



Press Release

[For immediate release]

Kangda Environmental Announces 2021 Interim Results
Focus on Urban Wastewater Treatment
Continuing Improvement on Profitability

Interim Results Highlights:

(RMB million)	For the six months ended 30 June		Change
	2021	2020	
Revenue	1,475.5	1,729.8	↓ 14.7%
Gross Profit	675.4	639.3	↑ 5.6%
Gross Profit Margin	45.8%	37.0%	↑ 8.8 percentage points
EBITDA	632.8	630.1	↑ 0.4%
Net Profit	240.0	232.4	↑ 3.3%
Net Profit Margin	16.3%	13.4%	↑ 2.9 percentage points
Earnings per Share (RMB cent)	11.07	10.93	↑ 1.3%

(26 August 2021, Hong Kong) **Kangda International Environmental Company Limited** (“Kangda Environmental” or the “Company”, stock code: 6136.HK), announced the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 (the “Period”).

During the Period, due to completion of constructions and decrease in the number of projects under the main construction period, revenue from construction services sharply decreased, leading to the drop in total revenue of the Group by 14.7% compared with the previous



corresponding period, to RMB1.48 billion. Fortunately, revenue from operating services increased by 13.1% compared with the previous corresponding period, to RMB918 million. Lead by the growth in revenue from operating services, gross profit for the Period reached RMB675 million, a year-on-year increase of 5.6%, gross profit margin significantly increased from 37.0% in the previous corresponding period to 45.8%. Net profit for the Period was RMB240 million, increased by 3.3%. EBITDA was RMB633 million, increased by 0.4% compared with the previous corresponding period. Earnings per share was RMB 11.07 cent, up by 1.3% year-on-year.

The Group adhered to improving efficiency of operation and financial index, finance cost of the period decreased by 2% year-over-year to RMB284 million, net profit margin increased by 2.9 percentage points year-over-year to 16.3%. Following the completion of construction and commencement of operation of projects, the Group's cash flow and debt ratio were improved. As at 30 June 2021, the Group recorded net cash inflow from operating of RMB31.3 million (net cash outflow of RMB32.8 million during the corresponding period in 2020). Current ratio and net debt to equity ratio were 1.06 and 1.66, respectively (as at 30 June 2020: 0.95 and 1.75, respectively), debt to asset ratio steadily decreased to 70.7% (as at 30 June 2020: 72.0%). The Group's debt structure also improved continuously, total debt for the Group as at 30 June 2021 was RMB9.45 billion (as at 30 June 2020: RMB9.54 billion), of which 73.5% were long term (as at 30 June 2020: 66.2%). The Group continued to optimize its tax arrangement, effective tax rate for the Period was 23% (decreased by 1 percentage points year-over-year).

The Group continued focusing on its core business: urban wastewater treatment, revenue from urban water treatment during the period accounted for 91.5% of total revenue, increased by 3.5 percentage points compared with the previous corresponding period. As at 30 June 2021, the Group had entered into a total of 113 service concession arrangement projects with total daily treatment capacity reached 4.55 million tons, daily treatment capacity in operation was over 4 million tons (year-over-year increase of 11.6%), utilization rate kept at a high level of 83%. Currently, the Group had 9 projects under construction or expansion with total designed capacity of 355,000 tons/day; 27 planned upgrade projects with total designed capacity of 790,000 tons/day. The Group will continue to explore potential of its existing projects and to increase its wastewater treatment capacity and economic of scale through project expansion and upgrading °

In the first half of 2021, the PRC published the "Guiding Opinions on Promoting the Recycling of Sewage", the "Notice on Intensifying the Action Plan for Tariff Mechanism Reform During the 14th Five-Year Period", the "Urban Wastewater Treatment and Recycling Program for the 14th Five-Year Plan Period", specifying the long-term objectives for wastewater treatment. The



康達國際環保有限公司

Kangda International Environmental Company Limited

Group believed policies related to wastewater treatment will continue to be favorable in the foreseeable future. The Group will continue its operational principles of “strengthening the basic, cutting expenditure and raising revenue” to improve the Group’s profitability and efficiency, continue to focus on urban wastewater treatment operation which provide steady cash flow, and carefully select and expand to upstream and downstream business along the industrial chain of water treatment industry to create higher value for its shareholders.

~ End ~

About Kangda International Environmental Company Limited

Kangda International is a leading environmental pollution control enterprise in China, mainly engaged in comprehensive urban environmental control services in mainland China with investment, construction and operation of water infrastructure as the core. Currently, Kangda International’s wastewater treatment business had already spread to 16 provinces and municipalities in China, including Shandong, Henan, Heilongjiang, Shanxi, Zhejiang, Guangdong, Anhui, Jiangsu, Beijing, Tianjin, Hebei, Jilin, Liaoning, Shaanxi, Sichuan and Fujian, daily wastewater treatment capacity exceeds 4.5 million tons.