

Everbright Environment 2023 Interim Results Presentation

August 2023

中国光大环境（集团）有限公司
CHINA EVERBRIGHT ENVIRONMENT GROUP LIMITED

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Financial Review



Financial Review

(HK\$ million)	For six months ended 30 June		Change
	2023	2022	
Revenue	16,297	21,449	(24%)
Gross Profit	7,193	7,629	(6%)
EBITDA	7,376	7,048	5%
Profit Attributable to Equity Holders of the Company	2,785	2,811	(1%)
Return on Shareholders' Equity (%)	5.82[#]	5.51 [#]	0.31ppt*
Basic Earnings per Share (HK cents)	45.34	45.76	(1%)
Interim Dividend per Share (HK cents)	14.0	15.0	(7%)

[#] calculated based on half-year actual results

* ppt: percentage point

Financial Review

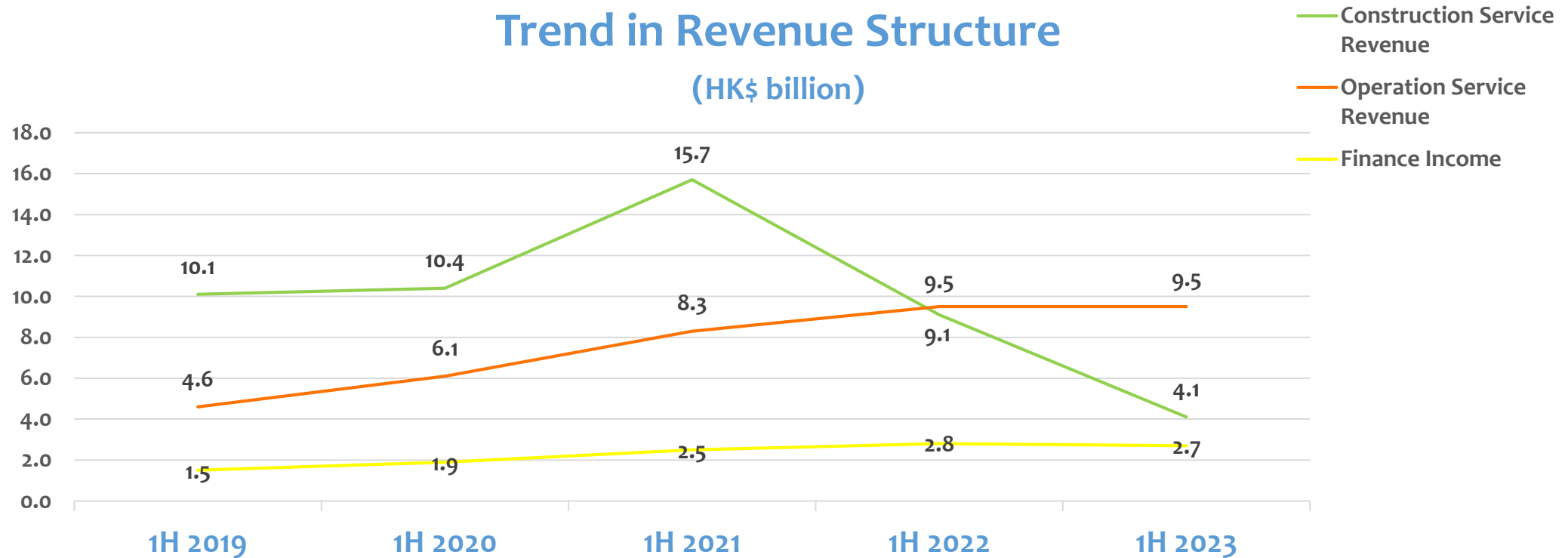
(HK\$ million)	As at 30/06/2023	As at 31/12/2022	Change
Total Assets	189,423	190,598	(1%)
Total Liabilities	123,482	127,999	(4%)
Equity Attributable to Equity Holders of the Company	48,399	47,374	2%
Cash and Bank Balance	8,871	11,783	(25%)
Gearing Ratio (%) (total liabilities/total assets)	65	67	(2ppt*)

The Group has high-quality assets with reasonable gearing level, abundant capital and a healthy financial position.

The Group has been adopting a diverse financing model, expanding its financing channels, and keeping strict control of finance costs.

* ppt: percentage point

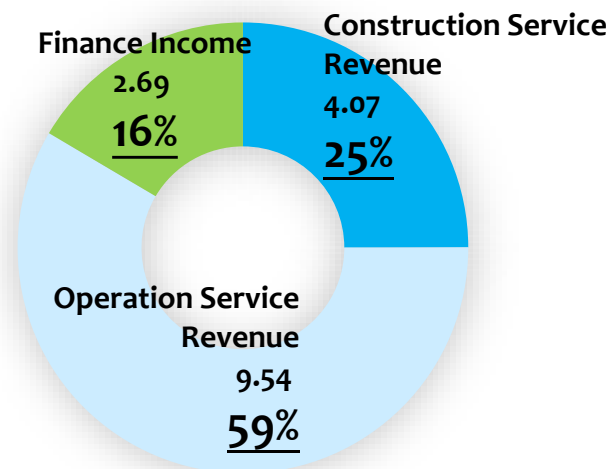
Trend in Revenue Structure (HK\$ billion)



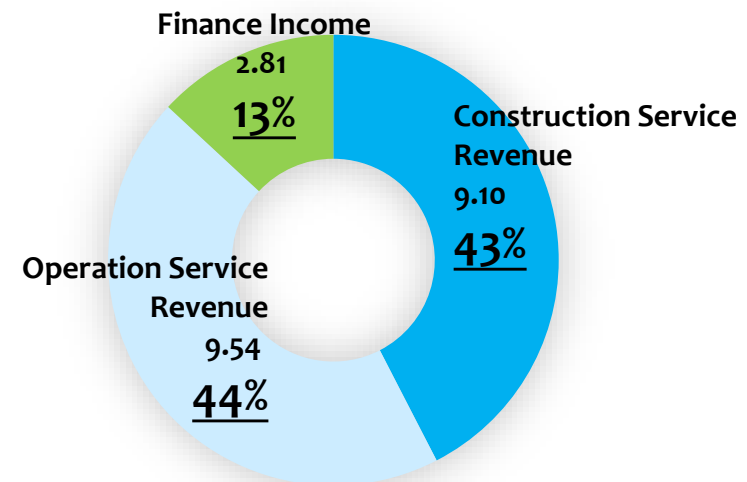
- The decrease in the number of construction projects was affected by the market, as a result of which construction service revenue continued to decline in the first half of 2023.

Revenue Proportion (HK\$ billion)

1H of 2023



1H of 2022



Operating Highlights

- Making Progress with Stability while Promoting High-Quality Development
- Reinforcing the Industry-Leading Position and Strengthening Market Expansion
- Deepening Refined Management and Promoting Cost Reduction and Efficiency Enhancement
- Reducing Pollution and Carbon Emissions with Strategic Dual Carbons Deployment
- Enhancing Innovation-Driven Development and Driving Momentum for Growth

Making Progress with Stability while Promoting High-Quality Development

Overall, in the first half of 2023 (“1H2023”), Everbright Environment made progress with stability. With a strong resilience for development, the Group solidified its industry-leading position, continuously enhanced its brand value, and gradually achieved results in high-quality development.

Reinforcing
the Industry
Leading
Position



- Everbright Environment was selected as Top of the List for Brand Value of Listed Environmental Protection Companies in 2022

- Everbright Water was shortlisted in the Top Ten Influential Enterprises in China’s Water Industry (the sixth consecutive year)

Deepening
Sustainable
Development



- Inclusion in S&P Global Sustainability Yearbook (the sixth time)
- Inclusion in S&P Global Sustainability Yearbook (China Edition) for the first time

- Everbright Greentech was awarded the EcoChallenger by the Federation of Hong Kong Industries and Bank of China (Hong Kong)

Staying
Committed
to Public
Welfare



- Supported the “Strive and Rise Programme” of the Government of the Hong Kong Special Administrative Region, advocating environmental protection concepts

- Social Responsibility Brand of the Year by China Charity Festival (the ninth consecutive year)



Reinforcing the Industry-Leading Position and Strengthening Market Expansion

In 1H2023, the Group invested in and secured a total of **25 new projects** and signed 1 supplementary agreement to an existing project, for a total investment of approximately RMB3.122 billion and undertook various asset-light businesses, with a total contract value of approximately RMB2.014 billion. The total investment and contract value exceeded 60% of the total investment and contract value of the Group's business expansion in 2022. As of 30 June 2023, Everbright Environment invested in and secured a total of **578 environmental protection projects**, with an aggregate investment of approximately **RMB 158.044 billion**.



Designed Treatment and Supply Capacity of the New Projects

- Household waste: **2,000** tonnes/day[#]
- Food and kitchen waste: **755** tonnes/day[#]
- Biomass raw materials: **50,000** tonnes/year
- Water treatment: * **180,000** m³/day[#]
- Solar power installed capacity: **32.5** megawatt (“MWp”)

[#] Including treatment capacity of EPCO project(s)

* Including various types of water business, such as water supply, waste water treatment and reusable water



Business Model Breakthrough

For the first time, the Group secured multiple environmental protection projects based on the EPCO model, including Sichuan Yibin Second Household Waste-to-energy Project (Phase I) EPCO Project, Huai'an Lianshui Konggang Industrial Park Industrial Waste Water Treatment Plant and Jiangyin High-tech Zone Waste Water Treatment Plant Phase I Stage 1 EPCO Project in Jiangsu Province.



Exchanges and Cooperation with Governments and Enterprises

Based on the principle of “Openness, Sharing and Win-win Cooperation”, the Group carried out exchanges with more than 60 local government authorities, enterprises and organisations, including government representatives from Jiangxi, Hunan, Hubei, Hainan, Shandong and Jiangsu Provinces, as well as enterprises like China Railway Group Ltd., Power Construction Corporation of China, Infore Environment Technology Group and Harbin Electronic Corporation, to enhance strategic partnership, explore collaboration opportunities, and foster joint long-term development.

Deepening Refined Management and Promoting Cost Reduction and Efficiency Enhancement



Project Operations

- **Environmental Energy:** More wastes were delivered to and more electricity was generated at the Group's waste-to-energy projects as compared with 1H2022; power generation capacity per tonne of waste was increased in the Group's waste-to-energy plants; heat supply services were offered to external clients via more than 30 of the Group's waste-to-energy projects; coordination and integration of waste sources were strengthened, improving the projects' operating efficiency.
- **Environmental Water:** It continued the "in-plant solar energy" pilot programme to supplement project site electricity consumption with green power, effectively reducing project operating costs.
- **Greentech:** It launched a pilot programme and system dedicated to the front-end collection and storage of biomass fuels and boosted the economic benefits of the projects.



Budgeting, Engineering & Procurement

- In terms of project construction management, the Group optimised the review procedure relating to project construction budgeting, inspected issues relating to technical improvement costs for operating projects, and effectively reduced project construction costs through measures such as optimisation of relevant systems, expense management and technical improvement.
- In terms of tendering and procurement management, the Group optimised procurement levels, expanded the scope of centralised procurement, effectively reducing procurement costs.



Financial Management

- The Group optimised financing structure, continued to reduce loan interest rates, replaced overseas loans of high interest rates with those of lower interest rates, and issued medium-term notes with an issue size of RMB4 billion at highly favorable interest rates, further reducing its finance costs.
- The Group enhanced efforts to manage its debtors, by developing the "Methods on Debtor Management" and specialised work plans, establishing debtor management team, and strengthening assessment of debtor management proficiency.

Reducing Pollution and Carbon Emissions with Strategic Dual Carbons Deployment

The Group focused on China's "Dual Carbons" strategic goal and took "Reduction of Pollution and Carbon Emissions" as footholds, to carry out in-depth exploration and active deployment, achieving significant results.

Pollution Reduction

In 1H2023, the Group processed nearly 26 million tonnes of household waste, approx. 186 thousand tonnes of hazardous and solid waste, approx. 3.75 million tonnes of agricultural and forestry waste, and treated nearly 850 million m³ of waste water. The Group treated more than 5.6 million m³ of leachate from waste-to-energy projects.



Carbon Reduction

In 1H2023, the Group generated green electricity of approx. 13 billion kWh. This output could support the annual electricity consumption needs of nearly 11 million households, equivalent to saving approx. 5.2 million tonnes of standard coal, while reducing carbon dioxide ("CO₂") emissions by nearly 16 million tonnes.

Highlights

The Group successfully completed the construction of a number of projects in Hainan Boao Zero-Carbon Demonstration Zone EPC Project with high quality, demonstrating a "zero-carbon" related philosophy and outcome. The construction of the demonstration zone encompassed a total of 19 projects across 8 categories. Everbright Environment participated in the construction of 7 projects within 3 categories, contributing the "Everbright" strength to a sustainability benchmark with the Chinese characteristics.

A carbon asset development pilot project was conducted according to the international Verified Carbon Reduction Standard ("VCS") and collected relevant information of more than a dozen of the Group's waste-to-energy projects, to get prepared for the restart of the national Certified Voluntary Carbon Emission Reduction (CCER) programme.



Enhancing Innovation-driven Development and Driving Momentum for Growth



Intellectual Property Rights

- In 1H2023, the Group was granted a total of 122 patents;
- As of 30 June 2023, the Group had accumulatively held a total of 1,778 patents and published 87 major technical essays.



Digital Transformation

- The Group developed an intelligent management platform to promote business synergy and data integration, improving decision-making and analysis efficiency relating to its business operation.
- The Group proactively carried out the development of platforms relating to business and finance integration and intelligent management, improving the operation-related decision making efficiency.
- The Group made continual and rapid progress in the construction of “Intelligent Water” platform, as evidenced by the testing of a precise catalyst application system in various projects.



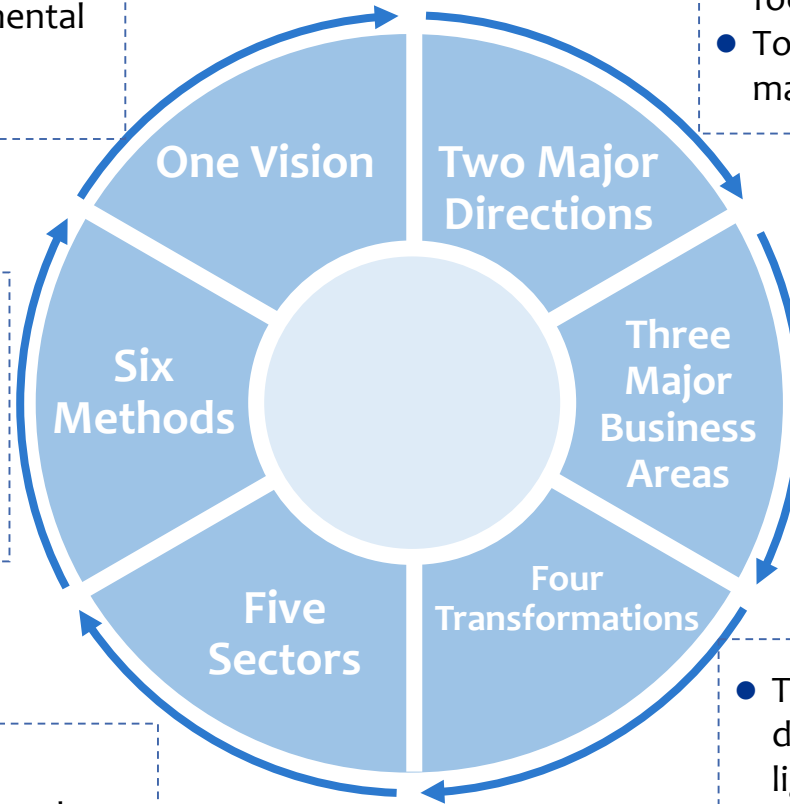
Technology Empowerment

- **Breaking new ground in the independent research and development of small-scale solid waste disposal equipment:** the Group secured Sichuan Marinkan Boiler and Flue Gas Purification Project, in which the Group provided its self-developed small-tonnage household waste mechanical grate furnace to external clients for the first time. This marked the realisation of the Group’s strategic plans for expansion into the county-level small-tonnage household waste treatment market and the commercialisation of its technological equipment.
- **Enhancing technological empowerment:** the Group promoted the commercialisation of technological innovation results, including automatic combustion control technology, flue gas heat exchanger technology, integrated desulphurisation and denitrification technology, and anaerobic membrane bioreactor.
- **Strengthening the construction of research and development platform:** the Group jointly established the “Engineering and Technology Centre of New Pollutant Monitoring and Control relating to Household Waste Treatment for China’s Environmental Protection” with Qingdao University of Technology.

Development Strategy

-  Overall Strategic Framework
-  Development Planning
-  Development Methods

Overall Strategic Framework



- To become a World-Class Integrated Environmental Service Provider with Chinese Characteristics

- To consolidate the industry leading position by focusing on its advantages
- To pursue high-quality development by focusing management enhancement

- To conduct in-depth market exploration, foster technological innovation, promote cost reduction and efficiency enhancement, ensure financial security, strengthen risk prevention and control measures, and cultivate talent support

- Solid waste, water-related business and clean energy

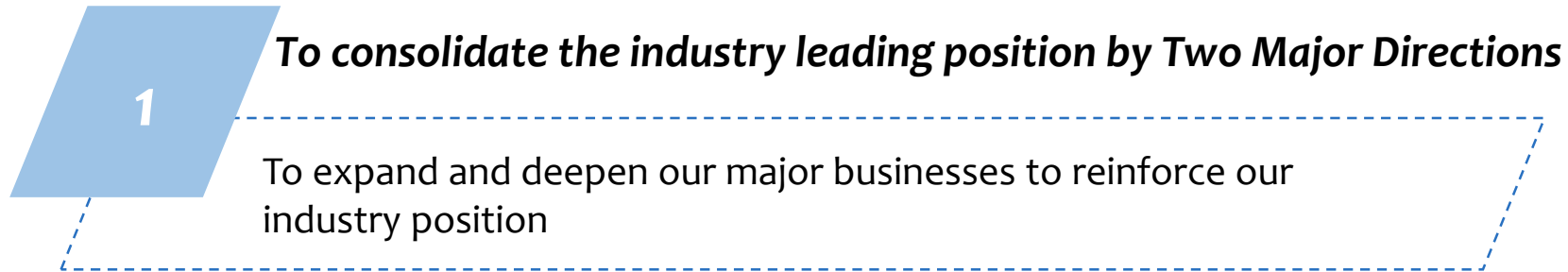
- Environmental energy, environmental water, greentech, equipment manufacturing, envirotech

- To transform from investment-driven development to development driven by a balance of asset-heavy and asset-light businesses
- To transform from construction service revenue to operation service revenue as the major source of revenue
- To transform from the expansion-driven development to management-oriented development mode
- To transform from an enterprise with technological strengths to a technology-based enterprise

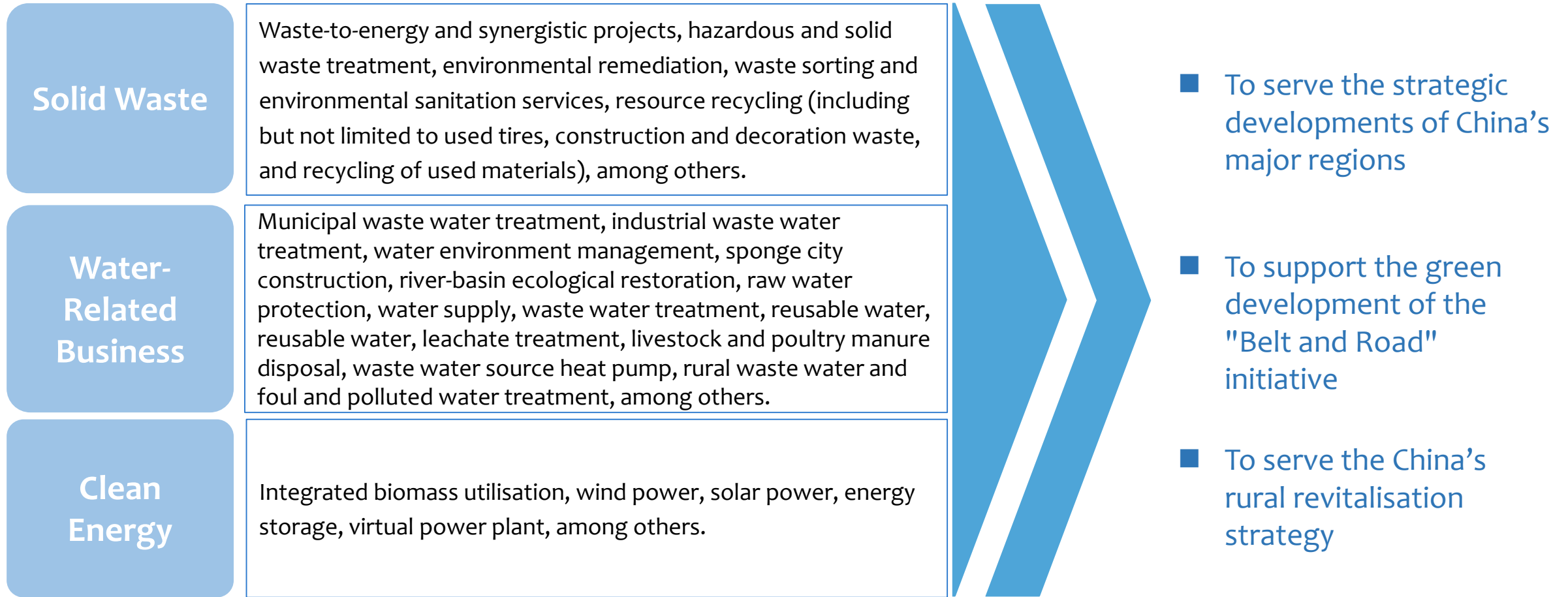
(1) One Vision

To become a World-Class Integrated Environmental Service Provider with Chinese Characteristics

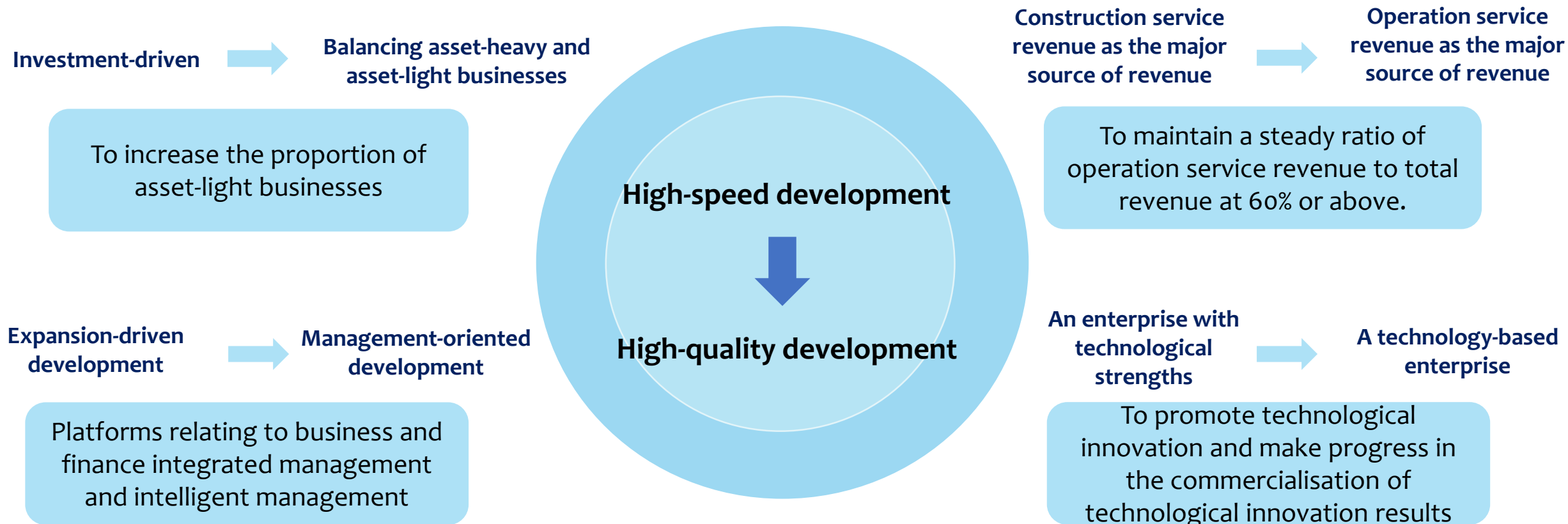
(2) Two Major Directions



(3) Three Major Business Areas



(4) Four Transformations



(5) Five Sectors

- **Environmental energy: the platform to implement the solid waste business.** By establishing a master platform that follows the “one principal business and multiple specialised businesses” model, with a primary focus on waste-to-energy, the Group aims to reinforce its leading position in the waste-to-energy sector. This platform shall further enhance the revenue and profit of the Group.

- **Environmental water: the platform to implement the “water-related” business.** By focusing on water treatment, the Group will explore the extended value of the industry chain while continuously strengthening and enhancing its position in the traditional water industry.

- **Greentech: the platform to implement the clean energy business.** By constructing an intelligent energy platform that leverages biomass power generation, the Group will explore the coordinated development of both traditional and emerging clean energy sources.



Everbright
Environment

- **Envirotech: the platform to implement the “Technological Innovation Empowerment” strategy.** By catering the Group’s needs and future development and market demand, the Group will enable the high-quality development of traditional and transformational businesses, to provide vital support in enhancing competitive advantages in the industry.

- **Equipment manufacturing : the platform to implement the “Smart Manufacturing Empowerment” strategy.** The Group will deeply integrate advanced manufacturing with modern services to consolidate its position in the environmental protection equipment industry.

(6) Six Methods

To ignite vitality and tap into market potential

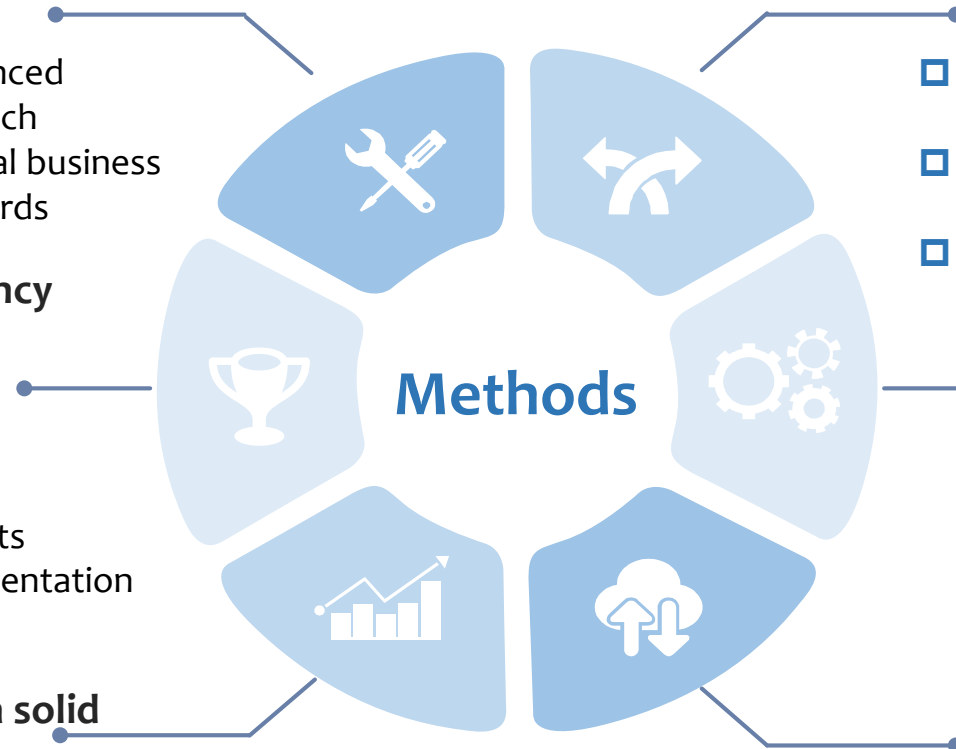
- To coordinate marketing and balanced asset-heavy and asset-light approach
- To advance M&As and international business
- To strengthen mechanism safeguards

To deepen cost reduction and efficiency enhancement to boost operational effectiveness

- To promote cost reduction and efficiency enhancement
- To develop new revenue sources for projects
- To accelerate the development and implementation of technologies relating to operation

To guard against risks to establish a solid bottom line for development

- To enhance risk management and mitigation capabilities
- To strengthen and improve internal control and compliance management systems
- To ensure compliance with safety production standards and emissions regulations



To lead digital transformation via technological innovation

- To drive the transformation of Envirotech into “value creation and empowerment centres”
- To improve the technological innovation system and mechanisms
- To promote the deep integration of information technology and business operations

To increase capital resources to strengthen financial security

- To deal with debtors
- To inject external capital
- To execute timely capital operations

To enroll talent to advance talent-driven enterprises

- To build four talent teams
- To improve talent development mechanisms
- To implement performance assessment and incentive mechanisms

~ QA Session ~

Thank you!