

## EVERBRIGHT GREENTECH ANNOUNCES 2023 INTERIM RESULTS

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### Financial Highlights

For six months ended 30 June

	2023	2022	
	HK\$'000	HK\$'000	Change
Revenue	3,819,944	4,220,291	(9%)
Gross Profit	957,189	976,694	(2%)
EBITDA	1,263,506	1,296,684	(3%)
Profit attributable to equity shareholders of the Company	263,862	371,871	(29%)
Basic earnings per share (HK cents)	12.77	18.00	(29%)
	At 30 Jun 2023	At 31 Dec 2022	Change
Cash and bank balances (HK\$ '000)	1,948,265	2,003,293	(3%)
Total assets (HK\$ '000)	39,629,284	39,156,376	+1.21%
Asset-liability ratio (total liabilities over total assets)	66.22%	65.44%	+0.78ppt
Current ratio (current assets over current liabilities)	163.27%	137.31%	+25.96ppt

\* *ppt: percentage point*

**Hong Kong, 11 August 2023** – 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 2023.

## Press Release

During the first half of 2023, although the global economy was starting to emerge from the gloom of the COVID-19 pandemic, the overall drive for recovery remained meagre. In the face of a complicated and volatile landscape of market competition and a highly market-driven business model, the Group has persisted in the development philosophy of prudence in progress and action amidst a challenging environment, making proactive approaches to adapt itself to the new normal in economic development in close tandem with its strategic “14th Five-Year Plan” (the “14th FYP”) and the main focus on enhancing the quality of development.

During the period under review, the Group’s revenue was approximately HK\$3,819,944,000, decreasing by 9% as compared to HK\$4,220,291,000 for the same period last year. EBITDA was approximately HK\$1,263,506,000, decreasing by 3% as compared to HK\$1,296,684,000 for the same period last year. Profit attributable to equity shareholders of the Company for the period under review was approximately HK\$263,862,000, decreasing by 29% as compared to HK\$371,871,000 for the same period last year. Basic earnings per share for the first half of 2023 was HK12.77 cents, HK5.23 cents less compared to HK18.00 cents for the same period last year. The Group was backed by readily 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. In connection with the operation service, the unit treatment price for the hazardous waste and solid waste continued to drop against the backdrop of escalating competition resulting from demand and supply imbalances and unyielding cost, as upstream recovery as a whole fell short of expectations and waste production was limited to low levels. Nevertheless, the Group’s integrated biomass utilisation project achieved long cycles of stable operation through the combined effect of technological optimisation and delicacy management, resulting in significant improvements in the operational standards and economic efficiency of the projects and contributing to a substantial year-on-year growth in the operating gross margin of the biomass segment.

In terms of market development, during the period under review, the Group developed 7 new projects (including 4 environmental remediation projects) and increased investment in 1 solar project and added installed capacity of 33MW in aggregate, user storage capacity of 2.5MW/5MWh and heat supply capacity of approximately 657,000 tonnes per annum. In terms of project scale, as of 30 June 2023, the Group’s distributed solar energy projects in Mainland

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China had an aggregate power generation designed capacity of 68.73MW, located mainly in Jiangsu Province. The Group also placed a strong emphasis on the development of distributed solar energy projects in Hong Kong. As of 30 June 2023, the Group had 12 solar energy projects in Hong Kong with an aggregate power generation designed capacity of 3.40MW, among which, rooftop solar energy projects of Phases I and II of Dah Chong Hong are currently the Group's largest of its kind in Hong Kong, occupying a site of approximately 10,600 square metres.

In terms of project construction, the Group continued to advance its project work construction in a steady manner. During the period under review, 6 new projects started implementation or construction while 8 projects had completed construction and commenced operation (including 4 environmental remediation projects). As of 30 June 2023, the Group had 25 projects under construction or implementation, including 3 integrated biomass utilisation projects, 4 hazardous and solid waste treatment projects, 2 solar energy projects and 16 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 standard at project sites through ongoing optimisation of its construction management system framework.

In terms of technology research and development, the Group supported business transformation and project operation through technological innovation as it commenced research in integrated treatment of waste landfill, end-of-life tyre, biomass ash recycling, ash and waste salt recycling, solid fuel battery (SOFC+SOEC), hydrogen production and energy storage, among others, while enhancing research on policies relating to carbon trade, China Certified Emission Reduction (CCER) and power market trading, among others. The Group led in national key research programme and international technological innovation cooperation projects such as Development and Application of Safe, Clean and Efficient Incineration Technology for General Combustible Industrial Solid Waste and Demonstration of Pollution Control Technology for Synergistic Solid Waste Disposal and Industry Park-based Systems Integration with practical project applications. It also participated in government research projects such as Research and Development of Key Technologies for Equipment for Synthesis and Application of High-stability Solid Amine CO<sub>2</sub> Capture Materials and Research on Ultra-low Emission Mechanism for Synergistic Purification of Pollutants from Incineration and Disposal of Hazardous Waste. As of 30 June 2023, the Group held 224 authorised patents, including 32 invention patents, 192 utility model patents, and also held 5 software copyrights.

In terms of operational management, the Group revised and improved its operational management regime based on inspection of the operation regime and amended the

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“Operational and Safety and Environmental Regime Supporting Document” for distribution to the project companies of the Group to further regulate the standard format and management standards of various documents for the operational management of project companies during the period under review. Efforts were also made to advance the informatisation of operational management, through which the effective implementation of various standards would be assured for the enhancement of operational management standards. The Group continued to be engaged in quality and efficiency enhancement initiatives as it further increased its fuel localisation ratio and continued to drive efforts to reduce fuel prices and increase fuel quality, resulting in significant improvements in the economic efficiency of integrated biomass utilisation projects in comparison to the same period last year. The level of delicacy operation at the solid waste incineration and recycling projects was enhanced, as cost analyses were conducted and through technological upgrades and classified management, substantial reductions in operating cost were achieved to enhance market competitiveness. During the period under review, the Group continued to deepen its environmental, safety, health and social responsibility (ESHS) management system, advancing the standardised system for safe production and environmental management on all fronts and introducing amendments, implementing the dual prevention mechanism of tiered risk management and hazard inspection and rectification. The two tickets management was regulated while the Measures for the Administration of Safety and Environmental Qualifications Examination for All Staff was announced to enhance the regulation of project safety and environmental management, ensuring safe production and compliance in emission standards at the projects.

During the period under review, the Group was honoured with the first KPMG China “Future • ESG Awards” under the “Outstanding Contribution to Environment Award 2022” category for its outstanding performance in sustainability, corporate governance and social responsibility. To enhance its focus on the concept and practice of sustainability, the Group has participated in the “ESG Pledge” Scheme organised by the Chinese Manufacturers’ Association of Hong Kong and obtained the ESG Pledge Certificate 2023 and the right to use its logo. Elsewhere, the Group has also received the “Caring Company” logo for 2022/23 awarded by The Hong Kong Council of Social Service for the fourth consecutive year.

As of 30 June 2023, the Group had 132 environmental protection projects with a total investment of approximately RMB30.44 billion and had undertaken 54 environmental remediation projects with a total contract amount of approximately RMB1.501 billion.

### **Integrated biomass utilisation**

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During the period under review, the Group operated and completed a total of 51 integrated biomass utilisation projects, generating approximately 3,059,809 MWh of on-grid electricity which represented a 2% increase compared to the same period last year; approximately 3,750,000 tonnes of biomass raw materials and approximately 1,769,000 tonnes of household waste were processed, representing a decrease of 12% and increase of 3%, respectively, compared to the same period last year. During the period under review, the volume of steam supplied was approximately 1,126,000 tonnes, representing a decrease of 4% compared to the same period last year. As of 30 June 2023, the Group had 3 integrated biomass utilisation projects under construction, with power generation designed capacity of 32 MW and daily household waste processing designed capacity of approximately 1,200 tonnes and an estimated annual on-grid power generation of approximately 141,445 kWh.

During the period under review, the Group's integrated biomass utilisation projects contributed EBITDA of approximately HK\$1,081,917,000, representing an increase of 24% compared to the same period last year. The integrated biomass utilisation projects contributed net profit of approximately HK\$615,711,000, representing an increase of 44% compared to the same period last year. The increase in profit reflected mainly the substantial growth in operating gross profit margin of the integrated biomass utilisation projects mainly due to lower biomass power generation cost as a result of the stability in equipment operation and improved fuel quality.

### **Hazardous and solid waste treatment**

During the period under review, the Group had 42 hazardous and solid waste treatment projects that were in operation or completed construction. For detoxification treatment, approximately 173,000 tonnes of hazardous and solid waste were treated in total, representing a decrease of 16% compared to the same period last year. For integrated resource utilisation, 12,300 tonnes of hazardous and solid waste were treated, representing a decrease of 24% compared to the same period last year, and approximately 5,900 tonnes of recycled products were sold, representing a decrease of 11% compared to the same period last year. There were 4 hazardous and solid waste treatment projects under construction with an aggregate annual hazardous waste processing designed capacity of 326,500 tonnes.

During the period under review, the Group's hazardous and solid waste treatment projects contributed EBITDA of approximately HK\$137,244,000, representing a decrease of 63% compared to the same period last year. Hazardous and solid waste treatment projects recorded net loss of approximately HK\$116,824,000, representing an increase of 220% compared to the

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same period last year. The increase in loss was mainly attributable to the continuous decline in unit treatment prices amidst escalated peer competition owing to demand and supply imbalances and unyielding cost, as upstream recovery as a whole fell short of expectations and waste production was limited to low levels. Despite various unfavourable factors faced by the hazardous and solid waste industry, the Company nevertheless implemented delicacy management on all fronts, as it optimised regional coordination and strengthened benchmarking management to attain quantitative indicators and achieve quality enhancement, cost reduction and efficiency improvement. Moreover, profit from projects under construction for the period also decreased as compared to the same period last year.

### **Environmental remediation**

As of 30 June 2023, the Group had 16 environmental remediation projects under implementation, which were mainly located in Beijing, Tianjin, Jiangsu Province, Hubei Province and Anhui Province, with a total contract amount of approximately RMB709 million. There were also 3 projects in the preparatory stage, with a total contract amount of approximately RMB135 million.

During the period under review, the Group's environmental remediation projects contributed EBITDA of approximately HK\$4,960,000, representing a decrease of 36% compared to the same period last year. Environmental remediation projects recorded net loss of approximately HK\$4,550,000. The increase in loss was mainly attributable to the decline in gross profit margin owing to intense competition in the industry during the period under review.

### **Solar energy and wind power**

During the period under review, the Group's solar energy and wind power projects sold approximately 165,330 MWh of electricity, representing an increase of 17% compared to the same period last year. The projects contributed EBITDA of approximately HK\$101,479,000, representing a 8% increase compared to the same period last year. Solar energy and wind power projects contributed net profit of approximately HK\$44,710,000, representing an increase of 25% compared to the same period last year. This was mainly attributable to a lower fault rate for wind power equipment during the period under review.

Apart from the County-wide Solar Energy Advancement Project in Feng County, Jiangsu, as of 30 June 2023, the Group has 20 operating and completed solar energy projects and 2 wind



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power projects in operation distributed in Jiangsu Province, Anhui Province, Shanxi Province, Hong Kong and Germany, respectively, involving a total investment of approximately RMB1.436 billion and providing an aggregate power generation designed capacity of 131.44 MW.

**Mr. QIAN Xiaodong, CEO of Everbright Greentech**, said, “In the first half of 2023, despite sluggish global economic growth coupled with complicated and volatile industry landscape, Everbright Greentech has persisted in the development principle of prudence in progress and action by tapping into traditional strengths while exploring emerging areas, focusing on smart energy projects, advancing its project work construction in a steady manner, and supporting business transformation and project operation through technological innovation. These efforts were transformed into stable and orderly business results of the Group. In the second half of the year, the Group will adopt multiple measures in active response to the stern tests at home and abroad, seize new opportunities in industry development, advance its strategic transformation constantly, and strengthen its operational and management efficiency and competence in sustainability to promote the stable business development of Everbright Greentech.”

**Mr. HUANG Haiqing, Chairman of the Board of Everbright Environment, and Chairman of Everbright Greentech**, said, “2023 marks the opening year for the implementation of the principles set out at the 20th National Congress. The government departments strive to accelerate the qualitative, low-carbon green development across the nation by introducing a series of new policies, and call for the ongoing advancement of the battle for the protection of clean sky, water and land and prevention of pollution. Alongside the vigorous and prudent advancement of Dual Carbon strategy, Blue Paper for development, measures for administration and others were issued and the system of the Chinese national carbon trading market has been optimised swiftly. While the reactivation of carbon market is imminent, the Group will seize the important strategic opportunities emerging during the 14th FYP in close tandem with national strategies and industry reforms, introducing innovative business models with greater investment in research and development following the new trends in integrated energy and technological innovation in a strong effort to drive transformational changes efficiency and qualitative development of renewable energy.”

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**China Everbright Greentech Limited**  
(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 1257)

### **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: 0257.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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