

EVERBRIGHT ENVIRONMENT ANNOUNCES 2023 ANNUAL RESULTS
Financial Highlights

	FOR THE YEAR		
	ENDED 31 DECEMBER		
	2023	2022	YEAR-ON-YEAR
	HK\$'000	HK\$'000	CHANGE
REVENUE	32,090,207	37,321,229	-14%
GROSS PROFIT	13,811,291	14,364,599	-4%
EBITDA	12,827,961	12,841,787	-0%
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	4,429,160	4,601,939	-4%
BASIC EARNINGS PER SHARE (HK CENTS)	72.10	74.91	-4%
FINAL DIVIDEND (HK CENTS)	8.0	9.0	-11%
TOTAL DIVIDEND (HK CENTS)	22.0	24.0	-8%

27 March 2024, Hong Kong – China Everbright Environment Group Limited (“Everbright Environment” or the “Company”) (257.HK) announces the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2023 (“2023” or the “year under review”).

In terms of operating results, during the year under review, the Group diligently followed its strategic guidance and achieved a further increase in the proportion of operation service revenue with more diversified revenue streams, while yielding notable results in cost reduction and efficiency enhancement. With a focus on its major businesses, the Group consolidated its existing business strengths and explored new frontiers, adopted the “going global” approach with a proactive and steady manner, and continued to foster collaborative ecosystems, enriching its business landscape. Leveraging its high-quality environmental protection projects, the Group exemplified its corporate commitment to actively serving China’s major strategies. It also enhanced the proficiency and efficiency of the operations management by optimising its operations management systems,

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achieving cost containment through a multi-faceted approach, and carrying out digital transformation. Guided by an innovation-driven and enabled approach, the Group maintained a business model of balanced development of asset-light and asset-heavy businesses, and continuously stepped up the digitalisation of its management, while intensifying the commercialisation of technological results and accelerating transformation and upgrading of equipment manufacturing. The Group also enhanced the efficiency of decision-making through more standardised corporate governance.

During the year under review, the Group recorded a total revenue of approximately HK\$32.090 billion, a decrease of 14% from 2022; gross profit amounted to approximately HK\$13.811 billion, a decrease of 4% from 2022; earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to approximately HK\$12.828 billion, which remained stable from 2022; profit attributable to equity holders of the Company amounted to HK\$4.429 billion, a decrease of 4% from 2022; and basic earnings per share amounted to HK72.10 cents, a decrease of 4% from 2022.

In terms of market expansion, during the year under review, the Group continued to focus on the three major areas, namely solid waste, water-related business and clean energy. It solidified its major traditional business areas and explored new businesses, further extending its industry chain and diversifying its business deployment. In 2023, the Group invested in and secured a total of 40 new projects and signed 2 supplementary agreements to existing projects, which command a total investment of approximately RMB4.816 billion. It also undertook various asset-light businesses, with a total contract value of approximately RMB3.244 billion.

The major designed treatment and supply capacities of the new projects secured in 2023 are summarised as below:

Project Category	Designed Treatment/Supply Capacity
Household waste	3,700 tonnes/day [#]
Food and kitchen waste	775 tonnes/day [#]
Biomass raw materials	50,000 tonnes/year
Water treatment*	220,000 m ³ /day
Heat and steam supply	1,738,132 tonnes/year
Solar power installed capacity	100.06 MWp

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

Including treatment capacity under the O&M model

In respect to market expansion highlights, during the year under review, in terms of the traditional business areas, the Group successively implemented environmental protection projects in Dafang County and Kaiyang County in Guizhou Province, Zhaotong County in Yunnan Province, Guangzong County in Hebei Province, Shen County in Shandong Province, Nanxiong County in Guangdong Province, and Feng County in Jiangsu Province, further tapping into county-level markets. It also signed multiple synergistic projects related to waste-to-energy business, encompassing areas such as food and kitchen waste treatment, environmental sanitation integration, resource recycling and utilisation, construction waste, and heat and steam supply, further consolidating the deployment of the Group's waste-to-energy industry chain in the local markets. Besides, the Group implemented advantageous businesses, such as waste-to-energy, municipal and industrial waste water treatment and solar power, in Shandong, Jiangsu, Anhui, Hong Kong and other places. In terms of new business areas, the Group signed its first livestock and poultry manure resource utilisation project, breaking new ground in the water-related business in Guangdong Province, as well as its first "Zero-carbon Park" project, establishing a foothold in the smart energy industry. Additionally, the Group undertook a number of waste-to-energy and industrial waste water treatment projects based on the EPCO (Engineering Design-Procurement-Construction-Operation) model for the first time, further enriching the portfolio of its business models. It also secured an equipment supply service order in Barkam, Sichuan Province, marking the Group's first attempt to provide 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 research and development ("R&D") achievements. The Group also successively undertook asset-light services in Hau Giang of Vietnam, Tanzania, and Abu Dhabi in the United Arab Emirates, constantly exporting its technology and equipment to overseas markets.

As of 31 December 2023, the Group had a business presence in 225 cities, counties and districts across 26 provinces, municipalities, autonomous regions and special administrative region in China, with overseas business markets in Germany, Poland, Vietnam and Mauritius. The Group invested in and secured a total of 592 environmental protection projects, with an aggregate investment of approximately RMB160.655 billion. It also undertook various asset-light projects and services, such

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as environmental remediation, EPCO, engineering, procurement and construction (“EPC”), operation and management (“O&M”), equipment supply, and technical services. As the world’s largest waste-to-energy investor and operator, the Group had a total of 191 waste-to-energy projects (including 1 O&M project and 1 EPCO project), with a designed daily household waste processing capacity of 158,900 tonnes.

In 2023, the Group continued to optimise and improve management relating to project operation, engineering construction, finance, and tendering and procurement, to increase revenue sources, reduce cost and boost efficiency.

In terms of operations management, during the year under review, the Group reduce cost through various means and carried out digital and intelligent transformation. As a result, its overall operating costs further decreased as compared with 2022, and the proportion of operation service revenue against total revenue further increased, demonstrating the Group’s transformation from construction service revenue to operation service revenue as the major source of revenue. In 2023, the Group’s environmental energy sector boosted the volume of waste for its projects and electricity generated from the projects as compared with 2022, by adopting the *12 Measures to Boost Waste Volume* to better coordinate and integrate waste sources. The sector leveraged its operating projects to expand various synergistic businesses, so that these projects could synergise with each other to boost profitability and efficiency. The environmental water sector completed the construction of a standardised operation management system for intelligent water plants, which was implemented across all operating projects. The sector recorded over 20 achievements under its “Five Innovations” initiative (small inventions, small transformations, small innovations, small designs and small suggestions) across projects under the sector, effectively enhancing cost control and efficiency. It also continued to promote the “in-plant solar energy” project, which boosted the “low-carbon and energy-efficient” strengths of operating water projects as more solar power generation facilities were put into operation. The greentech sector incorporated intelligent management processes and technologies into several integrated biomass utilisation projects and solid waste treatment projects, facilitating the reduction of operating cost.

In terms of project construction, during the year under review, the Group adopted various measures, such as optimising relevant systems and processes, and improving engineering construction techniques and processes, to continuously reduce project construction costs and develop a number of high-quality projects, such as Heilongjiang Harbin Yuquan Waste-to-energy Project, Xiongan

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Integrated Waste Treatment Project, and Boao Zero-carbon Demonstration Zone Project. In 2023, 40 projects completed construction and commenced operation, and 16 asset-light services including environmental remediation were completed and delivered. Additionally, 47 new projects commenced construction, and 20 asset-light services including environmental remediation began execution.

In terms of finance management, during the year under review, the Group actively expanded its financing channels and continuously optimised its portfolio of financing instruments to reduce financing costs and improve liquidity. In the meantime, the Group monitored interest rate changes in domestic and overseas markets, continued to reduce interest rates of domestic borrowings, and replaced overseas high-interest rate borrowings in an orderly manner, to significantly save interest-related expenses. Additionally, the Group adopted various measures and enhanced efforts to collect and manage its debtors, negotiated with banks to secure additional facility support.

In terms of tendering and procurement, during the year under review, the Group continued to optimise the procurement levels and authority system, to boost procurement efficiency. It also organised trainings on tendering and procurement and enhanced procurement supervision, to further standardise the relevant work. Additionally, the Group further promoted the centralised management of tendering and procurement as appropriate to further reduce procurement costs.

In terms of innovation empowerment, during the year under review, the Group adhered to the “Innovation-driven Development” approach. It advanced the integration of business and finance through the construction of various digital systems, initiating the digital transformation journey. The Group actively created an open and shared ecosystem for technological innovation, focusing on catering to its needs, market demands, and future development. It also persistently pursued independent research and innovation that aligned with its own development needs, establishing the “Open Competition” and “Major Topics” mechanisms for R&D to better promote the transformation and application of technological achievements. As of 31 December 2023, the Group held nearly 1,800 authorised intellectual property rights.

In terms of environmental contributions, in 2023, the Group generated green electricity of nearly 26 billion kWh through processing household waste, hazardous and solid waste, and agricultural and forestry waste. This output could support the annual electricity consumption needs of more than 21 million households, equivalent to saving more than 10 million tonnes of standard coal, while

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avoiding carbon dioxide (CO₂) emissions by nearly 14 million tonnes. At the same time, through the treatment of waste water treatment and leachate from waste-to-energy plants, the Group reduced chemical oxygen demand (COD) discharge of 850,000 tonnes.

The Group remains dedicated to sharing development and operation returns with the shareholders of the Company (the “Shareholders”). To reward the Shareholders for their trust and support, the board of directors of the Company (the “Board”) recommended the distribution of a final dividend of HK8.0 cents per share for the year ended 31 December 2023 to the Shareholders (2022: HK9.0 cents per share), with the total dividend for the year amounting to HK22.0 cents per share (2022: HK24.0 cents per share).

Mr. Luan Zusheng, Executive Director and Chief Executive Officer of Everbright Environment, said, “In 2023, The Group maintained strategic composure by delving deeper into major businesses and responsibilities while fostering innovation and transformation. As a result, it realised stable operating results and carried out high-quality development in a steady manner, further consolidating its industry-leading position. For the next step, the Group will make sure its strategic goals are implemented and take effect, with a focus on major responsibilities and business areas. By prioritising project operation, it will constantly enhance its operation proficiency and efficiency. By coordinating the domestic and overseas markets, it will make steady progress in market expansion. The Group will also explore new technologies and new business areas, to build its core competitive edge. It will address key and challenging tasks, such as the collection of accounts receivable. Additionally, it will develop a team of high-quality personnel. The Group will coordinate and carry out all operating and management work to foster high-quality development, creating sustainable and excellent return and value for its Shareholders and the society.”

Mr. Huang Haiqing, Executive Director and Chairman of the Board of Everbright Environment, said, “The year 2024 is a crucial year for the implementation of China’s ‘14th Five-Year Plan’ and an important year for the construction of a beautiful China. The Group will adhere to the working principle of ‘Making Progress with Stability and Promoting Stability through Progress’. With the goal, ‘To become a World-Class Integrated Environmental Service Provider with Chinese Characteristics’, the Group will focus on high-quality development and continuously solidify its favorable development momentum, by establishing a ‘One Body and Two Wings’ development path. This refers to focusing on domestic business with an emphasis on operation as one body, and exploring overseas business and pursuing development that is driven by innovation as two engines. With the

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strategic guidance of the Board and support from the stakeholders, the Group will do its utmost to solidly promote its development to embark on new frontiers to contribute Everbright's strength to the construction of a beautiful China.”

Business Review by Sectors

ENVIRONMENTAL ENERGY

In 2023, environmental energy invested in and secured 24 new projects, covering the areas of waste-to-energy, food and kitchen waste treatment, environmental sanitation integration and heat and steam supply, etc., with a total investment of approximately RMB3.079 billion. It also newly undertook 2 EPCO projects, 1 EPC project and other types of asset-light businesses, with a total contract value of approximately RMB619 million. The newly secured projects contribute a designed daily household waste processing capacity of 3,700 tonnes (including processing capacity under the O&M model), a designed daily food and kitchen waste processing capacity of 775 tonnes, and a designed annual steam supply capacity of 1,081,132 tonnes. As of 31 December 2023, environmental energy had invested in and held 281 projects, with a total investment of approximately RMB98.318 billion, and undertook 2 O&M projects, 2 EPCO projects, and other types of asset-light businesses.

In terms of market development, in 2023, environmental energy dedicated its efforts to achieving a balanced development of waste-to-energy and synergistic businesses as well as asset-light and asset-heavy businesses, contributing to an increasing proportion of the synergistic businesses and a diversified development of the asset-light businesses. In particular, it implemented waste-to-energy projects in Dafang County and Kaiyang County in Guizhou Province, Guangzong County in Hebei Province, and Zhaotong City in Yunnan Province, as well as securing environmental sanitation integration business in Ma'anshan of Anhui Province and Laoling of Shandong Province, further consolidating the Group's business deployment in county-level solid waste treatment markets. It also secured Sichuan Yibin Second Household Waste-to-energy Project (Phase I) EPCO Project, which marks the Group's first time to adopt the EPCO model, further broadening the portfolio of business models and the scope of the asset-light businesses for the Group.

In terms of project construction, during the year under review, 20 projects of environmental energy completed construction and commenced operation, with a total designed daily household waste processing capacity of 5,300 tonnes, and a designed daily food and kitchen waste processing

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capacity of 1,558 tonnes. 26 projects (including EPCO and EPC projects) commenced construction, with a total designed daily household waste processing capacity of 3,900 tonnes, and a designed daily food waste processing capacity of 1,568 tonnes.

ENVIRONMENTAL WATER

As of 31 December 2023, the Group held a 72.87% stake in China Everbright Water Limited (“Everbright Water”).

In 2023, Everbright Water invested in and secured 6 new projects and signed 1 supplementary agreement to an existing project, with a total investment of approximately RMB1.213 billion, and newly undertook 2 O&M projects (excluding a renewed O&M project), 3 EPCO projects and other types of asset-light businesses, with a total contract value of approximately RMB1.884 billion. The new projects are designed to have a daily waste water treatment capacity of 205,000 m³ (including treatment capacity under the O&M model), and a daily reusable water supply of 15,000 m³. As of 31 December 2023, Everbright Water had invested in and held 166 projects, with a total investment of approximately RMB30.78 billion. It also undertook 7 O&M projects, 3 EPCO projects and other types of asset-light businesses.

In terms of project construction, during the year under review, Everbright Water had 13 projects that completed construction and commenced operation, with a designed daily water treatment capacity of 130,000 m³; 18 projects (including EPCO projects) commenced construction, with a designed daily water treatment capacity of 325,000 m³.

GREENTECH

As of 31 December 2023, the Group held a 69.7% stake in China Everbright Greentech Limited (“Everbright Greentech”).

In 2023, Everbright Greentech secured 10 new projects and signed 1 supplementary agreement of an existing project, with a total investment of approximately RMB523 million. It also newly undertook 9 environmental remediation services and signed 1 supplementary agreement of an existing service, with a total contract value of approximately RMB299 million. The new projects are designed to have an annual biomass raw material processing capacity of 50,000 tonnes and a solar power installed capacity of 100.06 MWp. As of 31 December 2023, Everbright Greentech had invested in and held 140 projects, with a total investment of approximately RMB30.935 billion. In

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addition, it undertook 18 environmental remediation services (excluding services that had been completed and delivered).

With respect to project construction, during the year under review, Everbright Greentech had 7 projects that had completed construction and commenced operation, contributing a designed annual household waste processing capacity of 365,000 tonnes, a designed annual hazardous and solid waste processing capacity of 366,000 tonnes, and a solar power installed capacity of 29.27 MWp. 7 environmental remediation services were completed and delivered. Separately, 8 projects commenced construction, with a designed annual household waste processing capacity of 255,500 tonnes and a solar power installed capacity of 29.61 MWp. 9 environmental remediation services started their respective remediation work in succession.

EQUIPMENT MANUFACTURING

In 2023, equipment manufacturing promoted the continuous optimisation of the revenue structure of both internal and external sales, with the share of revenue from external sales rising significantly. During the year under review, the Group secured Sichuan Barkam Boiler and Flue Gas Purification Project, in which the Group provided its self-developed small-tonnage household waste mechanical grate furnace to an external client 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. The signing of the incinerator order for the Hau Giang household waste-to-energy project in Vietnam marked the first time that the Group had signed an order directly with an overseas business unit to provide equipment services. The authorisation of patents relating to grate furnace technologies was obtained in Malaysia, Indonesia and Brazil, etc., laying a good foundation for further opening up the overseas business market.

In 2023, equipment manufacturing signed a total of 14 external sales contracts. The total value of contracts relating to the external sales of complete sets of equipment amounted to RMB442 million. In terms of equipment supply and after-sales services, equipment manufacturing commenced 24 service items. It provided 20 sets of grate furnaces to projects of the Group and external clients, and sold 76 sets of equipment. It also signed 146 contracts in relation to external after-sales services, with a total contract value of approximately RMB55.08 million. Throughout 2023, the sector provided 187 after-sales service projects.

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ENVIROTECH

In 2023, envirotech continued to cater to the Group’s needs, its market demands, and future development, and established the “Major Topics” and “Open Competition” mechanisms. With a focus on optimising existing business in the areas of solid waste, water-related business and clean energy, the Group promoted technological innovation and commercialisation in areas such as incineration and gasification with energy-saving and efficiency enhancement, flue gas purification, solid waste resource utilisation, intelligent optimisation control, data governance, and low-carbon energy storage. Forming more than ten flexible project teams, the Group also explored new directions such as hydrogen energy and storage. It focused on advancing carbon asset management, carbon asset development, and carbon monitoring, which is in line with China’s strategic goals of “Peaking Carbon Dioxide Emissions and Achieving Carbon Neutrality”. Adhering to technology as the driving force to create value, the Group aims to leverage technology as the driving force to empower and accelerate development of all businesses within the Group.

In 2023, the Group was granted 250 patents (including 167 utility model patents, 57 invention patents, 20 software patents and 6 appearance patents). As of 31 December 2023, the Group held 1,783 patents in total.

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About China Everbright Environment Group Limited

China Everbright Environment Group Limited (“Everbright Environment”) is a flagship enterprise of China Everbright Group Ltd. in the industrial sector. Everbright Environment is listed on the Main Board of The Stock Exchange of Hong Kong Limited (“HKEX”) (257.HK). It has two listed subsidiary companies: China Everbright Water Limited, which is dual listed on Singapore Exchange Securities Trading Limited and HKEX (U9E.SG and 1857.HK) and China Everbright Greentech Limited, which is listed on HKEX (1257.HK). Since its transformation into the environmental field in 2003, Everbright Environment has become the largest environmental enterprise in China, a leading player in Asia’s environmental protection industry, as well as a world-renowned environmental group.

As the world’s largest waste-to-energy, Everbright Environment has a designed daily household waste processing capacity of nearly 160,000 tonnes. The company has a business presence in 26 provinces, municipalities, autonomous regions and special administrative region in China, as well as overseas markets including Germany, Poland, Vietnam and Mauritius. Its main businesses cover waste-to-energy and integrated waste treatment, integrated biomass utilisation, hazardous and solid waste treatment, new energy, environmental remediation, water environment management, equipment manufacturing, waste sorting, environmental sanitation integration, resource recycling, development of zero-waste cities, energy-saving lighting, analysis and testing, research and development relating to green technologies, ecological and environmental planning and designing, as well as environmental protection industrial parks.

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