
Cash and bank balances (HK\$ '000)	3,005,371	2,644,110	14%
Total assets (HK\$ '000)	41,352,217	40,539,581	2%
Asset-liability ratio (total liabilities over total assets)	64.99%	65.11%	(0.12ppt)
Current ratio (current assets over current liabilities)	141.74%	137.50%	4.24ppt

* *ppt: percentage point*

Hong Kong, 9 August 2022 – China Everbright Greentech Limited (the “Company” or “Everbright Greentech”, and together with its subsidiaries, the “Group”) (SEHK: 1257.HK) today announced its unaudited interim results for the six months ended 30 June 2022.

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China Everbright Greentech Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1257)

During the first half of 2022, the Group persisted in the pursuit of its corporate vision of “Create Better Investment Value and Undertake More Social Responsibility”, as it introduced proactive reforms against all odds with a fighting spirit, enhancing the quality of project operation through management initiatives and broadening financing channels through innovative financing, while closely tracking and researching technologies in new frontiers and market developments. We ensured steady operation of our principal businesses, while exploring pathways for business transformation. All production operations were rolled out in a stable and systematic manner as we strived to overcome the adverse impact on the Group’s business due to changes in the external environment.

Owing to the continuous impact of the pandemic, the Group’s revenue for the period under review decreased by 2% to approximately HK\$4,220,291,000 from HK\$4,318,742,000 for the same period last year. EBITDA decreased by 18% to approximately HK\$1,296,684,000 compared to HK\$1,590,554,000 for the same period last year. Profit attributable to equity shareholders of the Company for the period under review was approximately HK\$371,871,000, decreasing by 47% as compared to HK\$702,030,000 for the same period last year. Basic earnings per share for the first half of 2022 was HK18.00 cents, HK15.98 cents less compared to HK33.98 cents for the same period last year. The Group was backed by ready access to various financing options and ample cash flow and reported sound financial indicators across the board.

During the period under review, the decrease in revenue and profit attributable to equity shareholders of the Company was mainly attributable to the decrease in revenue and profit for construction services following the Group’s proactive adjustment of the Company’s development strategy given changes in national policies and market developments. The operation service was also affected by the pandemic in China, resulting in significant increase in raw material cost of the integrated biomass utilisation segment due to the relevant regional control measures, weak demand for the hazardous and solid waste segment and continuous decrease in the treatment unit price.

In terms of market development, during the period under review, the Group secured a total of 6 new projects and made an additional investment for 1 existing project, commanding a total investment of approximately RMB229 million and environmental remediation projects with a total contract amount of approximately RMB77.85 million. Such new projects included 1 integrated biomass utilisation project, 1 hazardous and solid waste treatment project, 2 solar energy projects and 2 environmental remediation projects. In terms of project scale, our designed capacity for power generation was increased by 13.204 MW, daily household waste processing designed capacity was increased by 400 tonnes, while our processing designed

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capacity for hazardous and solid waste treatment was increased by approximately 1,500 tonnes per annum.

In terms of project construction, the Group continued to ensure steady progress in the construction work of its projects. During the period under review, 10 new projects started implementation or construction, while 6 projects had completed construction and commenced operation. As at 30 June 2022, the Group had a total of 27 projects under construction or implementation, including 2 integrated biomass utilisation projects, 7 hazardous and solid waste treatment projects, 14 environmental remediation projects and 4 solar energy projects. With a strong emphasis on construction safety, construction quality and work scheduling for projects under construction, the Group has enhanced on-site management at construction sites through ongoing optimisation of its construction management system and framework.

In connection with technology research and development, the Group provided support for the Company's transformation development and project operation through technological innovation. During the period under review, the Group commenced recycling of bulk industrial solid waste, end-of-life tyre and biomass ash, as well as research in carbon satellite and solid oxide-fuelled batteries, among others, in order to reserve power for the Group's transformation development. Also during the period under review, the Group advanced the project for the "Development and Application of Safe, Clean and Efficient Incineration Technology for General Combustible Industrial Solid Waste", which was an international cooperation project in technology innovation of the Group under the National Key Research and Development Programme, with project applications as well as commenced technical deliberation for disposal of hazardous waste with high sulphuric and halogenic contents and ultra-low emission conversion for biomass, so as to provide technical solutions for project operation. As of 30 June 2022, the Group held a total of 216 authorised patents, including 30 invention patents and 181 utility model patents, as well as 5 software copyrights.

In terms of operational management, the Group developed and made improvements to its production and operation management regime during the period under review, while formulating operational management standards for integrated biomass utilisation and hazardous and solid waste treatment to implement standardised, detailed and intelligent production operation. To drive quality and efficiency enhancement at the projects, the Group continued to expand the scope of trial operation of the voluntary fuel collection and storage system for integrated biomass utilisation projects, while rolling out further benchmarking management initiatives. Such efforts have resulted in substantial improvement in the quality and efficiency of fuel collection compared to last year. During the period under review, the Group continued to deepen the implementation of its environmental, safety, health and social responsibility (ESHS)

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system as it advanced the development of a standardised system for safe production and environmental management in a comprehensive manner, making improvements to the dual preventive mechanism of tiered risk control and hazard inspection and rectification and setting up a risk ledger to implement risk control measures, while enhancing the safety and environmental management standards to ensure production safety and compliance in emission standards at its projects.

During the period under review, the Group's outstanding performance in sustainability, corporate governance and social responsibility was well recognised as it received three awards — “Best in ESG Awards — Main Board — Small Market Capitalisation” and “Best in Reporting Awards — Main Board — Small Market Capitalisation” for the second consecutive year, as well as “ESG Report of the Year Awards — Main Board — Small Market Capitalisation” for the first time in the BDO ESG Awards 2022 organised by BDO Limited, and the 2020-2021 ESG Award of Yazhou Zhoukan for the second time. The Group had also received the “Caring Company” 2021/22 logo by the Hong Kong Council of Social Service for the third consecutive year, underlining its active participation in and commitment to the care of the community, staff and the environment.

As of 30 June 2022, the Group had 140 environmental protection projects with a total investment of approximately RMB32.898 billion and had undertaken 44 environmental remediation projects, with a total contract amount of approximately RMB1.242 billion.

Integrated biomass utilisation

During the period under review, the Group had a total of 50 integrated biomass utilisation projects that were in operation or completed construction, generating approximately 2,991,597 MWh of on-grid electricity, representing an increase of 3% over the same period last year. Meanwhile, the Group processed approximately 4,266,000 tonnes of biomass raw materials and approximately 1,717,000 tonnes of household waste, representing increases of 14% and 3% over the same period last year respectively. During the period under review, the Group's volume of steam supplied was approximately 1,172,000 tonnes, representing an increase of 11% over the same period last year. As of 30 June 2022, the Group had 2 integrated biomass utilisation projects under construction, with a power generation designed capacity of 22 MW and a daily household waste processing designed capacity of approximately 1,000 tonnes. It's expected to generate approximately 117,000 MWh on-grid electricity each year.

During the period under review, the Group's integrated biomass utilisation projects contributed EBITDA of approximately HK\$870,045,000, representing a decrease of 24% compared to the

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same period last year. The integrated biomass utilisation projects contributed net profit of approximately HK\$426,826,000, representing a decrease of 28% 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 owing to the impact of the pandemic during the period under review.

Hazardous and solid waste treatment

During the period under review, the Group had 39 hazardous and solid waste treatment projects that were in operation or completed construction. For detoxification treatment, approximately 207,000 tonnes of hazardous and solid waste were treated in total, representing a 99% increase compared to the same period last year. For integrated resource utilisation, 16,100 tonnes of hazardous and solid waste were treated in total, increasing by 48% compared to the same period last year, and approximately 6,600 tonnes of recycled products were sold, representing a 43% increase compared to the same period last year. There were 7 hazardous and solid waste treatment projects under construction with an aggregate annual hazardous waste processing designed capacity of 792,500 tonnes.

During the period under review, the Group's hazardous and solid waste treatment projects contributed EBITDA of approximately HK\$366,196,000, which was broadly unchanged compared to the same period last year. Hazardous and solid waste treatment projects contributed net profit of approximately HK\$97,205,000, representing a 56% decrease compared to the same period last year. The decrease in profit was attributable primarily to the impact of the pandemic, as there was a shortage in the supply of production waste from certain upstream waste-generating enterprises, while the collection, storage and transportation of waste was also affected by blockade measures amidst the pandemic, giving rise to demand and supply imbalances and unyielding costs as well as escalating competition among peers which resulted in continuous decline of treatment prices.

Environmental remediation

As of 30 June 2022, the Group had a total of 14 environmental remediation projects under implementation, which were mainly located in Jiangsu Province and Tianjin, with a total contract amount of approximately RMB655 million. There were also 2 projects in the preparatory stage, with a total contract amount of approximately RMB114 million.

During the period under review, the Group's environmental remediation projects contributed

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EBITDA of approximately HK\$7,733,000, representing a decrease of 52% compared the same period last year. Environmental remediation projects contributed net loss of approximately HK\$2,358,000, which was represented a 192% decline compared to the same period last year. The decrease in profit was mainly attributable to epidemic control measures in force during the period under review which affected the progress of project implementation and the process of new project tenders.

Solar energy and wind power

During the period under review, the Group's solar energy and wind power projects sold approximately 141,635 MWh of electricity in total, representing a 2% decrease compared to the same period last year. The projects contributed EBITDA of approximately HK\$94,285,000, representing a 13% decrease compared to the same period last year. Solar energy and wind power projects contributed net profit of approximately HK\$35,870,000, representing a 25% decrease compared to the same period last year, which was mainly attributable to weaker wind resources and the inability to repair malfunctioning equipment owing to blockade and control measures under the pandemic during the period under review.

Apart from the Feng County County-wide Advancement Solar Project, as of 30 June 2022, the Group had 17 operating and completed solar energy projects in total and 2 wind power projects in operation distributed in Jiangsu Province, Anhui Province, Shanxi Province, Hong Kong Special Administrative Region and Germany, respectively, involving a total investment of approximately RMB1.422 billion and providing an aggregate power generation designed capacity of 128.805 MW.

Mr. QIAN Xiaodong, CEO of Everbright Greentech, said, "In the first half of 2022, Everbright Greentech, despite the shock of unexpected factors, overcame all difficulties and carried out its work in an orderly fashion by riding on the back of market expansion, project operation, engineering construction, technical research and development and ESG management. By strengthening the standardisation and refinement of its management, the Group stabilised the foundation of the principal businesses and planned for the direction of transformation and development through in-depth studies of new technology types and business models. In the second half of the year, the Group will examine the current development situation thoroughly, promote high quality and efficient operation, cost reduction and cutting down expenditures through management enhancement, and strive to make progress. In the meantime, the Group will focus on the new track under the "Dual Carbon" strategy, seize market opportunities, promote technological innovation and new business layout to build up new points of business growth for Everbright Greentech."

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Mr. HUANG Haiqing, Chairman of the Board of Everbright Environment, and Chairman of Everbright Greentech, said: “With the gradual progress of China’s ecological conservation, the overall pattern of development of the domestic environmental protection industry was also undergoing hushed changes. On one hand, market competition of the industry is becoming more intense, industry standards are being raised gradually and brings about next level of challenges to the traditional fields. On the other hand, the ‘Dual Carbon’ strategy continues to be promoted, and the synergy between ‘pollution reduction’ and ‘carbon reduction’ is being implemented, the industry is welcoming new market opportunities to the industry. In light of the opportunities and challenges, Everbright Greentech will adhere to the business philosophy of ‘Reinforcing Principal Business’ and ‘Driving Transformation’, persist with achieving stable progress while forging ahead to consolidate the foundation of the main business. The Group will also focus on innovation and leadership and aggressively create new value through transformation and development. Everbright Greentech will continue to insist on ‘Value Creation’, push for quality development of all businesses, and strive to become a world-leading ecological group.”

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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.

For media inquiries, please contact:

China Everbright Greentech Limited

Corporate Communications

Email: media@ebgreentech.com

Citigate Dewe Rogerson

Queenie Chan / Samantha Wang

Email: queenie.chan@citigatedewerogerson.com /

samantha.wang@citigatedewerogerson.com

Tel: +852 3103 0128 / +852 3103 0125

For investor inquiries, please contact:

China Everbright Greentech Limited

Investor Relations

Email: ir@ebgreentech.com