

Everbright International 2020 Interim Results Presentation

August 2020

中國光大國際有限公司
CHINA EVERBRIGHT INTERNATIONAL LIMITED



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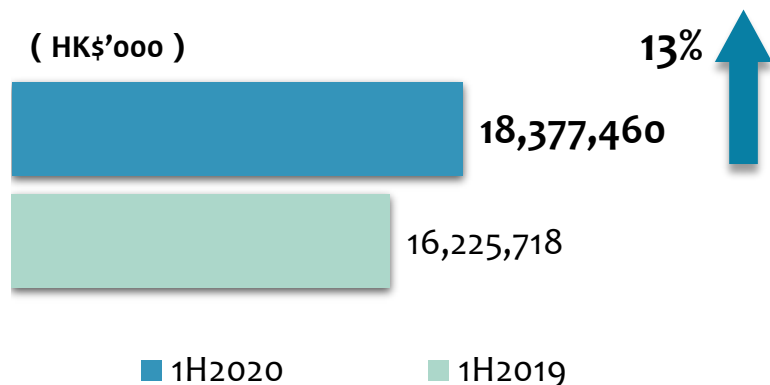
Operating Results

Steady Growth of Operating Results

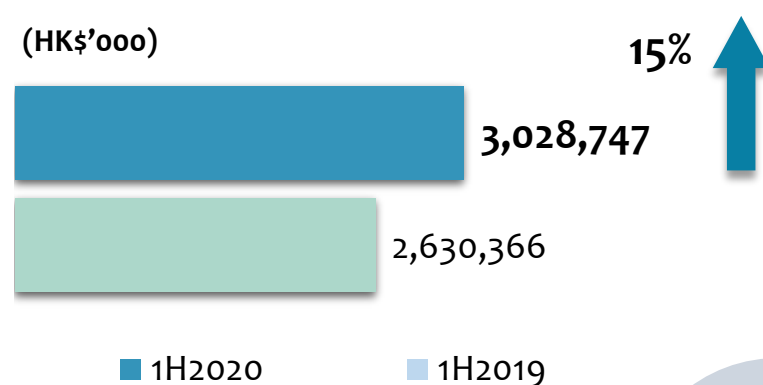
- With steady growth of traditional businesses and good momentum of emerging businesses, Everbright International continued to record growths in revenue and profit.
- With construction work overcoming the impact brought by the COVID-19 pandemic, the Group's construction service revenue increased steadily.
- With continued increase in the number of operating projects, the Group's operation service revenue grew significantly.

Year-on-year Comparison of Key Operating Indicators

Revenue



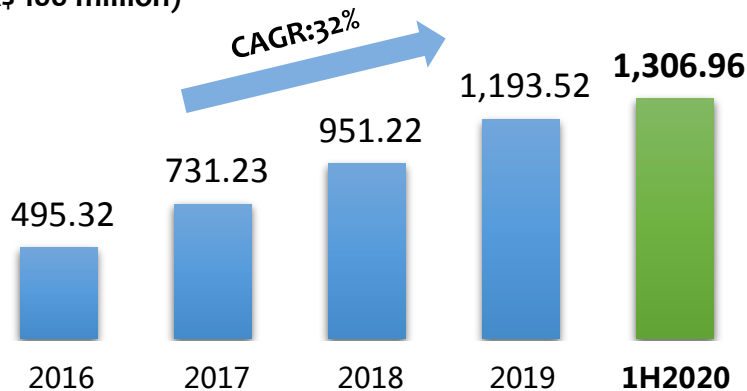
Profit Attributable to Equity Holders of the Company



Sustained and Stable Operating Indicators

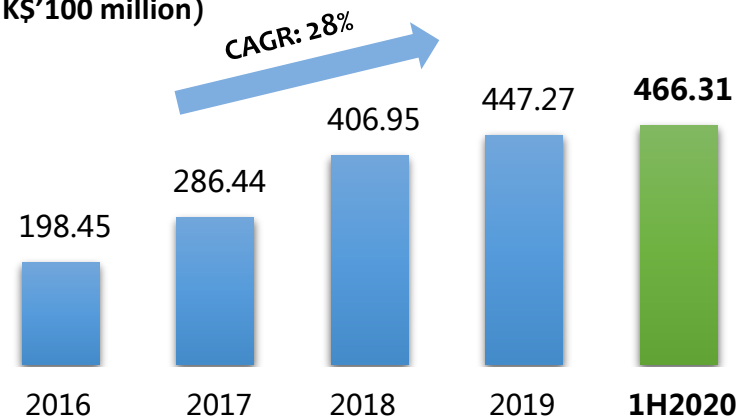
Total Assets

(HK\$'100 million)



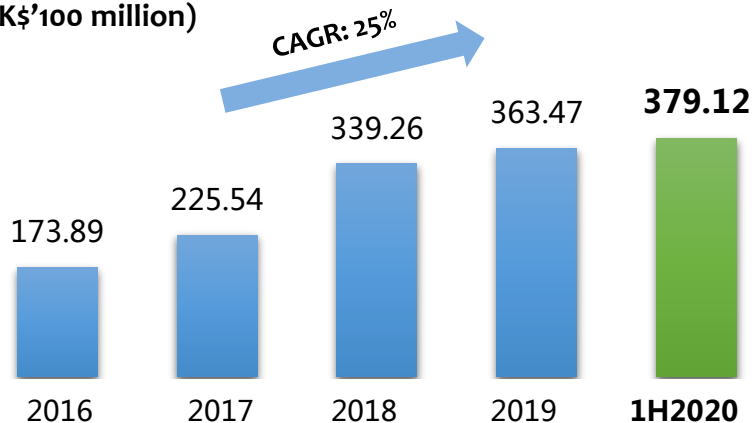
Net Assets

(HK\$'100 million)

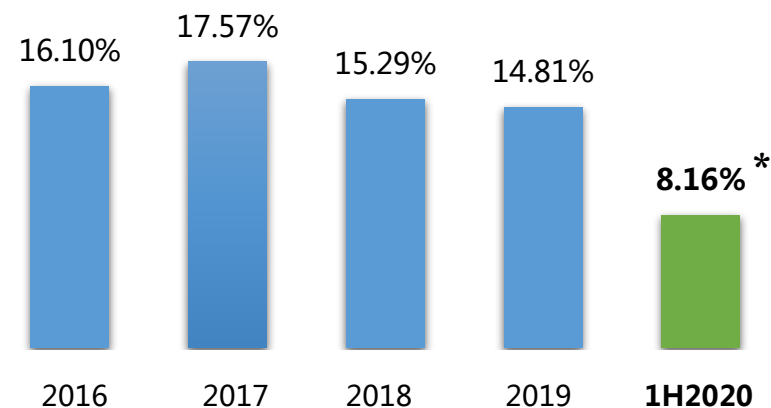


Equity Attributable to Equity Holders of the Company

(HK\$'100 million)



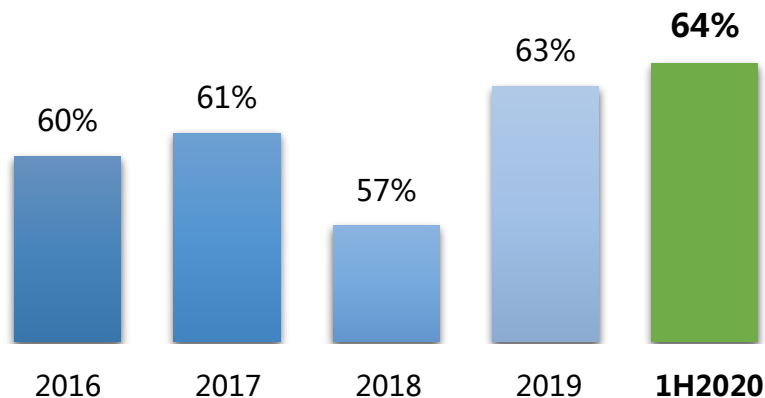
Return on Shareholders' Equity



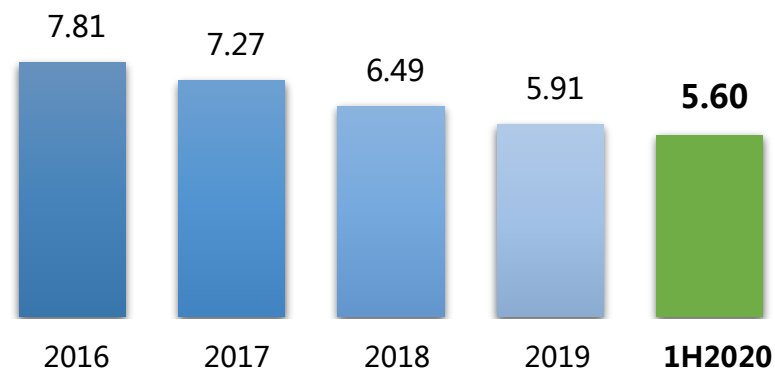
* Interim data, non-annualised data

Sustained and Stable Operating Indicators

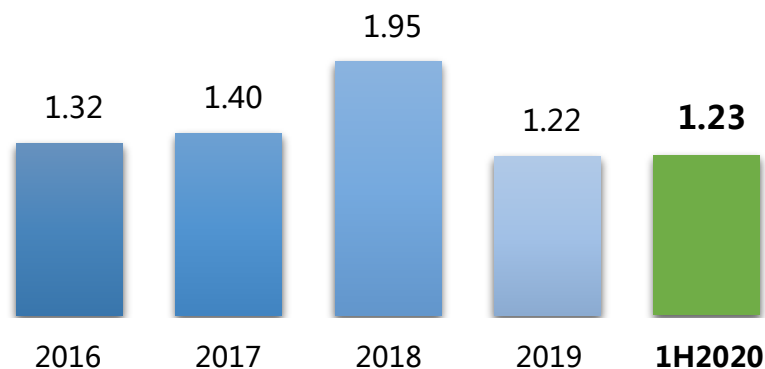
Gearing Ratio



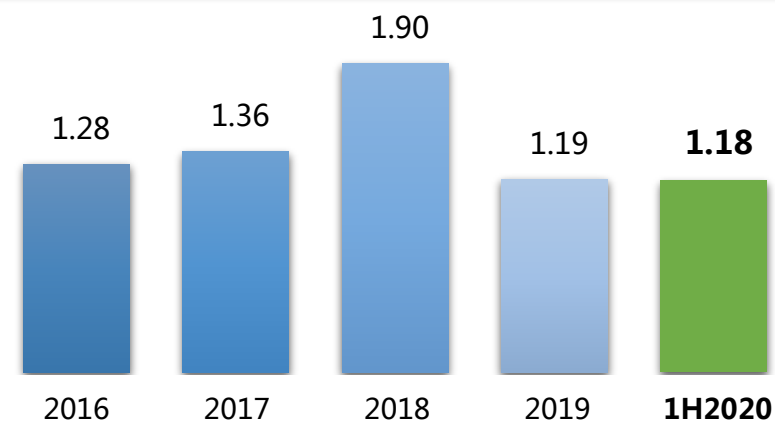
Interest Coverage Ratio (times)



Current Ratio (times)



Quick Ratio (times)



Sustained and Good Financial Performance

(HK\$'000)	For six months ended 30 June		Change
	2020	2019	
Revenue	18,377,460	16,225,718	13%
Gross profit	6,489,221	5,653,259	15%
EBITDA	6,369,203	5,500,987	16%
Profit attributable to equity holders of the Company	3,028,747	2,630,366	15%
Basic EPS (HK cents)	49.30	42.82	15%
Interim dividend per share (HK cents)	14.0	13.0	8%

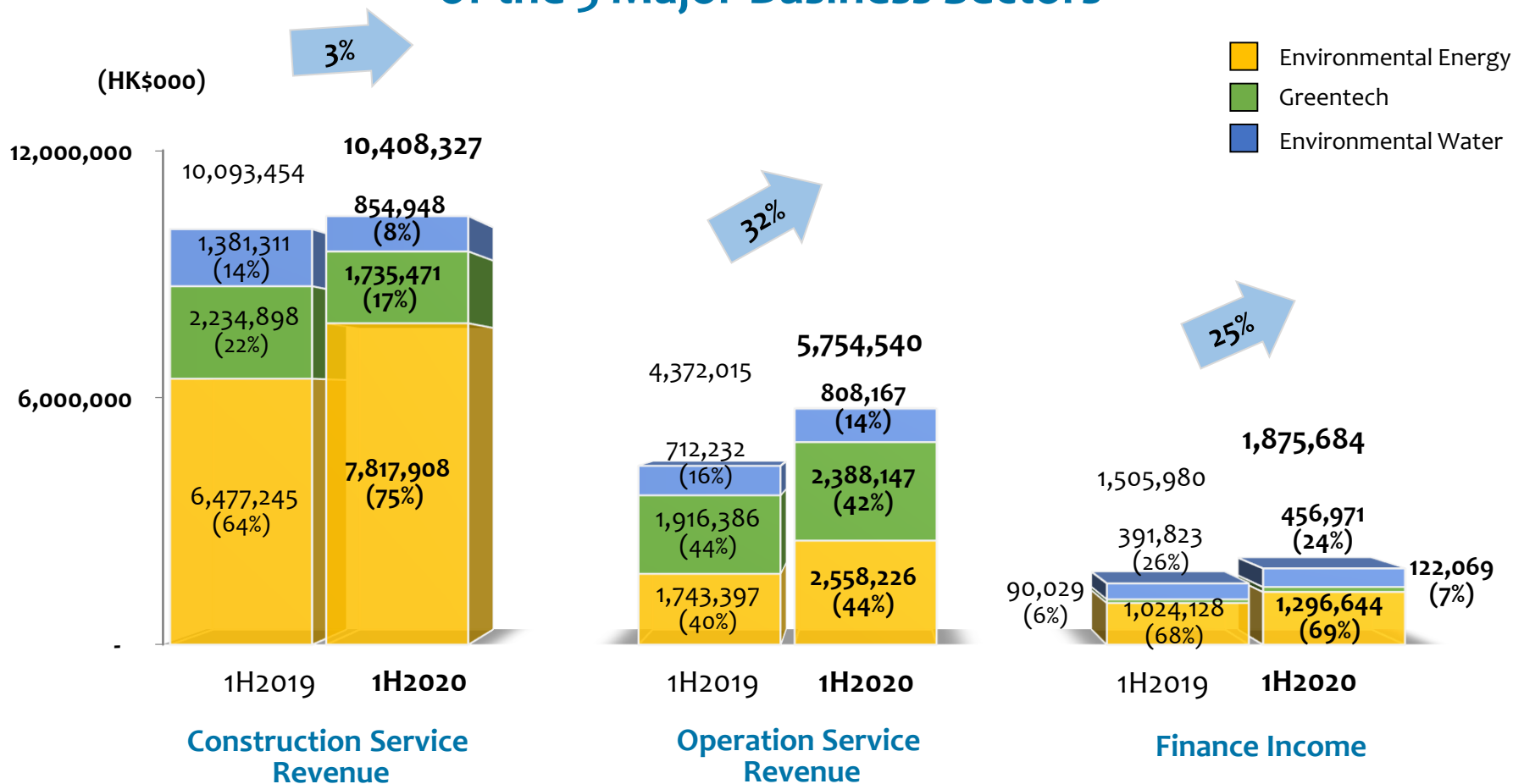
Sustained and Good Financial Performance

HK\$ million	As at 31/12/2015	As at 31/12/2016	As at 31/12/2017	As at 31/12/2018	As at 31/12/2019	As at 30/6/2020
Total assets	40,623	49,532	73,123	95,122	119,352	130,696
Total liabilities	21,203	29,687	44,480	54,426	74,625	84,065
Equity attributable to equity holders of the Company	17,196	17,389	22,554	33,926	36,347	37,912
Cash and bank balances	6,673	7,038	10,838	15,974	12,303	10,592
Return on shareholders' equity (%)	12.46	16.10	17.57	15.29	14.81	8.16*
Dividend payout ratio (%)	39.8	33.0	30.7	29.5	30.70	28.40
Gearing ratio (%) (total liabilities/total assets)	52	60	61	57	63	64

- ◆ High quality assets, reasonable gearing ratio, abundant financing quota and healthy financial position.
- ◆ The Group has been adopting a diverse financing model, diversifying its financing channels, and keeping strict control of finance cost. As a result, the Group is well positioned for future development.

*Calculated based on half year actual results

Year-on-year Revenue Analysis of the 3 Major Business Sectors

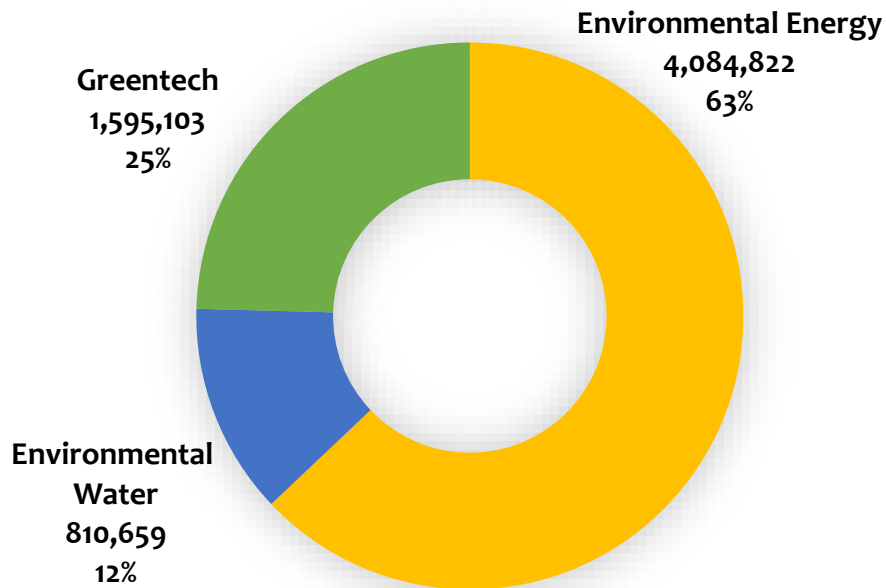


Total revenue in 1H2020: HK\$18,038,551,000 (up by 13%)

Total revenue in 1H2019: HK\$15,971,449,000

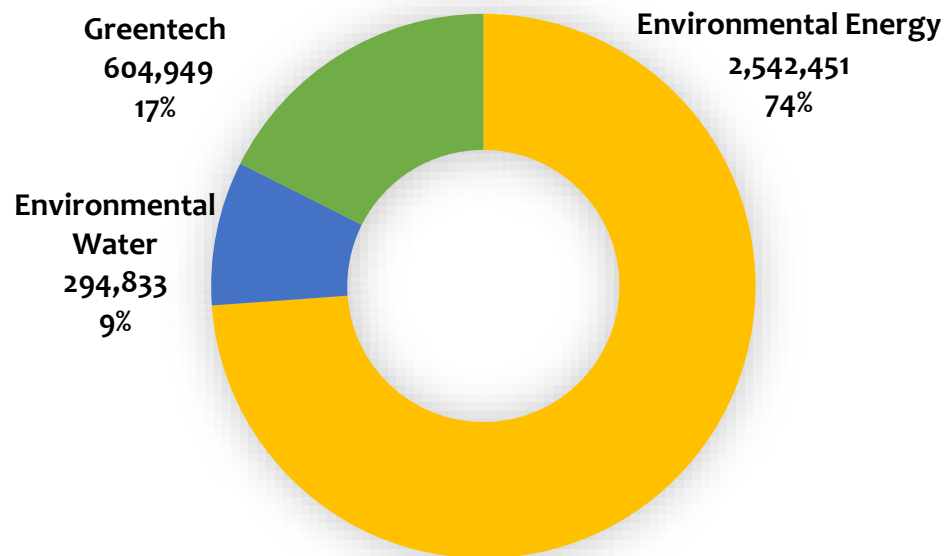
Year-on-year Profit Analysis of the 3 Major Business Sectors

1H2020 EBITDA* (HK\$' 000)
By 3 Major Business Sectors



Total EBITDA in 1H2020: HK\$6,490,584,000 (up by 16%)
Total EBITDA in 1H2019: HK\$5,577,865,000

1H2020 Net Profit* (HK\$' 000)
By 3 Major Business Sectors



Total net profit in 1H2020: HK\$3,442,233,000 (up by 18%)
Total net profit in 1H2019: HK\$2,927,697,000

* Excluding the EBITDA of other sectors

** Excluding the profit contribution of other sectors and before deduction of unallocated head office and corporate net expenses



Business Highlights

Investment of new projects totaling RMB10.684 billion

- In first half of 2020, the Group secured a total of 32 new projects, 2 supplemental agreements for the existing projects and 2 project acquisition agreements.
- These projects cover several business areas, such as waste-to-energy, food waste treatment, construction waste treatment, hazardous waste and solid waste treatment, waste water treatment, reusable water, waste sorting and energy-saving lighting.

Asset-light business with a contract value totaling RMB149 million

- The Group undertook 4 environmental remediation services and 1 supplemental agreement of the existing environmental remediation service;
- 1 energy management contract (“EMC”) project;
- and 1 operation and management (“O&M”) project.

First Half of 2020

Further enhancement in treatment capacities

Household waste processing capacity increased by **11,210** tonnes/day

Food waste processing capacity increased by **730** tonnes/day

Waste water treatment capacity increased by **170,000** m³/day

Reusable water supply capacity increased by **30,000** m³/day

Steam supply capacity increased by **820,000** tonnes /year

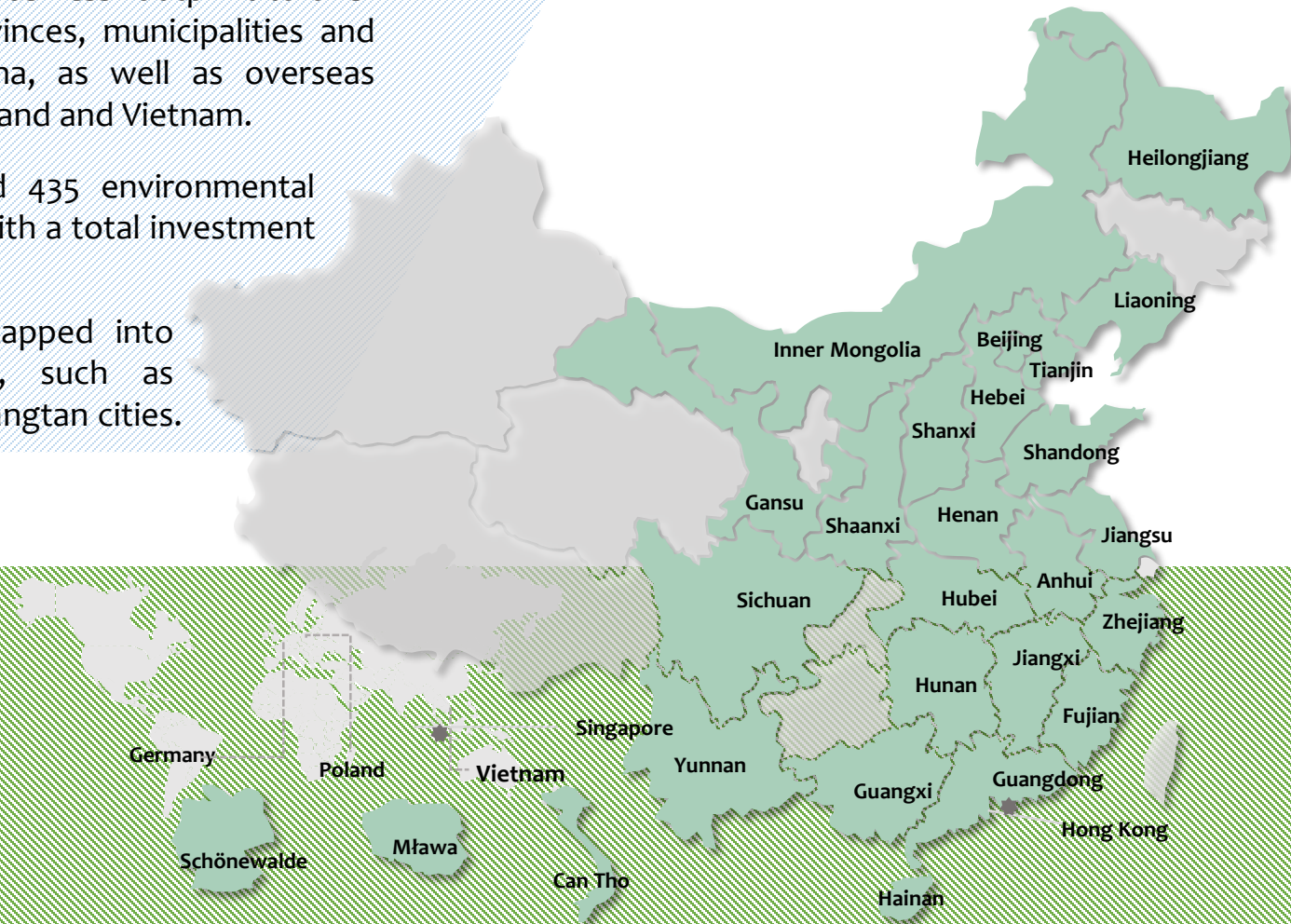
Hazardous waste and solid waste treatment capacity increased by **392,500** tonnes/year

Smooth Progress in Market Expansion

The Group has expanded its business footprint to over 190 locations across 23 provinces, municipalities and autonomous regions in China, as well as overseas markets such as Germany, Poland and Vietnam.

It has invested and secured 435 environmental protection projects in total, with a total investment exceeding RMB130 billion.

Its business footprint has tapped into new geographical markets, such as Zhangjiakou, Jinzhong and Xiangtan cities.



Locations of Everbright International's projects





Environmental Energy

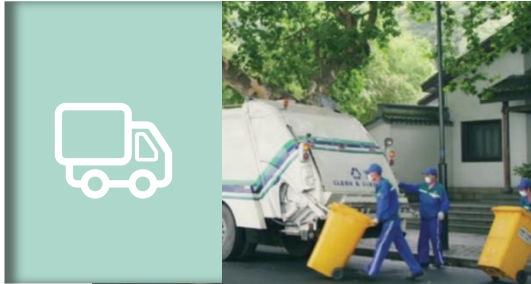
- The sector adhered to the “Three Priorities and One Clarification” principle to expand waste-to-energy business with high quality.
- It carried out the “Five Points in One Line” development strategy to access the upstream business of the waste-to-energy industry.
- It explored new business models, such as the asset-light and “equity participation + dual entrustment”.

Greentech

- The sector made a breakthrough in the area of general solid waste treatment through incineration.
- It promoted the transformation and upgrading of integrated biomass utilisation projects.
- It also continued to enhance its environmental remediation service capabilities.

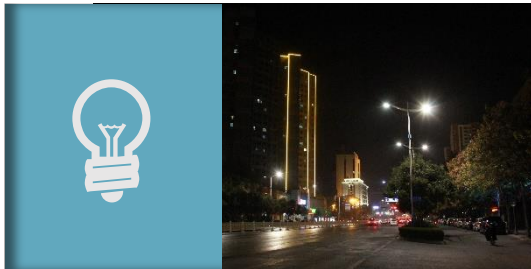
Environmental Water

- The sector solidified the traditional water business areas such as waste water treatment.
- It also strengthened its market position in regions, such as the Yangtze River Economic Belt and Bohai Bay Rim Economic Zone.



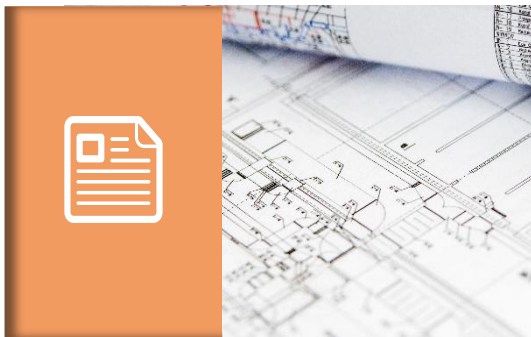
Eco-recycling

- With the refined development strategy of “light assets, new technologies and high returns”, the sector focuses on 3 major business areas of environmental sanitation integration, waste sorting and renewable resource utilisation, and has established the “Five Points in One Line” full-chain business regime, which includes the sorting, transferring, selecting, utilisation and incineration of waste.
- In first half of 2020, the Group continued to follow up several waste sorting projects.



Greenery

- In first half of 2020, the sector won bid for a streetlight upgrading project that will upgrade approximately 11,000 streetlights for the urban districts of Tengzhou City, Shandong Province, based on the EMC model.
- It signed 57 contracts for the Everbright new sodium lamps (“Lamps”) via direct sales, with a total contract value exceeding RMB2.4 million.
- It also established the Greenery Intelligent Industrial Park in Ji’nan City, Shandong Province, which will be responsible for the manufacturing of the Lamps and other products.



Environmental Planning

- With focuses on environmental protection and energy, the sector aims to become a first-class planning and design institute in China.
- It completed the design works for Jiangsu Wujiang Waste-to-energy Plant Expansion Project, including the design of the 1,000 tonnes/day waste incineration line. So far, it has developed the design capacity of a full range of waste incineration treatment lines, with the capacity ranging from 300 tonnes/day to 1,000 tonnes/day.
- It has also expanded its design and consulting services to the fields of food waste treatment, sludge treatment and disposal, integrated slag utilisation, medical waste treatment, etc., strongly supporting the development of the other business sectors of the Group.

In first half of 2020, the Group proactively explored various financing channels to strengthen its capital capabilities for future development, with the aim to ensure sustainable development and capital needs for the mid- to long-term development.

- **Everbright International participated in the Everbright Belt and Road Green Equity Investment Fund**
 - Everbright International would contribute RMB500 million to the fund through its wholly-owned subsidiary, Everbright Environmental Protection (China) Limited (as a limited partner).
- **Everbright Greentech issued medium-term notes (“MTNs”)**
 - With a principal amount of RMB1 billion, proceeds of the MTNs issuance will be used for Everbright Greentech’s general working capital and loan repayments.
- **Everbright Water issued asset-backed securities (“ABS”)**
 - With the issuance size of RMB300 million, proceeds of the ABS issuance will be used to replenish working capital for Everbright Water and its subsidiaries.



Continued Advancement Led by R&D

The Group's envirotech sector sought further optimisation and integration. It substantially established the **“Four-in-One” technological innovation and research and development (“R&D”) layout** with platforms in four cities of China.

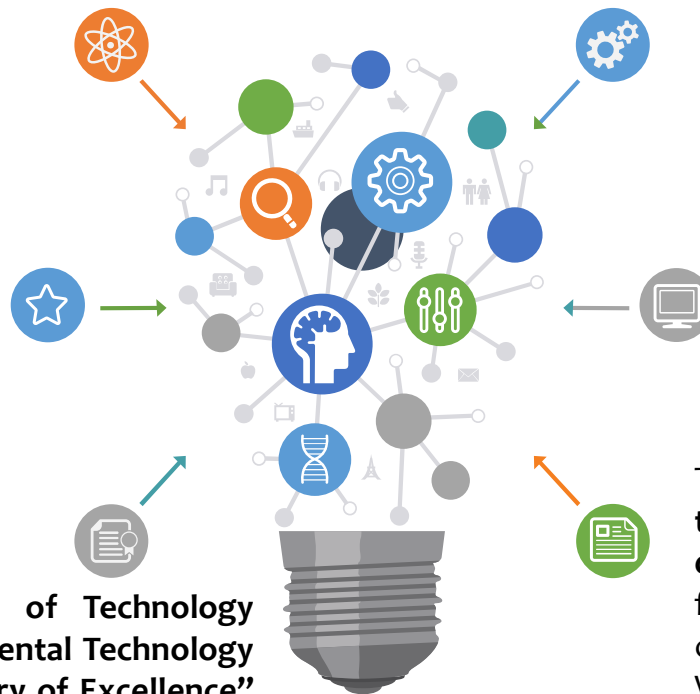
The **automatic combustion control (ACC) system** operated smoothly at Boluo Waste-to-energy Project in Guangdong Province.

The identification process of the **plasma melting technology for fly ash treatment** was completed.

The Group successfully upgraded its **intelligent technologies that could start or stop relevant equipment with one single click**, at Jiangyin Waste-to-energy Project Phase III in Jiangsu Province.

Everbright-Qingdao University of Technology Research Institute of Environmental Technology was recognised as **“A Laboratory of Excellence”** by the Environmental Resource Associates (ERA) in an international proficiency test for its excellent water dioxin testing capability.

The **“72+24” hour trial run of the self-developed wet deacidification project**, the first of this type in China, was completed at Changzhou Waste-to-energy Project in Jiangsu Province.



Strong Sense of Responsibility for Fighting COVID-19

Facing the sudden outbreak of the COVID-19 this year, Everbright International took quick actions with effective instructions, establishing a three-level pandemic prevention mechanism that covers the headquarters, all business sectors and project companies. It issued working guidelines on pandemic prevention, sourced relevant supplies, carried out work resumption in an orderly manner, and enhanced effort to protect its staff. Over 200 operating environmental protection projects ensured no loophole in pandemic prevention to safeguard the staff's health and safety. On the other hand, the staff of the Group showed a strong sense of responsibility during the period of the pandemic prevention. They were committed to their duties to ensure the projects could operated smoothly and in compliance with relevant discharge standards. These projects provided the harmless treatment of household waste, medical waste and waste water for the local communities, which effectively prevented the secondary virus transmission through the waste, safeguarding the environment and hygiene of the local communities.



More than 10,000 staff committed to their duties

Safeguarding environment and hygiene for communities with more than 100 million residents



Zero infection in workplace

An aggregate medical waste and household waste treatment volume of approximately 15 million tonnes

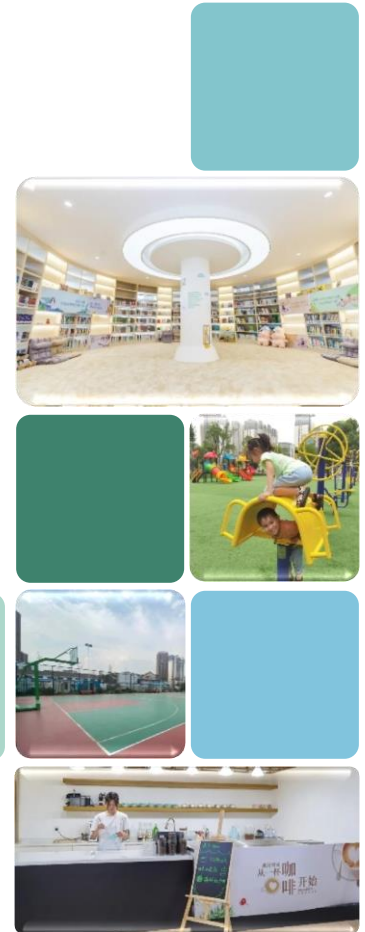


An aggregate waste water treatment volume exceeding 700 million m³

Industry-leading Corporate Responsibility

In first half of 2020, the opening up and upgrading project of Jiangsu Changzhou Waste-to-energy Project (“Changzhou Project”) progressed in an orderly manner, and completed construction and commenced operation. Following the completion of the project construction, Changzhou Project, China’s first waste-to-energy project that is located the closest to residential communities, has become the country’s first “community-friendly” plant that is fenceless, fully-opened, and equipped with accessible amenities.

Changzhou Project has transformed from a “no access” environmental protection facility, which might cause the “Not-In-My-Back-Yard” (NIMBY) effect, into a “community-friendly” factory and an “urban living room”. This provides good reference for tackling the NIMBY effect; represents good exploration for shared interests among the government authorities, enterprises and residents; and showcases the Group’s leading role in setting industry benchmarks.



Showcase of Brand Hornors

Shortlisted for the first time in the **Top 10 Firms with Highest Corporate Governance Index Scores** in the Report on the HKIoD Corporate Governance Scorecard 2020 announced by the Hong Kong Institute of Directors

Social Responsibility Brand of the Year by China Charity Festival for the sixth consecutive year

Ranked first in terms of operating income and net profit for the second consecutive year in the evaluation of annual results of listed Chinese environmental companies by the E20 Environmental Platform

The Group's e-tendering and procurement platform, the first electronic platform in the China's solid waste industry, awarded with the **"Three Stars"** certificate by the China Cybersecurity Review Technology and Certification Center

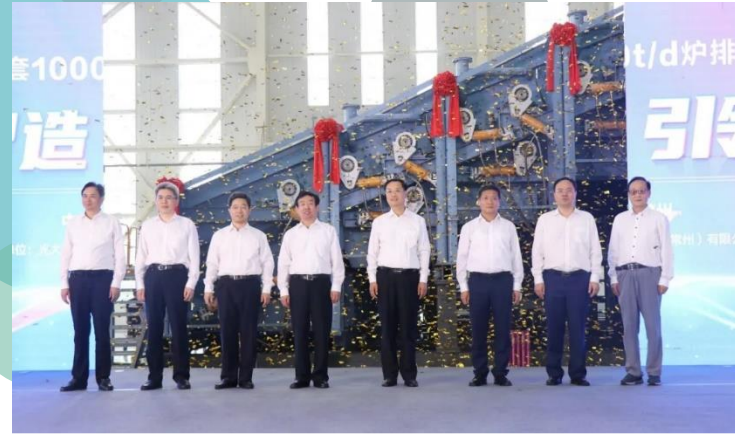
A number of environmental protection projects located in Shandong, Guangdong, Anhui, Jiangsu, Zhejiang and other provinces were **named hubs for the opening-up and environmental education at national, provincial and municipal levels**



Subsequent Events

Self-developed 1,000 tonnes/day Grate Furnace Coming off the Production Line

In July 2020, Everbright International's self-developed 1,000 tonnes/day grate furnace came off the production line. This marks the Group's grate furnace product series has become more comprehensive. The 1,000 tonnes/day grate furnace also demonstrates that the Group has achieved a new height in terms of the R&D, design and manufacturing of large-scale grate furnace, once again filling a void in the domestic market in respect of large-scale grate furnace.



A ceremony to celebrate the self-developed 1,000 tonnes/day grate furnace coming off production line



The self-developed 1,000 tonnes/day grate furnace

Proposed Change of Company Name to Better Showcase Core Business

On July 15, 2020, Everbright International announced its proposal to change the Company's name from "China Everbright International Limited" to "China Everbright Environment (Group) Limited" ("Everbright Environment").

The proposed new company name, "Everbright Environment", aims to more directly reflect the Company's business scope and the main direction of its future development. It also shows the Company's firm belief that it will continue to contribute to the environmental field. The word "environment" in the new name is comprehensive, reflecting the Company's full-cycle development mindset. While strengthening traditional businesses, the Company seeks breakthroughs in relevant new areas to create new growth momentum. Everbright International plans to take this opportunity to better focus on the development of its environmental business to safeguard the best interests of the Company's shareholders and other stakeholders. Through quality environmental services, it will continue to build a three-win situation for the economy, the environment and society.

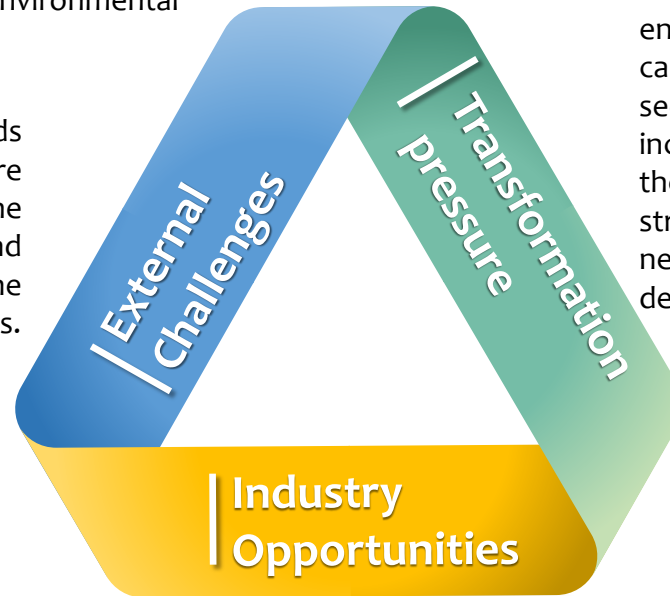
The change is subject to the passing of a special resolution to approve the change of company name at the extraordinary general meeting and the granting of approval from the Hong Kong Companies Registry.



Optimised Strategies

Pursuit of Transformation and Growth with Insights on Macro Trends

- The ongoing COVID-19 adds uncertainties and potentially cripples economic recovery. All industries and sectors have suffered to varying degrees, making it hard for the environmental protection industry to stay intact.
- Adjustments to and uncertain trends of certain industrial policies are expected to bring challenges to the growth of existing businesses and their profit models of the environmental protection companies.

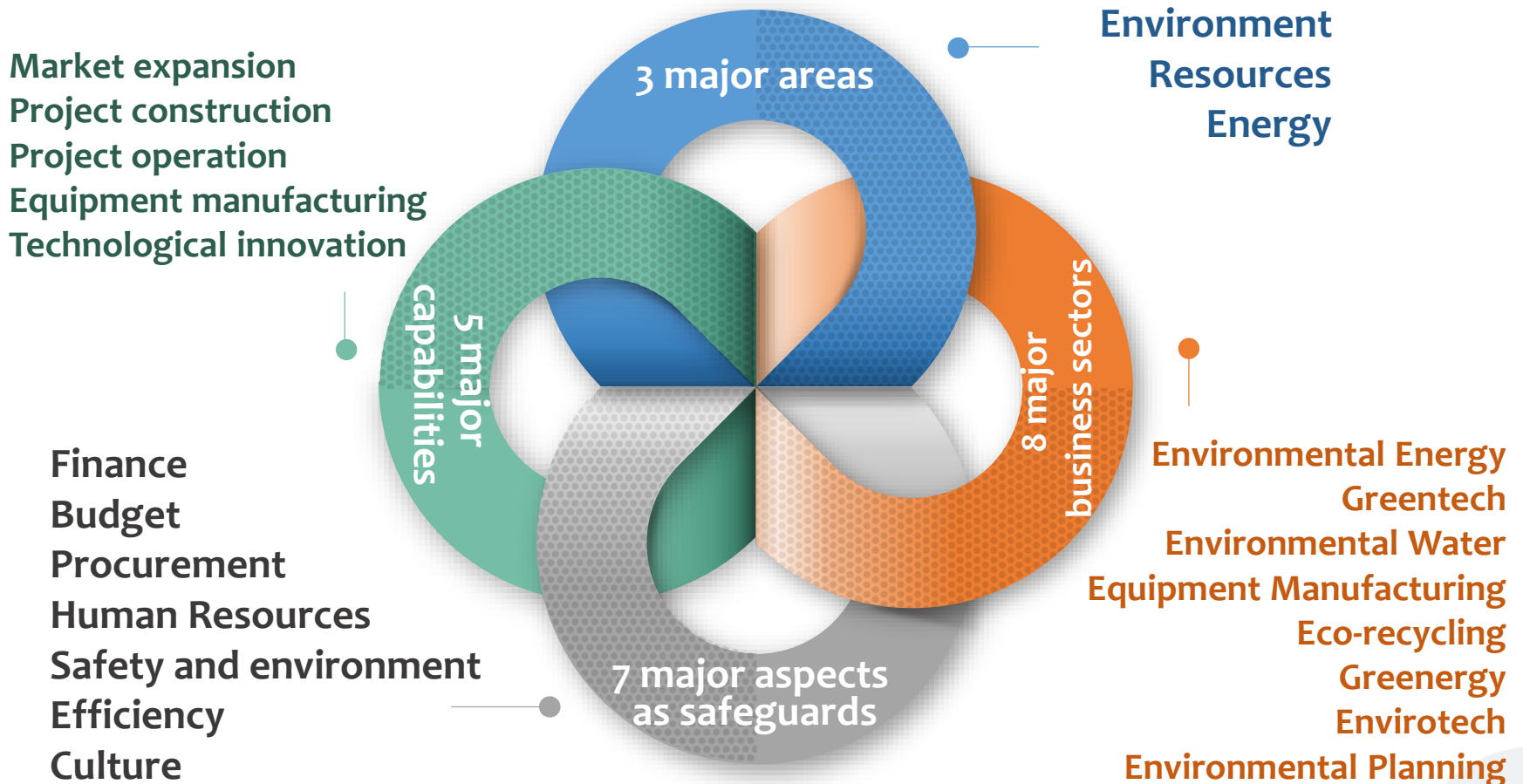


- So far, the year 2020 has seen Everbright International face a number of challenges. In the context of a volatile external environment, the urgency and pressure to carry out industrial transformation and seek diversified development has been increasing. As such, it is imperative that the Group remains determined, with strategic focus, and strives to achieve a new height for sound and sustainable development.

- The Chinese government aims to achieve the goal, as planned, set for the current phase of the tough battle against pollution by 2020, maintaining good overall growth momentum in the environmental protection industry.
- The launch of various industrial policies, including filling gaps in medical and hazardous waste collection and treatment facilities, and promoting waste sorting, has not only created stricter requirements for relevant industries, but also inspires the industries' future directions.
- The phased-in roll-out of the “zero-waste cities” development pilot program, the transformation and upgrade of the green economy in the Guangdong-Hong Kong-Macau Greater Bay Area, and the further implementation of the ecological and environmental protection plan for the Yangtze River Economic Belt have also created new opportunities for these industries.

The “3587” Development Strategy

Everbright International will continue to carry out its “3587” development strategies, in order to reach a new height of high-quality and sustainable development, and to steadily move towards the goal of “becoming a world-leading ecological and environmental group”.



Synergistic Development of 8 Major Business Sectors

Environmental Energy

- Waste-to-energy and synergistic treatment
- To become the world's largest, tech-advanced and high-quality waste-to-energy investor and operator

Equipment Manufacturing

- R&D and manufacturing of waste incineration facilities and other types of environmental protection equipment
- To become Asia's largest environmental protection equipment manufacturer and service provider

Greentech

- Industrial hazardous waste treatment, soil remediation and biomass power generation
- To become China's leading investor and operator dedicated to industrial hazardous waste treatment

Greenergy

- Energy-saving, intelligent lighting projects for urban streets
- To become China's leading urban integrated lighting investor and operator

Environmental Water

- Municipal waste water treatment and water environment treatment
- To become China's first-class full-chain water treatment investor and operator

Envirotech

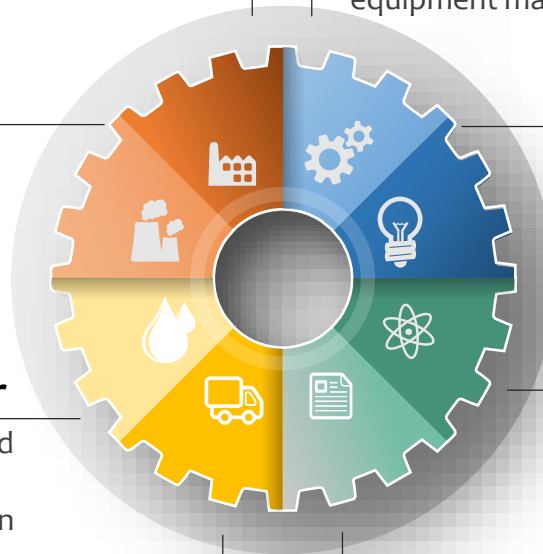
- To focus on R&D relating to advanced and practical environmental technologies; and to leverage on the new R&D system, which is led by one institute with presence in four cities, aiming to become a world-class centre dedicated to green technology innovation and commercialisation of research results

Eco-recycling

- Waste sorting and resource recycling
- To become China's top investor and operator specialised in full-process waste sorting and resource recycling, with the "Five Points in One Line" business model

Environmental Planning

- With a focus on providing solutions to "zero-waste cities" development and environmental governance planning, aiming to become a first-class planning and design institute in China



Q&A Session

Thank You!