



Press Release

[For immediate release]

**Kangda Environmental 2021 Annual Results  
Focus on Municipal Sewage Treatment,  
Making it the Backbone of Operating Revenue**

**Annual Results Highlights:**

(RMB million)	For the year ended 31 December		Change
	2021	2020	
Revenue	2,919.0	3,332.4	↓ 12.4%
Gross Profit	1,335.3	1,325.6	↑ 0.7%
Gross Profit Margin	45.8%	39.8%	↑ 6 % point
EBITDA	1,188.2	1,241.0	↓ 4.3%
Net Profit	418.2	470.3	↓ 11.1%
Net Profit Margin	14.3%	14.1%	↑ 0.2 % point

(28 March 2022, Hong Kong) **Kangda International Environmental Company Limited** (“Kangda Environmental” or the “Company”, stock code: 6136.HK), a leading environmental services provider in the PRC focusing on water infrastructure investment, construction and operation, announced the audited annual results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021 (the “Period”).

During the Period, as the Group’s sewage treatment construction projects completed successively, sewage treatment income becomes the Group’s absolute main revenue. Notwithstanding the Group’s total revenue decreased by 12.4% comparing with last year to RMB 2,919.0 million due to the decrease in revenue from construction services, gross profit of the Group still slightly increased by 0.7% to RMB 1,335.3 million, and the overall gross profit margin greatly increased by 6 percentage points, from 39.8% of last year to 45.8%. Due to the increase in administrative and management expenses, and especially fees and tax reduction/exemption from pandemic relief policies provide to environmental protection enterprises by different level of governments had been reduced by more than RMB 41.3 million, the Group’s EBITDA decreased to RMB 1,188.2 million, or a slightly year-on-year decrease of 4.3%. Net profit is approximately RMB 418.2 million, deduced by 11.1%, and net profit margin slightly increased to 14.3%. Earnings per share recorded RMB 19.29 cents, representing a year-on-year decrease of 13.8%.

Owing to prudence development strategy and better balancing of income and expenses, the Group achieved positive net cash flows from operating activities for the third consecutive year. Due to the decrease in construction costs and growth in sewage treatment revenue, net cash



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inflows from operating activities recorded RMB 320 million, increased by 31.4% comparing with the last year. Current ratio and debt-to-asset ratio were 0.97x and 70.4%, respectively (31 December 2020: 1.06x and 71.0%). The Group is committed to overcome the difficult financing environment and maintained a reasonable debt level. Debt-to-asset ratio has slightly decreased and the net debt to EBITDA ratio downs from 168.6% of the last year to 163.6% of this year. As at 31 December 2021, the Group's total interest-bearing debts were RMB 9,469.7 million, of which 66.2% are long-term debts (31 December 2020: RMB 9,272.8 million and 75.6%). In early 2022, the Group obtained USD1,600 million of Hong Kong Quality Assurance Agency certified "Green Financing" in Hong Kong, further embodies the Group's green business concept of water-oriented environmental pollution management into its corporate financing activities.

Kangda Environmental will continue to focus on municipal sewage as the core advantage of the main business. Revenue from this segment accounted for 91.4% of total revenue, and revenue from operating services of this segment accounted for 65.4% of total revenue, being the highest proportion in the Group's history and will keep growing healthily. As of 31 December 2021, the Group had a total of 113 service concession arrangements, with a total treatment capacity of 4.03 million tons per day in operation. At present, the Group is expanding and constructing new projects with a total designed capacity of 210,000 tons/day. The total designed capacity of planned upgrading projects is 639,500 tons/day. In the future, we will continue to improve the Group's sewage treatment capacity and economies of scale.

The nation always pays attention to sewage treatment industry and treat it as one of the cornerstones for building "A Beautiful China". National ministries and commissions, including the State Council and the National Development and Reform Commission, issued a number of policy documents during the year, such as the "Guiding Opinions on Promoting the Recycling of Sewage", the "Urban Sewage Treatment and Recycling Program for the 14th Five-Year Plan Period", the "Water-saving Social Construction Planning for the 14th Five-Year Plan Period", the "Comprehensive Management Planning for the Water Environment of Key River Basins for the 14th Five-Year Plan Period", the "Comprehensive Workplan for Energy Conservation and Emission Reduction for the 14th Five-Year Plan Period", which set targets for national sewage collection, treatment and recycling by 2025 and 2035. The Group will seize the opportunity provided by the national polices, continue to focus on the development of urban water business with stable cash flow and invest in selected value-added areas in the upstream and downstream of the water industry chain. The Group is confident in its prospects and profitability, and we will continue to work hard to improve the profitability and efficiency of the Group.

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## **About Kangda International Environmental Company Limited**

Kangda Environmental is a leading environmental service provider in the PRC focusing on water infrastructure investment, construction and operation. Its core businesses include sewage treatment, water harnessing and improvement, rural water improvement, water reuse, sludge disposal, research and development of environmental and water technology, and related construction work. Its investment projects spread across 17 provinces and municipalities in the PRC with daily handling capacity of more than 4 million tons. Under the leadership of its seasoned management team, the Company integrates the industry resources and captures market opportunities to drive its continuing development.