

Everbright Environment Announces 2023 Interim Results

29 August 2023, Hong Kong – China Everbright Environment Group Limited (“Everbright Environment” or the “Company”) (257.HK) announces its unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2023 (the “period under review”).

In terms of operating results, during the period under review, the Group further clarified thoughts for transformation and development, by identifying its two major development directions (the “Two Development Directions”), including consolidation of its industry-leading position by focusing on its advantages and pursuit of high-quality development by focusing on management enhancement, in addition to focusing on its three major business areas (the “Three Major Business Areas”), namely solid waste, water-related business and clean energy. The Group’s industry-leading position was further solidified, as it continued to consolidate its traditional businesses, make breakthroughs in new business areas, and implement the development idea of balancing the asset-light and asset-heavy businesses. The Group’s development quality was also improved, as its corporate management practices were further standardised, revenue structure was further optimised, and measures relating to cost reduction and efficiency enhancement took effect. Additionally, more efforts were made by the Group to technological innovation, empowering all works of the Group, boosting technology management, further developing its technology research and development (“R&D”) platforms, and enhancing its digital management proficiency.

During the period under review, the Group recorded a total revenue of approximately HK\$16.297 billion, a decrease of 24% from the first half of 2022 (“1H2022”); gross profit amounted to approximately HK\$7.193 billion, a decrease of 6% from 1H2022; earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to approximately HK\$7.376 billion, an increase of 5% from 1H2022; profit attributable to equity holders of the Company amounted to HK\$2.785 billion, a slight decrease of 1% from 1H2022; and basic earnings per share amounted to HK45.34 cents, a slight decrease of 1% from 1H2022. During the period of review, due to Renminbi depreciated more than 6% against Hong Kong dollar as compared with 1H2022, the Company’s major financial indicators declined from 1H2022 to a certain extent.

During the period under review, the Group actively expanded its financing channels and built up a portfolio of both long-term and short-term financing instruments to effectively reduce financing costs, improve liquidity, and provide capital backing for its medium- to long-term development. Additionally, the Group enhanced efforts to collect and manage its debtors, negotiated with banks to secure additional facility support, and obtained various domestic subsidies amounting to RMB129 million. As at 30 June 2023, the Group had cash on hand amounting to HK\$8.871 billion, with a reasonable gearing level and a healthy financial position.

In terms of market expansion, during the period under review, the Group continued to focus on the Three Major Business Areas. It actively extended and improved the relevant industry chain layout and achieved practical results in solidifying its existing business areas and exploring new business fields, improving efficiency through synergy, and balancing both asset-light and asset-heavy businesses. In the first half of 2023, the Group invested in and secured a total of 25 new projects and signed 1 supplementary agreement to an existing project, for a total investment of approximately RMB3.122 billion. These new projects involve waste-to-energy and the synergistic businesses, municipal and industrial waste water treatment, integrated biomass utilisation, and solar energy, among others. The Group also undertook various asset-light businesses, with a total contract value of approximately RMB2.014 billion.

The major designed treatment and supply capacities of the new projects secured in the first half of 2023 are summarised as below:

Project Category	Designed Treatment/Supply Capacity
Household waste	2,000 tonnes/day #
Food and kitchen waste	775 tonnes/day #
Biomass raw materials	50,000 tonnes/day
Water treatment *	180,000 m ³ /day #
Solar power installed capacity	32.5 megawatt ("MWp")

Including treatment capacity of the "Engineering Design, Procurement, Construction and Operation" ("EPCO") project(s)

* Including various types of water business, such as water supply, waste water treatment and reusable water

In respect to market expansion highlights, during the period under review, in terms of the traditional business areas, the Group continued to secure new projects in areas like waste-to-energy, waste water treatment and integrated biomass utilisation. In terms of new breakthroughs, for the first time, the Group secured multiple environmental protection projects based on the EPCO model, as well as new businesses in county-level markets such as Dafang County in Guizhou Province and Shen County in Shandong Province. In terms of synergistic development, the Group successively signed multiple synergistic projects related to waste-to-energy, including food and kitchen waste treatment, fecal treatment, slag treatment, heat supply, and environmental sanitation integration, consolidating the Group's waste-to-energy industry chain deployment in the local markets. In terms of asset-light businesses, in addition to securing multiple EPCO projects, the Group secured Sichuan Marinkan Boiler and Flue Gas Purification Project, in which the Group provided its self-developed small-tonnage household waste mechanical grate furnace to external clients for the first time. This marked the realisation of the Group's strategic plans for expansion into the county-level small-tonnage household waste treatment market and the commercialisation of its technological equipment. In addition, based on the principle of "Openness, Sharing and Win-win Cooperation", the Group carried out exchanges with more than 60 local government authorities, enterprises and organisations, to enhance strategic partnership, explore collaboration opportunities, and foster joint long-term development.

As at 30 June 2023, the Group had a business presence in more than 220 cities, counties and districts across 26 provinces, municipalities, autonomous regions and special administrative region in China, with overseas business markets in Germany, Poland, Vietnam and Mauritius. The Group invested in and secured a total of 578 environmental protection projects, with an aggregate investment of approximately RMB158.044 billion. It also undertook various asset-light projects and services, such as environmental remediation, waste sorting, engineering, procurement and construction ("EPC"), operation and management ("O&M"), equipment supply, and technical services. As the world's largest waste-to-energy investor and operator, the Group had a total of 188 waste-to-energy projects (including 1 O&M project and 1 EPCO project) under its environmental energy and greentech sectors, with a designed daily household waste processing capacity of 157,200 tonnes.

In terms of operations management, during the period under review, the Group insisted on stable operation and meeting emission standards, and improved the fine operations management proficiency through the application of information and smart technologies and construction of relevant platforms. Environmental energy continuously optimised related technical processes and management procedures, which boosted power generation capacity per tonne of waste in the waste-to-energy plants, offered heat supply services to external clients via more than 30 of its projects, and strengthened coordination and integration of waste sources, which resulted in more waste delivered to and more electricity generated at the Group's waste-to-energy projects as compared with 1H2022, improving the projects' operating efficiency. Environmental water continued the "in-plant solar energy" pilot programme to supplement project site electricity consumption with green power, effectively reducing project operating costs. Greentech piloted new hazardous waste treatment technologies and processes, improving project capacity utilisation rate and reducing related costs.

In terms of project construction, during the period under review, the Group continued to adhere to the seven principles of "Productivity, Efficiency, Quality, Cost-Effectiveness, Legitimacy, Safety and Integrity", and adopted dynamic management among other measures. It also strengthened the control of safety risk factors and smoothly carried out all project construction works. In the first half of 2023, 21 projects completed construction and commenced operation and 3 projects completed construction. 2 environmental remediation services were completed and delivered. Additionally, 35 projects (including EPC and EPCO projects) commenced construction and 4 environmental remediation services began execution.

During the period under review, the Group continued to actively engage in various "Cost Reduction and Efficiency Enhancement" activities and achieved effective results. In terms of financial management, the Group optimised financing structure, continued to reduce loan interest rates, and replaced overseas loans of high interest rates with those of lower interest rates, further reducing its finance costs. In terms of project construction management, the Group optimised the review procedure relating to project construction budgeting, inspected issues relating to technical improvement costs for operating projects, and effectively reduced project construction costs through measures such as optimisation of relevant systems, expense management and technical improvement. In terms of information technology management, the Group developed its intelligent management platform to

promote business synergy and data integration, improving decision-making and analysis efficiency relating to its business operation. In the meantime, the Group proactively carried out the development of platforms relating to business and finance integrated management and intelligent management, improving the operation-related decision making efficiency. In terms of tendering and procurement management, the Group optimised procurement levels, expanded the scope of centralised procurement, and completed 30 centralised procurement cases, effectively reducing procurement costs.

In the first half of 2023, the Group generated green electricity of 12.986 billion kWh through processing household waste, hazardous and solid waste, and agricultural and forestry waste. This output could support the annual electricity consumption needs of 10.821 million households, equivalent to saving 5.194 million tonnes of standard coal, while reducing carbon dioxide (CO₂) emissions by 15.894 million tonnes. At the same time, through waste water treatment and waste-to-energy plants' leachate treatment, the Group reduced chemical oxygen demand (COD) discharge of 407,000 tonnes.

The Group remains dedicated to creating value for and sharing development and operation returns with the shareholders of the Company (the "Shareholders"). To reward the Shareholders for their support, the board of directors of the Company has declared to pay an interim dividend of HK14.0 cents per share for the six months ended 30 June 2023 to the Shareholders (2022: HK15.0 cents per share).

Mr. Luan Zusheng, Executive Director and Chief Executive Officer of Everbright Environment, said, "In the first half of 2023, Everbright Environment made progress with stability. With a strong resilience for development, the Group solidified its industry-leading position, continuously enhanced its brand value, and gradually achieved results in high-quality development. Next, the Group will continue to adhere to the Two Development Directions and focus on the Three Major Business Areas. It will promote four major transformations, namely the transformation from the investment-driven development to development driven by a balance of asset-light and asset-heavy businesses, the transformation from construction service revenue to operation service revenue as the major source of revenue, the transformation from the expansion-driven development mode to the management-oriented development mode, and the transformation from an enterprise with technological

strengths to a technology-based enterprise. The Group will also strengthen the six pillars, including enhanced effort to expand market, technological innovation, cost reduction and efficiency enhancement, capital security, risk prevention and control, and talent support. The Group will enhance efficiency to solidify its industry-leading position.”

Mr. Huang Haiqing, Executive Director and Chairman of the Board of Everbright Environment, said, “In the first half of 2023, thanks to the hard work of all employees, Everbright Environment solidified its operating fundamentals, providing a solid foundation for its future development. Over the past two decades, the Group has become China’s largest environmental enterprise, and now, it shall move in the direction of becoming stronger and better. As China’s high-quality development has continued to guide the transformation of the domestic environmental protection industry from high-speed development into high-quality development, the environmental protection industry has been further empowered by actions relating to China’s goals of ‘Peaking Carbon Dioxide Emissions’ and ‘Achieving Carbon Neutrality’. In this critical period of transformation and upgrading, the Group will maintain its strategic focus and make progress with stability. Striving to be a ‘World-class Integrated Environmental Service Provider with Chinese Characteristics’, Everbright Environment is fully committed to carrying out all tasks with unwavering effort and promoting high-quality development. Through these efforts, the Group will lay a solid foundation for future development and make significant contributions to the building of a beautiful China from a stronger position, and with a longer-term vision and more practical commitment.”

Business Review by Sectors

Environmental Energy

In the first half of 2023, environmental energy made steady and solid progress in business expansion, with a focus on the balanced development of waste-to-energy and synergistic businesses as well as asset-light and asset-heavy businesses. In particular, environmental energy successively implemented a number of synergistic projects like environmental sanitation integration and food and kitchen waste treatment projects, achieving practical results in synergistic business development by leveraging on the strengths of the waste-to-energy business. It also implemented Guizhou Dafang Waste-to-energy Project, further

opening up the county waste-to-energy market. Through acquisition, it secured Yunnan Zhaotong Waste-to-energy Project (subject to completion of the relevant settlement procedures) and secured Sichuan Yibin Second Household Waste-to-energy Project (Phase I) EPCO Project based on the EPCO model for the first time, further broadening the scope of the Group's asset-light business.

During the period under review, environmental energy invested in and secured 17 new projects, covering the areas of waste-to-energy, food and kitchen waste treatment, environmental sanitation integration and medical waste treatment, with a total investment of approximately RMB1.722 billion. It also newly undertook 2 EPCO projects and other types of asset-light businesses, with a total contract value of approximately RMB648 million. The newly secured projects contribute a designed daily household waste processing capacity of 2,000 tonnes (including processing capacity under the O&M model), a designed daily food and kitchen waste processing capacity of 775 tonnes, and a designed annual steam supply capacity of 468,340 tonnes. As of 30 June 2023, environmental energy had invested in and held 274 projects, with a total investment of approximately RMB95.995 billion, and undertook 2 O&M projects, 2 EPCO projects, and other types of asset-light businesses.

In terms of project construction, during the period under review, environmental energy carried out project construction works in an effective manner. Among which, the Group completed the construction of a number of projects in Hainan Boao Zero-Carbon Demonstration Zone EPC Project in just three months with high quality, demonstrating "zero-carbon" related philosophy and outcome and contributing the "Everbright" strength to a sustainability benchmark with the Chinese characteristics. During the period under review, 13 projects completed construction and commenced operation, with a total designed daily household waste processing capacity of 3,050 tonnes, and a designed daily food and kitchen waste processing capacity of 1,305 tonnes. 18 projects commenced construction, with a total designed daily household waste processing capacity of 2,900 tonnes, and a designed daily food waste processing capacity of 1,268 tonnes.

Environmental Water

As of 30 June 2023, the Group held a 72.87% stake in China Everbright Water Limited (“Everbright Water”).

In the first half of 2023, Everbright Water secured 5 projects and signed 1 supplementary agreement to an existing project, with a total investment of approximately RMB1.163 billion, and newly undertook 2 EPCO projects and other types of asset-light businesses, with a total contract value for the external customers of approximately RMB1.01 billion. The new projects are designed to have a daily waste water treatment capacity of 165,000 m³ (including treatment capacity under the O&M model), and a daily reusable water supply of 15,000 m³. As of 30 June 2023, Everbright Water had invested in and held 166 projects, with a total investment of approximately RMB30.765 billion. It also undertook 5 O&M projects, 2 EPCO projects and other types of asset-light businesses.

In terms of project construction, during the period under review, Everbright Water had 4 projects that completed construction and commenced operation and 3 projects that completed construction, with a designed daily water treatment capacity of 130,000 m³; 9 projects commenced construction, with a designed daily water treatment capacity of 40,000 m³.

Greentech

As of 30 June 2023, the Group held a 69.7% stake in China Everbright Greentech Limited (“Everbright Greentech”).

In the first half of 2023, Everbright Greentech made every effort to revitalise its existing business, actively promoted business extension and expansion, and studied and assessed industry trends, in order to plan new business directions such as smart energy. During the period under review, Everbright Greentech secured 3 new projects, with a total investment of approximately RMB238 million. It also newly undertook 4 environmental remediation services, with a total contract value of approximately RMB92 million. The new projects are designed to have an annual biomass raw material processing capacity of 50,000 tonnes and a solar power installed capacity of 32.5 MWp. As of 30 June 2023, Everbright Greentech had

invested in and held 132 projects, with a total investment of approximately RMB30.44 billion, and undertook 16 environmental remediation services (excluding services that had been completed and delivered).

With respect to project construction, during the period under review, Everbright Greentech had 4 projects that had completed construction and commenced operation, contributing a designed annual household waste processing capacity of 182,500 tonnes, a designed annual hazardous and solid waste processing capacity of 266,000 tonnes and a solar power installed capacity of 2.39 MWp. 2 environmental remediation services were completed and delivered. Moreover, 1 project commenced construction, with a designed annual household waste processing capacity of 146,000 tonnes, and 4 environmental remediation services started their respective remediation work in succession.

Envirotech

Being the Group's engine for technology R&D and innovation, envirotech leverages its R&D platforms located in different places, serving as the Group's platform for core technological innovation and results commercialisation. It is dedicated to tackling difficulties of environmental protection processes and technologies and aims at cutting-edge technologies worldwide.

During the period under review, envirotech adhered to value creation that is driven by technology and continued to cater to the Group's needs and future development and market demands. By doing so, it aims to become a first-class technological innovation center, empower the development of all businesses of the Group, and provide technological inspiration and technical security for the Group. In the first half of 2023, the Group and Qingdao University of Technology jointly established the "Engineering and Technology Centre of New Pollutant Monitoring and Control relating to Household Waste Treatment for China's Environmental Protection". Additionally, it achieved positive technology R&D progress and results for both traditional and new business areas.

In the first half of 2023, the Group was granted 122 patents (including 98 utility model patents, 16 invention patents, 3 software patents and 5 appearance patents). As of 30 June 2023, the Group had held 1,778 patents in total.

Equipment Manufacturing

With Everbright Environmental Technical Equipment (Changzhou) Limited being the platform, the Group's equipment manufacturing sector strives to upgrade its factories from the country's "Green Factories" to "Zero-carbon Factories", promote the integration of advanced manufacturing and modern services, and foster a new development paradigm for the "Intelligently Made by Everbright", continuing to solidify its industry-leading position.

In terms of market expansion, during the period under review, equipment manufacturing insisted on market orientation and relied on a flexible team based on resource allocation to tap into the small-scale grate market in the county area, secured an equipment service order for the waste-to-energy project in Hau Giang, Vietnam, and signed the Dawu Procurement-Construction contract in Hubei Province, achieving good results in overall business expansion. In the first half of 2023, equipment manufacturing signed a total of 7 external sales contracts and sold 18 sets of equipment to external market, including 11 sets of incinerators, 5 sets of flue gas purification systems, and 2 sets of leachate treatment systems. The total value of contracts relating to the external sales of complete sets of equipment amounted to RMB265 million.

In terms of equipment supply and after-sales services, during the period under review, equipment manufacturing commenced 13 service items, spanning Vietnam and 8 provinces, municipalities and autonomous regions in China. It provided 5 sets of grate furnaces to projects of the Group and external clients, which have a total designed daily waste processing capacity of 2,750 tonnes. In addition, it sold 37 sets of equipment, covering grate furnace systems and leachate treatment systems. It also signed 76 contracts in relation to external after-sales services, with a total contract value of approximately RMB35.11 million. Throughout the first half of 2023, the sector provided 154 after-sales service projects to internal and external clients.

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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 Greentech Limited, which is listed on HKEX (1257.HK), and China Everbright Water Limited, which is dual listed on Singapore Exchange Securities Trading Limited and HKEX (U9E.SG and 1857.HK). Since the Company forayed into the environment protection sector in 2003, Everbright Environment has become the largest environmental enterprise in China, a leading player in Asia’s environmental protection industry, as well as a world-renowned ecological and environmental group.

As the world’s largest waste-to-energy investor and operator, Everbright Environment has an aggregate designed waste processing capacity of more than 157,000 tonnes. It has a business presence across 26 provinces, municipalities, autonomous regions and special administrative region in China, as well as in overseas markets including Germany, Poland, Vietnam and Mauritius. The Company’s main business areas include waste-to-energy and synergistic treatment, integrated biomass utilisation, hazardous and solid waste treatment, new energy, 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.

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