



光大綠色環保
Everbright Greentech

(Incorporated in the Cayman Islands with limited liability)

Stock Code:1257

LAYING A SOLID FOUNDATION AND KEEPING PACE WITH TIMES

2018 Interim Results





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**Development Strategies and
Subsequent Events**



光大綠色環保
Everbright Greentech

1. About the Company



A specialty environmental protection service provider, focusing on biomass integrated utilisation, hazardous waste treatment, environmental remediation and solar energy and wind power.



1

Clean Energy Administrative Centre

- Biomass direct combustion power generation
- Biomass electricity and heat cogeneration
- Biomass urban-rural integration
- Solar energy and wind power



2

Solid Waste Management Centre

- Hazardous waste landfill
- Hazardous waste incineration
- Medical waste treatment
- Hazardous waste physio-chemical processing and integration utilisation



3

Environmental Remediation Management Centre

- Restoration of sites subject to industrial pollution
- Restoration of polluted farmland
- Restoration of mines and landfills
- Integrated treatment of sludge

As at 30 June 2018

93

Contracted environmental
protection projects

RMB23.1 billion

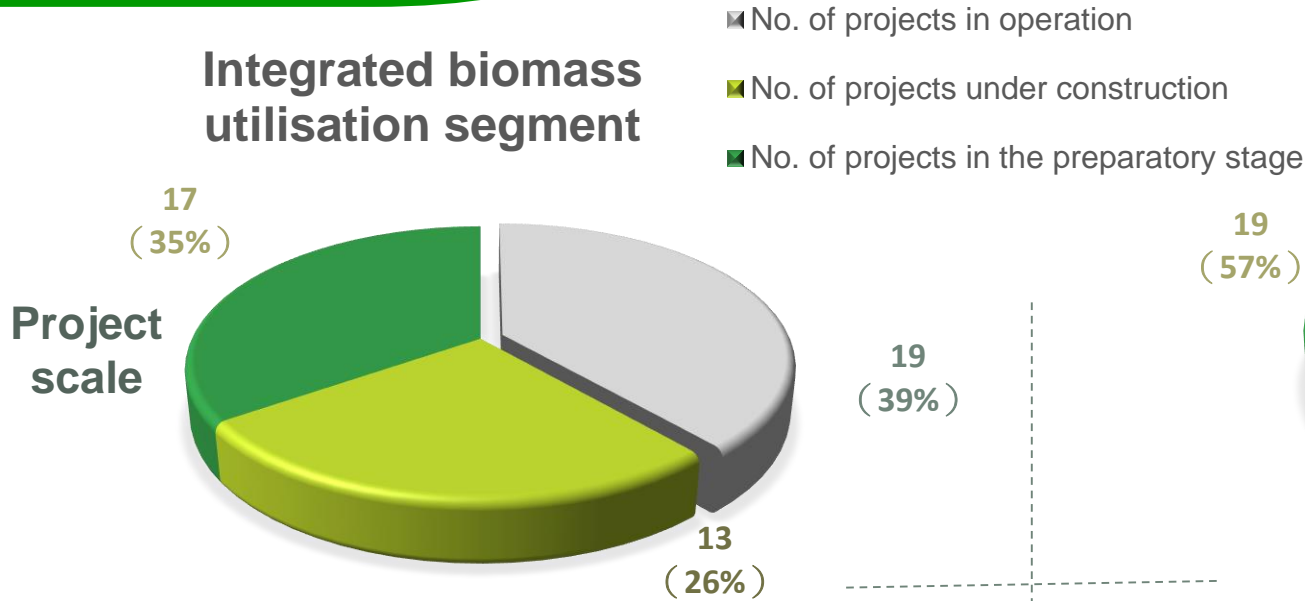
Total investment

14 provinces/municipalities

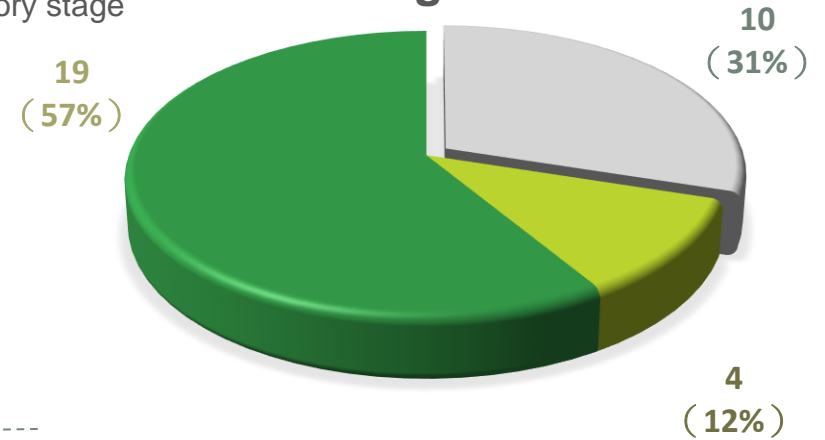
Geographic coverage



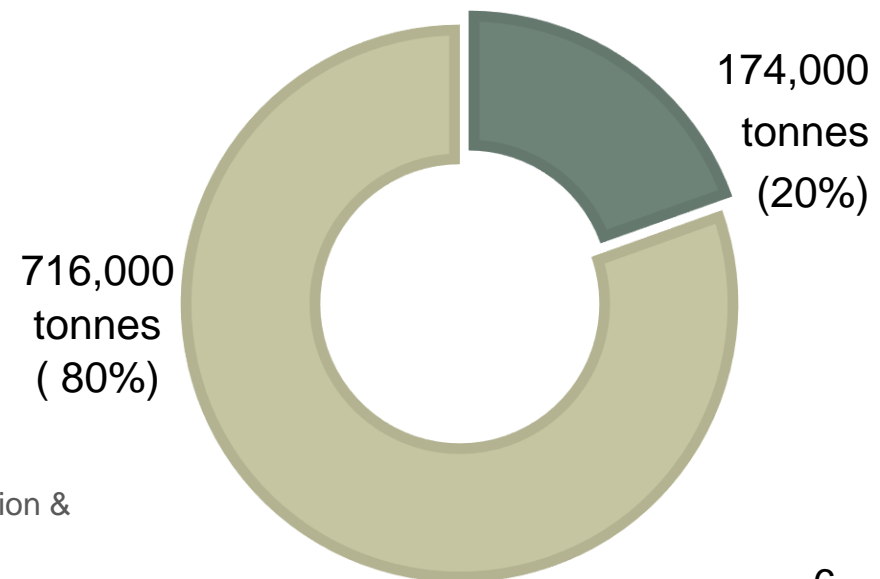
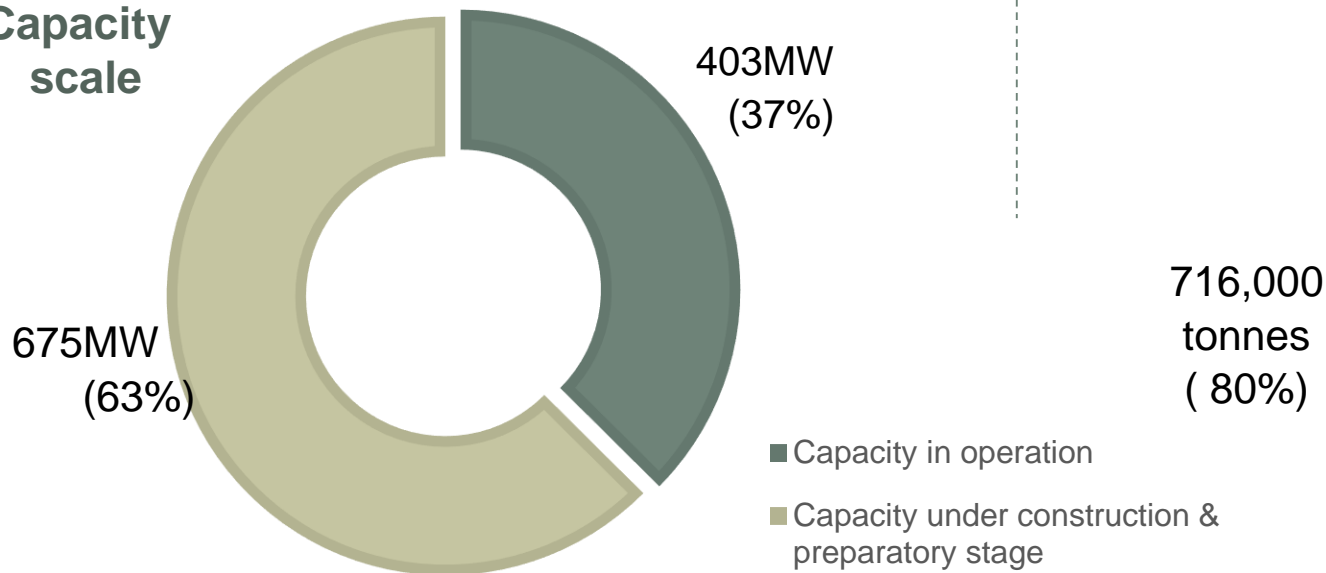
Integrated biomass utilisation segment



Hazardous waste treatment segment



Capacity scale



2. Results Highlights



Strong Growth in Revenue with Record-high Earnings





Remarkable Performance in Market Expansion

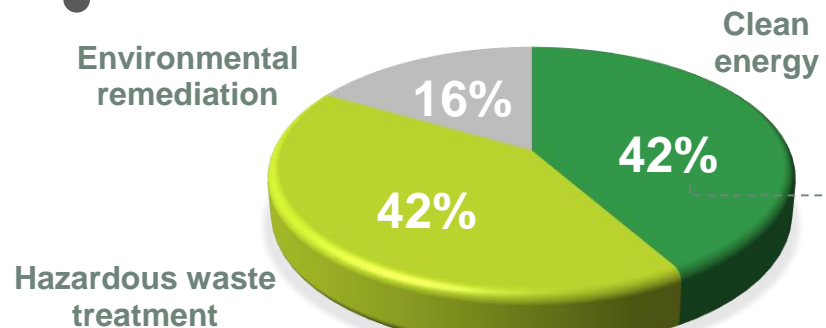
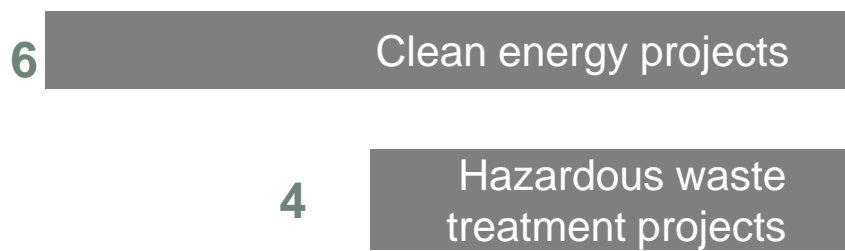
New investment of RMB3.16 billion in 1H2018

Newly contracted projects: 10

1H 2017

1H 2018

Newly contracted projects: 12



Breakthrough Made in 5 New Provinces



Gaining more market share

In addition to maintain our strength in existing regions, a number of projects in new provinces, namely Zhejiang, Hebei, Gansu, Liaoning and Fujian, have been secured, further expanding our geographic coverage to 14 provinces/municipalities from 9 provinces/municipalities as at the end of 2017.

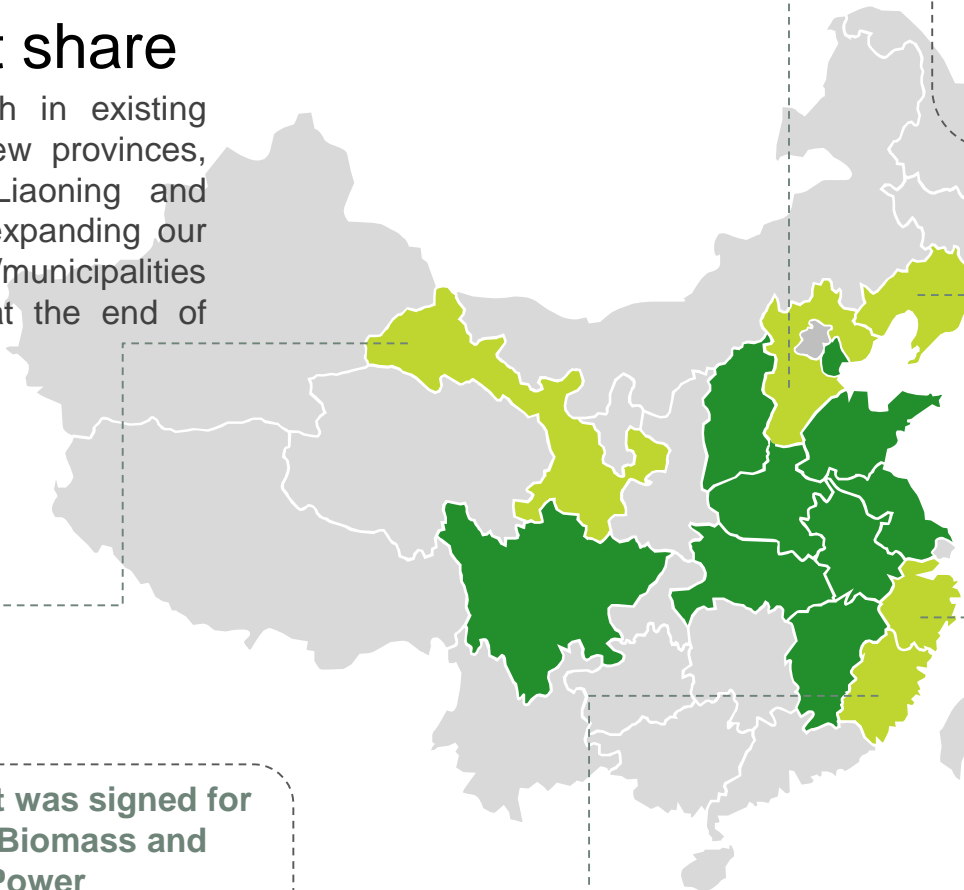
In March, a contract was signed for Tangshan Biomass Electricity and Heat Cogeneration Project in **Hebei**

In June, a contract was signed for Linghai Biomass Electricity and Heat Cogeneration Project in **Liaoning**

In May, a contract was signed for Lintao Integrated Biomass and Waste-to-Energy Power Generation Project (Waste-to-Energy) in **Gansu**

In June, a contract was signed for Gutian Integrated Biomass and Waste-to-Energy Power Generation Project (Waste-to-Energy) in **Fujian**

In February, a contract was signed for Lishui Industrial Solid Waste Integrated Treatment Project in **Zhejiang**



New provinces 

Existing geographic coverage 

A Business Breakthrough Made In Environmental Remediation

Everbright Greentech is qualified to undertake environmental protection projects. It has secured two environmental remediation projects, with the amount of RMB48.18 million. These projects mainly involve in the provision of site investigation, risk assessment and restoration services relating to site pollution by industrial parks and household waste landfill.

1 Severe soil pollution

According to the Bulletin of National Soil Pollution Survey, the total excessive standard rate of the soil in China has reached 16.1%, which indicated that the environmental issues of the soil of industrial and abandoned lands are prominent.

2

Industry development at early stage

The soil remediation industry of China is still at an early stage. The current output value of the soil remediation industry of China represents less than 1%-2% of the total output value of the environmental protection industry, while the standard of the same for developed countries has reached over 20%.

3

Enormous market for development

Since the implementation of the 10-Chapter Soil Pollution Action Plan in 2017, relevant progress on the prevention and control of soil pollution have been accelerated by central ministries (such as Ministry of Environmental Protection and Ministry of Land and Resources) as well as the local governments. With the increasing support from the policies on soil remediation industry, this market with a value of trillion is expected to reach the peak under the 13th Five-Year Plan.





Steady Progress Made in Project Construction

10

Projects started construction

18

Projects under construction

7

Projects completed and commenced operation

Projects started construction

Xinyi Solid Waste, Zhongxiang Integrated, Sheqi Integrated, Shayang Integrated (Biomass), Zibo Hazardous Waste (Phase II), Guoyang Biomass, Dingyuan Hazardous Waste, Jiangsu Environmental Remediation (Phase I)

Projects under construction

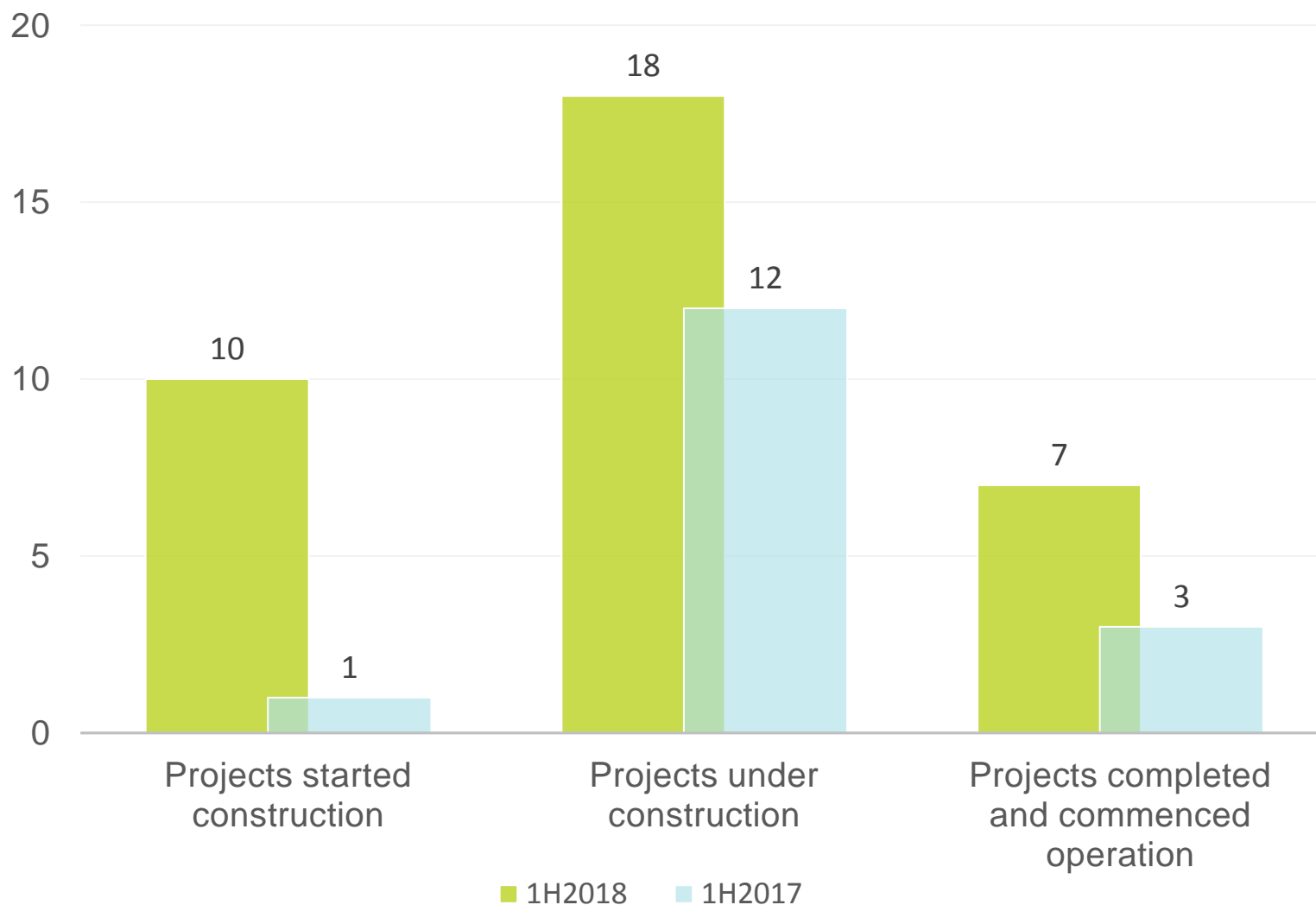
Yeji Biomass, Yu'an Biomass, Huaiyuan Integrated (Waste), Guixi Biomass, Huaiyin Integrated, Lianshui Biomass, Sheqi Integrated, Zhongxiang Integrated, Shayang Integrated (Biomass), Guoyang Biomass, Linshu Hazardous Waste, Xinyi Hazardous Waste, Zibo Hazardous Waste, Dingyuan Hazardous Waste, Jiangsu Environmental Remediation (Phase I)

Projects completed and commenced operation

Mianzhu Integrated, Changzhou Hazardous Waste, Xinyi Harmless, Guanyun Integrated, Lianyungang Hazardous Waste (Phase II)

Period-to-Period Comparison of Project Construction

Unit: No. of project





Stable Operation of Projects with High Effectiveness

Impressive Growth in Hazardous Waste Treatment Segment

We had 10 hazardous waste treatment projects in operation processing safe disposal of approximately 69,000 tonnes of hazardous wastes, an increase of 25% over the same period last year. Hazardous waste treatment projects contributed net profit of HK\$142 million, an increase of 57% over the same period last year.



Hazardous Waste Treated
69,000 tonnes

Steady Growth in Integrated Biomass Utilisation Segment

We had 19 integrated biomass utilisation projects in operation, on-grid electricity generated to 1.09 billion kWh from 0.61 billion kWh same period last year. The net profit from biomass projects in operation was HK\$470 million, an increase of 36% over the same period last year.



On-grid electricity
1.09 billion kWh

Growth Driven by Technological Innovation

01

- ✓ 8 key research and development projects were progressing in a systematic manner;

02

- ✓ Low-nitrogen combustion and flue gas recirculation, as well as the technology of preventing high-temperature corrosion have been successfully applied;

03

- ✓ The concentration level of nitrogen oxides (NO_x) and sulphur dioxide (SO₂) of the biomass power generation projects reduced to below 100mg/ m³ in line with the goals for flue gas emission;

04

- ✓ Our first hyperactive waste pre-processing system for hazardous waste treatment projects has been built to provide urgent treatment of thionyl chloride (SOCl₂), offering a practical solution to difficulties experienced in the operation of hazardous waste treatment projects.



光大
Everbright Technology Hub

3. Financial Analysis



(HK\$' million)	First half of		Change
	2018	2017	
Revenue	3,153	2,047	54%
Gross profit	986	660	49%
EBITDA	1,029	713	44%
Profit attributable to equity shareholders of the Company	645	457	41%
Basic earnings per share (HK cents)	31.20	28.23	11%
Interim dividend per share (HK cents)	6.0	N/A	N/A

- ▶ In the first half of 2018, the Company reported a significant increase in revenue by 54% to HK\$3.15 billion from HK\$2.05 billion in the first half of 2017, such increase was principally due to on-going progress made in projects under construction and satisfactory performance achieved in a number of projects in operation, leading to a historical high in revenue from construction services and operation services for a six-month period.
- ▶ The Company has initiated the commencement of construction of a number of projects and made progress in construction. As at 30 June 2018, the Company had 18 projects under construction in total, representing an increase of 6 projects as compared with the same period last year, resulting in a surge in revenue and profit from the construction services.
- ▶ Revenue from a large number of projects completed and the projects in operations in the period was at a satisfactory level with a total on-grid electricity of 1.26 billion kWh, an increase of 66% as compared with 0.76 billion kWh for the same period last year. In addition, hazardous waste processing volume for the period was 69,000 tonnes, an increase of 25% as compared with 55,000 tonnes for the same period last year.
- ▶ Interim dividend payment of HK\$6.0 cents per share, representing an interim dividend payout ratio of approximately 19.2%, which is roughly the same as last year's full year payout ratio.

(HK\$' million)	As at 30/06/2018	As at 31/12/2017	Change
Total assets	16,587	14,432	15%
Total liabilities	7,183	5,666	27%
Shareholders' equity	9,370	8,748	7%
Current ratio(%)	173	216	-43ppts
Gearing ratio (Total liabilities/ Total assets) (%)	43	39	4ppts

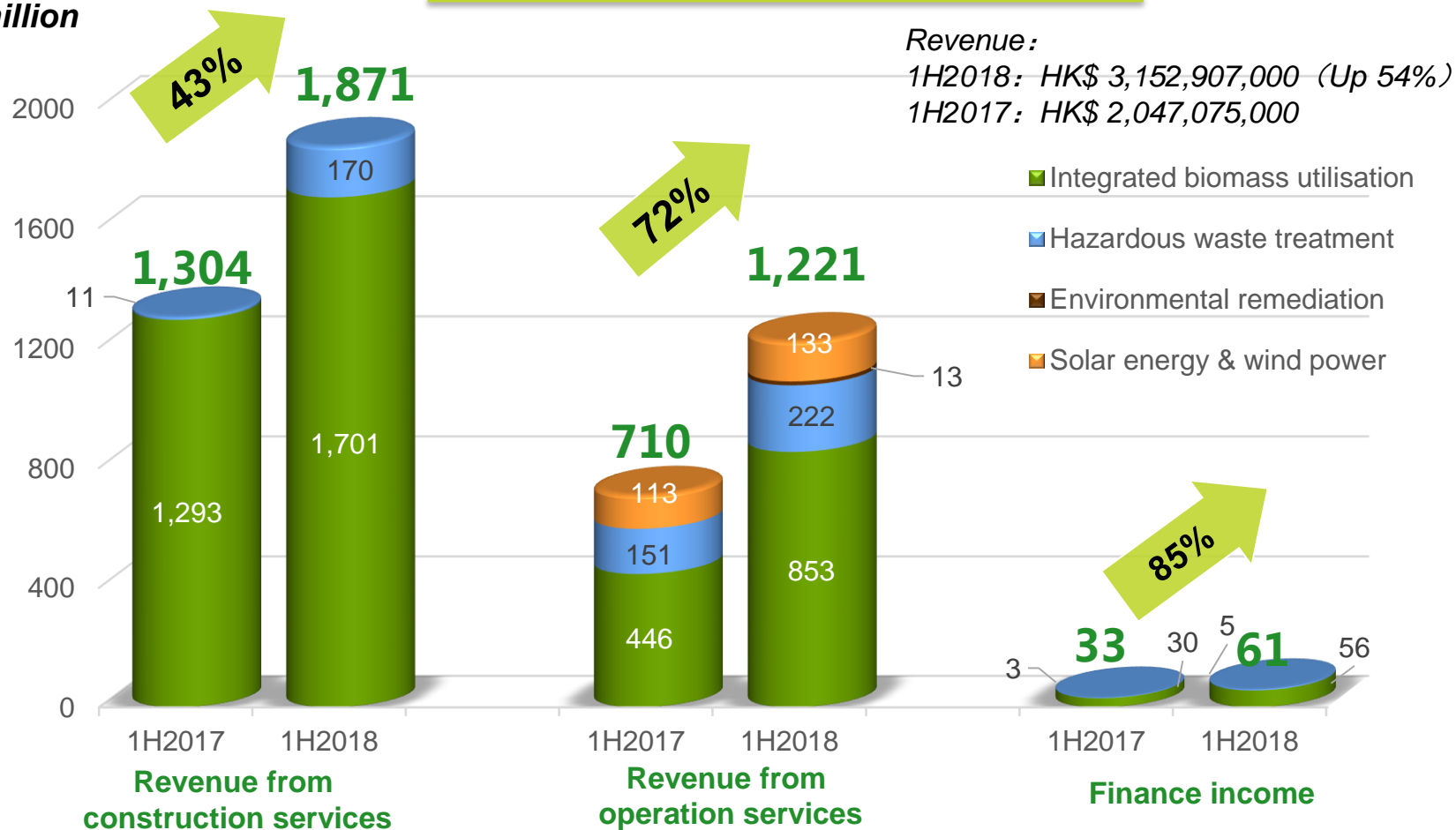
- As at 30 June 2018, total assets and shareholders' equity increased by 15% and 7%, respectively, as compared with those as at the end of last year. Gearing ratio stayed at a healthy level with a sound current ratio and sufficient cash in hand. As such, our strong liquidity position, together with the unutilized banking facilities, will lay a concrete foundation for a rapid development of the Company in the future.

As at 30 June / 31 December	2018		2017		Change
	HK\$'million		HK\$'million		
Short-term loans	634	14%	541	15%	17%
Long-term loans	3,810	86%	2,953	85%	29%
Total bank loans	4,444		3,494		27%
Unutilized banking facilities	4,500		3,563		26%
Cash in hand	2,391		3,343		-28%
Cash/banking facilities available	6,891		6,906		-0.2%

- ▶ As at 30 June 2018, total bank loans amounted to approximately HK\$4.4 billion, of which 86% were long-term loans. In addition, the aggregate amount of cash available and unutilized banking facilities were totaling approximately HK\$6.9 billion.
- ▶ Also, the Company has signed a Strategic Cooperative Agreement with an amount of RMB4.0 billion with Bank of China, Shenzhen Branch to explore the strategic cooperation in energy conservation and environmental protection fields. The loan will be provided by diversified financing tools particularly for supporting the construction of major projects in China and daily operations of the Company.

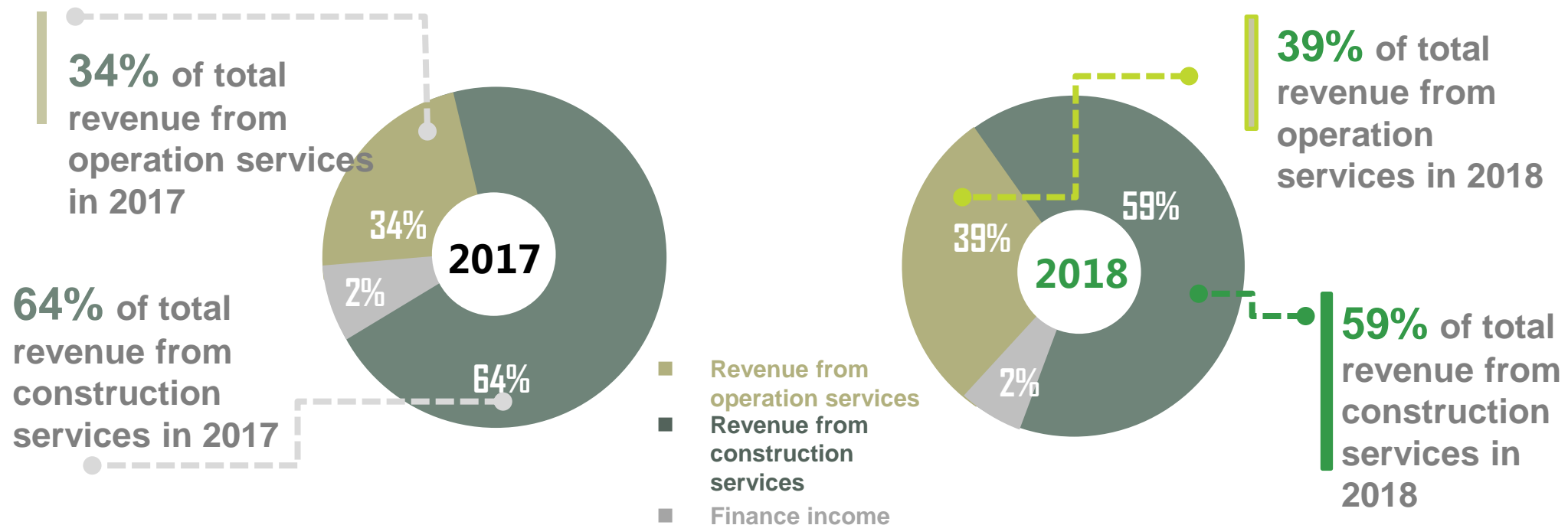
Analysis of revenue from the four business segments

Unit: HK\$'million



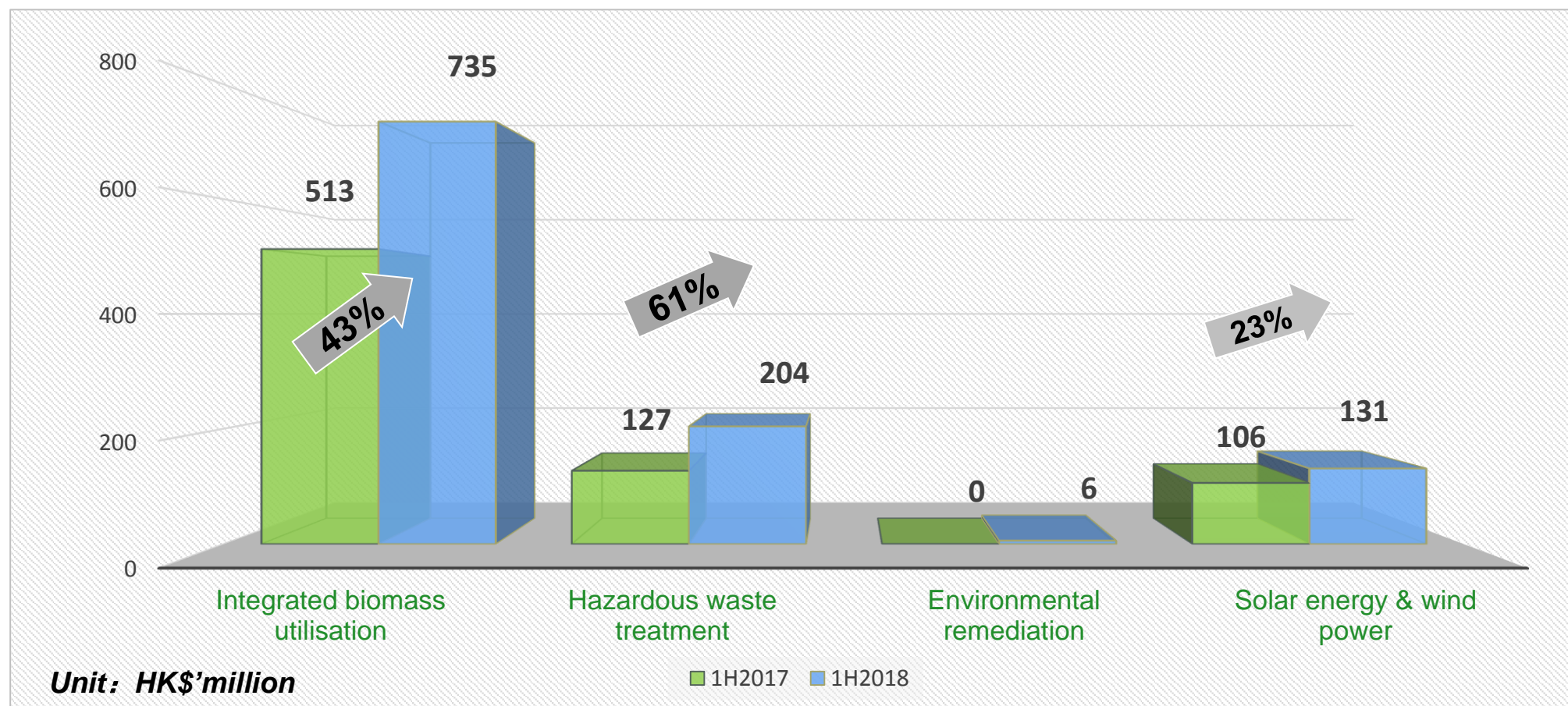
- Revenue from construction services: the Company had 25 projects under construction (1H2017: 15), which increase by 43% as compared with the same period last year;
- Revenue from integrated biomass utilization project operation services : on-grid electricity increased by 77.6%, household waste treatment increased by 309.5% and steam generating volume increased by 104.4%;
- Revenue from hazardous waste treatment project operation services : Hazardous waste treatment increased by 25.5%, unit price of treatment increased by 17%;
- Revenue from solar energy & wind power project operation services : on-grid electricity increased by 13.9%.

Proportion of revenue in operation and construction services for six-month period



- ▶ Proportion of revenue from operation services increased from 34% for the first half of 2017 to 39% for the first half of 2018;
- ▶ With the completion and commencement of operation of projects in the preparatory stage/construction, proportion of revenue from operation services is expected to further increase.

Analysis of EBITDA from the four business segments



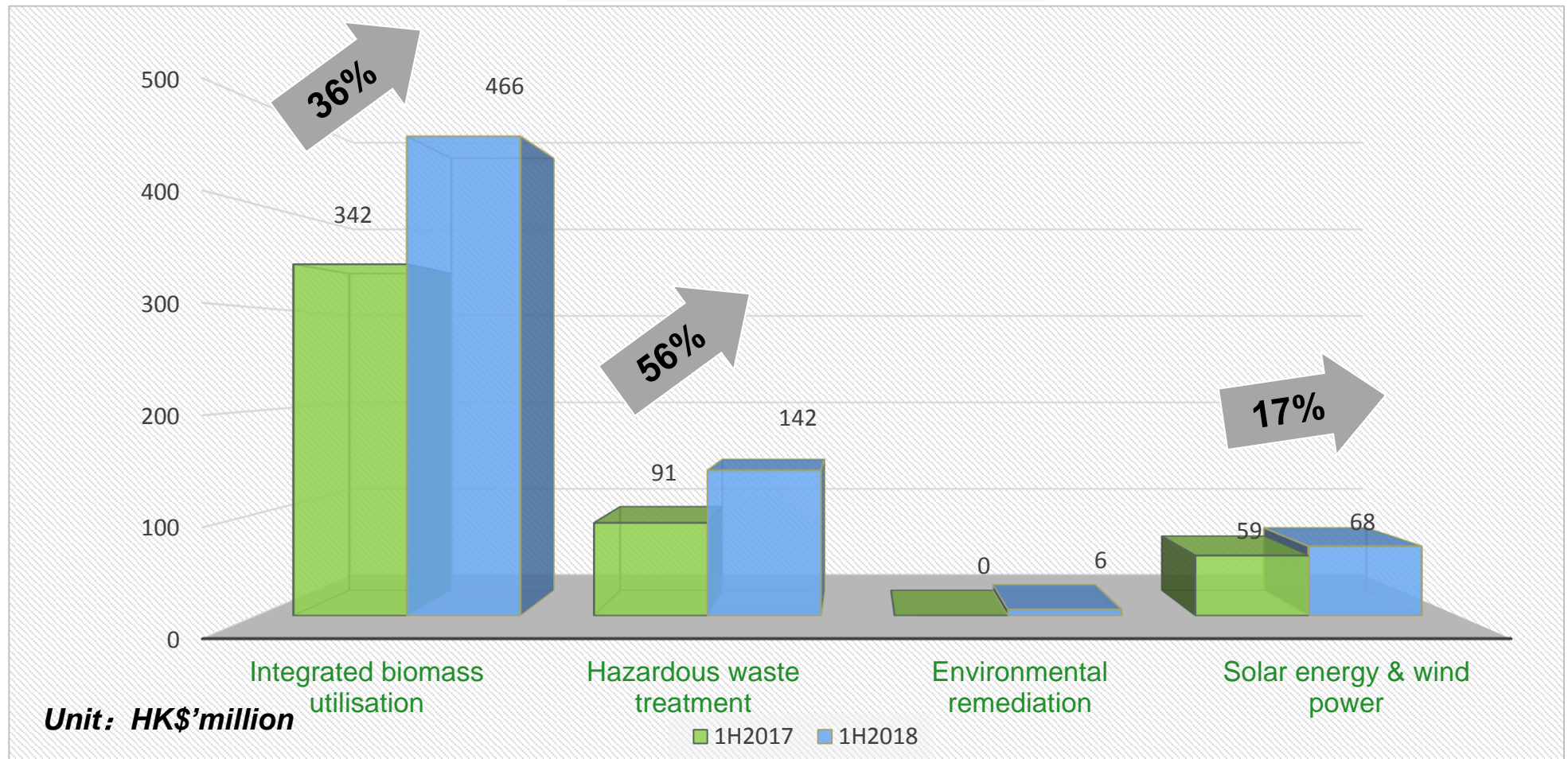
EBITDA*:

1H2018: HK\$1,076,067,000 (increased by 44% over 1H2017);

1H2017: HK\$746,002,000

* Exclude the unallocated head office and corporate net expenses

Analysis of net profit from the four businesses segments



Net profit contribution * :

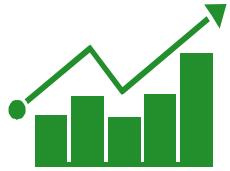
1H2018: HK\$682,421,000 (increased by 39% over 1H2017)

1H2017: HK\$491,563,000

* Exclude the unallocated head office and corporate net expenses

4. Development Strategies and Subsequent Events





Creating strategic clarity and optimizing business structure

1

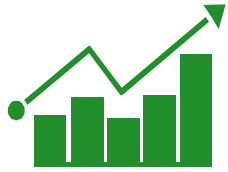
Progressively advancing the integrated biomass utilization business and strengthening our position in the industry;

2

Making greater efforts to expand the hazardous waste business, elevating our position in the industry, increasing its proportion to the Company's business and optimising business structure;

3

Fully developing the environmental remediation business and boosting revenue contribution to the Company.



Advancing business development by driving growth in our principal businesses

1

• Extending industry chain, exploring the depth of the market and expanding the scope of business;

2

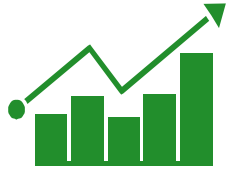
• Developing the integrated biomass utilisation from direct combustion to, among others, electricity and heat cogeneration, urban-rural integration and biogas;

3

• Transforming the hazardous waste treatment business from the existing “landfill + incineration” to the entire industry chain covering “integration utilisation + physio-chemical processing + incineration + landfill”;

4

• Transforming the environmental remediation business from single site remediation to integrated environmental services.



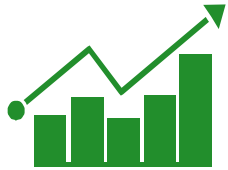
Facilitating steady development by strengthening ESHS and risk management system

1

Placing stronger emphasis on implementation of the environmental, safety, health and social responsibility (“ESHS”) management system and adopting various measures to form a long-term effective system, ensuring steady development of the Company;

2

Further facilitating the establishment of risk management and internal control system to effectively control and manage project investments, construction works and production operations.



In persistent technological innovation for quality development

1

Improving research and development system of technology and conducting a closer academic cooperation to enhance the pertinency, practicality and prospectivity of the research and development;

2

Expediting the high-value-added applications of the research on biomass by developing new business of biogas;

3

Facilitating the technological research and development on industry chain integration of hazardous waste treatment covering “integration utilization + physio-chemical processing + incineration + landfill”;

4

Expanding investment in technological research and development on environmental remediation segment to maintain our leading position in the industry.

- ◆ The Company secured 2 new projects in succession subsequent to the date of the results announcement:



Solid waste integrated treatment project in Zhangjiagang

Involving total investments of approximately RMB466 million with a hazardous waste treatment designed capacity of 40,000 tonnes by way of landfill per annum.

Environmental remediation project in Jiangsu Phase II

Involving contract amount of RMB44.89 million, the main cooperation field of which is carrying out treatment and remediation services for polluted sites.

Q&A Section

