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CHINA EVERBRIGHT ENVIRONMENT GROUP LIMITED

中國光大環境(集團)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 257)

ANNOUNCEMENT

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

HIGHLIGHTS

- Revenue decreased by 8% to HK\$14,303,933,000 (2024: HK\$15,612,133,000)
- EBITDA decreased by 8% to HK\$6,047,957,000 (2024: HK\$6,550,295,000)
- Profit before tax decreased by 5% to HK\$3,702,974,000 (2024: HK\$3,883,226,000)
- Profit attributable to equity holders of the Company decreased by 10% to HK\$2,206,751,000 (2024: HK\$2,453,917,000)
- Interim dividend of HK15.0 cents per share (2024: HK14.0 cents per share)

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of China Everbright Environment Group Limited (the “Company” or “Everbright Environment”) announces the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2025. The interim financial results are unaudited, but have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”, issued by the Hong Kong Institute of Certified Public Accountants, whose report on review of interim financial information is included in the interim report to be published.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2025 – unaudited

		For the six months ended 30 June	
		2025	2024
	Notes	HK\$'000	HK\$'000
REVENUE	4	14,303,933	15,612,133
Direct costs and operating expenses		<u>(7,972,970)</u>	<u>(9,566,108)</u>
Gross profit		6,330,963	6,046,025
Other revenue		700,298	526,335
Other income and losses, net		(403,298)	(26,733)
Administrative expenses		<u>(1,670,840)</u>	<u>(1,103,817)</u>
PROFIT FROM OPERATING ACTIVITIES		4,957,123	5,441,810
Finance costs	6	(1,249,303)	(1,547,317)
Share of losses of joint ventures		(2,720)	(12,199)
Share of (losses)/profits of associates		<u>(2,126)</u>	<u>932</u>
PROFIT BEFORE TAX	5	3,702,974	3,883,226
Income tax	7	<u>(922,822)</u>	<u>(881,009)</u>
PROFIT FOR THE PERIOD		<u>2,780,152</u>	<u>3,002,217</u>
ATTRIBUTABLE TO:			
Equity holders of the Company		2,206,751	2,453,917
Holders of perpetual capital instruments		131,459	134,071
Non-controlling interests		<u>441,942</u>	<u>414,229</u>
		<u>2,780,152</u>	<u>3,002,217</u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	9		
– Basic and diluted		<u>HK35.92 cents</u>	<u>HK39.95 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025 – unaudited

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	2,780,152	3,002,217
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations, net of nil tax	1,918,650	(826,694)
Debt instruments at fair value through other comprehensive income:		
Changes in fair value, net of tax	(90,460)	154,017
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	1,828,190	(672,677)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	1,828,190	(672,677)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,608,342	2,329,540
ATTRIBUTABLE TO:		
Equity holders of the Company	3,718,487	1,867,081
Holders of perpetual capital instruments	131,459	134,071
Non-controlling interests	758,396	328,388
	4,608,342	2,329,540

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025 – unaudited

		30 June 2025	31 December 2024
	Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Investment properties		180,139	177,013
Property, plant and equipment		7,803,279	7,948,751
Right-of-use assets		718,898	713,746
		<u>8,702,316</u>	<u>8,839,510</u>
Goodwill		1,410,871	1,448,432
Intangible assets		30,428,714	29,839,065
Interests in joint ventures		1,040,711	1,021,899
Interests in associates		576,601	564,715
Contract assets	10	94,451,959	93,292,211
Finance lease receivables		11,066	11,262
Other financial assets		136,726	137,910
Other receivables, deposits and prepayments	11	2,098,769	1,911,331
Deferred tax assets		1,331,347	1,186,237
Total non-current assets		<u>140,189,080</u>	<u>138,252,572</u>
CURRENT ASSETS			
Inventories		1,028,756	987,966
Contract assets	10	15,071,141	13,989,666
Finance lease receivables		846	805
Other financial assets		–	32,928
Debtors, other receivables, deposits and prepayments	11	27,064,842	24,713,884
Tax recoverable		32,727	7,207
Pledged bank deposits		85,714	106,165
Deposits with banks with maturity period over three months		52,193	40,209
Cash and cash equivalents		<u>8,703,677</u>	<u>7,895,622</u>
Total current assets		<u>52,039,896</u>	<u>47,774,452</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

30 June 2025 – unaudited

		30 June 2025 <i>HK\$'000</i>	31 December 2024 <i>HK\$'000</i>
	<i>Notes</i>		
CURRENT LIABILITIES			
Creditors, other payables and accrued expenses	12	16,035,569	16,372,025
Interest-bearing borrowings			
– Secured		4,501,351	4,374,110
– Unsecured		19,186,081	14,329,956
		<u>23,687,432</u>	<u>18,704,066</u>
Tax payable		894,861	655,747
Total current liabilities		<u>40,617,862</u>	<u>35,731,838</u>
NET CURRENT ASSETS		<u>11,422,034</u>	<u>12,042,614</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>151,611,114</u>	<u>150,295,186</u>
NON-CURRENT LIABILITIES			
Other payables	12	741,073	724,213
Interest-bearing borrowings			
– Secured		34,395,209	35,903,145
– Unsecured		35,407,570	37,062,228
		<u>69,802,779</u>	<u>72,965,373</u>
Deferred tax liabilities		10,528,061	10,189,024
Total non-current liabilities		<u>81,071,913</u>	<u>83,878,610</u>
NET ASSETS		<u>70,539,201</u>	<u>66,416,576</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		17,329,537	17,329,537
Reserves		34,345,679	30,881,423
		<u>51,675,216</u>	<u>48,210,960</u>
Non-controlling interests		12,070,891	11,403,285
Perpetual capital instruments		6,793,094	6,802,331
TOTAL EQUITY		<u>70,539,201</u>	<u>66,416,576</u>

NOTES:

1. BASIS OF PREPARATION

The unaudited interim financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix D2 to the Rules (“Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The accounting policies and basis of preparation adopted in the preparation of the unaudited interim financial information are consistent with those adopted in the annual financial statements for the year ended 31 December 2024 except for the adoption of the new and revised HKFRS Accounting Standards (“HKFRSs”) issued by the HKICPA, which became effective for the first time for the current period’s financial information, as further detailed in note 2 below. The unaudited interim financial information is presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

The financial information relating to the year ended 31 December 2024 that is included in this unaudited interim financial information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (“Hong Kong Companies Ordinance”) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on the financial statements for the year ended 31 December 2024. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to HKAS 21 *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to the interim financial report for the current accounting period. The amendments do not have a material impact on the interim financial report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. OPERATING SEGMENT INFORMATION

The Group manages its business by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented four reportable segments.

- Environmental energy project construction and operation: this segment engages in the construction and operation of waste-to-energy plants, food and kitchen waste treatment projects, sludge treatment and disposal projects, leachate treatment projects, methane-to-energy plants, fecal treatment projects, fly ash landfill projects, medical waste treatment projects and solid waste treatment projects, and provision of waste sorting, renewable resources utilisation, and sanitation operation services, to generate revenue from construction services, revenue from operation services as well as finance income.
- Environmental water project construction and operation: this segment engages in the construction, upgrade and operation of municipal waste water treatment plants, industrial waste water treatment plants, water supply, reusable water treatment plants, sludge treatment and disposal projects, sponge city construction, river-basin ecological restoration, livestock and poultry manure resource utilisation, leachate treatment, research and development of water environment technologies and engineering constructions, to generate revenue from construction services, revenue from operation services as well as finance income.
- Greentech project construction and operation: this segment engages in the construction and operation of integrated biomass utilisation projects, hazardous and solid waste treatment projects, solar energy projects and wind power projects, and provision of environmental remediation services, to generate revenue from construction services, revenue from operation services as well as finance income.
- Others: this segment engages in the conduct of environmental protection technology research and development, provision of environmental-related technological services, design of environmental protection projects, provision of environmental protection project equipment construction and installation services and sales of related equipment from which it generates revenue.

3. OPERATING SEGMENT INFORMATION *(continued)*

For the purpose of assessing segment performance and allocating resource between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, intangible assets, goodwill, interests in associates and joint ventures, investments in other financial assets, tax recoverable, deferred tax assets and current assets with the exception of intercompany receivables and other corporate assets. Segment liabilities include tax payable, deferred tax liabilities, creditors, other payables and accrued expenses attributable to the activities of the individual segment and borrowings managed directly by the segments, with the exception of intercompany payables and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment sales of equipment and provision of technological services, assistance provided by one segment to another, including technical know-how, is not measured.

The measure used for reporting segment profit is "earnings before interest, taxes, depreciation and amortisation" ("Adjusted EBITDA"). To arrive at Adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to the individual segment, such as directors' and auditor's remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning segment results, management is provided with segment information concerning revenue (including inter-segment sales and revenue from technological services), depreciation and amortisation and additions to non-current segment assets used by the segments in their operations.

3. OPERATING SEGMENT INFORMATION *(continued)*

(i) Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

For the six months ended 30 June

	Environmental energy project construction and operation		Environmental water project construction and operation		Greentech project construction and operation		Others		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Revenue from external customers	7,474,299	8,487,864	3,273,854	3,352,595	3,399,409	3,504,102	156,371	267,572	14,303,933	15,612,133
Inter-segment revenue	18,562	3,059	5,711	–	713	1,475	226,531	150,398	251,517	154,932
Reportable segment revenue	<u>7,492,861</u>	<u>8,490,923</u>	<u>3,279,565</u>	<u>3,352,595</u>	<u>3,400,122</u>	<u>3,505,577</u>	<u>382,902</u>	<u>417,970</u>	<u>14,555,450</u>	<u>15,767,065</u>
Reconciliation:										
Elimination of inter-segment revenue									<u>(251,517)</u>	<u>(154,932)</u>
Reportable segment revenue derived from the Group's external customers									<u>14,303,933</u>	<u>15,612,133</u>

3. OPERATING SEGMENT INFORMATION *(continued)*

(i) Segment results, assets and liabilities *(continued)*

For the six months ended 30 June

	Environmental energy project construction and operation		Environmental water project construction and operation		Greentech project construction and operation		Others		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment results:										
Reportable segment profit (Adjusted EBITDA)	4,237,222	4,015,260	1,192,208	1,199,661	987,264	1,108,460	52,852	35,656	6,469,546	6,359,037
Elimination of inter-segment profits									(44,960)	(54,358)
Reportable segment profit derived from the Group's external customers									6,424,586	6,304,679
Finance costs									(1,249,303)	(1,547,317)
Depreciation and amortisation, including unallocated portion									(1,095,680)	(1,119,752)
Unallocated head office and corporate income									19,907	336,507
Unallocated head office and corporate expenses									(396,536)	(90,891)
Consolidated profit before tax									3,702,974	3,883,226

3. OPERATING SEGMENT INFORMATION *(continued)*

(i) Segment results, assets and liabilities *(continued)*

For the six months ended 30 June

	Environmental energy project construction and operation		Environmental water project construction and operation		Greentech project construction and operation		Others		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information:										
Depreciation and amortisation	506,459	487,623	108,460	103,717	435,635	482,837	40,622	38,358	1,091,176	1,112,535
Recognition/(reversal) of expected credit losses on debtors, net	113,671	(14,575)	73,031	34,715	6,721	–	–	–	193,423	20,140
(Reversal)/recognition of expected credit losses on other receivables, net	–	–	(21,684)	2,418	–	–	–	–	(21,684)	2,418
Recognition/(reversal) of expected credit losses on contract assets, net	31,432	10,991	(1,061)	913	6,279	–	–	–	36,650	11,904
Impairment of goodwill	–	–	–	–	65,816	–	–	–	65,816	–
Impairment of property, plant and equipment	–	–	–	–	112,563	–	–	–	112,563	–
Additions to property, plant and equipment and right-of-use assets during the period	67,675	89,344	20,785	58,793	192,252	208,448	11,565	3,112	292,277	359,697
Additions to intangible assets and non-current portion of prepayments during the period	202,479	640,897	445,521	–	47,701	162,621	1,671	315	697,372	803,833
Additions to non-current portion of contract assets during the period	2,028,716	3,009,136	1,302,110	1,952,848	164,023	195,653	–	–	3,494,849	5,157,637

3. OPERATING SEGMENT INFORMATION *(continued)*

(i) Segment results, assets and liabilities *(continued)*

	Environmental energy project construction and operation		Environmental water project construction and operation		Greentech project construction and operation		Others		Total	
	At	At	At	At	At	At	At	At	At	At
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	107,863,604	105,640,806	37,926,832	35,609,199	37,688,580	36,281,922	2,121,537	2,677,463	185,600,553	180,209,390
Unallocated head office and corporate assets									6,628,423	5,817,634
Consolidated total assets									192,228,976	186,027,024
Reportable segment liabilities	49,588,423	48,801,680	23,386,602	21,968,288	25,232,274	24,668,671	1,661,042	1,909,325	99,868,341	97,347,964
Unallocated head office and corporate liabilities									21,821,434	22,262,484
Consolidated total liabilities									121,689,775	119,610,448

(ii) Information about a major customer

For the six months ended 30 June 2025 and 2024, the revenue from the Group's largest customer amounted to less than 10% of the Group's total revenue.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
<i>Revenue from contracts with customers</i>		
Revenue from environmental energy project construction services	538,839	1,790,227
Revenue from environmental water project construction services	1,238,151	1,487,009
Revenue from greentech project construction services	46,488	178,507
Revenue from environmental energy project operation services	5,141,935	4,860,974
Revenue from environmental water project operation services	1,476,891	1,301,259
Revenue from greentech project operation services	3,188,898	3,157,512
Others	156,371	267,572
Total revenue from contracts with customers	11,787,573	13,043,060
Finance income from service concession arrangements	2,516,360	2,569,073
Total revenue	14,303,933	15,612,133

The aggregated revenues from environmental energy project construction and operation services, environmental water project construction and operation services, greentech project construction and operation services and finance income derived from the local government authorities in the People's Republic of China ("PRC") amounted to HK\$12,614,382,000 (six months ended 30 June 2024: HK\$13,338,500,000) for the six months ended 30 June 2025. The revenues are included in "Environmental energy project construction and operation", "Environmental water project construction and operation" and "Greentech project construction and operation" segments as disclosed in note 3.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Depreciation		
– property, plant and equipment	328,746	347,007
– right-of-use assets	36,605	32,868
Amortisation of intangible assets	730,329	739,877
Gain on disposal of other financial assets		
– unlisted equity investment	(107)	–
Interest income	(29,190)	(46,520)
Government grants*	(33,142)	(36,008)
Value-added tax refund**	(353,651)	(208,618)
Expected credit losses on debtors, net	193,423	20,140
(Reversal)/recognition of expected credit losses on other receivables, net	(21,684)	2,418
Expected credit losses on contract assets, net	36,650	11,904
Impairment of goodwill	65,816	–
Impairment of property, plant and equipment***	112,563	–
Fair value (gains)/losses, net:		
Other financial assets – unlisted equity investment	(455)	(456)
Other financial assets – unlisted investments	3,889	(7,036)
Employee benefit expense:		
Wages, salaries, allowances and benefits in kind	1,511,947	1,596,381
Retirement scheme contributions	164,672	118,122
	1,676,619	1,714,503
Foreign exchange differences, net	428,008	(230,981)

* Government grants were granted during the six months ended 30 June 2025 mainly to subsidise certain environmental energy, environmental water and greentech projects of the Group in the PRC and Poland. There are no unfulfilled conditions and other contingencies attached to the receipts of those grants. There is no assurance that the Group will continue to receive such grants in the future.

** Value-added tax refund was received/receivable during the six months ended 30 June 2025 in relation to certain environmental energy, environmental water and greentech project operations of the Group in the PRC. There are no unfulfilled conditions and other contingencies attached to the receipts of such tax refund. There is no assurance that the Group will continue to receive such tax refund in the future.

*** During the six months ended 30 June 2025, certain hazardous and solid waste treatment projects ceased operations, impairment loss on property, plant and equipment of HK\$112,563,000 was recognised in the Group's profit or loss (six months ended 30 June 2024: nil). A 51% non-wholly owned subsidiary of the Group ceased operations, an impairment loss of HK\$85,326,000 on property, plant and equipment was recognised (six months ended 30 June 2024: nil). Following the cessation, the Group is in the process of obtaining the necessary approvals to initiate formal liquidation procedures. Upon completion of these procedures, the subsidiary's remaining assets and liabilities, including the bank borrowings, will be dealt with and realised in accordance with applicable laws and regulations.

6. FINANCE COSTS

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Interest on bank and other loans	853,396	1,217,407
Interest on corporate bond, asset-backed securities and medium-term notes	369,730	326,485
Interest on lease liabilities	2,548	2,592
Asset-backed notes arrangement fees	23,891	3,429
Less: Interest expenses capitalised into construction in progress*	(262)	(2,596)
Total	1,249,303	1,547,317

* The borrowing costs have been capitalised at rates ranging from 2.13% to 3.50% (six months ended 30 June 2024: 2.65% to 4.48%) per annum during the six months ended 30 June 2025.

7. INCOME TAX

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

Tax for the PRC operations is charged at the statutory rate of 25% of the assessable profits under tax rules and regulations in the PRC. During the period, certain PRC subsidiaries are subject to tax at 50% of the standard tax rate or fully exempted from income tax under the relevant tax rules and regulations.

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Current – Elsewhere:		
Charge for the period	888,854	645,306
Under/(over)-provision in prior periods	8,916	(18,490)
Deferred	25,052	254,193
Total tax expense for the period	922,822	881,009

8. DIVIDENDS

	For the six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Dividend attributable to the period:		
Interim – HK15.0 cents (six months ended 30 June 2024: HK14.0 cents) per ordinary share	921,446	860,017
Final dividend in respect of the previous financial year, was approved and recognized during the period – HK9.0 cents (six months ended 30 June 2024: paid HK8.0 cents) per ordinary share	552,868	491,438

9. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amount for the six months ended 30 June 2025 is based on the profit for the period attributable to equity holders of the Company of HK\$2,206,751,000 (six months ended 30 June 2024: HK\$2,453,917,000) and 6,142,975,292 (six months ended 30 June 2024: 6,142,975,292) ordinary shares in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2025 and 2024.

10. CONTRACT ASSETS

		At 30 June 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
	<i>Notes</i>		
Service concession assets	(a)	103,153,387	101,679,370
Unbilled renewable energy tariff subsidy	(b)	6,002,721	5,200,296
Other contract assets	(c)	<u>522,625</u>	<u>518,122</u>
		109,678,733	107,397,788
Less: Loss allowance		<u>(155,633)</u>	<u>(115,911)</u>
		109,523,100	107,281,877
Less: Non-current portion			
– Service concession assets, net of loss allowance		(94,296,690)	(93,140,083)
– Other contract assets, net of loss allowance		<u>(155,269)</u>	<u>(152,128)</u>
		<u>(94,451,959)</u>	<u>(93,292,211)</u>
Current portion		<u>15,071,141</u>	<u>13,989,666</u>
Contract assets arising from performance under construction contracts in connection with service concession arrangements, which are included in “Intangible assets”		<u>885,503</u>	<u>686,272</u>

Notes:

- (a) Included in “Service concession assets” are amounts of HK\$127,766,000 (31 December 2024: HK\$151,656,000) which are related to the construction services under Build-Operate-Transfer (“BOT”), Build-Operate-Own (“BOO”) and Transfer-Operate-Transfer (“TOT”) arrangements rendered by the Group to a related company of a non wholly-owned subsidiary.

10. CONTRACT ASSETS *(continued)*

Notes: (continued)

(a) *(continued)*

“Service concession assets” arose from the Group’s revenue from construction services under BOT, BOO and TOT arrangements and bear interest at rates ranging from 3.85% to 7.83% (31 December 2024: 3.85% to 7.83%) per annum. Among the total of HK\$103,153,387,000 (31 December 2024: HK\$101,679,370,000), HK\$94,652,392,000 (31 December 2024: HK\$94,559,839,000) relates to BOT, BOO and TOT arrangements with operations commenced.

Pursuant to the BOT, BOO and TOT arrangements, the Group receives no payment from the grantors during the construction period and receives service fees when relevant services are rendered during the operating periods. The service concession assets are not yet due for payment and will be settled by service fees to be received during the operating periods of the service concession arrangements. Amounts billed will be transferred to debtors (note 11).

All of the current portion of service concession assets are expected to be recovered within one year.

- (b) The balance represented government on-grid tariff subsidy for certain projects which will be billed and settled upon the successful completion of government administrative procedures pursuant to notices jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration.
- (c) The balance as at 30 June 2025 comprised contract assets of HK\$442,695,000 (31 December 2024: HK\$402,969,000) arising from performance under environmental remediation service contracts, and HK\$79,930,000 (31 December 2024: HK\$115,153,000) arising from performance under construction management service contracts.

Such contracts include payment schedules which require stage payments over the service periods once milestones are reached.

11. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Debtors, net of loss allowance	23,843,812	21,126,596
Other receivables, deposits and prepayments, net of loss allowance	<u>5,319,799</u>	<u>5,498,619</u>
	29,163,611	26,625,215
Less: Non-current portion		
– Other receivables, deposits and prepayments, net of loss allowance	<u>(2,098,769)</u>	<u>(1,911,331)</u>
Current portion	<u>27,064,842</u>	<u>24,713,884</u>

The ageing analysis of debtors, based on the date of invoice (or date of revenue recognition, if earlier) and net of loss allowance, as at the end of the reporting period is as follows:

	At 30 June 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Within 1 month	2,816,028	2,459,066
More than 1 month but within 2 months	1,258,032	1,225,429
More than 2 months but within 4 months	1,894,225	1,818,641
More than 4 months but within 7 months	2,564,543	2,352,326
More than 7 months but within 13 months	3,851,410	3,395,157
More than 13 months	<u>11,459,574</u>	<u>9,875,977</u>
Total	<u>23,843,812</u>	<u>21,126,596</u>

Debtors are due within 30 to 90 days from the date of billing.

11. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(continued)*

Included in “Debtors, other receivables, deposits and prepayments” are debtors of HK\$8,381,989,000 (31 December 2024: HK\$7,417,971,000), which were measured at fair value through other comprehensive income as these debtors are managed within a business model with the objective of both holding to collect contractual cash flows and selling for working capital management and the contractual terms of these receivables give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Included in “Debtors, other receivables, deposits and prepayments” are bills receivables of HK\$95,408,000 (31 December 2024: HK\$78,706,000).

Included in “Debtors, other receivables, deposits and prepayments” of the Group are debtors of which HK\$32,984,000 (31 December 2024: HK\$34,681,000), HK\$14,978,000 (31 December 2024: HK\$15,050,000), HK\$32,171,000 (31 December 2024: HK\$19,536,000), and HK\$16,477,000 (31 December 2024: HK\$11,080,000) are due from the Group’s joint ventures, associates, a related company of a non wholly-owned subsidiary and non-controlling shareholders of non wholly-owned subsidiaries, respectively. Debtors mainly represent revenue from the provision of operation services for environmental energy projects, environmental water projects, greentech projects and the provision of environmental protection project equipment construction and installation services and sales of related equipment and the billed amounts of the service concession assets.

Included in “Other receivables, deposits and prepayments” at 30 June 2025 is an advance made to local government authority in relation to service concession arrangement amounting to HK\$10,259,000 (31 December 2024: HK\$11,727,000) which is unsecured, interest-bearing at the rates announced by the People’s Bank of China, and will be settled by instalments from 2025 to 2027.

Included in “Other receivables, deposits and prepayments” under current assets at 30 June 2025 are advances of HK\$7,648,000 (31 December 2024: HK\$7,493,000) to the Group’s associate, which are unsecured, repayable on demand and interest-bearing at a rate of 3.35% (31 December 2024: 3.35%) per annum, and other receivables of HK\$4,772,000 (31 December 2024: HK\$8,858,000) due from the Group’s associates, which are unsecured, interest-free and repayable within one year.

Included in “Other receivables, deposits and prepayments” under current assets at 30 June 2025 are loans to the Group’s joint ventures of HK\$25,674,000 (31 December 2024: HK\$25,154,000), which are unsecured, interest-bearing at 125% of the loan prime rate announced by the People’s Bank of China, and repayable in 2025, and other receivables and advances to the Group’s joint ventures of HK\$19,823,000 (31 December 2024: HK\$20,109,000) and other receivables due from the Group’s non-controlling shareholders of non wholly-owned subsidiaries of HK\$31,900,000 (31 December 2024: HK\$30,475,000), which are unsecured, interest-free and repayable within one year.

12. CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Creditors	11,319,089	11,382,917
Other payables, accrued expenses and deferred income		
– government grants	<u>5,457,553</u>	<u>5,713,321</u>
Total	16,776,642	17,096,238
Less: Non-current portion		
– Other payables, accrued expenses and deferred income		
– government grants	<u>(741,073)</u>	<u>(724,213)</u>
Current portion	<u>16,035,569</u>	<u>16,372,025</u>

Included in “Creditors, other payables and accrued expenses” are creditors with the following ageing analysis based on the date of invoice as at the end of the reporting period:

	At 30 June 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Within 6 months	8,273,329	9,264,576
Over 6 months	<u>3,045,760</u>	<u>2,118,341</u>
Total	<u>11,319,089</u>	<u>11,382,917</u>

12. CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES *(continued)*

Included in creditors are construction payables of HK\$7,412,189,000 (31 December 2024: HK\$7,088,450,000) for the Group's BOT, BOO and TOT arrangements. The construction payables are not yet due for payment.

Included in "Creditors, other payables and accrued expenses" are bills payable of HK\$830,547,000 (31 December 2024: HK\$774,420,000). Included in "Creditors, other payables and accrued expenses" are creditors of HK\$11,013,000 (31 December 2024: HK\$15,460,000), HK\$2,757,000 (31 December 2024: HK\$1,900,000) and HK\$274,823,000 (31 December 2024: HK\$251,722,000) due to the Group's associates, joint ventures and non-controlling shareholders of non wholly-owned subsidiaries, respectively, which are unsecured, interest-free and repayable on credit terms similar to those offered by the associates, joint ventures or the non-controlling shareholders to their major customers.

Included in "Other payables, accrued expenses and deferred income – government grants" at 30 June 2025 are other payables of HK\$1,802,000 (31 December 2024: HK\$3,390,000) and HK\$87,979,000 (31 December 2024: HK\$63,710,000) due to the Group's associates and non-controlling shareholders of non wholly-owned subsidiaries, respectively, which are unsecured, interest-free and repayable on demand.

Included in "Other payables, accrued expenses and deferred income – government grants" at 30 June 2025 are other payables of HK\$185,318,000 (31 December 2024: HK\$181,569,000) due to the non-controlling shareholder of non wholly-owned subsidiaries, which are unsecured, interest-bearing at rates announced by the People's Bank of China and repayable on included demand.

BUSINESS REVIEW AND PROSPECTS

OPERATING RESULTS

Business Overview

In the first half of 2025, the Group adhered to the principle of making steady and promoting stability through practical measures. It actively implemented three major development strategies, namely technology as a driving force, an internationalisation path, and an industry ecosystem, and made every effort to advance its “Second-Stage Entrepreneurship”, firmly promoting high-quality development. Specifically, during the period under review, the Group maintained strategic leadership, with the three major development strategies gradually becoming clearer; adhered to a market-oriented approach, accelerating the cultivation of new development momentum; focused on core business areas, striving to improve operational quality and efficiency; committed to management enhancement, solidifying internal competencies for development; and maintained a bottom-line mindset, effectively preventing and resolving risks. Overall, the Group’s business performance made stable progress, with operations moving in a positive direction.

Major operating indicators in the first half of 2025 are summarised below:

	For the six months ended 30 June 2025 HKD’000	For the six months ended 30 June 2024 HKD’000	Percentage change
Revenue	14,303,933	15,612,133	-8%
Earnings before interest, taxes, depreciation and amortisation (“EBITDA”)	6,047,957	6,550,295	-8%
Profit attributable to equity holders of the Company	2,206,751	2,453,917	-10%
Basic earnings per share (HK cents)	35.92	39.95	-10%

During the period under review, the Group recorded a total revenue of HK\$14,303,933,000, of which revenue from operation services amounted to HK\$9,943,304,000, representing an increase of 5% as compared with the first half of 2024, while revenue from construction services was HK\$1,844,269,000, decreased by 49% as compared with the first half of 2024. The revenue from operation services, construction services, and finance income accounted for 70%, 13% and 17% of the total revenue, respectively.

During the period under review, the Group continued to expand its financing channels and optimise the structure of financing instruments. By closely monitoring market opportunities, the Group and its listed subsidiaries successfully issued medium-term notes (“MTNs”) and asset-backed securities (“ABS”), and others, keeping the comprehensive capital cost at a comparatively low level. Additionally, the Group strengthened its domestic and overseas credit line reserves and foreign debt management. In the first half of 2025, the Group obtained various funding subsidies from the government amounting to approximately RMB50 million. As at 30 June 2025, the Group had cash on hand amounting to HK\$8.842 billion, with a reasonable gearing level and a healthy financial position.

In the first half of 2025, the major financing arrangements of the Group are summarised below:

Issue date	Financing arrangements and uses of proceeds	Issue size (RMB)
January 2025	China Everbright Water Limited (“Everbright Water”) completed the issuance of the first tranche of MTNs for 2025 in the PRC for the replenishment of working capital of Everbright Water.	1.5 billion
January 2025	China Everbright Greentech Limited (“Everbright Greentech”) completed the issuance of the 2025 first tranche of the carbon-neutral green ABS in the PRC for replenishing working capital of Everbright Greentech and its subsidiaries, repayment of interest bearing loans, provision of loans to its members, acquisition of fixed assets, investment in the projects, and/or other purposes as permitted under the applicable laws and regulations.	653 million

Issue date	Financing arrangements and uses of proceeds	Issue size (RMB)
February 2025	Everbright Greentech completed the issuance of the first tranche of green MTNs for 2025 in the PRC for the repayment of interest-bearing debts of Everbright Greentech and its subsidiaries, replenishment of working capital and/or investment in and construction of environmental protection projects and for other business development purposes.	1 billion
April 2025	The Company completed the issuance of the perpetual MTNs (series 1) for 2025 in the PRC for the redemption of the perpetual MTNs (series 1) issued in 2022.	1.5 billion
April 2025	Everbright Water completed the issuance of the second tranche of MTNs for 2025 in the PRC for the repayment of the outstanding debts of Everbright Water.	1 billion
May 2025	Everbright Greentech completed the issuance of the second tranche of green MTNs for 2025 in the PRC for the repayment of interest-bearing debts of Everbright Greentech and its subsidiaries, replenishment of working capital and/or investment in and construction of environmental protection projects, and for other business development purposes.	1 billion
June 2025	Everbright Water completed the issuance of the third tranche of MTNs for 2025 in the PRC for the redemption of the existing perpetual MTNs of Everbright Water.	700 million
June 2025	The Company's wholly-owned subsidiary, Everbright Environmental Protection (China) Limited ("EEP China"), completed the issuance of the science technology innovation bonds (series 1) for 2025 in the PRC for the repayment of interest-bearing loans and/or for the replenishment of working capital of EEP China and its subsidiaries.	1 billion

The Group remains committed to sharing its development and operating results with the shareholders of the Company (the “Shareholders”). To reward the Shareholders for their support, and taking into account the Group’s business development and strategic planning, the Board has declared an interim dividend of HK15.0 cents per share for the six months ended 30 June 2025 (2024: HK14.0 cents per share). The dividend payout ratio was 42%, representing an increase of 7 percentage points as compared with the first half of 2024.

In terms of corporate governance, during the period under review, the Group actively improved its organisational structure and decision-making management system, solidifying its development foundation. Among which, Ms. Qu Li was appointed as non-executive director of the Company and Professor Zhang Xiang, JP. was appointed as independent non-executive director of the Company to enhance the diversity of the Board members and strengthen the Group’s capabilities in international business development and technological innovation. Additionally, a sustainability committee was established under the Board to actively align with relevant worldwide practices, ensuring a more systematic and standardised supervision and enhancement of its sustainability efforts. The Group also established the Chief Executive Officer’s Office (the “CEO Office”) and a mechanism for thematic meetings on business operation and management, and systematically optimised the organisational setup of the Group’s headquarters departments, strengthening support for key operational tasks such as market expansion.

As of 30 June 2025, the Group had established a business presence across 25 provinces, municipalities, autonomous regions, and a special administrative region in China, covering 229 cities, counties, and districts. Its overseas markets extended to 16 countries, including Germany, Poland, Vietnam, and Uzbekistan. The Group had invested in and secured a total of 604 environmental protection projects, with an aggregate investment of approximately RMB164.307 billion. It also undertook various asset-light businesses and services, including environmental remediation, waste sorting, design and consulting, equipment supply, and technical services. The Group’s environmental energy and greentech sectors had secured a total of 196 waste-to-energy projects, with a designed daily household waste processing capacity of 162,900 tonnes (including capacity under the operation and management (“O&M”) model).

The designed treatment and supply capacities of projects of major types under the Group as of 30 June 2025 are summarised below:

Project category	Designed treatment/supply capacity
Household waste*	162,900 tonnes/day
Food and kitchen waste*	8,743 tonnes/day
Water treatment and supply*	7,618,600 m ³ /day
Biomass raw materials	8,259,800 tonnes/year
Heat and steam supply	8,217,495 tonnes/year
Solar power and wind power installed capacity	272.12 megawatt (“MW”)
Energy storage capacity	22.20 MW

* Including treatment capacity under the O&M model

In terms of market expansion, during the period under review, the Group remained committed to advancing both domestic and overseas business expansion, promoting the synchronised development of asset-light and asset-heavy businesses, and proactively exploring new businesses and models. It also deployed business-to-business (“ToB”) business, and closely monitored merger and acquisition (“M&A”) opportunities. In the meantime, the Group established the Market Expansion Department to thoroughly explore business development opportunities from the perspectives of strategic planning, market trends, and environmental regulatory inspections. In relation to the domestic market, the Group adhered to a business expansion approach that emphasises both asset-light and asset-heavy businesses, while simultaneously cultivating new growth drivers. It consolidated and enhanced its advantageous businesses such as solid waste treatment, water treatment, and environmental remediation; actively explored areas such as synergistic coupling models for green power and computing centers to expand ToB business opportunities; clarified M&A directions and strived for new breakthroughs in key regions; further tapped the potential of synergistic businesses by expanding into mobile heat supply, methane purification, and reusable water supply; and signed the Group’s first biomethane project, marking a significant breakthrough in the high-value utilisation of biomass resources. In relation to the overseas market, the Group secured two waste-to-energy projects in Uzbekistan, marking its first entry into the Central Asian market. In addition, the Group undertook asset-light services including equipment procurement and supply in Thailand and India. To further contribute to the development of a green “Belt and Road” and to seize related market opportunities, the Group planned to establish representative offices in regions such as Indonesia, Vietnam and Central Asia. By leveraging on these regional hubs, the Group aims to establish and improve its overseas

project pipeline. Furthermore, during the period under review, the Group actively advanced its marketing efforts. It held working-level meetings with government departments, corporate partners, and industry institutions including Tongzhou District of Beijing Municipality, Dongguan City of Guangdong Province, Xuzhou City of Jiangsu Province, China National Building Material Group Co., Ltd., and China Railway Academy Group Co., Ltd.. These exchanges helped strengthen mutual trust and explore opportunities for collaborative development. The Group was also invited to participate in major international industry exhibitions such as the 2025 Macao International Environmental Co-operation Forum & Exhibition, 2025 Climate Forum in Central Asia and the Eco Expo Central Asia, facilitating in-depth exchanges with peers at home and abroad to reinforce industry ecosystem development and industry influence.

In the first half of 2025, the Group invested in and secured 4 new projects, with a total investment of approximately RMB2.396 billion, and signed various new asset-light business contracts worth RMB520 million. The new business areas included biomethane purification, mobile energy storage, leachate treatment, equipment procurement, technical services, and environmental remediation etc. The designed treatment and supply capacities of the newly secured projects are summarised below:

Project category	Designed treatment/supply capacity
Household waste	3,000 tonnes/day
Water treatment	10,000 m ³ /day
Biomass raw materials	50,000 tonnes/year
Biomethane supply	10,000,000 Nm ³ /year

Regarding innovation-driven empowerment, during the period under review, the Group, leveraging its technology committee office, put in place a comprehensive management system for scientific research. Through the revision and enhancement of several core policies, including the *Administrative Measures for Technology Research and Development Funding*, the Group formed a full-cycle institutional framework covering project management, commercialisation of research outcome, and performance evaluation and incentives. At the same time, the Group systematically reviewed its ongoing research topics and guided by business needs, prioritised the research and development (“R&D”) and application and commercialisation of research outcome relating to the “3+1” key topics such as fly ash resource utilisation. Notably, the Group’s Zhejiang Ninghai Waste-to-Energy Project successfully launched the test of China’s first anaerobic ammonia oxidation system for waste-to-energy projects. The 200 tonnes/day small-scale furnace system entered the installation and commissioning phase at the Group’s Hebei Guangzong Waste-to-Energy Project (“Guangzong Project”). Moreover, the Group’s anaerobic membrane bioreactor (MBR) technology for leachate treatment has been identified as reaching an internationally leading level, and its small-scale incinerator equipment has been assessed as achieving an advanced international standard, with its “Multi-Source Solid Waste Co-Incineration Technology” reaching an internationally leading level. In terms of digital and intelligent capability building for management, the Group continued to advance the construction of integrated digital platforms, including those for business-finance integration.

As of 30 June 2025, authorised intellectual property rights that were held and major technical essays published by the Group are listed below:

	First half of 2025	As of 30 June 2025 (accumulated)
Granted intellectual property rights	91	2,240
Invention patents	35	317
Utility model patents	50	1,530
Software copyrights	6	338
Appearance patents	–	55
Major technical essays	2	104

In terms of operations management, during the period under review, through implementing measures such as the “Twenty Measures for Refined Management” and the “Fifteen Special Measures for Increasing Operation Revenue”, the operational quality and efficiency of the Group’s existing projects were enhanced, with major operational indicators continuing to show positive trends. In the environmental energy sector, the average power generation per tonne of incoming waste fed into the furnace of the waste-to-energy projects increased by 3% to approximately 460 kWh, as compared with the first half of 2024, while the comprehensive plant power consumption rate declined by 0.3 percentage point to approximately 14.7%, as compared with the first half of 2024. In the environmental water sector, the waste water treatment volume was approximately 835,100,000 m³, remaining largely flat compared to the first half of 2024, while it continuously strengthened refined management measures, such as optimisation of chemical types, precise chemical dosing, and energy management contracting (“EMC”) of equipment, to further reduce the operating costs of existing projects, and secured more than 10 EMC contracts. In the greentech sector, the heat supply and power generation volumes of the integrated biomass utilisation projects both increased as compared with the first half of 2024, while the unit purchase price of biomass fuel decreased by 8% as compared with the first half of 2024.

In terms of project construction, during the period under review, 7 projects of the Group completed construction and commenced operation, 3 projects completed construction, and 1 environmental remediation service was completed and delivered. A total of 7 projects commenced construction, along with 3 environmental remediation services starting to be implemented.

With respect to environmental contributions, the Group has actively promoted energy conservation, and the reduction of pollution and carbon emissions, thereby contributing to the collective enhancement of social, economic, and environmental benefits. The Group’s major environmental contributions during the period under review are summarised below:

	Treatment volume	Environmental contributions
Household waste processed	28,572,000 tonnes	Supplied green electricity of 14,836,000,000 kWh. This output could support the annual electricity usage of 12,364,000 households, equivalent to saving 5,935,000 tonnes of standard coal, while displacing 18,895,000 tonnes of CO ₂ emission.
Hazardous and solid waste processed	240,000 tonnes	
Agricultural and forestry waste processed	3,742,000 tonnes	
Waste water treated	835,143,000 m ³	Reduced Chemical Oxygen Demand (“COD”) emission by 421,000 tonnes.
Waste-to-energy plants’ leachate treated	4,345,000 m ³	

Since the launch of the Group's first environmental protection project in 2005, its aggregate major environmental contributions are summarised below:

	Treatment volume	Environmental contributions
Household waste processed	355,099,000 tonnes	Supplied green electricity of 173,865,000,000 kWh. This output could support the annual electricity usage of 144,888,000 households, equivalent to saving 69,546,000 tonnes of standard coal, while displacing 144,951,000 tonnes of CO ₂ emission.
Hazardous and solid waste processed	2,959,000 tonnes	
Agricultural and forestry waste processed	54,062,000 tonnes	
Waste water treated	19,079,705,000 m ³	Reduced COD emission by 7,899,000 tonnes.
Waste-to-energy plants' leachate treated	78,184,000 m ³	

On social responsibility, during the period under review, the Group continued to uphold its corporate citizenship responsibilities with high standards, safeguarding local ecological and living environments, and actively carrying out environmental education and public welfare initiatives linked to its projects. In Mainland China, the Group organised a series of environmental education and science popularisation activities around key environmental dates such as “World Water Day” and “World Environment Day”, promoting green values and sustainable lifestyles. In Hong Kong, the “Green Wings Program,” initiated by Everbright Environment Charitable Foundation, organised multiple visits for Hong Kong primary and secondary school teachers and students to the Group's Boluo Waste-to-Energy Project in Guangdong Province. The program also entered primary and junior secondary schools in Hong Kong multiple times to host environmental education workshops for the students. These initiatives inspired Hong Kong youth to take greater interest in and responsibility for environmental protection and sustainable development. As of 30 June 2025, the Group had a cumulative total of 226 projects open to the public. In the first half of 2025, the Group's projects received approximately 20,000 visitors from home and abroad.

In the first half of 2025, the Group received a number of awards both domestically and internationally in recognition of the fulfillment of its diligent and sustained efforts in areas such as business operation, sustainability and social responsibility. The major awards and honours are summarised below:

Category	Award/recognition	Awarding organisation(s)
Operational management	As one of the top 10 exemplary enterprises showcasing the achievements of China's waste incineration industry, the Group was selected for inclusion in <i>China's Solution for Waste Incineration</i>	Energy Resources and Environment Professional Council of All-China Environment Federation
	The Group was awarded the "Golden Lotus Grand Award"	First Macao 2025 ESG Awards for Excellence
	Everbright Water received the "Benchmark Award for Smart and Circular Water Ecological Governance"	First Macao 2025 ESG Awards for Excellence
	Everbright Water was listed among the "Top 10 Influential Solid Waste Treatment Enterprises in China" (the 8th consecutive year)	E20 Environment Platform

Category	Award/recognition	Awarding organisation(s)
Technological innovation	The self-developed complete sets of water-cooled grate furnace equipment and battery recycling resource utilisation equipment were selected for the “Insurance Compensation Projects for the First (Set) of Major Technical Equipment”	Ministry of Industry and Information Technology of the PRC
	The self-developed patented technologies for the water-cooled flow channel temperature and flow monitoring system and channel parameter testing system won the “Excellence Award for Chinese Patents”	China National Intellectual Property Administration
	Environmental energy and Huazhong University of Science and Technology jointly received the “First Prize for Scientific and Technological Progress” for key technologies and applications in waste collection, transportation, treatment, and resource utilisation aimed at pollution and carbon reduction	Chinese Society for Environmental Sciences
	The Group and Zhejiang University jointly received the “Second Prize for Innovation Achievements” in the 2024 China Industry-University-Research Institute Collaboration Association Science and Technology Innovation Awards for their development of key technologies for efficient energy conversion and synergistic disposal of multi-source urban organic waste	China Industry-University-Research Institute Collaboration Association

Category	Award/recognition	Awarding organisation(s)
	The project “Key Technologies and Applications for Controllable Pyrolysis of Biomass to Produce High-Quality Liquid Fuels and Carbon Materials” won the “First Prize for Scientific and Technological Progress”	China Petroleum and Chemical Industry Federation
Operations management	The Group’s Lantian Waste-to-Energy Project in Shaanxi Province received the “Level II Certification for Efficient and Clean Incineration”	China Association of Urban Environmental Sanitation
	The Group’s Zibo Zhangdian East Industrial Waste Water Treatment Project and Zibo Municipal Waste Water Treatment Project in Shandong Province received recognitions for “Industrial Park Waste Water Management” and “Municipal Waste Water Management”, respectively	E20 Environment Platform
	The Group’s Quzhou Waste-to-Energy Project in Zhejiang Province was recognised as a “National AAA-rated Household Waste Incineration Plant,” becoming the Group’s 20th project to receive this honor	China Association of Urban Environmental Sanitation
	The Group’s Ma’anshan Waste-to-Energy Project in Anhui Province was shortlisted in the fourth batch of “Excellent Cases of Healthy Enterprise Construction”	General Office of the National Health Commission of the PRC

Category	Award/recognition	Awarding organisation(s)
Sustainable development	Included in the <i>Sustainability Yearbook</i> (8th time)	S&P Global
	Included in the <i>Sustainability Yearbook</i> (China Edition) (3rd consecutive time)	S&P Global
	Everbright Water was included in the <i>Sustainability Yearbook</i> (China Edition) for the first time	S&P Global
	Granted the certificate of “Asia-Pacific Climate Leaders 2025”	Financial Times and Statista, a global data gathering platform
	The “Suzhou Green Low-carbon Practices at the Suzhou Waste-to-Energy Plant,” jointly developed envirotech and Jiangsu Suzhou Waste-to-Energy Project of the Group, was listed as one of the “2025 Green and Low-Carbon Model Cases”	Ministry of Ecology and Environment of the PRC

Category	Award/recognition	Awarding organisation(s)
Social responsibility	The Group's Harbin Waste-to-Energy Project in Heilongjiang Province was shortlisted in the "2025 Advanced Exemplary Cases of Environmental Facility Open-up"	Ministry of Ecology and Environment of the PRC
	The Group's Jiangsu Wuxi Xidong Waste-to-Energy Project, Suzhou Wuzhong South Urban Waste Water Treatment Project, Jiangxi Yingtan Waste-to-Energy Project (Ecological Science Education Base), and Shandong Zibo Waste Water Treatment Project were included in the "First Batch of Youth Ecological Civilisation Education Practice Venues"	Ministry of Ecology and Environment of the PRC
	The Group's 18 projects were shortlisted in the fifth batch of "National List of Public-Access Environmental and Urban Waste Treatment Facilities"	Ministry of Ecology and Environment of the PRC
	The Group's Xinhua Waste-to-Energy Project in Hunan Province was recognised as a "2024 People's Livelihood Demonstration Project"	12th China Livelihood Development Forum
	Everbright Greentech received the "Partner in Early Childhood Development Award"	Plan International

I. ENVIRONMENTAL ENERGY

Environmental energy is the largest core business sector with highest contribution of the Group. This sector encompasses waste-to-energy, food and kitchen waste treatment, leachate treatment, fly ash treatment, methane-to-energy, sludge treatment and disposal, construction and decoration waste treatment, development of environmental protection industrial parks, integrated urban services, waste sorting, resource utilisation and recycling, as well as technical consultancy and engineering design relating to environmental protection. During the period under review, environmental energy continued to focus on the solid waste business area, improving the layout of the waste-to-energy business chain, and solidifying its industry-leading position.

As of 30 June 2025, environmental energy had invested in and implemented a total of 286 projects, with an aggregate investment of approximately RMB101.228 billion, and undertook different types of asset-light businesses, such as 2 O&M projects and 2 engineering design, procurement, construction and operation (EPCO) projects. The designed capacities of these projects (including processing capacity under the O&M model) include but not limited to: an annual processing capacity of 55,242,750 tonnes of household waste, an annual on-grid electricity generation of 19,123,494,900 kWh, an annual processing capacity of 3,169,295 tonnes of food and kitchen waste, and an annual steam supply capacity of 1,910,832 tonnes.

As of 30 June 2025, the status of waste-to-energy projects under environmental energy is summarised below:

Project status	Number of projects	Designed processing capacity
		(tonnes/annum)
In operation*	159	50,881,000
Under construction	6	2,044,000

* including O&M project(s)

As of 30 June 2025, the status of waste-to-energy synergistic projects* under environmental energy is summarised below:

Project status	Number of projects	Designed processing capacity (tonnes/annum)
In operation [#]	91	5,563,975
Under construction	11	1,375,142

* *including various synergistic waste-to-energy projects such as food and kitchen waste treatment, sludge treatment and disposal, medical waste treatment, etc.*

[#] *including O&M project(s)*

In terms of market expansion, during the period under review, environmental energy actively explored overseas markets and achieved important progress. It secured Fergana Waste-to-Energy Project and Namangan Waste-to-Energy Project in Uzbekistan, leading to a breakthrough in the solid waste treatment market of Central Asia. The sector's advantages of domestic business continued to be consolidated, winning the bid for Sanya Waste-to-Energy Project Phase V, marking a concrete practice of deepening and solidifying the Group's presence in traditional competitive regions. At the same time, efforts were made to promote new business scenarios such as comprehensive treatment of volatile organic compounds (VOCs) and the integration of "Waste-to-Energy + Internet Data Center (IDC)" to stimulate new momentum for business development. In the first half of 2025, environmental energy invested in and secured 3 new projects, with a total investment of approximately RMB2.336 billion. It also signed multiple asset-light businesses, covering areas such as waste classification, integrated sanitation, and heat and steam supply, with a total contract amount of approximately RMB161 million. These new projects added an additional designed daily household waste processing capacity of 3,000 tonnes.

In terms of operations management, during the period under review, environmental energy advanced its refined management initiatives, with significant improvement across several key operational indicators as compared with the first half of 2024: the average power generation per tonne of incoming waste fed into the furnace of the waste-to-energy projects was approximately 460 kWh, increased by 3% as compared with the first half of 2024, while the comprehensive plant power consumption rate was approximately 14.7%, declined by 0.3 percentage point as compared with the first half of 2024. Additionally, external heat and steam supply increased by 39% as compared with the first half of 2024, and 2 waste-to-energy projects received regulatory approval to increase waste treatment fee.

Regarding project construction, during the period under review, 2 projects were completed and commenced operation, with a total designed daily household waste processing capacity of 500 tonnes. 2 projects commenced construction, with a total designed daily household waste processing capacity of 400 tonnes.

During the period under review, the Group's environmental energy sector contributed EBITDA of HK\$4,237,222,000, representing an increase of 6% as compared with the first half of 2024. Environmental energy contributed a net profit attributable to the Group of HK\$2,566,785,000, increased by 12% as compared with the first half of 2024. The increase in profit was mainly attributable to the implementation of a range of cost reduction and efficiency enhancement measures leading to a continuous improvement in key operational indicators, which resulted in an increase in operating gross profit as compared with the first half of 2024.

Major operating data relating to environmental energy in the first half of 2025 is summarised below:

	For the six months ended 30 June 2025	For the six months ended 30 June 2024	Percentage change
Waste processing volume (tonnes)	26,498,000	25,978,000	2%
Food and kitchen waste, sludge, and other waste processing volume (tonnes)	4,568,000	1,652,000	177%
On-grid electricity (MWh)	8,859,563	8,395,422	6%

II. ENVIRONMENTAL WATER

As of 30 June 2025, the Group held a 72.87% stake in Everbright Water, its environmental water sector, which is listed on the Mainboard of the Singapore Exchange Securities Trading Limited and the Main Board of the Stock Exchange. As a first-class water environment management service provider in China, Everbright Water focuses on the “water-related” business areas. It has developed a fully-fledged business coverage, which includes raw water protection, water supply, municipal waste water treatment, industrial waste water treatment, reusable water, river-basin ecological restoration, sludge treatment and disposal, etc. It has also formed a full business chain in the water business, including project investment, planning and design, technology R&D and related services, engineering and construction, operations management, and integrated diagnosis, among others.

As of 30 June 2025, Everbright Water had invested in and implemented 170 projects, with a total investment of approximately RMB31.630 billion. It also undertook 13 O&M services and other asset-light businesses. The designed capacities of these projects (including treatment capacity under the O&M model) are as follows: an annual waste water treatment capacity of 2,352,060,000 m³, an annual reusable water supply capacity of 118,479,000 m³, an annual water supply capacity of 310,250,000 m³, an annual sludge treatment capacity of 793,875 tonnes, and an annual livestock and poultry manure treatment capacity of 109,500 tonnes.

As of 30 June 2025, Everbright Water’s water projects are summarised below:

Project status	Number of projects	Designed treatment
		capacity (m ³ /annum)
In operation*	160	2,525,289,000
Under construction*	7	120,450,000

* including O&M project(s)

In terms of market expansion, during the period under review, Everbright Water continued to optimise its business deployment: the traditional and emerging business areas progressed in tandem, while the asset-light and asset-heavy business models were further deepened. Additionally, it continued to drive its business expansion both within and outside China through a structured approach. Among which, the asset-light business model was implemented across multiple business areas, covering industrial waste water treatment, equipment supply and technological processes, with new asset-light business contracts secured in several Chinese provinces, including Hubei, Jiangsu, and Zhejiang, as well as in the Thai market. Concurrently, with a focus on addressing market-driven demands, it explored multi-channel service solutions, pursuing ToB business opportunities. In the first half of 2025, Everbright Water secured various new asset-light business contracts totaling approximately RMB60 million. These new projects added a designed daily industrial waste water treatment capacity of 10,000 m³.

In terms of operations management, during the period under review, Everbright Water improved the quality and efficiency of operations management through a dual approach of technological innovation and refined management, while further advancing the implementation of intelligent operations management. It continuously strengthened its refined management measures, such as optimisation of chemical types, precise chemical dosing, and energy management contracting of equipment, to further reduce the operating costs of existing projects. An efficient, high-quality digital supply chain system was developed by Everbright Water. More than 10 business contracts were signed for existing projects. As of 30 June 2025, solar power facilities had commenced operation across 12 projects, with a total installed capacity of approximately 20 MWp, generating around 20 million kWh of green electricity annually.

In terms of project construction, during the period under review, Everbright Water had 5 projects that commenced operation upon completion of construction works, with a designed daily water treatment capacity of 700,000 m³; 2 projects that commenced construction, with a designed daily water supply capacity of 15,000 m³.

During the period under review, the environmental water sector contributed an EBITDA of HK\$1,192,208,000, a decrease of 1% as compared with the first half of 2024. Environmental water contributed a net profit attributable to the Group of HK\$408,927,000, declined by 4% as compared with the first half of 2024. The decrease in profit was primarily due to the increase in recognition of net foreign exchange losses as compared with the first half of 2024.

Major operating data relating to environmental water during the first half of 2025 is summarised below:

	For the six months ended 30 June 2025	For the six months ended 30 June 2024	Percentage change
Waste water treatment volume (’000 m ³)	835,143	835,360	0%
Reusable water treatment volume (’000 m ³)	19,324	22,450	-14%

III. GREENTECH

As of 30 June 2025, the Group held a 69.70% stake in Everbright Greentech, its greentech sector, which is listed on the Main Board of the Stock Exchange. Everbright Greentech focuses on integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation, and new energy such as solar power and wind power.

As of 30 June 2025, Everbright Greentech had invested in and held 143 projects, with a total investment of approximately RMB30.827 billion. These projects are designed to have an annual biomass raw material processing capacity of 8,259,800 tonnes, an annual household waste processing capacity of 4,215,750 tonnes, an annual hazardous and solid waste processing capacity of 2,334,876 tonnes, an annual on-grid electricity supply capacity of 7,144,334,985 kWh, an annual steam supply of 6,306,663 tonnes, a solar and wind power installed capacity of 272.12 MW, and an energy storage capacity of 22.20 MW. In addition, Everbright Greentech undertook 19 environmental remediation services (excluding services that had been completed and delivered).

As of 30 June 2025, Everbright Greentech's solar power and wind power projects (including zero-carbon park projects) are summarised below:

Project status	Number of projects	Designed installed capacity (MW)
In operation	34	246.66
Under construction	1	5.46

In terms of market expansion, during the period under review, Everbright Greentech continued to promote business transformation. It secured its first biomethane project, supplying natural gas to Jingjiang Special Steel Co., Ltd. using biomass high-value utilisation technology. This marked a significant breakthrough in Everbright Greentech's capabilities in the area. In the first half of 2025, Everbright Greentech invested in and secured 1 new project with a total investment of approximately RMB60 million, and signed new contracts for 3 environmental remediation services with a total contract value of approximately RMB128 million. The new projects are designed to have an annual biomass raw material processing capacity of 50,000 tonnes, and a biomethane supply capacity of 10,000,000 Nm³.

In terms of operations management, during the period under review, Everbright Greentech adhered to a lean operational philosophy, focusing on three dimensions, namely increasing revenue and efficiency, cost control and green value-added services. This approach enhanced the projects' resilience to risks and its competitiveness in the market. On the revenue enhancement side, heat and steam supply volume from relevant projects increased by approximately 27% as compared with the first half of 2024, leading to a notable rise in related revenue. On the cost control side, the unit purchase price of biomass fuel declined by 8% as compared with the first half of 2024, effectively alleviating the pressure from fluctuations in raw material prices. In respect to green value-added services, the transaction volume of green certificates increased by nearly 2 times as compared with the total amount for the entire year of 2024, with the number of clients quadrupling, further enhancing the relevant bargaining power.

With respect to project construction, during the period under review, Everbright Greentech had 3 projects that completed construction and commenced operation, with solar power projects installed capacity of 59.88 MW. Meanwhile, 1 environmental remediation service was completed and delivered. In addition, 3 projects commenced construction, contributing an additional designed annual biomass raw material processing capacity of 70,000 tonnes, an installed capacity of 17.46 MW for solar power projects, and an installed capacity of 7.5 MW for energy storage projects. Furthermore, 3 environmental remediation services started remediation works.

During the period under review, the Group's greentech sector contributed an EBITDA of HK\$987,264,000, a decrease of 11% as compared with the first half of 2024. Greentech contributed a net profit attributable to the Group of HK\$139,484,000, an increase of 30% as compared with the first half of 2024. The increase in profit was mainly due to the improvement of operational efficiency and profitability through refined management initiatives.

Major operating data relating to greentech during the first half of 2025 is summarised below:

	For the six months ended 30 June 2025	For the six months ended 30 June 2024	Percentage change
Waste processing volume (tonnes)	2,074,000	2,057,000	1%
Biomass raw material processing volume (tonnes)	3,742,000	3,883,000	-4%
Hazardous and solid waste processing volume (tonnes)	240,000	247,000	-3%
Steam supply volume (tonnes)	2,176,000	1,707,000	27%
On-grid electricity (MWh)	3,426,000	3,335,000	3%

IV. EQUIPMENT MANUFACTURING

The Group's equipment manufacturing sector, anchored by Everbright Environmental Technical Equipment (Changzhou) Limited, continued to strengthen its core operations in technological innovation, overseas expansion, cost control and risk management. The sector made steady progress in consolidating its industry-leading position, aiming to become a world-class environmental equipment supplier.

With regard to market expansion, during the period under review, the equipment manufacturing made consistent progress in deepening its presence in the domestic market while accelerating business transformation and achieving positive outcomes in overseas markets. In the domestic market, the sector focused on small-scale waste incineration technology and actively expanded into county-level markets in provinces such as Sichuan, Gansu and Heilongjiang. It deepened business in the sub-sectors of fly ash resource utilisation and new energy, signing contracts for fly ash washing equipment in Jiangmen, Guangdong Province and Changzhou Copper Sludge Disposal Project. It also entered the thermal power environmental protection market, winning the bid for the Selective Catalytic Reduction (SCR) flue gas upgrade and major renovation project from Zhongshan Chant Group. Leveraging its core technological strengths, the sector delivered key projects such as the Suzhou Distributed Control System (DCS) Integration Project. In overseas markets, contracts were signed for high-efficiency incinerators in Thailand and slag extractors in India, as well as winning the bidding for Phase I retrofit work in Langkawi, Malaysia, which further advanced the global rollout of the Group's self-developed environmental equipment.

In the first half of 2025, the equipment manufacturing signed 8 contracts for external sales of equipment, with a total contract value of approximately RMB112 million, covering a total of 11 sets of equipment, such as furnaces, flue gas purification systems, leachate treatment systems and other new products. On the equipment supply and after-sales service front, the sector initiated 160 project supply services; completed production of 4 sets of grate furnaces for internal and external clients; delivered 11 sets of furnaces and leachate treatment systems; and completed 34 times of unmanned coking services. The sector also signed 137 contracts in relation to external after-sale services, with a total contract value of approximately RMB58 million. In the first half of 2025, the sector provided 156 after-sales service projects for internal and external clients.

During the period under review, with a goal of boosting proficiency and efficiency, equipment manufacturing's major achievements in the R&D on equipment, processes, and technologies are summarised as follows:

- The equipment cloud service intelligent platform was officially launched, offering full lifecycle digital services for environmental protection equipment, including spare parts shopping, intelligent quotation, and smart maintenance, and other smart module services in a comprehensive service matrix. As of 30 June 2025, approximately 600 users had registered on the platform.
- The self-developed low-temperature pyrolysis and washing technology for fly ash passed expert evaluation hosted by the Nanjing Institute of Environmental Sciences under the Ministry of Ecology and Environment of the PRC and was recognised as technically feasible and promotable within the industry.
- A 200 tonne/day small-scale furnace system has entered installation and commissioning at Guangzong Project.
- The “Small Modular Solid Waste Incineration Equipment and Engineering Application” was evaluated by a recognised authority and deemed to be at an internationally advanced level.

V. ENVIROTECH

As the innovation engine for the Group's R&D initiatives, envirotech focuses on empowering the Group's business sectors through technology and serves as the Group's core platform for technological innovation and outcome commercialisation.

In terms of technological empowerment, during the period under review, envirotech made steady progress in advancing its "3+1" key R&D directions. Among these, significant breakthroughs were achieved in the development of fly ash treatment technology, which helped facilitate related projects across the Group. Research into carbonisation technologies for waste advanced in an orderly manner, while efforts to develop biomass saccharification and resource recovery technologies contributed to pilot projects within relevant business sectors. In addition, envirotech began exploring technologies related to miniature grate furnaces.

Regarding outcome commercialisation, during the period under review, envirotech actively promoted the commercialisation of key technology research outcome, including Automated Combustion Control (ACC), Automated Flue Gas Control (AFC) using semi-dry processes, Polymer Non-Catalytic Reduction (PNCR), automated weighbridge retrofitting systems, and integrated desulfurisation and denitrification solutions. Notably, the anaerobic ammonia oxidation system was successfully commissioned at the Group's Ninghai Waste-to-Energy Project in Zhejiang Province, laying a solid foundation for scaling up the research outcome commercialisation in the future.

BUSINESS PROSPECTS

As a practitioner of Xi Jinping's Thought on Ecological Civilisation, a leading player of Building a Beautiful China, and a leader in China's environmental protection industry, the Group will adhere to the corporate mission of "Devoted to Ecology and Environment for a Beautiful China", with the goal "To Become a World-Class Integrated Environmental Service Provider with Chinese Characteristics". By emphasising the areas of staying goal-oriented, prioritising strategic guidance and enhancement, conducting employee incentive and discipline, and systematically optimising personnel system, the Group will implement its "15th Five-Year Plan" effectively to ensure the strategic goals are achieved; enhance contributions from overseas businesses, seize M&A opportunities, and expand core businesses; employ multiple measures to strengthen operations, reduce costs, and enhance efficiency; cultivate new growth drivers and promote the development of technological innovation platforms; and ensure effective risk prevention and control, systematically handle non-performing assets and focus on collecting accounts receivable, while ensuring safe production practices.

On the 20th anniversary of the "Lucid Waters and Lush Mountains are Invaluable Assets" concept and the 5th anniversary of China's goals of "Peaking Carbon Emissions and Achieving Carbon Neutrality", the Group will remain committed to its mission, maintain firm confidence and do its utmost. It will strive to convert its efforts into tangible development results, achieve a successful conclusion to the "14th Five-Year Plan", and launch its "15th Five-Year Plan" from a high base. On the journey of the "Secondary-Stage Entrepreneurship", the Group will strive for new success and contribute wisdom and strength to building a Beautiful China and advancing global sustainable development.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL POSITION

As at 30 June 2025, the Group's total assets amounted to approximately HK\$192,228,976,000 with net assets amounting to HK\$70,539,201,000. Net asset value per share attributable to equity holders of the Company was HK\$8.412 per share, representing an increase of 7% as compared to HK\$7.848 per share as at the end of 2024. As at 30 June 2025, gearing ratio (calculated by total liabilities over total assets) of the Group was 63%, representing a decrease of 1 percentage point as compared with that of 64% as at the end of 2024.

FINANCIAL RESOURCES

The Group adopts a prudent approach on cash and financial management to ensure proper risk control and low cost of funds. It finances its operations primarily with internally generated cash flow and loan facilities from banks. As at 30 June 2025, the Group had cash and bank balances of HK\$8,841,584,000, representing an increase of 10% as compared to HK\$8,041,996,000 at the end of 2024. Most of the Group's cash and bank balance, representing approximately 98%, was denominated in Hong Kong dollars and Renminbi.

BORROWINGS

The Group is dedicated to enhancing the ways of financing and improving banking facilities to reserve funding to support the development of the environmental protection business. As at 30 June 2025, the Group had outstanding interest-bearing borrowings of HK\$93,490,211,000, representing an increase of 2% as compared to HK\$91,669,439,000 as at the end of 2024. The borrowings included secured interest-bearing borrowings of HK\$38,896,560,000 and unsecured interest-bearing borrowings of HK\$54,593,651,000. The Group's borrowings are mainly denominated in Renminbi, representing approximately 99% of the total, and the remainder is denominated in Hong Kong dollars and Polish zloty. Most of the Group's borrowings are at floating rates. As at 30 June 2025, the Group had banking facilities of HK\$97,417,565,000, of which HK\$33,447,256,000 have not been utilised. The banking facilities are of 1 to 23-year terms.

FOREIGN EXCHANGE RISKS

The Company's financial statements are denominated in Hong Kong dollars, which is the functional currency of the Company. The Group's investments made outside Hong Kong (including mainland China) may incur foreign exchange risks. The Group's operations are predominantly based in mainland China, which makes up over 95% of its total investments and revenue. The Group's assets, borrowings and major transactions are mainly denominated in Renminbi, and as such, it forms a natural hedging effect. With this in mind, the Group also pursues an optimal allocation of borrowings in different currencies while setting appropriate levels of borrowing in non-base currencies, and adopting proper financial instruments to closely manage foreign exchange risks.

PLEDGE OF ASSETS

Certain banking facilities and lease liabilities of the Group were secured by revenue and receivables in connection with the Group's service concession arrangements, bank deposits, mortgages over property, plants and equipment, right-of-use assets and the equity interests of certain subsidiaries of the Company. As at 30 June 2025, the aggregate net book value of pledged assets and equity interests in subsidiaries amounted to approximately HK\$101,560,680,000.

COMMITMENTS

As at 30 June 2025, the Group had purchase commitments of HK\$643,430,000 outstanding in connection with the construction contracts.

CONTINGENT LIABILITIES

As at 30 June 2025, the Company granted financial guarantee to its subsidiaries. The Board considers it is not probable that a claim will be made against the Company under the guarantee. The maximum liability of the Company as at 30 June 2025 for the provision of the guarantee was HK\$245,495,000.

INTERNAL MANAGEMENT

The Group has built and continuously improved the management structure to achieve maximum efficiency. The Group's management holds meetings of the CEO Office (The Company established the CEO Office and cancelled the Management Decision Committee in July 2025) regularly to review current operations and management, with a view to promoting the sustainable development of the Group. The responsibilities of each functional department and business sector of the Group are clear with various comprehensive management systems. Internal control procedures are sound and have been implemented effectively. The Company's audit department performs its internal monitoring functions to ensure that each functional department and business sector strictly comply with the relevant internal control requirements.

The Group is committed to building a comprehensive risk management culture and implementing an effective risk management model, in order to comprehensively strengthen its risk management and control. During the period under review, the Group updated the list of risk factors according to the progress of the implementation of risk management system, with a view to continuously enhancing the systematisation and normalisation level of risk management.

During the period under review, the Group continued to uphold the fundamental principle of the safety and environmental management, namely "maintaining safe and stable operations while ensuring compliance with relevant emission standards" and strictly complied with the relevant national laws and regulations. In terms of safety, environment and occupational health, it proactively carried out routine inspections. Apart from incorporating "Safe Production Month", "The Three-Year Campaign for Fundamental Safety Production Improvement" and others into its operation, the Group paid close attention to safety management and carried out hidden hazards identification and rectification in relation to safety risk to ensure all projects, whether under construction or in operation, strictly complied with all production safety policies. These steps secured the stable operation of environmental protection projects including waste-to-energy, integrated biomass utilisation, waste water treatment projects, etc., while enhancing economic benefits. Besides, the Group continued to move forward with project construction works while accelerating the finalisation of projects in the preparatory stage. It also went through due formalities to ensure that all project construction works were carried out in compliance with laws and regulations. At the same time, the Group continued to put more efforts into safety management of construction projects to ensure safe and professional construction.

HUMAN RESOURCES

Human Resources are the key strategy of corporate development which require appropriate personnel to execute this core strategy. The Group highly values its human resources management and puts great emphasis on staff training. It believes that realising the full potential of its employees is crucial to its long-term growth. The Group continues to improve its human resources through internal training as well as local, overseas, and on-campus recruitment.

To cope with the needs of talent development, the Group has adopted a multi-pronged approach to enhance its comprehensive management level through adjusting departmental structure, establishing professional hierarchy system, providing training for all staff and setting up various professional teams. During the period under review, the Group formulated new departments namely Asset Preservation Management Department and Market Expansion Department and revised the structure of the Information and Network Safety Leaders Team. The Group has successively held seminars and trainings on production safety, cybersecurity, policies' briefing, technology innovation, integrity and self-discipline through a combination of online and offline blended training mode. The management and employees were well equipped with relevant knowledge and skills with a view to address new opportunities and challenges. Meanwhile, in order to strengthen the sense of belonging of employees, the Spring Festival party and special activities of Women's Day were held.

The Group fully leverages its advantages in business diversification to provide employees with a broad development platform. In addition to cross-sector and cross-regional job rotation and exchanges, the Group has arranged a number of internal recruitments giving priority to employees applying for position in different departments at the head office, providing the employees with different opportunities and unleashing their potential.

As at 30 June, 2025, the Group had approximately 15,000 employees. Details of the total employee benefit expense for the period under review are set out in note 5 to the unaudited interim financial report in the 2025 interim report. Employees within the Group are remunerated according to their qualifications, experience, job nature, performance and with reference to market conditions. Apart from a discretionary performance bonus, the Group also provides other benefits such as medical insurance and a mandatory provident fund scheme to employees in Hong Kong.

PRINCIPAL RISKS AND UNCERTAINTIES

During the period under review, the Group continuously implemented relevant work of the risk management system to effectively control the principal risks faced by the Group, which included accounts receivable risk, environmental compliance and safety management risk, market competition risk, policy changing risk, procurement compliance risk, operational stability risk and staff placement risk, the details of which will be set out in the 2025 interim report.

ENVIRONMENTAL AND SOCIAL MANAGEMENT

The Group pays close attention to its operational impacts brought to the environment and society. After years of development, the Group has established a comprehensive safety and environmental management system. In the first half of 2025, the Group continued to implement relevant management policies, covering structure and responsibilities, accident management, flood control, risk classification, hidden danger investigation, safety and environment training, information reporting, rating of the safety and environmental management levels of the operating projects and construction projects, fire safety management, related parties' management, occupational health, public opening, etc.

The Group implements all staff safety production responsibility system and clarifies the safety production and environmental management responsibilities and assessment standards. The person in charge of the various levels of units of the project companies is the key person responsible for the safety and environmental management of the respective units and is fully responsible for the safety production and environmental management of the respective units. The Group and the business sectors have signed the annual safety and environmental management target responsibility statement every year, clarifying the annual target, key tasks and assessment methods.

The Board and senior management review sustainability strategies of the Group on a regular basis, and revise the strategies when appropriate.

The Group's waste-to-energy projects are designed and operated fully in compliance with the applicable national environmental requirements and standards including but not limited to the Standard for Pollution Control on the Municipal Solid Waste Incineration (GB18485-2014), the relevant local standards, as well as other requirements as set forth in the environmental impact assessment reports approved by the local government, while the daily average values of online flue gas continuously monitored parameters are well below the respective emissions limits as stipulated under the Industrial Emissions Directive (2010/75/EU) and its relevant annexes and amendments. Moreover, all of the Group's biomass combustion operations meet the Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011), the relevant local standards, as well as other requirements as set forth in the environmental impact assessment reports approved by the local government.

The Group continued proactively and timely disclosing emissions data and environmental management information of its projects on Everbright Environment's corporate website, including the connection to the automatic monitoring data information disclosure platform of the Ministry of Ecology and Environment of the PRC at <https://ljgk.envsc.cn/index.html> in respect of the daily average values of the 5 indicators of flue gas and furnace temperature data from the operation of waste-to-energy projects of Everbright Environment. The Group was also devoted to improving the information sharing platforms to facilitate the management to monitor the operational condition to ensure compliant operation, and to timely report the operating performance of the projects to the stakeholders of the Group.

CORPORATE GOVERNANCE

Compliance with the CG Code

The Group upholds the management principle of "People-oriented, Pragmatism, Creativity and Systematic Management". The Board firmly believes that high-quality, comprehensive and high-level corporate governance is the cornerstone of the Group, which can create long-term value for the Group and is vital to the sustainable development of the Group. It can also safeguard the interests of the Shareholders and other stakeholders of the Company, including but not limited to customers, suppliers, employees and the general public. The Board and the management strive to maintain high-level corporate governance standards, and continue to strengthen corporate governance, internal control and risk management systems through a series of rules, regulations and policies, and actively improve transparency and accountability. The Company strictly complies with the laws and regulations of the places where it operates, and complies with the applicable guidelines and rules issued by the regulatory authorities.

The Corporate Governance Code (the “CG Code”) set out in Appendix C1 to the Listing Rules has been duly adopted by the Board as the code on corporate governance practices of the Company.

The Company complied with all applicable Code Provisions as set out in the CG Code throughout the six months ended 30 June 2025 except for the following deviation with the reason explained below: Code Provision F.1.3 of Part 2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. Mr. Wang Silian, the Chairman of the Board, was unable to attend the annual general meeting held on 29 May 2025 (the “2025 AGM”) due to his other important business commitments. Mr. Luan Zusheng, the Executive Director and Chief Executive Officer, was appointed to chair the 2025 AGM.

The Company will continue to commit to enhancing its corporate governance appropriate to the conduct and growth of its business, and to continuously reviewing, monitoring and assessing from time to time its corporate governance practices to ensure the same comply with the CG Code and align with the latest developments.

Details of the Company’s corporate governance practices are set out in 2024 annual report of the Company published in April 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 to the Listing Rules as its own code of conduct for Directors’ transactions in securities of the Company. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout their tenure during the six months ended 30 June 2025.

INTERIM DIVIDEND

The Board has declared payment of an interim dividend of HK15.0 cents per share (2024: HK14.0 cents per share) for the six months ended 30 June 2025, payable to the Shareholders whose names appear on the register of members of the Company (the “Register of Members”) on Friday, 26 September 2025 (the “Record Date”). The interim dividend will be paid to the Shareholders on Monday, 20 October 2025.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Shareholders' entitlement to the interim dividend, the Register of Members will be closed from Wednesday, 24 September 2025 to Friday, 26 September 2025, both days inclusive, during which period no transfer of shares will be registered. Shareholders, whose names appear on the Register of Members on the Record Date, i.e. Friday, 26 September 2025, will be entitled to the interim dividend. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Tuesday, 23 September 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

REVIEW OF INTERIM FINANCIAL RESULTS

The Audit Committee of the Company has reviewed the interim financial results of the Company for the six months ended 30 June 2025 for the Board's approval.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Company (www.cebenvironment.com/en/ir/announcements.php) and Hong Kong Exchanges and Clearing Limited (“HKEx”) (www.hkexnews.hk). The 2025 interim report containing all the information required by the Listing Rules will be published on the websites of the Company and HKEx and dispatched to the Shareholders in due course.

By Order of the Board
China Everbright Environment Group Limited
Wang Silian
Chairman of the Board

Hong Kong, 22 August 2025

As at the date of this announcement, the Board comprises: (i) two Executive Directors, namely Mr. Wang Silian (Chairman of the Board) and Mr. Luan Zusheng (Chief Executive Officer); (ii) two Non-executive Directors, namely Mr. Kang Guoming and Ms. Qu Li; and (iii) three Independent Non-executive Directors, namely Mr. Fan Yan Hok, Philip, Ms. Li Shuk Yin, Edwina and Professor Zhang Xiang, JP.