



光大綠色環保  
Everbright Greentech

*(Incorporated in the Cayman Islands with limited liability)*  
Stock Code:1257



**Evolve with Times and  
Pursuing Long -Term  
Stability**

2021 Interim Results

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# 01 | Company Overview



# Everbright Greentech

As of 30 June 2021

Contracted  
environmental  
protection projects

**130**

Environmental  
remediation  
projects

**40**

Total investment

**32.1**

(RMB billion)

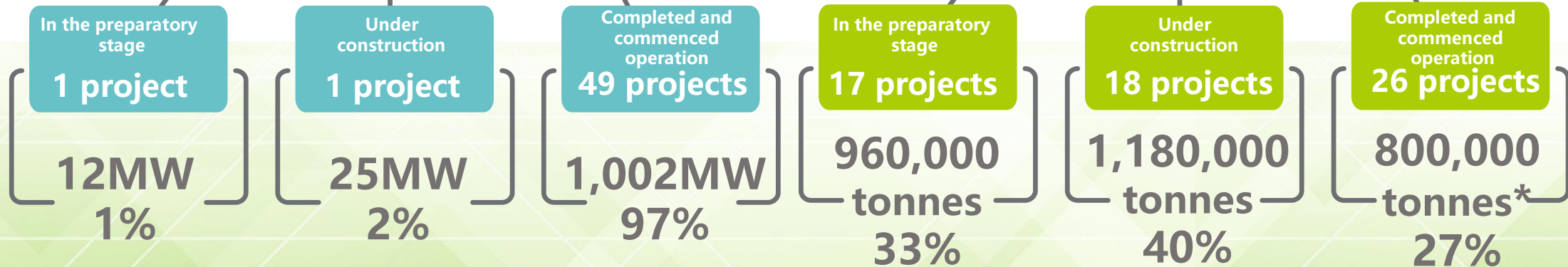
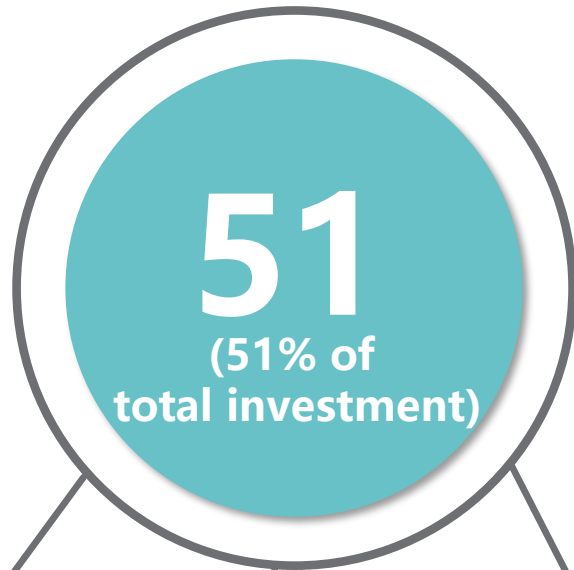
Total service  
contract  
amount

**1.13**

(RMB billion)

## Integrated Biomass Utilisation

## Hazardous and Solid Waste Treatment



Aggregate annual power generation designed capacity

**1,039** MW

Aggregate annual processing designed capacity

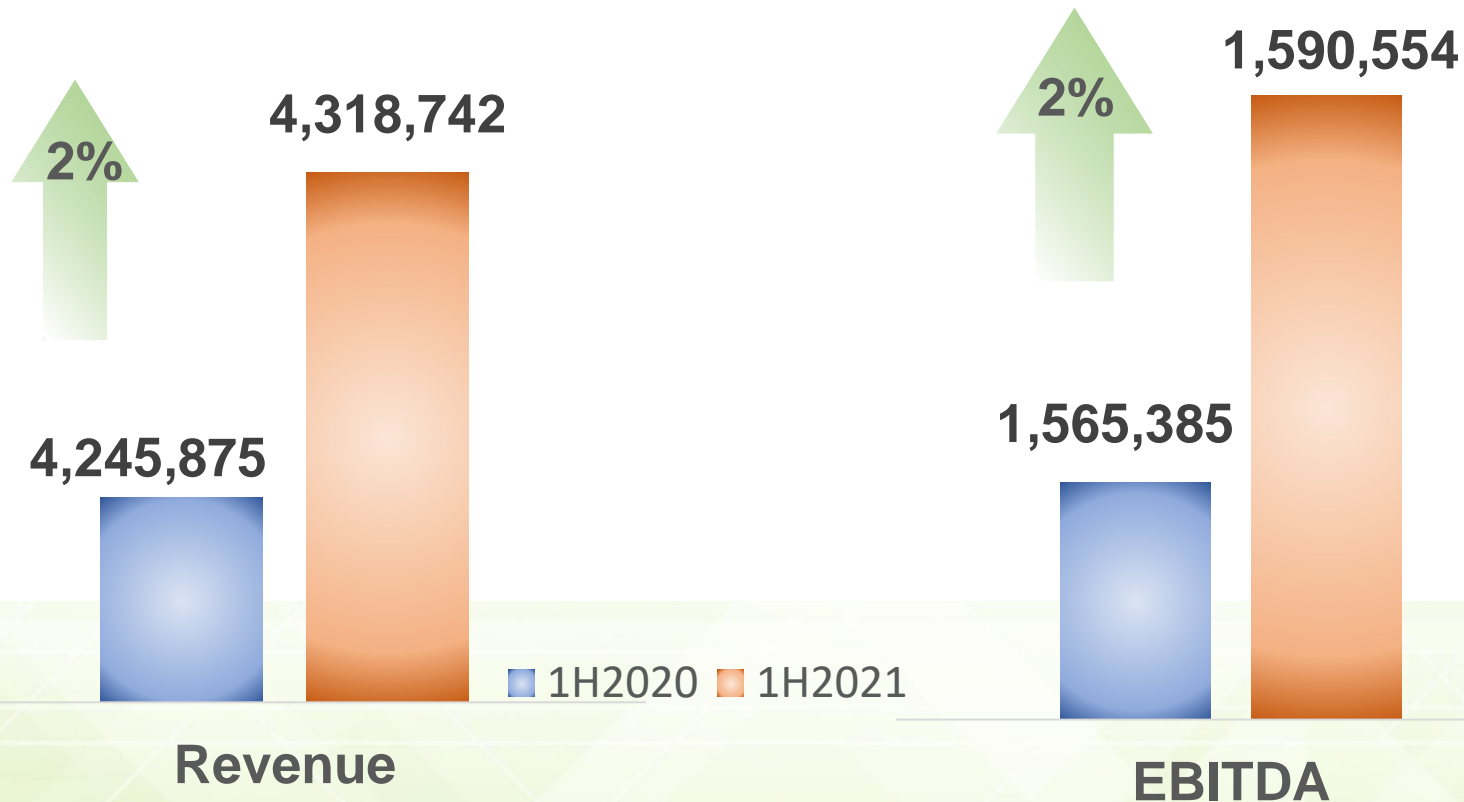
**2.94** million tonnes

\*Including projects completed but not commenced operation 6

# 02 Financial Analysis



# *Endogenous growth and steady development*



Unit: HK\$' 000

- ◆ Further gains in revenue and EBITDA underpinned by record-high operational projects in terms of size coupled with sustained standards delivered by projects in operation.



# Financial Analysis

HK\$' million	1H2021	1H2020	Changes
Revenue	4,319	4,246	+2%
EBITDA	1,591	1,565	+2%
Profit attributable to equity shareholders	702	822	-15%
Basic earnings per share (HK cents)	33.98	39.80	-15%
Interim dividend per share (HK cents)	7	8	-12.5%

- ▶ As of the end of June 2021, revenue increased 2%, recording HK\$4.319 billion, as compared with HK\$4.246 billion for the same period last year. EBITDA increased 2% yoy;
- ▶ Profit attributable to equity shareholders decreased yoy by 15% to HK\$702 million, the decrease was mainly attributable to the reduction in the number of integrated biomass utilisation projects under construction, the increase in the price of biomass raw materials affecting our operations, and the difficult business environment of the hazardous waste market. In addition, the increase in finance costs in line with the steady growth in borrowings reduced the overall profit contribution;
- ▶ 2021 interim dividend payment of HK\$7.0 cents per share, representing a stable dividend payout ratio of approximately 20.6%.

# Financial Analysis

HK\$' million	As at 30/06/2021	As at 31/12/2020	Changes
Total assets	38,507	35,265	+9%
Total liabilities	24,658	22,398	+10%
Shareholders' equity	13,477	12,524	+8%
Current ratio (%)	148.0	156.2	-8.2ppt
Gearing ratio (Total liabilities/Total assets) (%)	64.04	63.51	+0.53ppt

- ▶ As at the end of June 2021, total assets and shareholders' equity increased by 9% and 8% respectively, as compared to the previous year-end; gearing ratio and current ratio were 64% and 148% respectively and maintained at a stable level;
- ▶ Successful issuance of the first ABN with renewable energy tariff subsidies receivables as underlying assets with an amount of RMB589 million during the period enabled effective cash-in on the renewable energy tariff subsidies receivables and their removal from balance sheet, operating cashflow enhancement and effective management of gearing ratio, which only increased by 0.53 ppt compared to the previous year-end. The remaining unissued registered amount of RMB1.411 billion will be launched in a prudent manner depending on market conditions.

# Financial Analysis

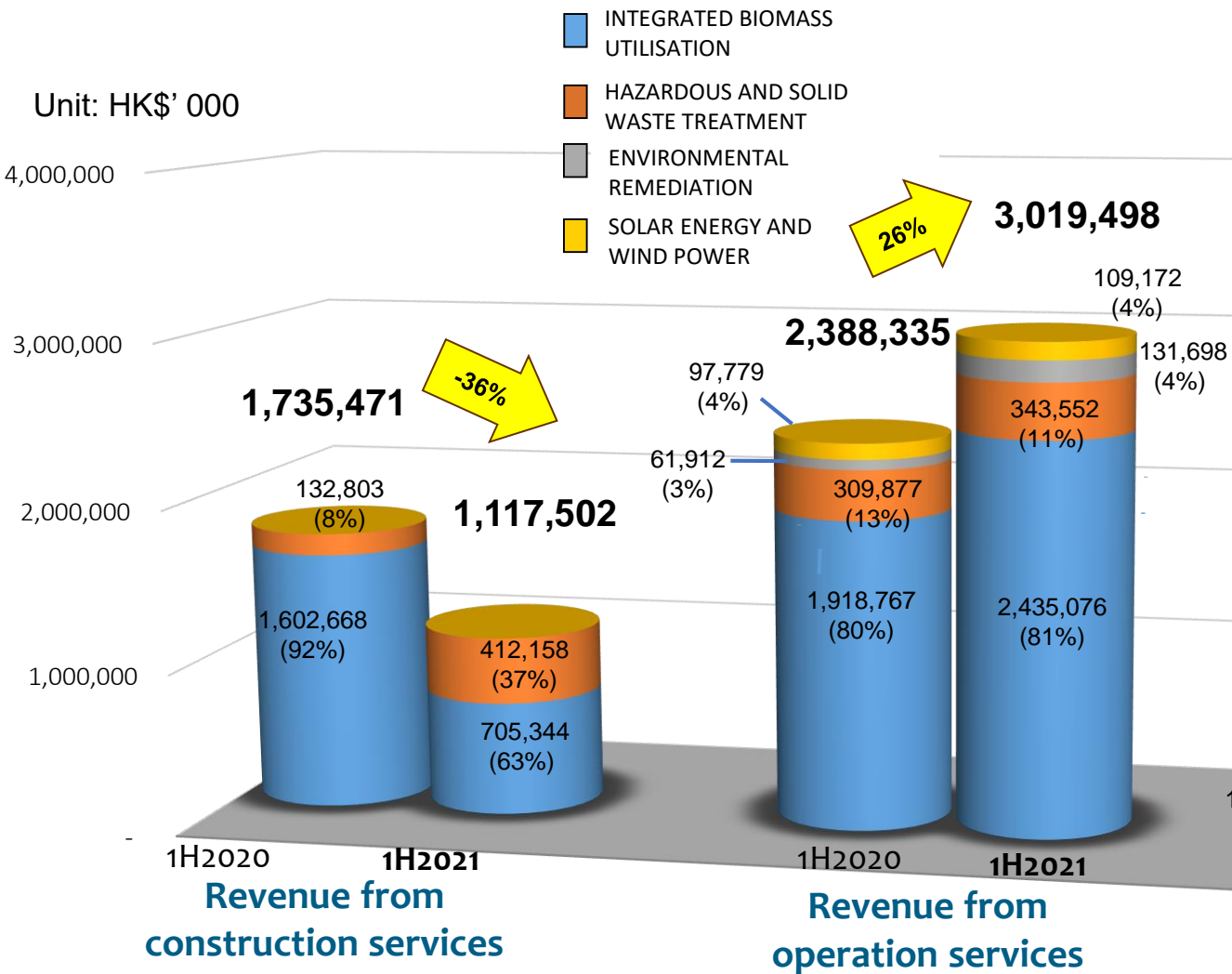


HK\$' million	As at 30/06/2021		As at 31/12/2020		Changes
Short-term loans	3,411	18%	2,315	14%	47%
Long-term loans	15,663	82%	14,619	86%	7%
<b>Total loans</b>	<b>19,074</b>		<b>16,934</b>		13%
Unutilised facilities	6,987		7,592		-8%
<b>Total banking facilities</b>	<b>26,061</b>		<b>24,526</b>		6%
Unutilised banking facilities	6,987		7,592		-8%
Cash and bank balances	2,591		2,727		-5%
<b>Cash and unutilised banking facilities available</b>	<b>9,578</b>		<b>10,319</b>		-7%
	<b>For the six months ended 30/06/2021</b>		<b>For the six months ended 30/06/2020</b>		
<b>Effective interest rate</b>	<b>3.74%</b>		<b>4.23%</b>		<b>-0.49ppt</b>

As at the end of June 2021, total bank loans amounted to HK\$26.1 billion and increased by 6% compared to the end of last year. Long-term loan accounts for 82%. Besides, available cash and unutilised banking facilities totaled approximately HK\$9.578 billion, continuously maintained strong cash position;

Diversification of financing channels underpinned by issuance of panda bonds medium-term notes and ABN, domestic and overseas financing ratio optimized as a result and financing cost further lowered to 3.74%, down 0.49ppt compared to 4.23% for the same period last year.

# Revenue analysis by operating activities



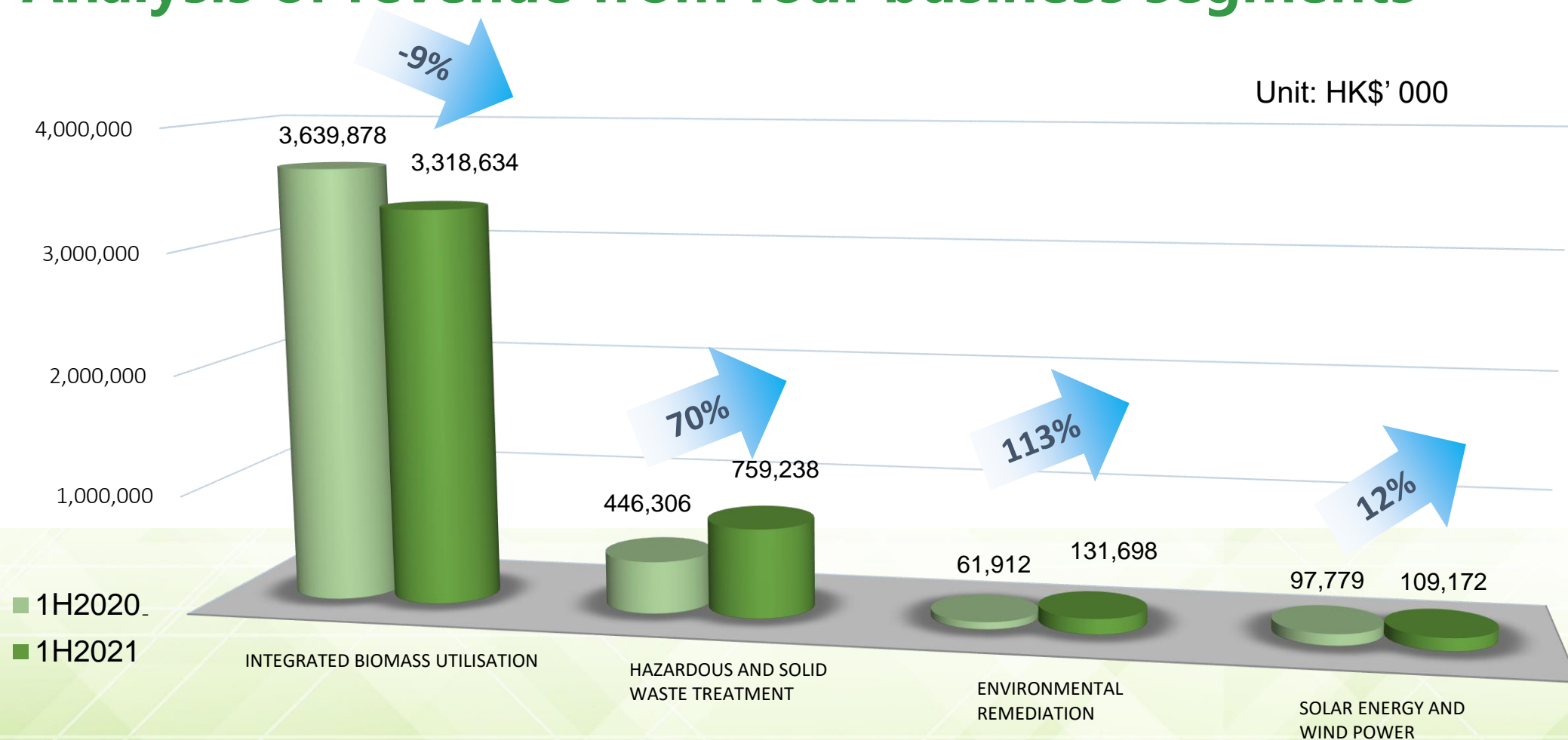
Revenue by portion	1H2021	1H2020
Revenue from construction services	26%	41%
Revenue from operation services	70%	56%
Finance income	4%	3%
Revenue	100%	100%

Operation data	1H2021	1H2020
	10 thousand (kWh/ton)	10 thousand (kWh/ton)
Biomass on-grid electricity	289,421	251,457
Solar energy and wind power on-grid electricity	14,514	13,597
Steam sales	106	59
Household waste processing volume	166	108
Hazardous and solid waste treatment	10.37	8.03

**1H2021: 4.319 billion 1H2020: 4.246 billion**

- Revenue from construction services: only 12 projects could recognize construction revenue resulting in 5 less projects under construction yoy. Less construction work during the period under review attributed to drop of 36%;
- Revenue from integrated biomass utilisation operation services: On-grid electricity were 2.89 billion kWh; Household waste processing volume were 1.664 million tonnes and steam generating volume were 1.059 million tons, up 15%、54%& 80% yoy respectively, contributing 27% increase in operation revenue.
- Revenue from hazardous and solid waste treatment operation services: Hazardous and solid waste processing volume were 104 thousand tonnes up 30% yoy, recycling processing volume were 11 thousand tonnes, up 90% yoy, but fierce market competition resulted in treatment fee of landfill and incineration projects down 17% and 27% respectively;
- Revenue from solar energy and wind power operation services: Last year wind power curtailment due to the pandemic, this year pandemic slowed down, resulting in an increase 7% in on-grid electricity yoy to 145 million kWh;
- Revenue from operation services: the operating income accounted for 70% of total revenue, surpassed non-cash construction revenue.

# Analysis of revenue from four business segments



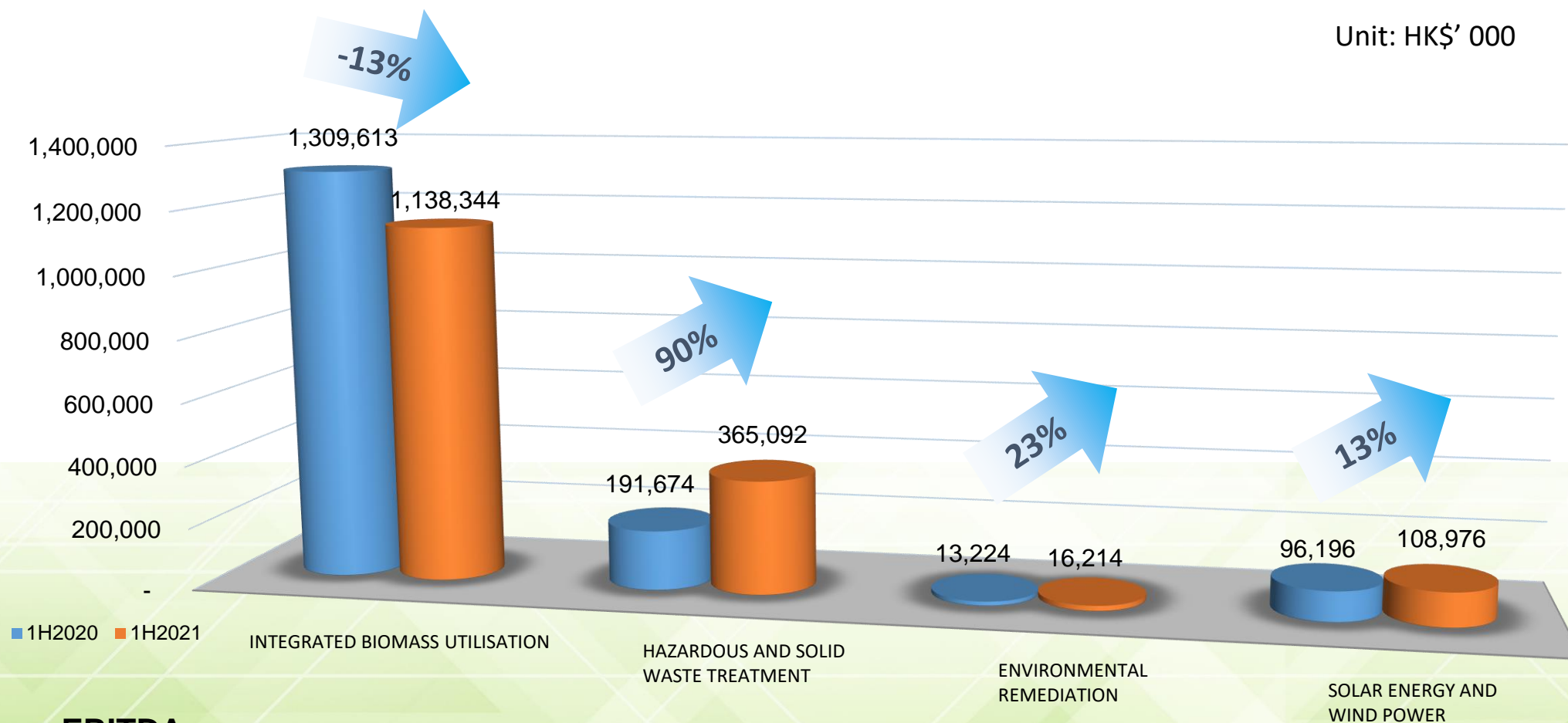
## Revenue:

1H2021: Approximately HK\$4.319 billion; (up 2% yoy)

1H2020: Approximately HK\$4.246 billion

# Analysis of EBITDA from four business segments

Unit: HK\$' 000



## EBITDA:

1H2021: Approximately HK\$1.629 billion; (up 1% yoy)

1H2020: Approximately HK\$1.611 billion

\*Exclude the unallocated head office and corporate net expenses

# 03 | Operating Results



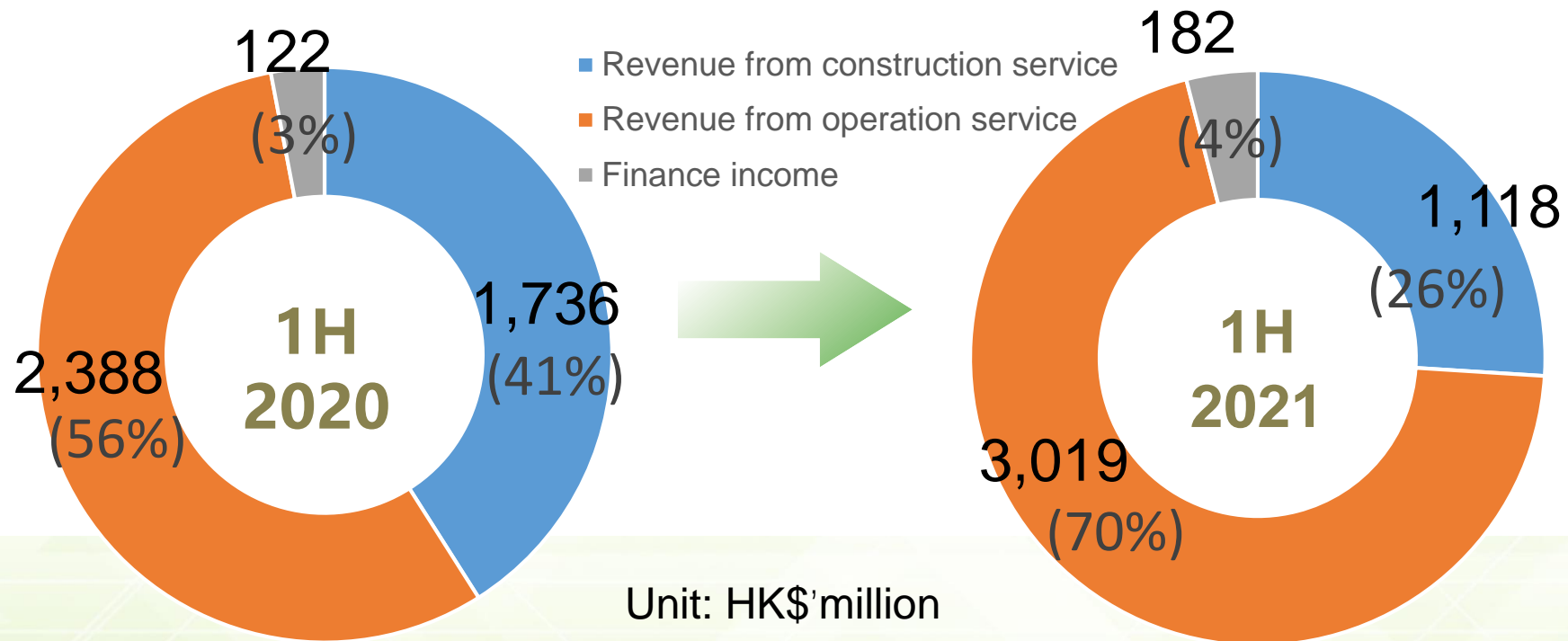
## *Enhancing overall coordination to increase synergy and efficiency*

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- ◆ Tight supply of raw materials to biomass projects in 1Q substantially alleviated thanks to the regional moderation mechanism. In 2Q 1.30 million tonnes of biomass straw fuel have been packed from the fields, up 80% yoy;
- ◆ Biomass electricity and heat cogeneration projects continued to deliver solid performance, completing 1.059 million tonnes of steam supply, up 80% yoy;
- ◆ 115,000 tonnes of hazardous waste processed in the hazardous and solid waste business on the back of optimised allocation of market resources, information and resource sharing and prudent customer development to cope with the complicated and volatile market;
- ◆ Comprehensive implementation of benchmarking management fortifying the foundation for delicacy management and enhancing quality and efficiency of our projects.



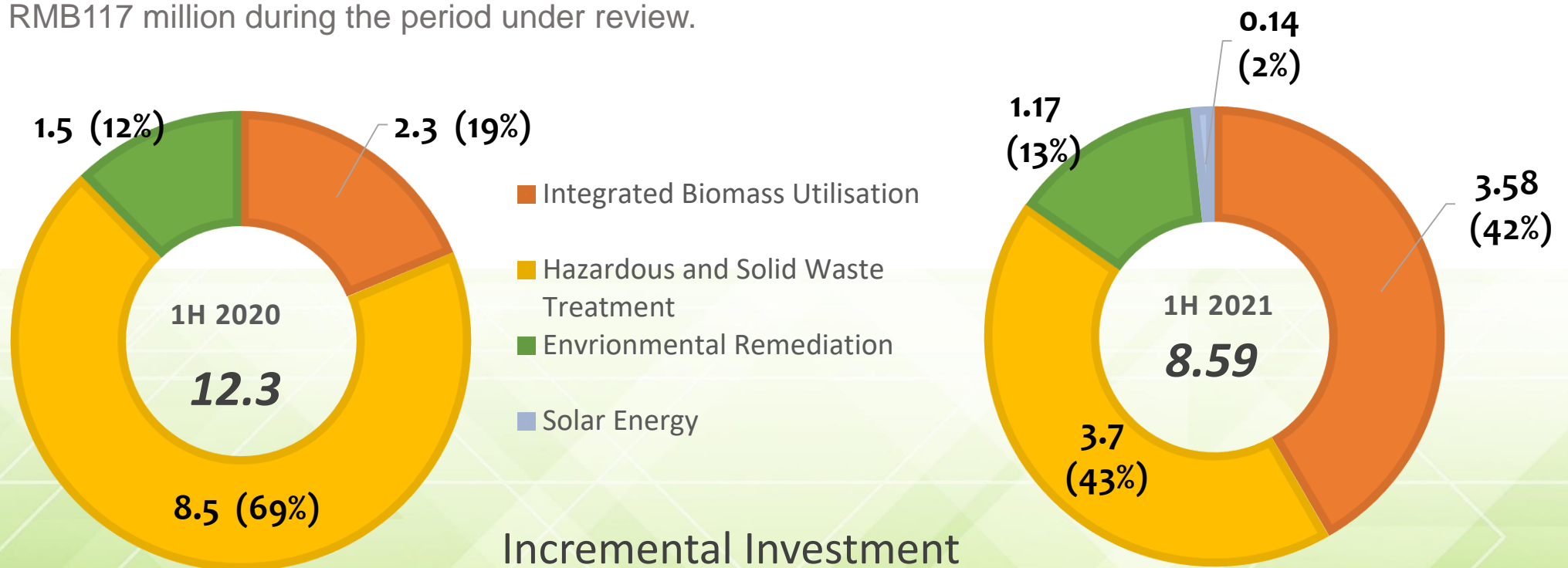
# Quality enhancement through structural optimisation



- ◆ Revenue from operating service: accounting for 70% of total revenue for 1H 2021 (56% in last year of same period), operation revenue increase 26% yoy;
- ◆ Following massive under construction or in the preparatory stage projects completion and commencement of operation, revenue from operation services is expected to contribute further.

# Highly selective approach in acquiring controllable investments

- ◆ Cash-generation ability of projects increased through ongoing improvements to our investment evaluation regime underpinned by proactive capex adjustments;
- ◆ 15 new projects and 2 biomass heat supply supplemental agreements commanding new investment of approximately RMB742 million and environmental remediation projects with a contract amount of RMB117 million during the period under review.



## Incremental Investment

(including contract value)

(Unit: RMB 100 Million)

- Active expansion of existing biomass power generation synergy projects adding 450,000 tonnes/year in steam supply capacity;
- Ongoing expansion of new businesses, such as general industrial solid waste and end-of-life tyre (ELT) recycling;
- Blank in Hong Kong market filled by tapping solar energy projects in the SAR through acquisition of Kellon Green Energy.



## Sichuan

- Zhongjiang 500 tonnes / day Waste-to-Energy Project

## Hubei

- Zhongxiang Biomass 330,000-tonne Heat Supply Project

## Jiangsu

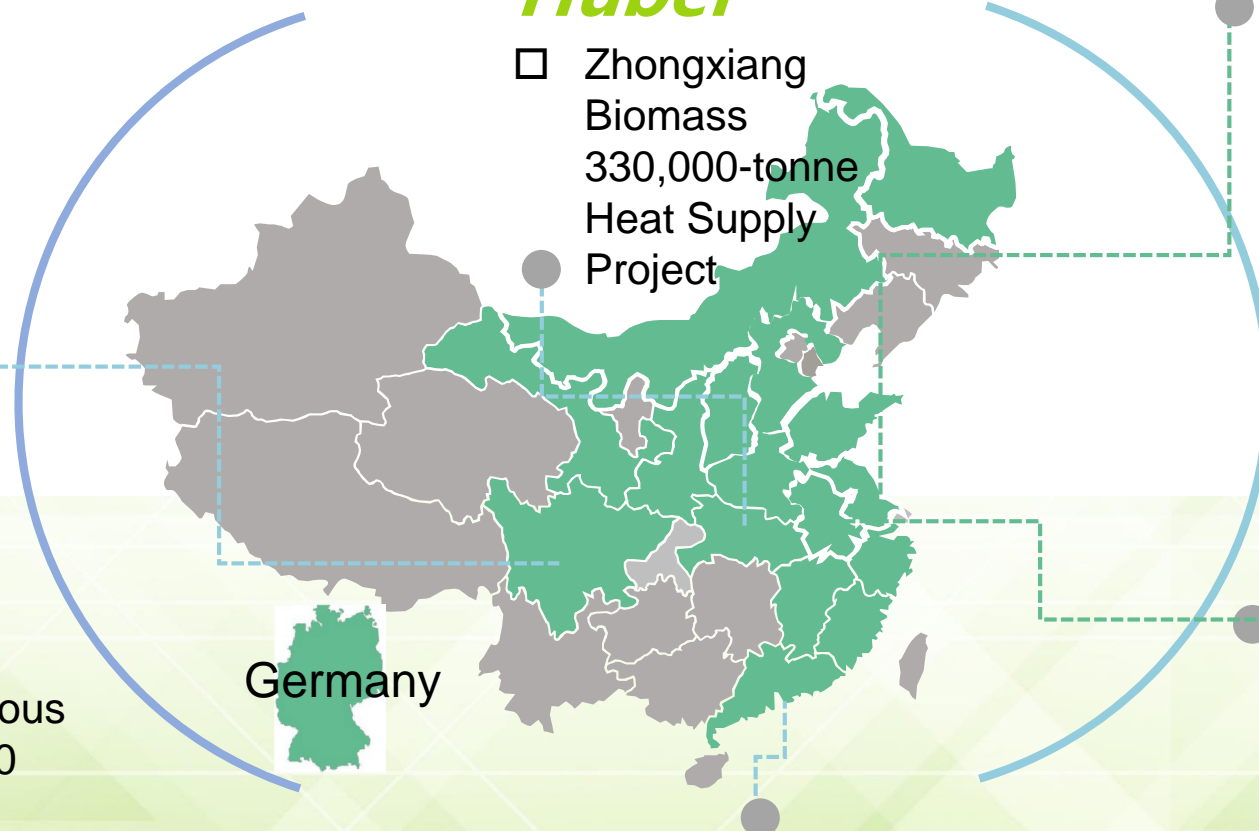
- Xuzhou 100,000-tonne ELT Integrated Utilisation Project
- Zhenjiang New District Distributed Solar Energy and Carbon Neutrality Project
- Feng County Carbon Neutrality and City Environment Stewardship Business

## Anhui

- Nanqiao Biomass 120,000 Heat Supply Project

## Hong Kong

- Acquisition of Kellon Green Solar Energy Project



**15** provinces, municipalities, autonomous region and SAR as at 30 June 2021

## *Fortifying foundation with multi-pronged measures*

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- ◆ Successful issuance of RMB589 million 3-year ABN with a 4.05% coupon for the first 3 years enabling the cash-in of account receivables to replenish working capital underpinning diversification of financing channels in fulfillment of the dual aims of providing liquidity and account receivables off-balance sheet.
- ◆ Enhance budget management underpinned by standardization of operation cost and administrative expenses, receivables management and application of renewable energy tariff subsidies, and a total of 28 projects biomass power generation (including waste-to-energy) projects were included in renewable energy tariff subsidy list during the period also had confirmed entitlements as at the end of the period.

# *Initial results delivered through a technology-oriented approach*

## ◆ Growing innovative ability

As at the end of 1H 2021, we completed revision of the R&D administration system, participated in the compilation of 2 national standards, 2 group standards and 1 guideline, acquired 8 patents including 1 invention patent and received the Shenzhen Government's R&D grants and hi-tech enterprise grants.

## ◆ Well-positioned for development through carbon asset stock-taking

Preparations for carbon asset auditing and stock-taking underway as CCER was completed (pending verification and registration) for 8 integrated biomass utilisation projects, with a view to active participation in carbon emission trading when the time is right.

## ◆ Ongoing improvements to technology R&D management

Enhancement of technology R&D management catering to the requirements of business transformation, with a special emphasis on technology R&D relating to carbon neutrality, integrated solar energy storage and charging, power battery recycling.

# *Driving sustainability through enhanced ESG management*

## Persisting in a green path for development

- Continued to contribute 2.89 million kWh of green power representing 15% yoy increase;
- “Development and Application of Safe, Clean and Efficient Incineration Technology for General Combustible Industrial Solid Waste” listed as “Key Program for International Science and Technology Cooperation Projects” maintained by the Ministry of Science and Technology of China;
- Major effort in improving the environmental management regime



## Fostering harmony in community

- Take targeted measures to help poverty alleviation on the back of integrated biomass utilisation projects;
- On-site visits to understand difficulties of local residents and propose solutions;
- Assisted members of underprivileged households to improve job skills so that they could secure employment with better work competence.



## Priority of safety

- Occupational Health and Safety (“OHS” ) management regime with 100% coverage of workers;
- Zero incident of staff fatality caused by work-related injuries;
- Training sessions for enhancement of staff knowledge in occupational diseases to eliminate related the risk of occupational disease at work.



# 04 Business Prospects



# *1. Reinforcing our principal businesses to solidify the foundation*

- Clean energy centre: vigorous promotion of heat supply and other synergetic businesses and coordination of the biomass-collection regime to enhance efficiency, quality and value;
- Hazardous and solid waste treatment centre: focusing on regional markets while enhancing competitiveness through cost reduction and exploration of new resources;
- Environmental remediation centre: strengthening cooperation among industry, academia and research institutions, leveraging the coordination mechanism and improving market development competence to enhance its industry position.



## *2.1. Driving transformation with a special focus on carbon peaking and carbon neutrality*

- Active exploration of bulk integrated solid waste utilisation to identify qualitative use and deliberations on new businesses such as power battery recycling;
- Vigorous development of environmental remediation with a special focus on breakthroughs in the landfill remediation business, complemented by investigations in the innovative business model of “EOD + IOD + future community-city development”;
- Active advancement of solar energy, wind power, energy storage and comprehensive energy services associated with existing biomass projects, with a special focus on county-wide solar energy, in a potential new cycle of delivering value.

## *2.2. Driving transformation with a special focus on carbon peaking and carbon neutrality*

- Achieving the economic benefits of carbon reduction through effective application of existing and new carbon assets, riding on the national targets of carbon neutrality and carbon peaking;
- Incubating new businesses relating to carbon asset management in close tandem with national strategy and market trends to drive the Company's new development;
- Active exploration of green finance through integration of industrial and financial operations, driving the green low-carbon business with financial leverages to procure sustainable development.

### ***3. Strengthening risk control to safeguard business development***

- Ongoing improvements to risk management regime to bring risk management objectives dynamically in line with corporate strategic goals;
- Implementation of issue-specific risk management measures focused on identified material risks to ensure effective control over material risks;
- Implementation of legal compliance, risk control and internal audit in all aspects including project development, construction, production, internal management and contingency response, etc.

## 4. *Technology-driven innovation*

- Business transformation and leaping development driven by technological innovation;
- Cost reduction, efficiency enhancement and optimisation as well as quality enhancement for existing projects, through process optimisation, elevation of standards and equipment upgrades with a special focus on technological improvement;
- With a special emphasis on the research on and application of new technologies, materials and models, we seek to identify new products, businesses and models with strong market potentials that would enhance synergy with existing businesses, while building an open platform for resources and business integration to lead the Company's transformation.

# 05 Subsequent events



# *Successful issuance of green bonds*

## ***- First medium-term notes with the “carbon neutrality and rural vitalization” themes***

On 29 July 2021, Everbright Greentech issued its first carbon neutral bonds to institutional investors in China’s inter-bank bond market and subscription was completed.

- ❑ Issue size: RMB1 billion
- ❑ Maturity: 3 + 2 years
- ❑ Coupon rate: 3.5%
- ❑ Subscription ratio: 2.25
- ❑ Use of funds: The carbon-neutral bond will be exclusively applied to finance green projects with benefits in carbon reduction. Proceeds from the current issue will be used for repayment of project loans of agricultural and forestry biomass projects.
- ❑ Significance of biomass power generation projects:
  1. Increasing income for agricultural workers to sustain achievements in the fight against poverty;
  2. Optimisation of energy supply structure in agricultural villages for the development of beautiful rural areas.

# Q&A

