



Press Release

[For immediate release]

## Kangda Environmental Announces 2022 Interim Results

### Focus on Municipal Sewage Treatment, Encounter Inflating Operating Costs

#### Interim Results Highlights:

(RMB million)	For the six months ended 30 June		Change
	2022	2021	
Revenue	<b>1,661.4</b>	1,475.5	↑ 12.6%
Gross Profit	<b>718.5</b>	675.4	↑ 6.4%
Gross Profit Margin	<b>43.2%</b>	45.8%	↓ 2.6 percentage points
EBITDA	<b>597.4</b>	632.8	↓ 5.6%
Net Profit	<b>202.4</b>	240.0	↓ 15.7%
Net Profit Margin	<b>12.2%</b>	16.3%	↓ 4.1 percentage points
Earnings per Share (RMB cent)	<b>9.44</b>	11.07	↓ 14.7%

(31 August 2022, 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 2022 (the “Period”).

During the Period, due to the orderly completion of constructions and increase in average sewage treatment tariff, revenue from construction services and operating service increase by 10.0% and 14.2%, respectively, comparing with the previous corresponding period, leading to the increase of 12.6% in the Group’s total revenue comparing with the previous corresponding period, reaching RMB1,661.4 million. Gross profit for the period was RMB718.5 million, a year-



on-year increase of 6.4% and break record high. Owing to the general increases in operating costs, gross profit margin decreased by 2.6 percentage points comparing with the previous corresponding period, to 43.2%. Due to the reduction in subsidy income and increases in expenses, net profit for the period was pressured and decreased by 15.7% comparing with the previous corresponding period, to RMB202.4 million. Earnings per share was RMB 9.44 cent, down by 14.7% year-on-year.

The Group adhered to improving fund raising efficiency, enhancing liquidity and optimizing financial index, average interest rate reduced by 0.25 percentage point comparing with the previous corresponding period to 5.81%, net cash inflow from operating activities was RMB140.1 million, breaks the highest half-year record (corresponding period of 2021: net inflow of RMB31.3 million), current ratio and net debt to equity ratio were 1.00 and 1.60, respectively (30 June 2021: 1.06 and 1.66), total liabilities to total assets steadily decreased to 70.5% ( 30 June 2021: 70.7%). As at 30 June 2022, the Group's net debts was RMB9,027.4million (30 June 2021: RMB8,756.2million) . In early 2022, the Group obtained a total of USD 16 million "green loan" certified by the Hong Kong Quality Assurance Agency, which is the Group's first green financing completed in Hong Kong and embodies the Group's green business concept of water-oriented environmental pollution management in its corporate financing activities.

The Group continued focusing on its core business: urban sewage treatment, revenue from urban water treatment during the period accounted for 97.4% of the Group's total revenue, increased by 5.9 percentage points comparing with the previous corresponding period. As at 30 June 2022, the Group had entered into a total of 112 service concession arrangement projects with total daily treatment capacity reached 4.36 million tons, and the daily treatment capacity in operation was 4.06 million tons, utilization rate maintained at a relatively high level of 82%. Currently, the Group had 8 projects under construction or expansion with total designed capacity of 181,000 tons/day; 27 planned upgrade projects with total designed capacity of 570,000 tons/day. The Group will continue to explore potential of its existing projects and to increase its sewage treatment capacity and economic of scale through project expansion and upgrading.

During the first half of 2022, the central government was highly concerned about the healthful development of the wastewater treatment industry and continued to optimize the policies related to the water ecological environment during the 14<sup>th</sup> Five-Year Plan Period, strengthen the water environment protection in accordance with local conditions, and promote the



# 康達國際環保有限公司

## Kangda International Environmental Company Limited

supporting network of domestic sewage treatment plants and resourceful use of wastewater and sludge. At the same time, the central government actively accelerated the revitalizing of infrastructure stock assets and encouraged the development of real estate investment trusts in the infrastructure field (“Infrastructure REITs”). The Group is pleased to see this development and will actively consider opportunities taking into account the market conditions and the Group’s financial position and will look forward to participating in suitable opportunities in the future. The 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.

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

Kangda International is a leading water 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 4.3 million tons.