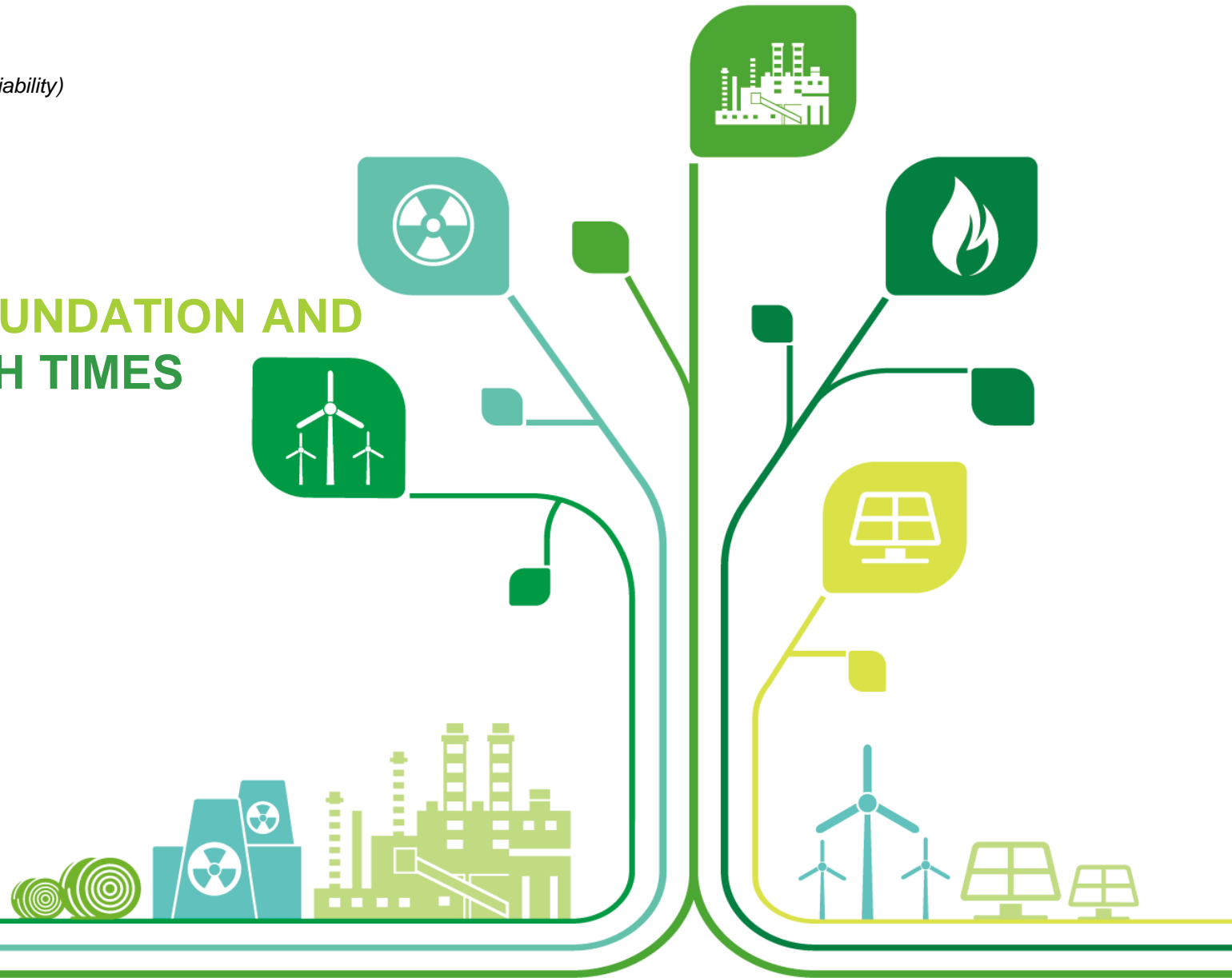


## LAYING A SOLID FOUNDATION AND KEEPING PACE WITH TIMES

2019 Annual Results



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# 1. Company Overview



# Everbright Greentech's main business :



## Integrated Biomass Utilisation

- Biomass direct combustion power generation
- Biomass electricity and heat cogeneration
- Urban-rural integration



## Hazardous and Solid Waste Treatment

- Hazardous and solid waste landfill
- Hazardous and solid waste incineration
- Hazardous and solid waste physicochemical processing
- Hazardous and solid waste integrated utilisation



## Environmental Remediation

- Restoration of industrial contaminated sites
- Restoration of contaminated farmland
- Restoration of mines and landfills
- Integrated treatment of oil sludge
- Environmental stewardship services

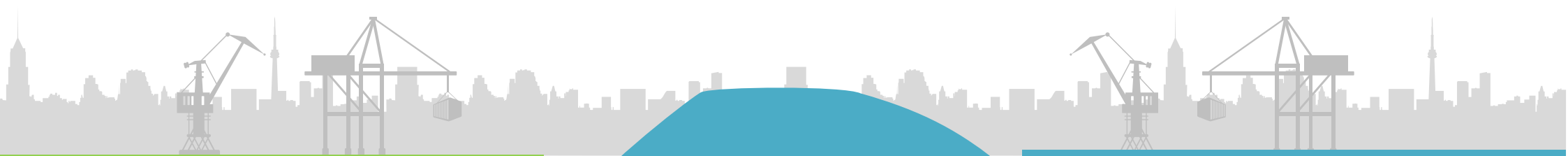


## Solar Energy and Wind Power



# Everbright Greentech

As of 31 December 2019



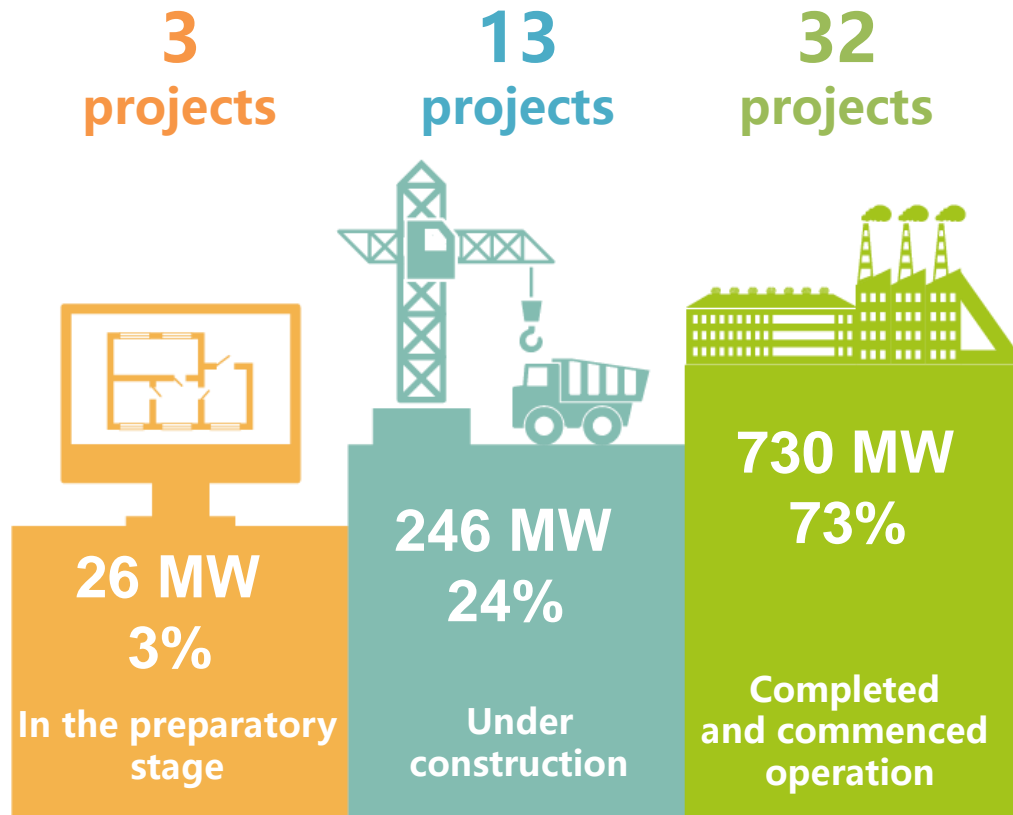
Contracted environmental protection projects  
**108** + Environmental remediation projects  
**27**

Total investment  
**28.9** + Service contract amount  
**725**  
(RMB billion) (RMB million)



**48** (52% of total investment)

*Integrated biomass utilisation*

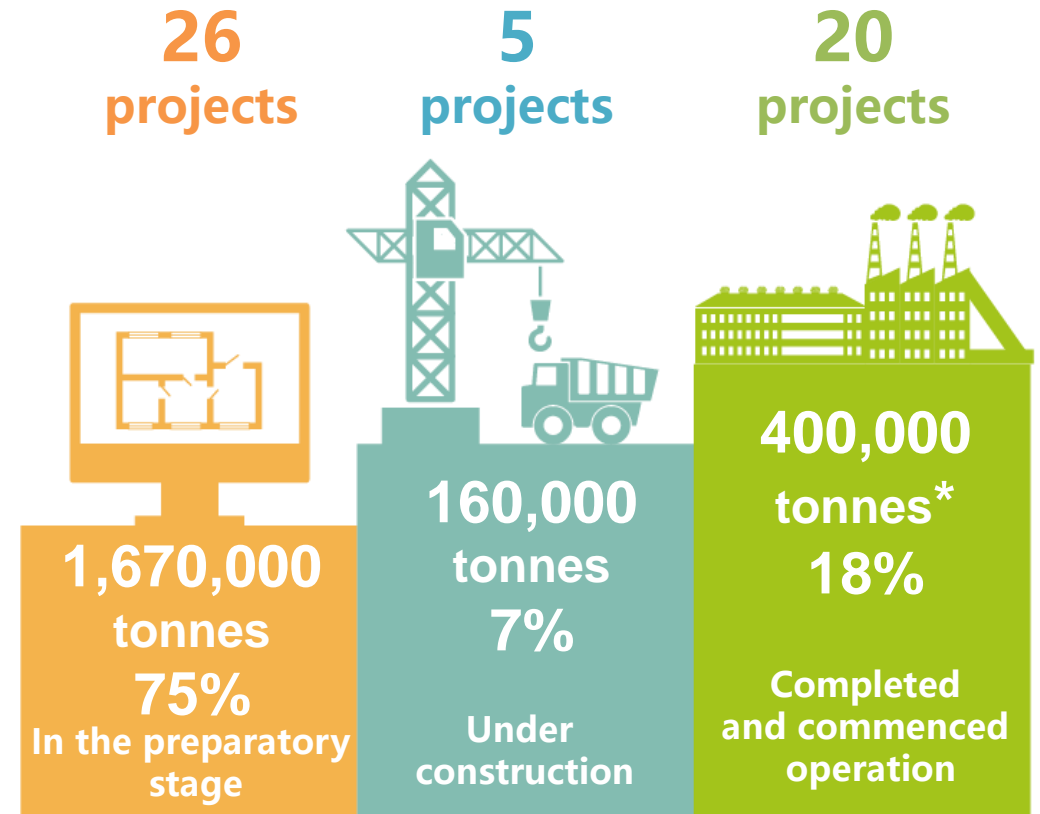


Aggregate annual power generation designed capacity

**1,002** MW

**51** (43% of total investment)

*Hazardous and solid waste treatment*



Aggregate annual processing designed capacity

**2.23** million tonnes

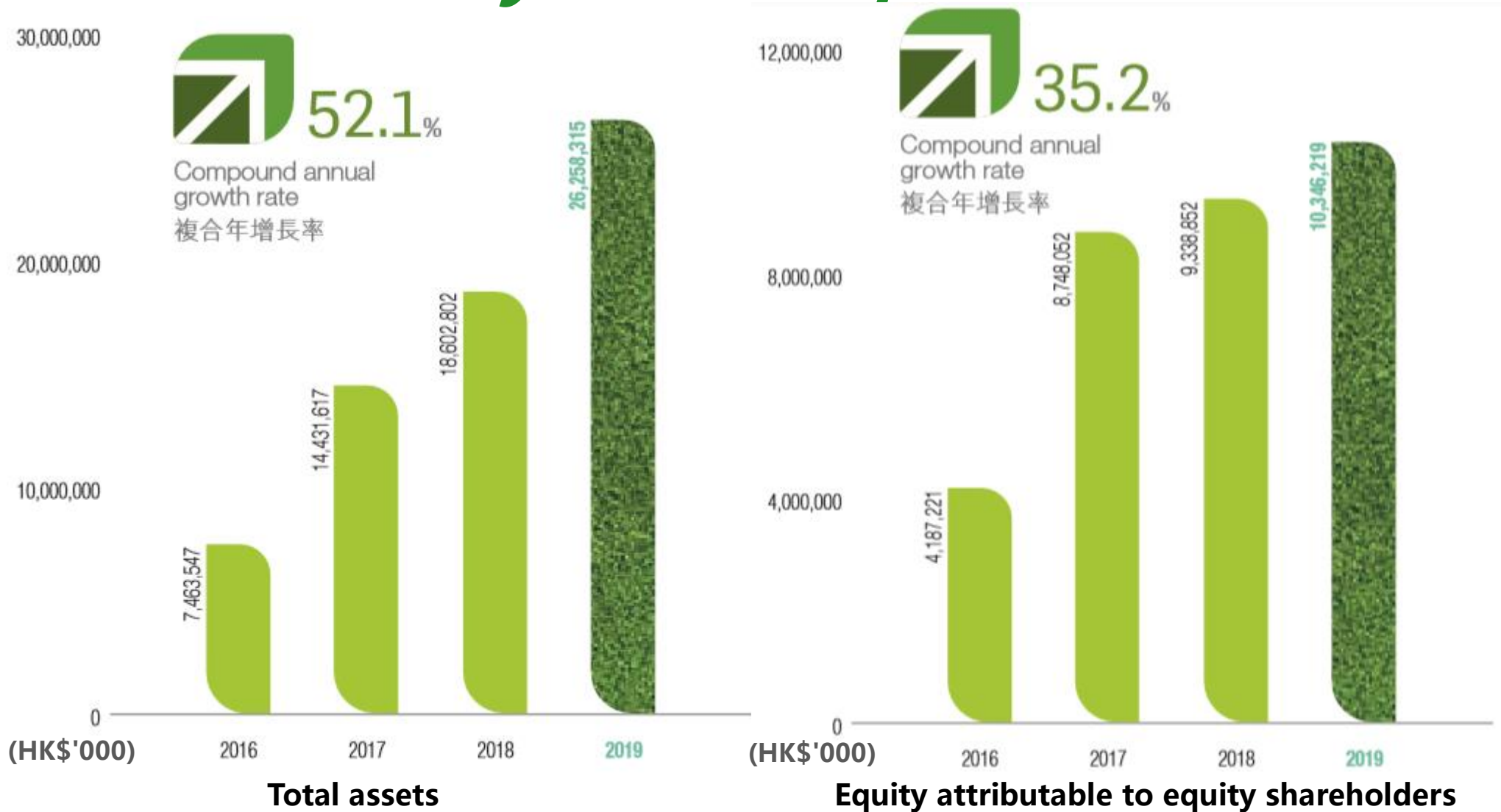
\*Including projects acquired and completed but not commenced operation

# 2. Results Highlights

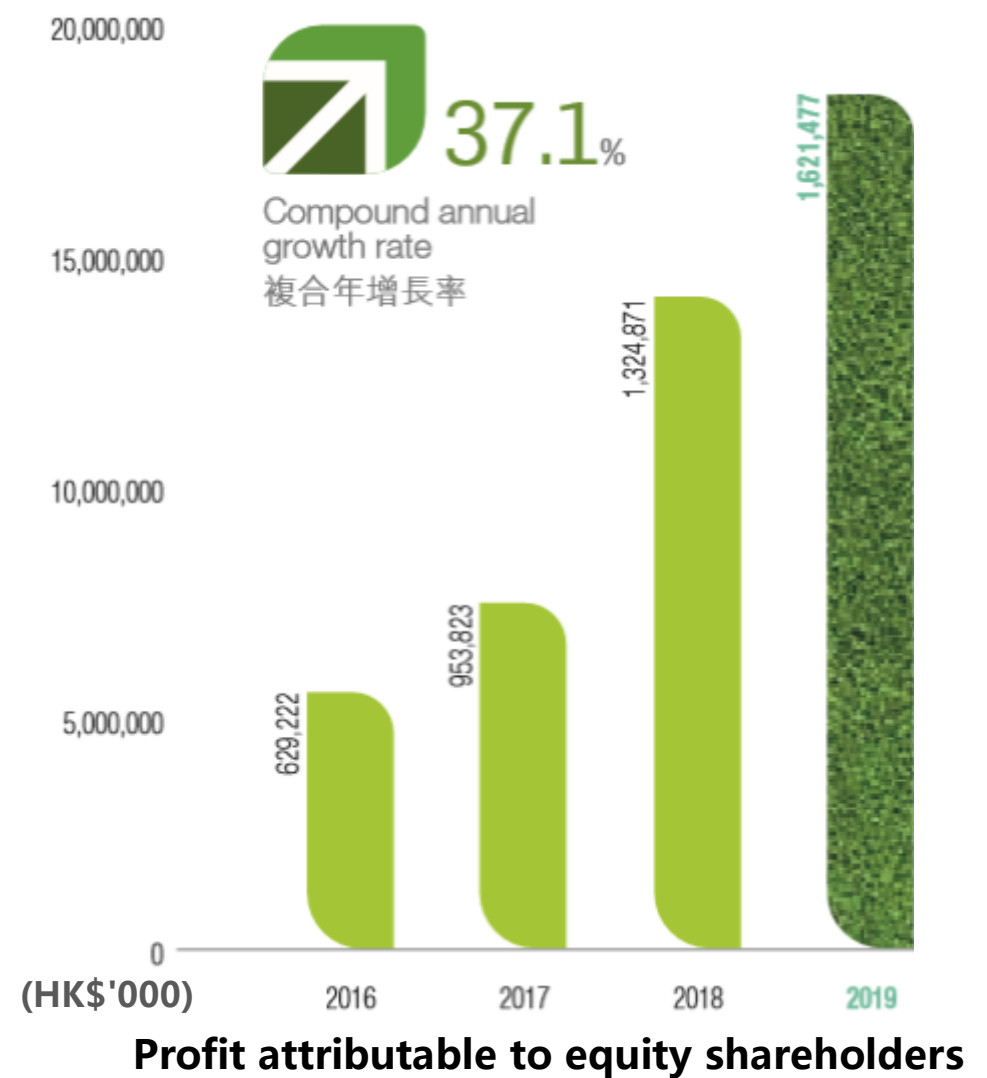
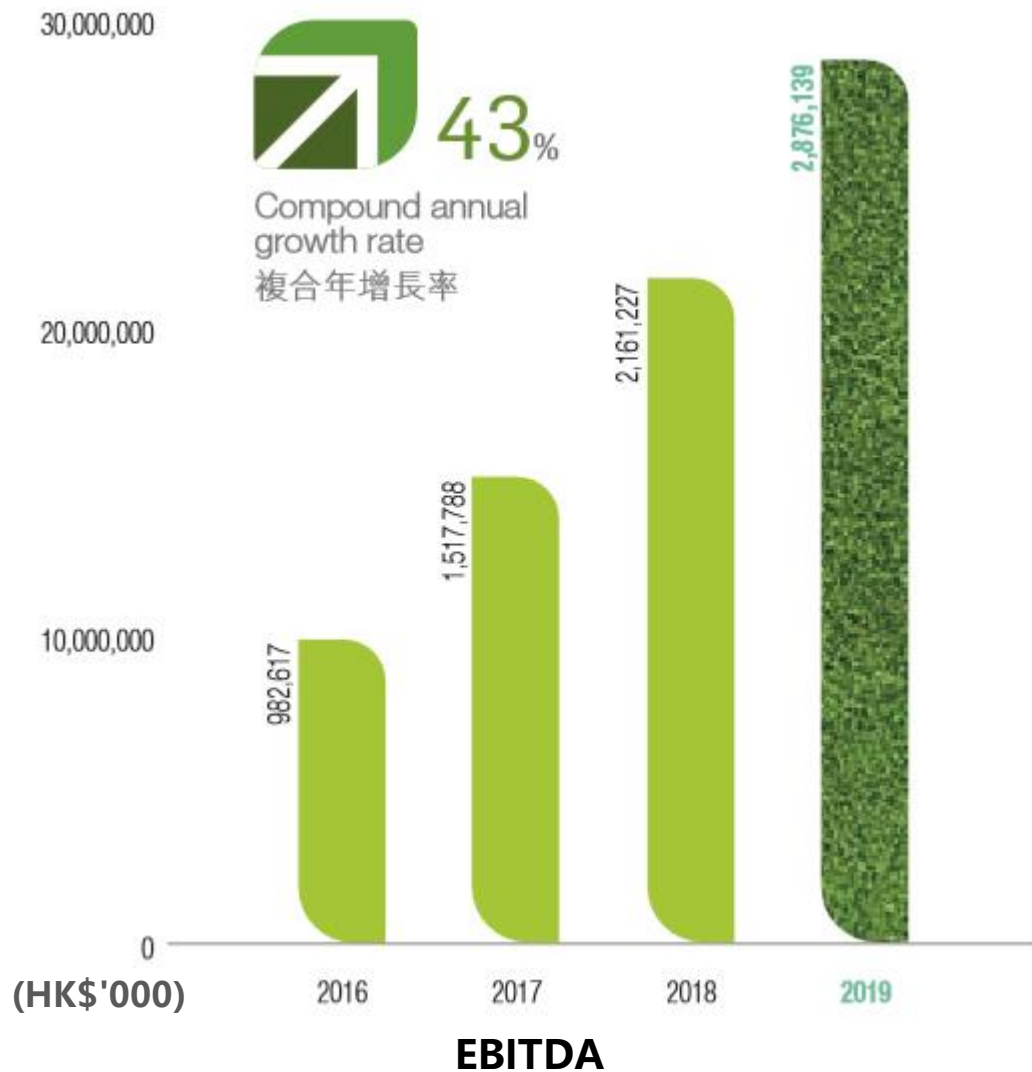




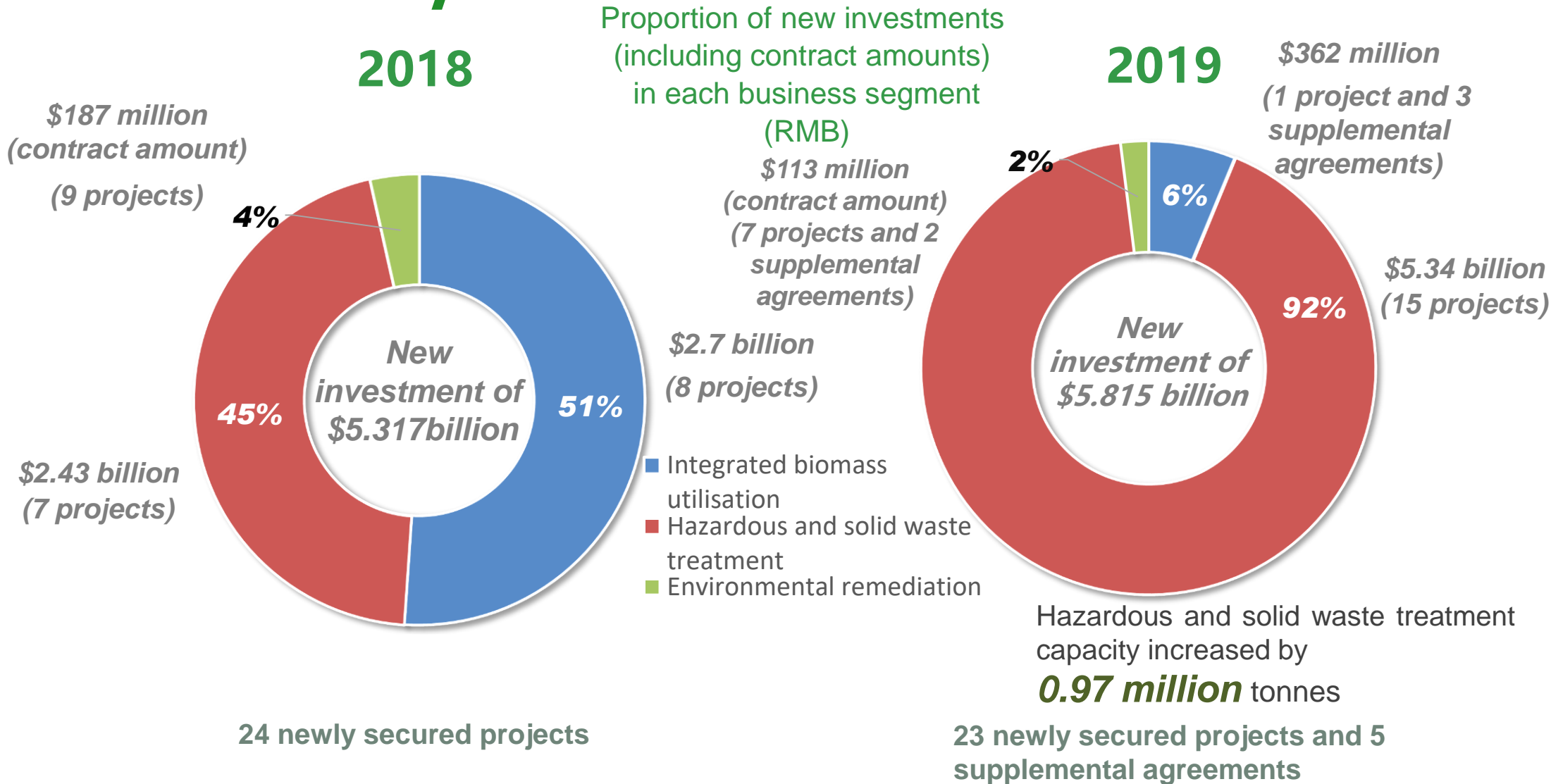
# 1. *Good quality of assets with healthy financial position*



## 2. Progress in stability with record-high profit



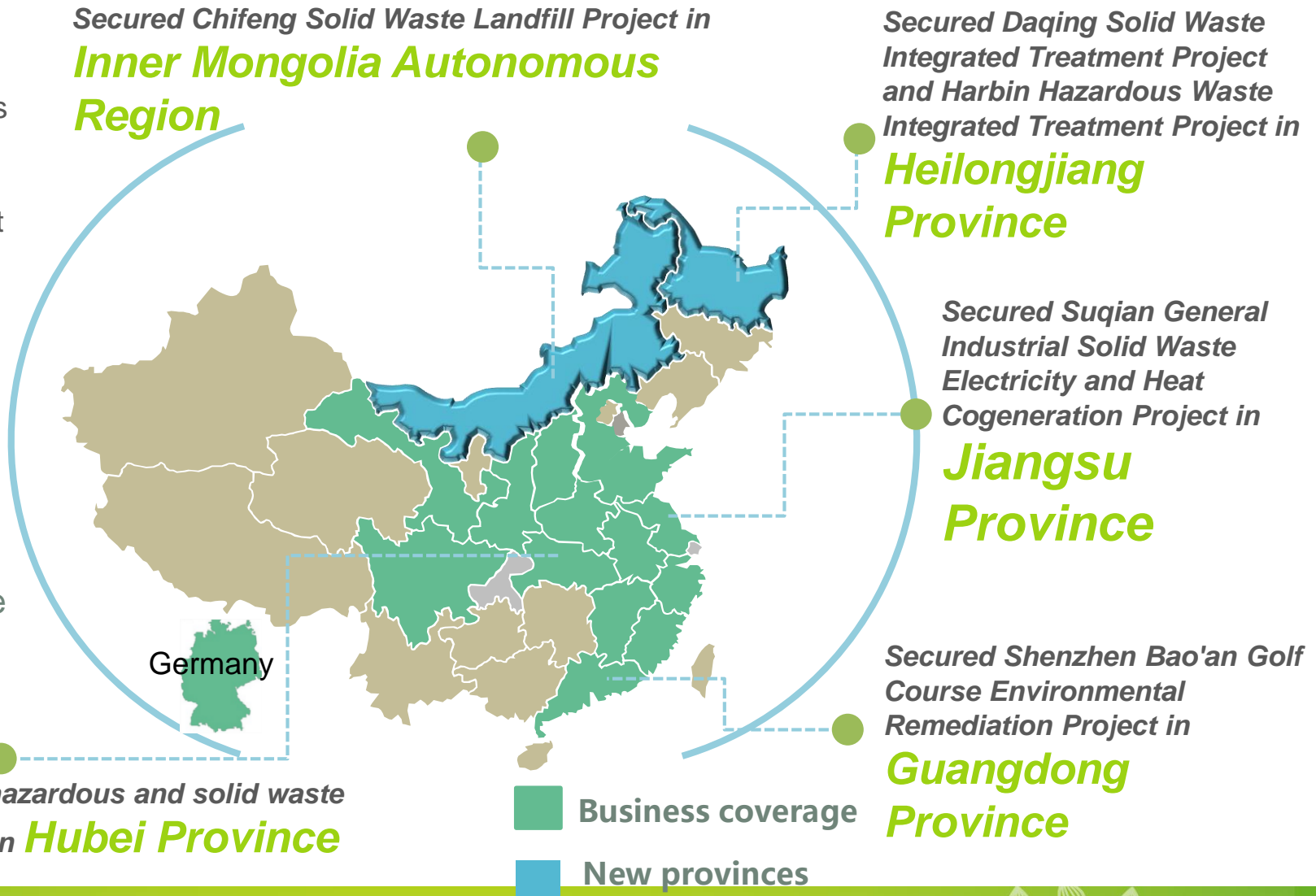
# 3. Stellar performance in market expansion



# 4. Further breakthrough in market coverage

In addition to maintaining our strength in existing regions, we have expanded into new markets of Heilongjiang Province, Guangdong Province and Inner Mongolia, while securing our first general industrial solid waste electricity and heat cogeneration project.

**14** provinces and autonomous region as at the end of 2019



# 5. Rapid Development in Hazardous and Solid Waste Segment



- Net profit contribution totalled HK\$363 million, up 48% yoy;
- Annual designed capacity for hazardous and solid waste treatment made a leap forward to reach 2.23 million tonnes;
- Hazardous and solid waste business transforms from standalone projects to a model of integrated treatment base. Examples include Zhangjiagang Solid Waste Treatment Centre in Jiangsu Province, Huangshi Hazardous Waste Integrated Utilisation Project and Wenling Hazardous Waste Integrated Treatment Project in Zhejiang Province, which mark a development from traditional standalone treatment business to a zone-based hazardous and solid waste treatment model.

Hazardous and solid waste treatment's annual designed capacity

**2.23** million tonnes

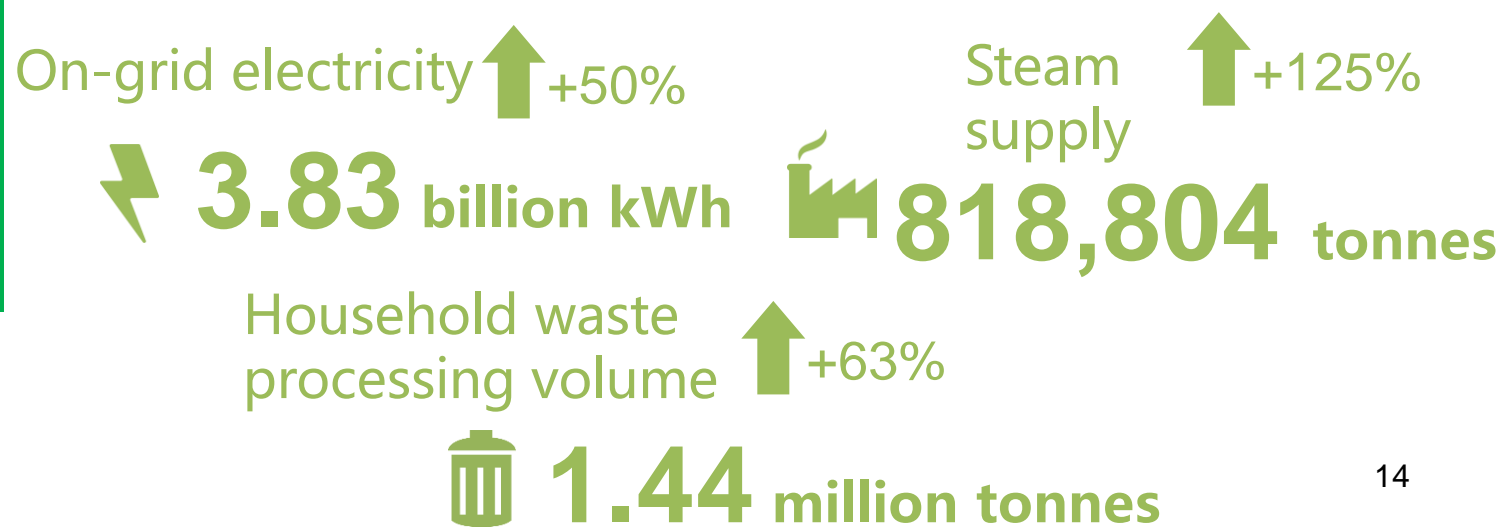
Newly designed capacity of hazardous and solid waste treatment

**0.97** million tonnes/year

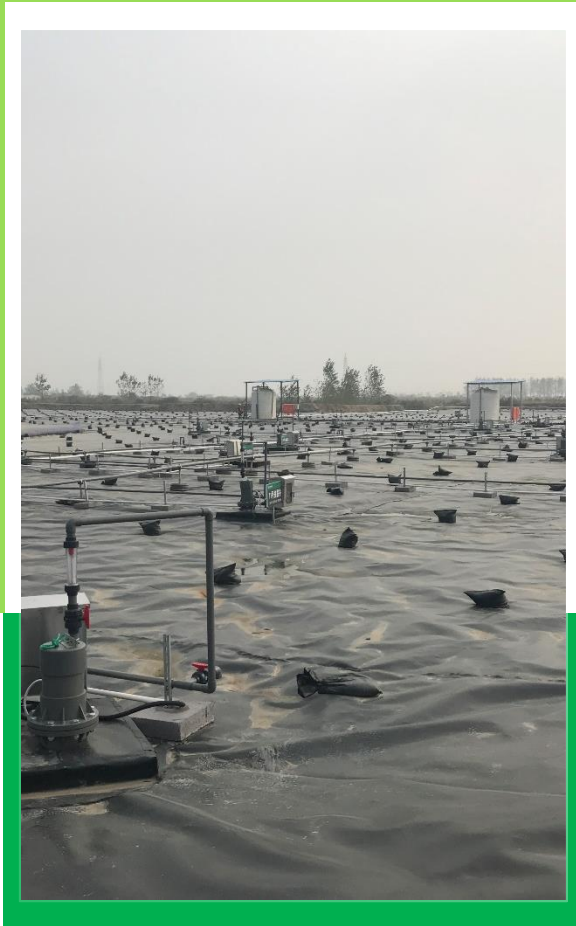
# 6. Enhancement in Biomass Integrated Utilisation Segment



- Net profit contribution totalled HK\$1.345 billion, a significant increase of 29% yoy;
- Actively developed electricity and heat cogeneration, generating 819,000 tonnes of steam supply, achieving an industry upgrade;
- Advantage in regional coordination of fuel storage became increasingly marked, adjustments in fuel mix have been effective;
- Projects operated in long cycles, continuously keeping the leading position in the industry.



# 7. *Environmental Remediation Segment* *Setting Sail*



- 9 environmental remediation projects are under implementation, located mainly in Jiangsu Province, Zhejiang Province and Jiangxi Province, with a contract amount of approximately RMB334 million;
- Continue to advance projects commenced in the course of existing business while integrating with the business of Suntime, recording a substantial yoy growth of 54% in the segment's net profit to HK\$30.68 million;
- Proactively optimised resource allocation of environmental remediation to generate strategic benefits of “1+1>2”. Advance technological innovation, construction works and standardised management, and strive to become a leader in the environmental remediation industry.

## 8. *Brand Equity and Constant Commitment to Society*

- ❑ Ranked 16th in the “Top 50 Chinese Environmental Enterprises 2019” by the China Environment Chamber of Commerce
- ❑ China Everbright Greentech’s Biomass power generation and on-grid electricity in 2018 were ranked third and second in China respectively in the "2019 China Biomass Power Generation Industry Ranking Report".
- ❑ Federation of Hong Kong Industries and Bank of China (Hong Kong) - BOCHK Corporate Environmental Leadership Awards 2018 (Belt and Road Environmental Leadership Recognition Award)
- ❑ Hong Kong Quality Assurance Agency (HKQAA) – "Pre-issuance Stage Certificate under Green Finance Certification Scheme"
- ❑ Awarded the “InnoESG Prize 2019” by SocietyNext Foundation, UNESCO Hong Kong Association Glocal Peace Centre, Rotarian Action Group for Peace, Wofoo Social Enterprises;
- ❑ Recognized as "Honored Companies (Power Sector) in Asia" by *Institutional Investor*
- ❑ Named "Hong Kong Outstanding Enterprises 2019" by *Economic Digest*



# 3. Financial Analysis



# Financial Analysis

HK\$'million	2019	2018	Changes
Revenue	9,280	7,002	+33%
Gross profit	2,801	2,069	+35%
EBITDA	2,876	2,161	+33%
Profit attributable to equity shareholders	1,621	1,325	+22%
Return on shareholders' equity (%)	16.5	14.7	+1.8ppt
Basic earnings per share (HK cents)	78.48	64.12	+22%
Dividend for the year per share (HK cents)	16	12.5	+28%

- ▶ In 2019, the Group reported an increase in revenue by 33% to HK\$9.28 billion from HK\$7.002 billion last year. Revenue from both construction services and operation services reached historical highs, mainly due to substantial increases in projects under construction with recognisable revenue from construction and projects that commenced operation during the year as compared to the same period last year;
- ▶ Number of projects completed construction and commenced operation increased to 61 from 43 last year, whereas environmental remediation projects under implementation and completed during the year increased by 13 from that of last year. In addition, profit contributions were further boosted up by lucrative income from projects;
- ▶ A final dividend of HK\$8 cents per share has been proposed for 2019, representing a dividend payout ratio of approximately 20.4% (2018: 19.5%) for the year.

# Financial Analysis

HK\$' million	As at 31/12/2019	As at 31/12/2018	Changes
Total assets	26,258	18,603	+41%
Total liabilities	15,670	9,172	+71%
Shareholders' equity	10,346	9,339	+11%
Current ratio (%)	148.7	154.6	-5.9ppt
Gearing ratio (Total liabilities/Total assets) (%)	59.7	49.3	+10.4ppt

- ▶ At as 31 December 2019, total assets and shareholders' equity increased by 41% and 11%, respectively, as compared with those as at the end of last year. Gearing ratio stayed at a healthy level while current ratio remain sound with sufficient cash in hand. Unutilised banking facilities amounted to HK\$6.329 billion;
- ▶ During the year, a 5-year HK\$1 billion syndicated loan was arranged by banks led by Taipei Fubon Bank, and we obtained Green Finance Certification from the Hong Kong Quality Assurance Agency (HKQAA), testifying to the banking sector's confidence in the Group's development prospects and management profile. It also signifies the Group's solid capital position;
- ▶ Entered into a strategic cooperation agreement with Postal Savings Bank of China Co., Ltd., Shenzhen Branch for an aggregate amount of approximately RMB5 billion, which offers comprehensive, quality, efficient, preferential and personalised financial services to the Group.

# Financial Analysis

HK\$' million	As at 31/12/2019		As at 31/12/2018		Changes
Short-term loans	2,022	18%	916	15%	+121%
Long-term loans	9,073	82%	5,091	85%	+78%
<b>Total bank loans</b>	<b>11,095</b>		<b>6,007</b>		+85%
Unutilised banking facilities	6,329		5,254		+20%
<b>Total banking facilities</b>	<b>17,424</b>		<b>11,261</b>		+55%
Unutilised banking facilities	6,329		5,254		+20%
Cash and bank balances	2,897		2,261		+28%
<b>Cash and banking facilities available</b>	<b>9,226</b>		<b>7,515</b>		+23%

- As at 31 December 2019, total bank loans amounted to approximately HK\$11.095 billion in which long-term loans accounted for 82%. Besides, available cash and unutilised banking facilities totalled HK\$9.226 billion. The strong financial position lays a concrete foundation for rapid development of the Company in the future.

# Operation revenue up **52%** yoy in 2019



## Integrated Biomass Utilisation

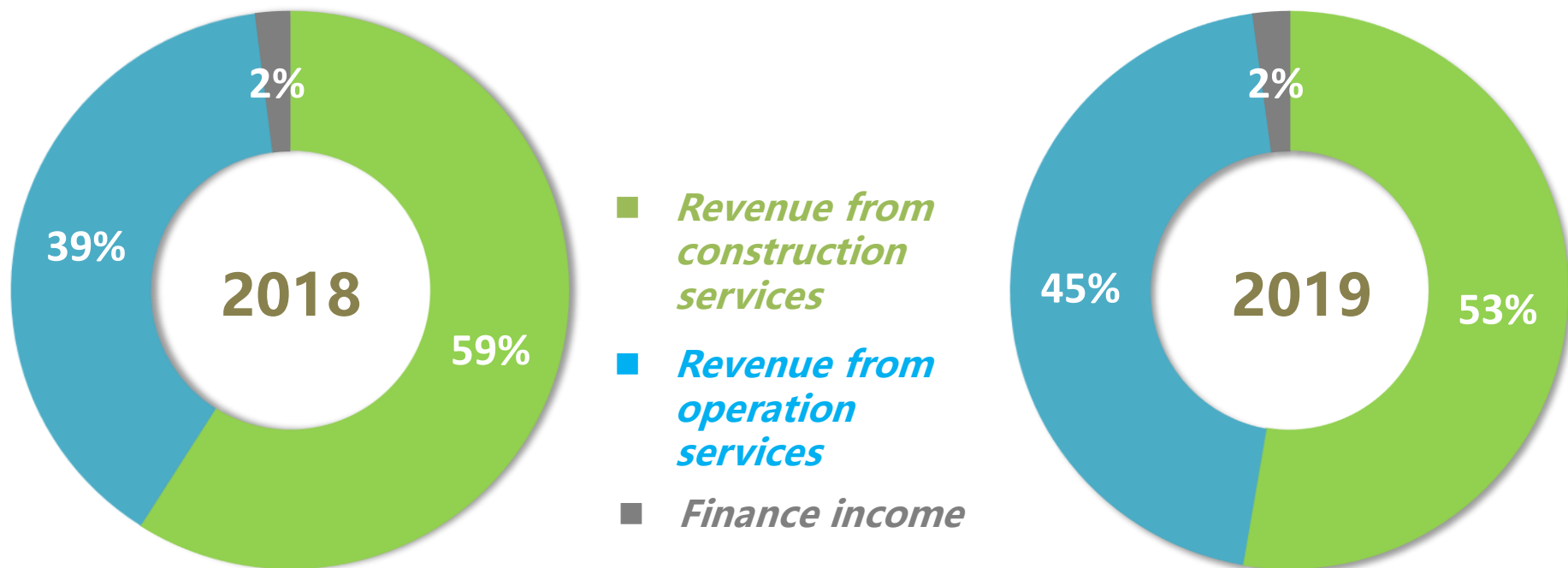
- Raw material cost was RMB36 cents/kWh, decreased by 5%, On-grid electricity was 3.83 billion kWh, up 50% yoy; household waste treatment volume was 1.44 million tonnes, up 63% yoy; steam supply amount was 819,000 tonnes, up 125% yoy which contributing cash flow close to HK\$200 million, further improve the gross margin of this segment by 4%.



## Hazardous and Solid Waste Treatment

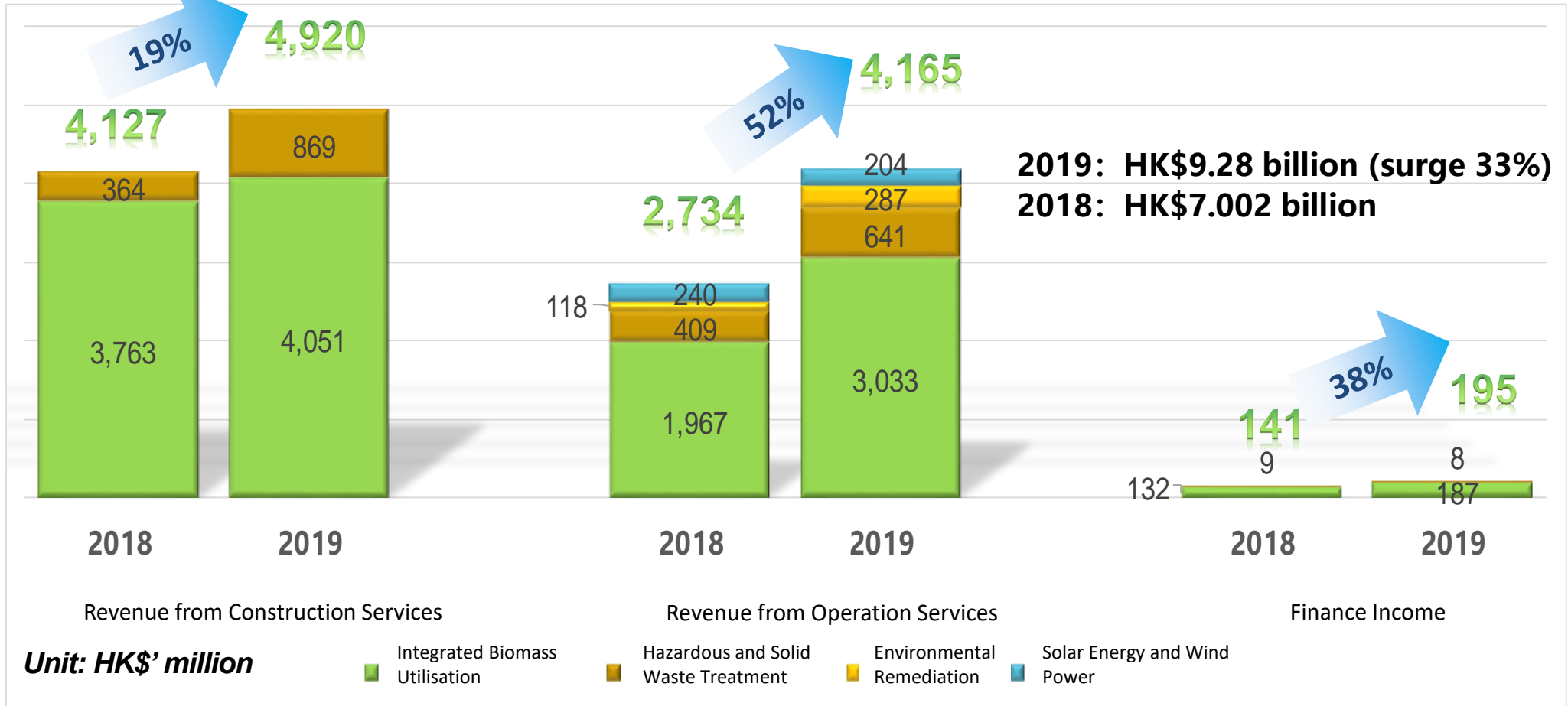
- Hazardous and solid waste treatment volume was 184,000 tonnes, up 45% yoy, For integrated resource utilisation, 13,654 tonnes of hazardous and solid waste were treated and approximately 5,242 tonnes of recycled products were sold. Average treatment unit price increased from RMB2,890/tonne to RMB3,300/tonne, by 14% yoy.

## Proportion of revenue contributed by operation and construction services for the year



- ▶ In 2019, revenue from operation services grew substantially by 52% yoy, accounting for 45% of total revenue;
- ▶ Following massive in preparatory stage or under construction projects completed and commenced operation, the proportion of revenue from operation services is expected to further increase.

# Revenue analysis by operating activities



Revenue from construction services: Projects under construction with recognisable revenue from construction increased substantially during the year from the same period last year, resulting in a yoy growth of 19% in revenue;

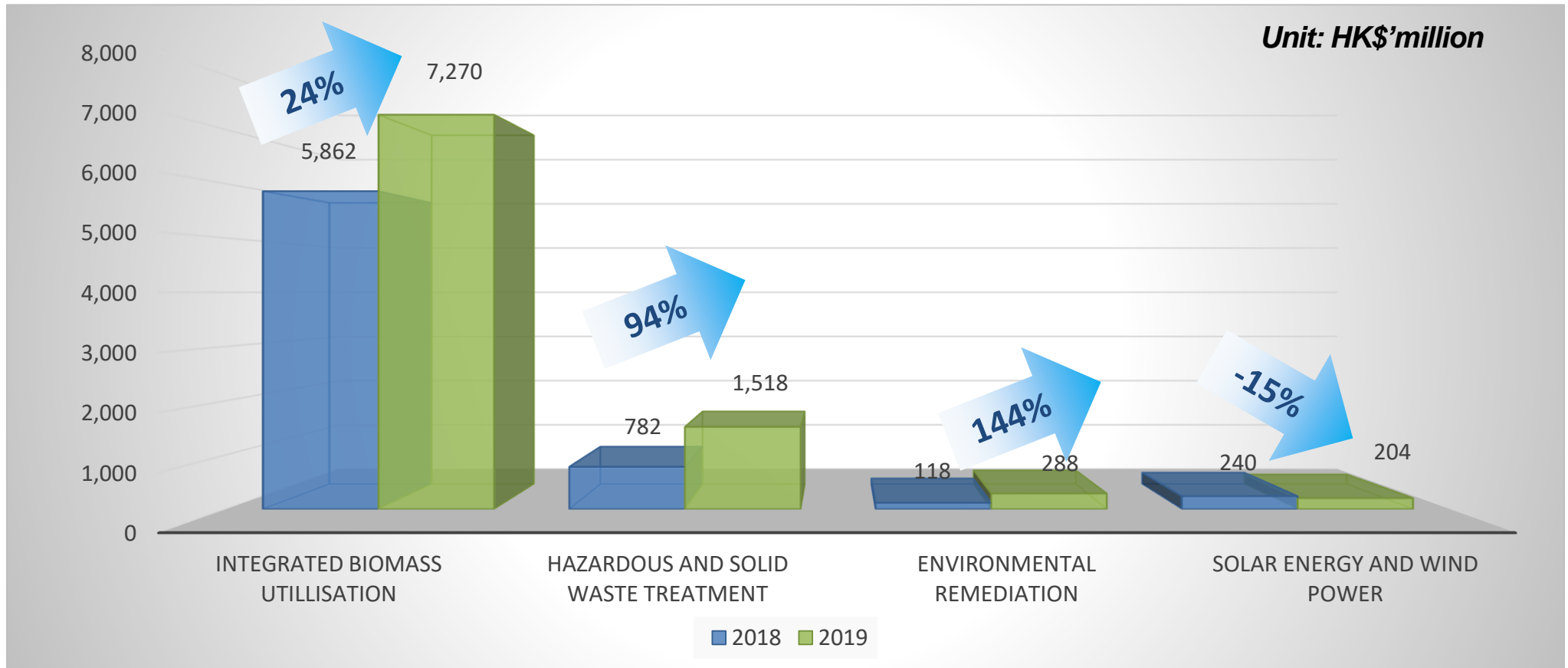
Revenue from operation services: 61 projects were completed and commenced operation (2018: 43 projects) whereas 21 environmental remediation projects are under implementation or completed during the year, resulting in a yoy growth of 52% in revenue;

Revenue from integrated biomass utilisation operation services: On-grid electricity, household waste treatment volume and steam supply amount was up 50%, 63% and 125% yoy respectively;

Revenue from hazardous and solid waste treatment operation services: Hazardous and solid waste treatment volume was up 45% yoy;

Revenue from solar energy and wind power: On-grid electricity decreased by 15% due to weaker wind resources

# Analysis of revenue from four business segments



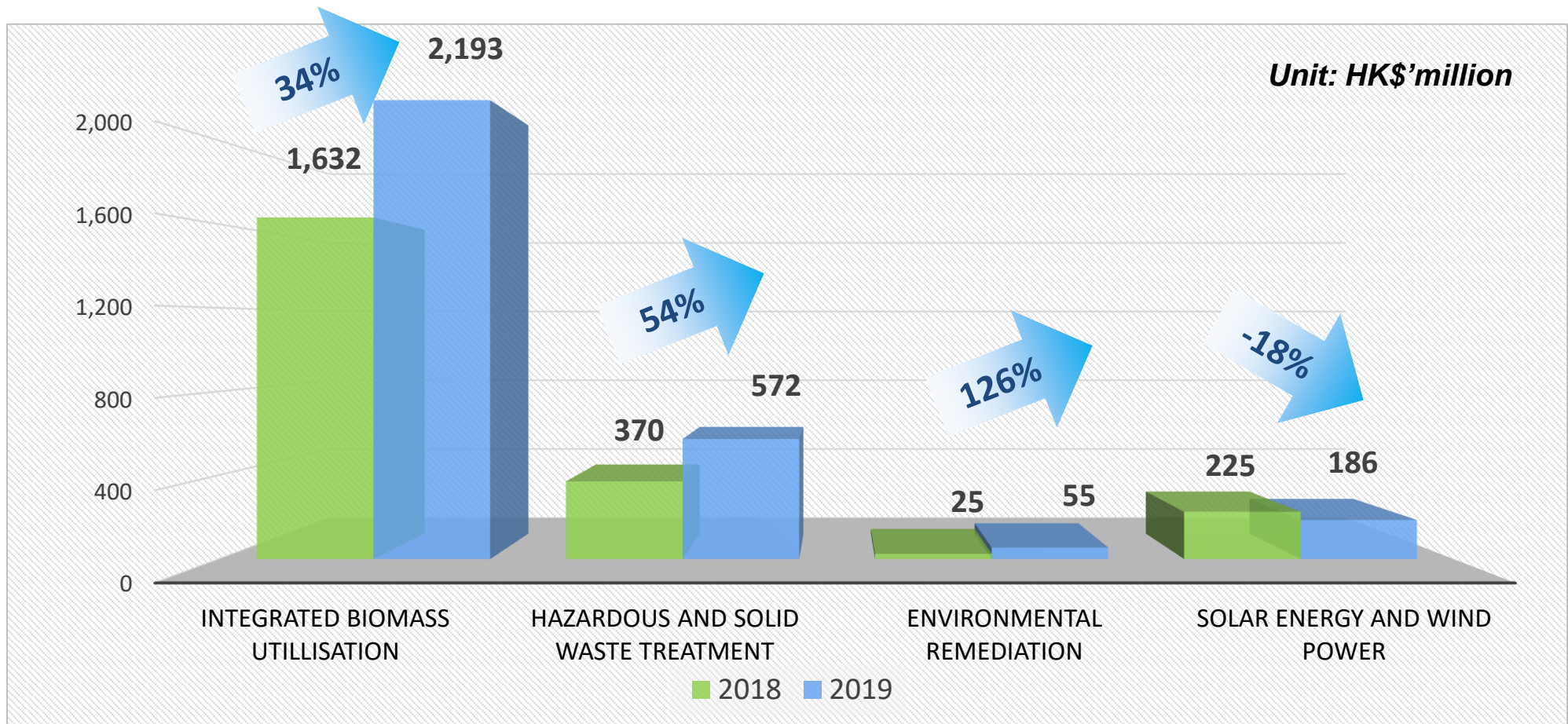
## Revenue:

2019: Approximately HK\$9.280 billion (up 33% yoy);

2018: Approximately HK\$7.002 billion



# Analysis of EBITDA from four business segments



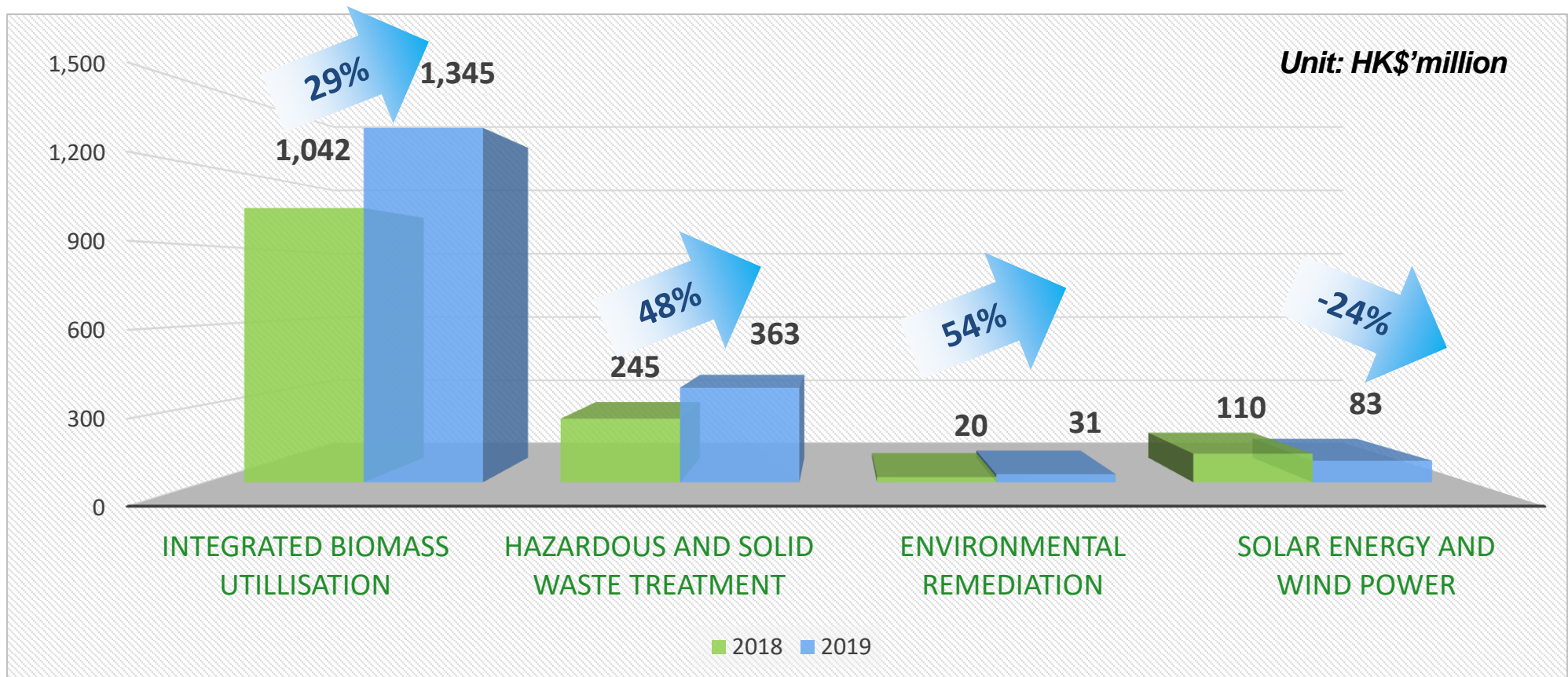
## EBITDA\*:

2019: Approximately HK\$3.006 billion (up 33% yoy);

2018: Approximately HK\$2.252 billion

\* Exclude the unallocated head office and corporate net expenses

# Analysis of net profit from four business segments



## Net profit contribution\*

2019: Approximately HK\$1.822 billion (up 29% yoy);

2018: Approximately HK\$1.417 billion

\* Exclude the unallocated head office and corporate net expenses

# 4. Business Prospects



# *1. Creating value by advancing quality business development*

- Further enhancing investment management, persisting in choosing the best among the top and improving assessment criteria for investment projects;
- Improving existing assessment mechanism for projects in operation to further emphasise return on shareholders' funds and cash generating abilities;
- Stressing on organic growth, promoting innovation in products, technology, business mode, management and systems with a view to constantly enhancing the corporate's core competitiveness.

## *2. Strengthening financial strategic planning to ensure steady development*

- Enhancing financial strategic planning and promoting dynamic management of investment projects with target profit as its core;
- Diversifying financing methods, including bond financing, syndicated facilities and asset-backed securitisation (ABS), while actively reviewing financing needs and safeguarding against risk of going concern;
- Strengthening management of liquidity by actively monitoring cash flows of different projects, and improving management of account receivables to boost collection rate;
- Stepping up efforts in budget management in accordance with development targets for the year and introducing the idea of benchmarking to build a standardised budget model.

### ***3. Consolidating existing advantages upon which business innovation is promoted***

- Leveraging national strategies and industry trends to solidify the foundations of three major businesses and consolidate our market position to further increase market share;
- Proactively exploring new business modes of integrated biomass utilisation and introducing heat generation business to existing biomass power generation projects to facilitate a general transition to biomass electricity and heat cogeneration and high value-added businesses;
- Taking projects in Huangshi and Zhangjiagang as an opportunity to achieve transition of hazardous waste projects from a standalone model to an integrated model and base model;
- Intensifying expansion of environmental remediation business with emphasis put on developing environmental remediation markets of the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta Economic Zone, while exploring new business modes that suit the Company's development and take opportunities to establish environmental remediation centres;
- Vigorously expanding business fields with large market scale and are easy to replicate, extending and broadening industry chain and steadily propelling the transformation of the Company to industrial environmental business.

## ***4. Enhancing operation and management capabilities to facilitate sustainable development***

- Utilising information technology to extend management boundary and continuously improving the three individual production management systems for hazardous and solid waste treatment, integrated biomass utilisation and environmental remediation on the back of the application of big data;
- Advancing construction of smart power plants to enhance efficiency;
- Strengthening coordination and resource integration functions of regional centres, improving assessment system, stepping up benchmarking management and highlighting a results-oriented approach.

## *5. Strengthening compliance and enhancing core abilities in risk control*

- ◆ Shaping a systematic culture of risk management and firmly fostering the idea of “risk prevention is better than dealing with”;
- ◆ Strictly adhering to the assessment mechanism and ensuring the authenticity and objectivity of assessment, examination, and review conducted before, in the course of, and after an event;
- ◆ Facilitating the construction of a safety culture, summarising experience in operation and strengthening training and sharing of experience.



## *6. Bolstering R&D competence by adhering to development driven by technology*

- Continue to enhance its research on frontier technologies and development of applied technologies by further increasing its investment in scientific research and strengthening its research team;
- Improving the R&D platform for Greentech and seizing the opportunity of participating in national projects to conduct forward-looking research for the greater benefit of national strategies;
- Solving technical problems encountered during construction or operation of projects to improve the sustainable profitability of projects;
- Acquiring technologies for a new round of development, mainly concerning bulk general solid waste treatment in industrial environmental business to provide technical solutions.

# Q&A Session

