

Everbright Environment 2021 Interim Results Presentation



August 2021

中國光大環境（集團）有限公司
CHINA EVERBRIGHT ENVIRONMENT GROUP LIMITED

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CONTENTS

-  **Operating Results**
-  **Business Highlights**
-  **Optimised Strategies**



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Operating Results

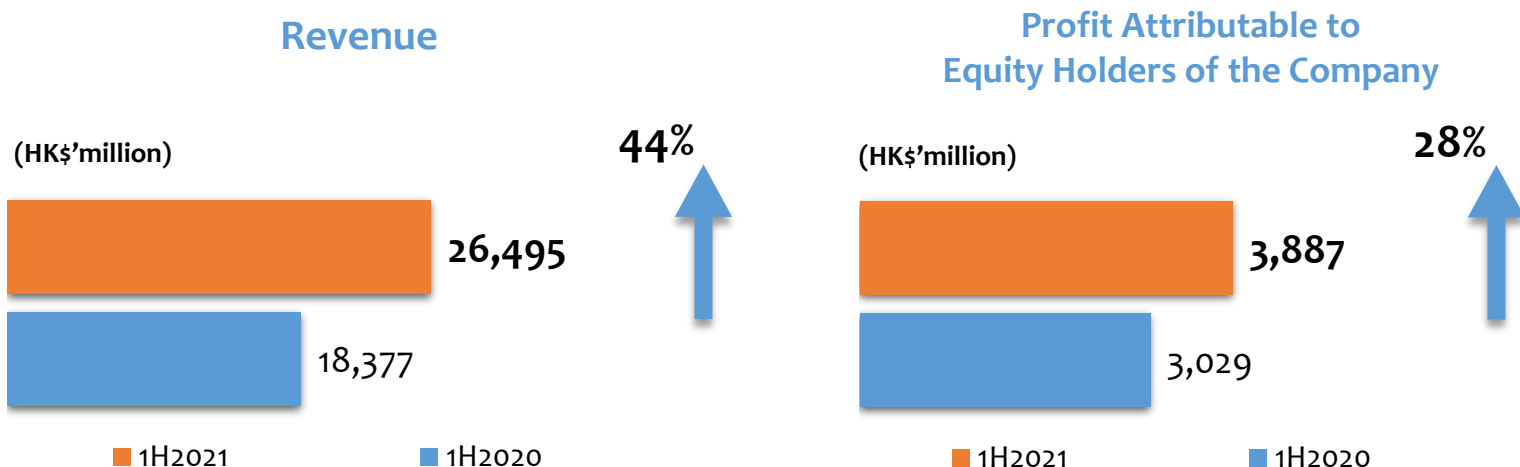


Good Momentum of Operating Results

In first half of 2021 (“1H2021”), Everbright Environment steadily carried out transformation and high-quality development, and recorded growth in scale and profit, further building up its overall competitiveness and solidifying its industry-leading position.

- Total assets exceeded HK\$180 billion, and revenue was approximately HK\$26.5 billion.
- Traditional business sectors grew steadily, and emerging business sectors kept good momentum, with steady growth in revenue, profit before tax, and profit attributable to equity holders of the Company.
- Construction work progressed smoothly, driving continued growth of the construction service revenue.
- With continued increase in the number of operating projects, in addition to measures to cut costs and boost efficiencies, operation service revenue increased significantly.

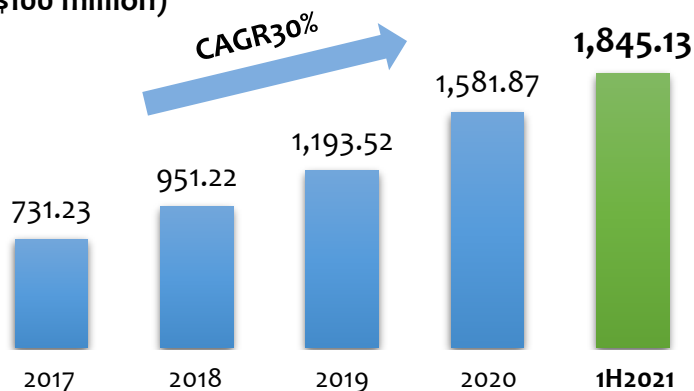
Year-on-Year Comparison of Key Operating Indicators



Continued Growth of Operating Indicators

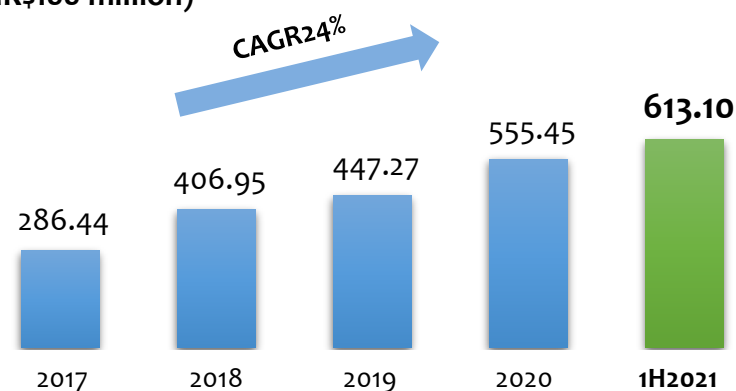
Total Assets

(HK\$100 million)



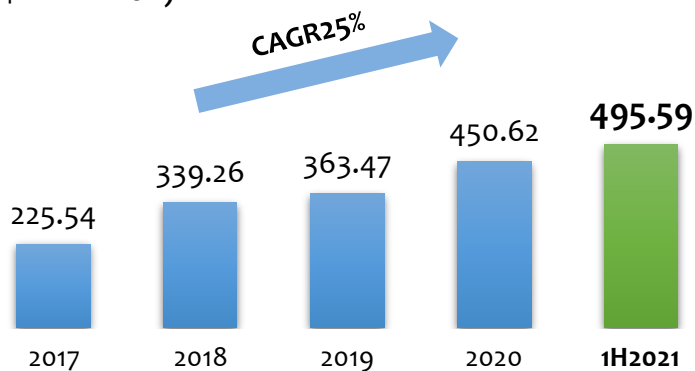
Net Assets

(HK\$100 million)

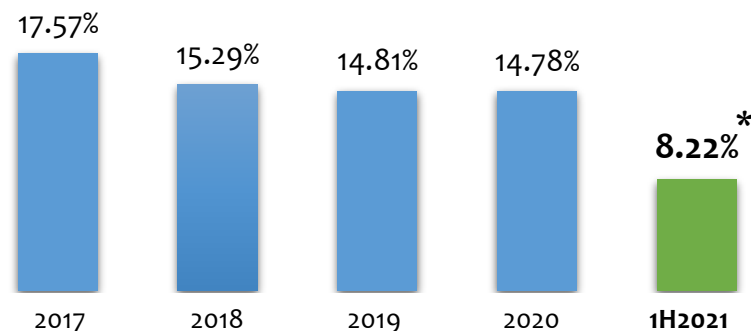


Equity Attributable to Equity Holders of the Company

(HK\$100 million)



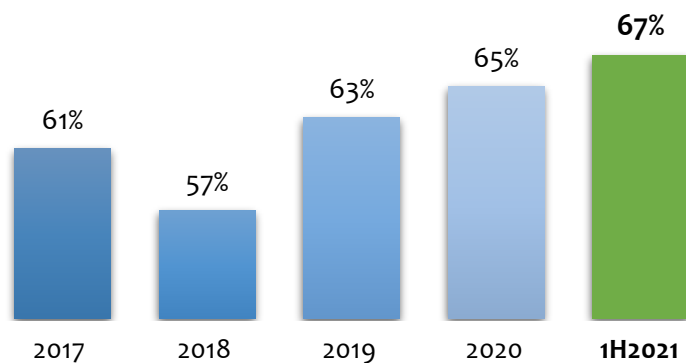
Return on Shareholders' Equity



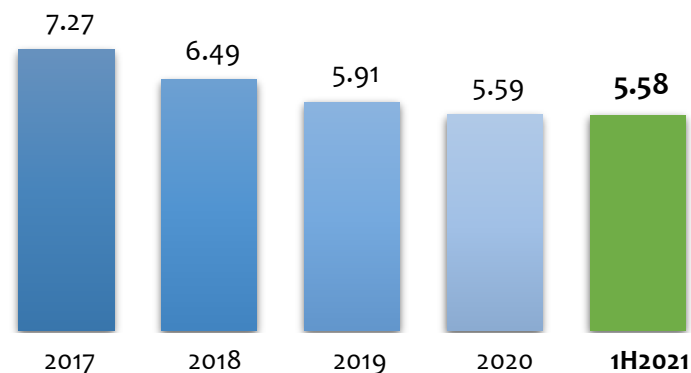
* Calculated based on half year actual results

Sustained Status of Operating Indicators

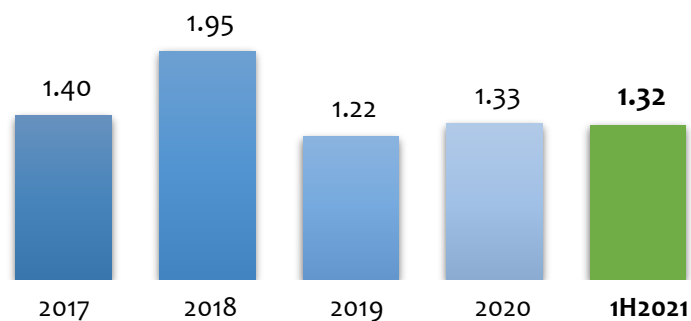
Gearing Ratio



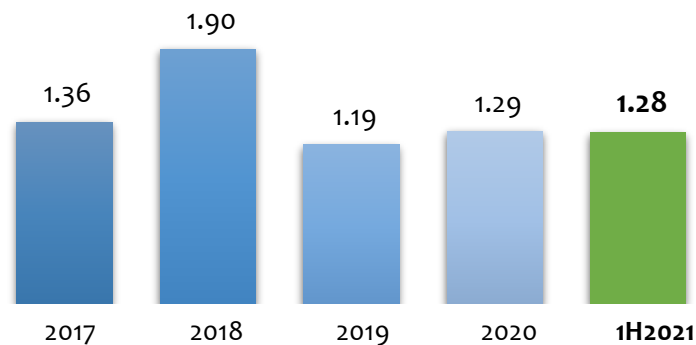
Interest Coverage Ratio (times)



Current Ratio (times)



Quick Ratio (times)



Sustained and Excellent Financial Performance

(HK\$'million)	For six months ended 30 June		Change
	2021	2020	
Revenue	26,495	18,377	44%
Gross Profit	8,501	6,489	31%
EBITDA	8,198	6,369	29%
Profit Attributable to Equity Holders of the Company	3,887	3,029	28%
Basic Earnings per Share (HK cents)	63.28	49.30	28%
Interim Dividend per Share (HK cents)	19.0	14.0	36%

Sustained and Excellent Financial Performance

(HK\$'million)	As at 31/12/2017	As at 31/12/2018	As at 31/12/2019	As at 31/12/2020	As at 30/6/2021
Total Assets	73,123	95,122	119,352	158,187	184,513
Total Liabilities	44,480	54,426	74,625	102,642	123,203
Equity Attributable to Equity Holders of the Company	22,554	33,926	36,347	45,602	49,559
Cash and Bank Balance	10,838	15,974	12,303	11,706	15,371
Return on Shareholders' Equity (%)	17.57	15.29	14.81	14.78	8.22*
Dividend Payout Ratio (%)	30.7	29.5	30.7	30.6	30.0*
Gearing Ratio (%) (total liabilities/total assets)	61	57	63	65	67

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

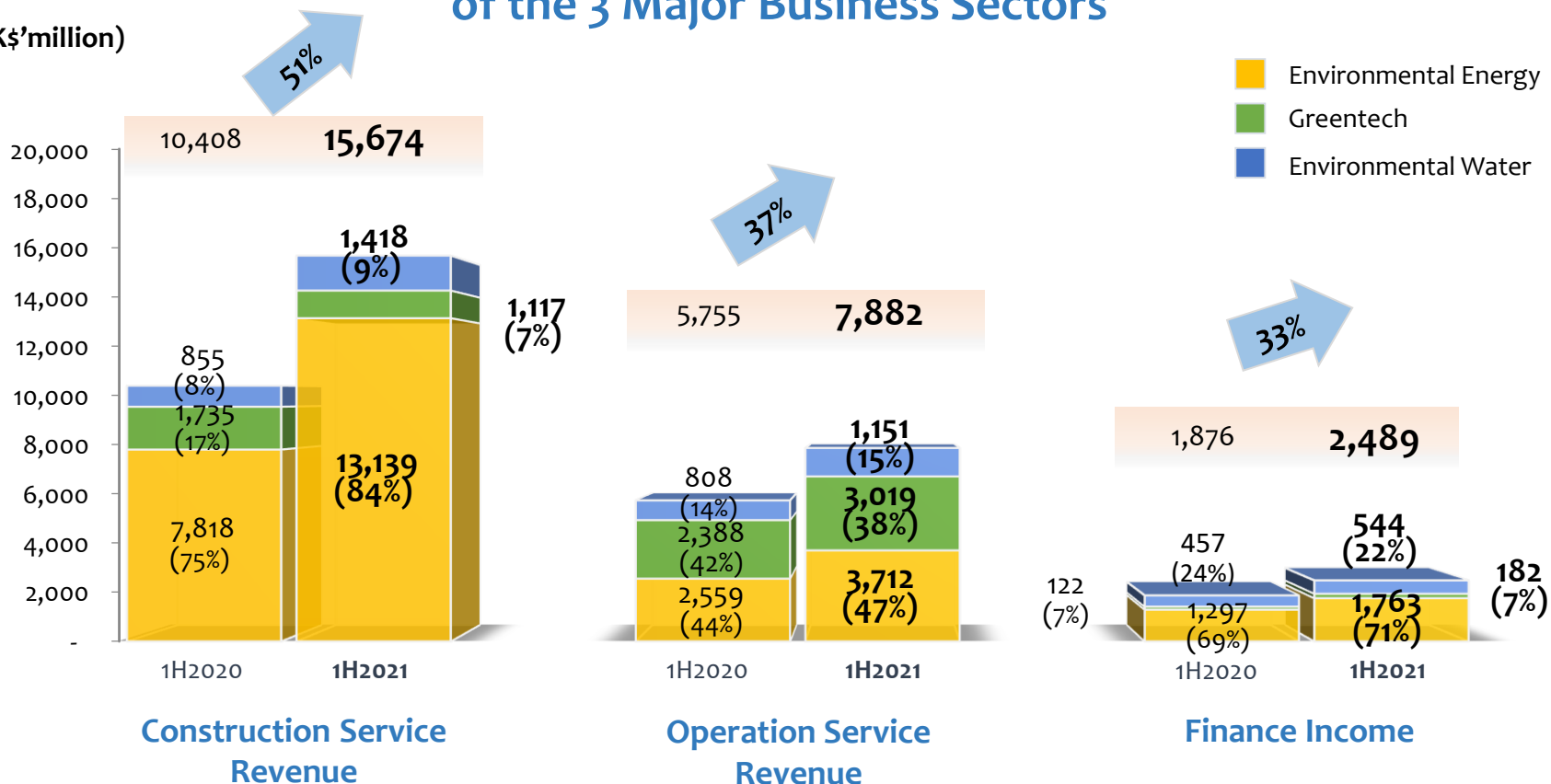
The Group has been adopting a diverse financing model, expanding its financing channels, and keeping strict control of finance costs.

**Calculated based on half year actual results*

Sustained and Excellent Financial Performance

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

(HK\$'million)

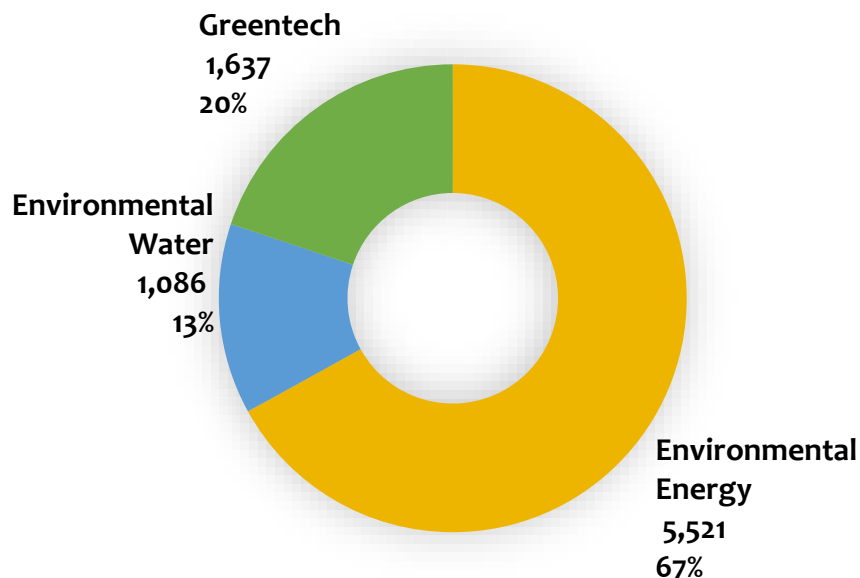


Total revenue of the 3 major business sectors in 1H2021: HK\$26,045,032,000 (up by 44%)

Total revenue of the 3 major business sectors in 1H2020: HK\$18,038,551,000

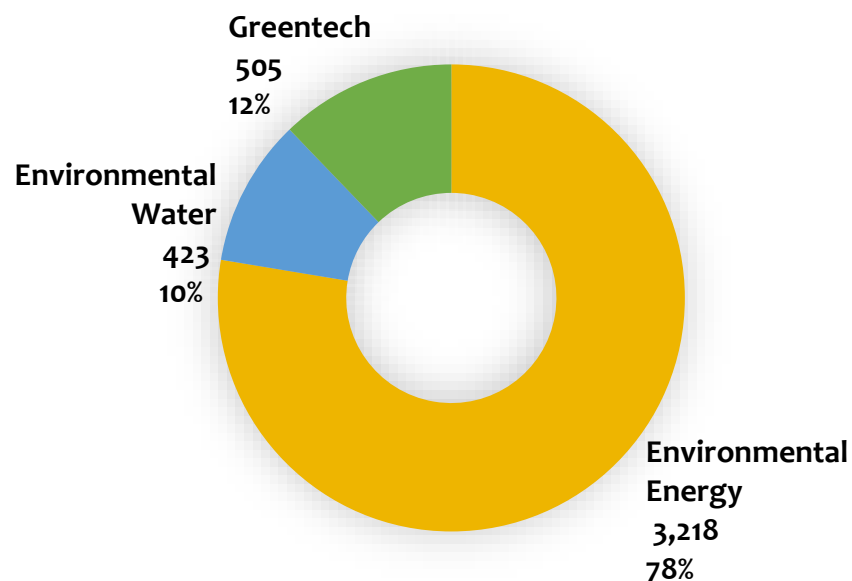
Year-on-Year Profit Analysis of the 3 Major Business Sectors

1H2021 EBITDA* (HK\$'million)



Total EBITDA in 1H2021: HK\$8,243,445,000 (up by 27%)
Total EBITDA in 1H2020: HK\$6,490,584,000

1H2021 Profit Attributable to Equity Holders of the Company** (HK\$'million)



Total Profit Attributable to Equity Holders of the Company in 1H2021: HK\$4,146,346,000 (up by 20%)
Total Profit Attributable to Equity Holders of the Company in 1H2020: HK\$3,442,233,000

* Excluding the EBITDA of other sectors

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



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Business Highlights



Diverse and Steady Market Expansion

New Project
Investment

RMB
7.031
billion

New Project
Contract
Value

RMB
228
million

- In 1H2021, the Group secured 40 new projects (including projects secured through acquisitions) and signed 2 supplementary agreements for the existing projects.
- Newly-secured projects cover a wide range of areas, further solidifying the Group's market position in the business segments, including waste-to-energy ("WTE"), food waste and kitchen waste treatment, medical waste treatment, sludge treatment and disposal, heating supply, waste sorting, integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation, water treatment, energy-saving lighting, etc.
- In 1H2021, the Group newly undertook 1 waste sorting pilot service, 4 environmental remediation services, 7 engineering, procurement and construction ("EPC") projects, 2 energy management contract ("EMC") projects and 1 equipment supply project.

Major Newly-secured
Designed
Treatment/Supply
Capacities in 1H2021

7,450
tonnes/day

Household
waste

2,130
tonnes/day

Food and
kitchen
waste

100,000
tonnes/annum

Hazardous
and solid
waste

634,000
tonnes/annum

Steam
supply

270,000
m³/day

Water
treatment

Continued Expansion of Business Footprint

- As of 30 June 2021, the Group had expanded its business footprint to over **200 cities, counties and districts across 24 provinces, municipalities, autonomous regions and special administrative region in China**, as well as overseas markets in Germany, Poland and Vietnam.
- It had invested in and secured **499** environmental protection projects, commanding a total investment exceeding **RMB146 billion**.
- Its business footprint tapped into new geographical areas, including Hong Kong.



● Locations of Everbright Environment's projects

Steady Growth of Traditional Businesses

Environmental Energy

In 1H2021, the sector adhered to the principle of “Three Priorities and One Clarification” to carry out high-quality development of its WTE business.

It leveraged on the “Five Points in One Line” process model for waste sorting to further penetrate the upstream business of the WTE industry and secured several waste sorting and transfer projects.

It also developed synergistic businesses relating to the WTE to extend its business value chain, with newly-secured projects covering steam supply, food and kitchen waste treatment, sludge treatment and disposal, medical waste treatment, etc.

Greentech

In 1H2021, the sector entered into a share capital increase agreement with Kellon Green Energy Limited (now known as Everbright Kellon Green Energy Limited) in Hong Kong to acquire a 60% equity interest in the company, tapping into Hong Kong’s environmental protection market and echoing China’s carbon reduction goals.

It continued to optimise biomass fuel structure and improve efficiency of heat and electricity cogeneration, to continuously enhance its heat supply capacity.

It also proactively integrated hazardous waste-related qualifications across its projects and established regional centers to coordinate its market resources.

Environmental Water

In 1H2021, the sector purchased a 65% equity interest in Tianjin Binhai New Area Huantang Sewage Treatment Co., Ltd., tapping into Tianjin’s water market and solidifying its market deployment in the Beijing-Tianjin-Hebei Region. This also marks the Group’s first attempt under the mixed-ownership reform of China’s state-owned enterprises.

Adhering to the relevant national strategies, it launched several taskforces dedicated to areas like solar energy programmes within its plant areas and waste water source heat pump, to conduct in-depth studies and deployment relating to the industry.

Good Momentum of Emerging Businesses

Eco-recycling

In 1H2021, the sector continued to expand market based on the “Five Points in One Line” process model for waste sorting and tracked potential business opportunities in multiple provinces.

It secured Jiangsu Changzhou Economic Zone Waste Sorting Pilot Service, which has already commenced operation.

Greenergy

In 1H2021, the sector focused on the research and development (“R&D”), manufacturing and sales of energy-saving healthy lighting products, as well as software and hardware products relating to the development of smart cities that are based on greenergy’s intelligent light poles.

It secured multiple projects based on the EMC and EPC models, as well as contracts for the internal and external direct sales of the Everbright New Sodium Lamps.

It also continued to conduct R&D and optimisation of its lighting products, and actively applied for relevant qualifications, to improve its product portfolio and expand scope of business.

Environmental Planning

In 1H2021, the sector focused on developing its core technological capabilities, and expand the business scope and industry chain.

While undertaking internal business within the Group, it strengthened efforts to explore and deploy for external business opportunities.

It also made an active effort to obtain relevant qualifications, including the Grade A Qualification for Environmental Engineering Work for Solid Waste and the Grade I Qualification for Professional Contracting of Environmental Protection Engineering Work.

Continued Development of Equipment Manufacturing and Envirotech

Equipment Manufacturing

In 1H2021, the sector carried out development of its traditional and new businesses.

It set up the Everbright Electric Appliance Division. Starting from the water purifier series, the division independently undertook the whole operational process including design and R&D, market development, sales and after-sales services, representing the Group's encouraging progress in the consumer market.

It continued to accelerate the pace of industrial upgrading. Leveraging on the Group's existing projects, it carried out a number of technical projects and research topics, covering grate furnace for medical waste incineration, selective catalytic reduction (SCR) denitrification technology, grate furnace control system, hydraulic pressure station and distributed control system (DCS) integration project.

Envirotech

In 1H2021, leveraging on its "Four-in-One" technological innovation and R&D layout, the sector strived to promote R&D work, with the aim of catering for development of traditional business, new business and the future development needs.

It provided technical support services, in response to the needs of the Group's other business sectors, facilitating their development.

It achieved technology R&D progress and results in the areas of solid waste treatment, flue gas treatment, biomass utilisation, waste sorting, smart cities, etc.

It was granted 91 patents and published 3 major essays.

Diversification of Capital Market Deployment

In 1H2021, the Group continued to explore and further diversify its financial channels, optimised its capital structure, and reasonably managed financial costs, in order to further enhance financial security for the Group's future development.

January 2021

RMB
1 billion

China Everbright Water Limited (“Everbright Water”), the Company’s subsidiary, issued its second tranche of medium-term notes in the national inter-bank bond market in mainland China for the replenishment of working capital of Everbright Water’s subsidiaries

April 2021

RMB
589 million

China Everbright Greentech Limited (“Everbright Greentech”), the Company’s subsidiary, issued its first asset-backed notes, with receivables relating to the national subsidies for renewable energy power prices as the underlying assets for the replenishment of general working capital of Everbright Greentech or repayment of borrowings.

June 2021

RMB
2 billion

The Company issued its first tranche of 2021 medium-term notes (bond connect) in the national inter-bank bond market in mainland China, for the replenishment of daily working capital for the Company’s subsidiaries and repayment of bank borrowings.

Continued Enhancement of Corporate Image

Business Operation

First place in 2021 “Top 50 Environmental Enterprises in China”

(3rd consecutive year)
– China Environment Chamber of Commerce

283th in Fortune China 500

(first time)
– Fortune China
(announced in July 2021)



Sustainability

The Sustainability Yearbook 2021

(4th time in recent years)
– S&P Global (formerly by RobecoSAM)

Sustainability Yearbook

Member 2021

S&P Global

Business Model

1st Batch of Exemplary Green PPP Case Studies

Jiangsu Changzhou WTE Project, Hainan Sanya WTE Project and Hunan Yiyang WTE Project
– The National Development and Reform Commission of the PRC

Top 5 in Building Back Better Infrastructure Award 2021 of the UNECE

Jiangsu Zhenjiang Sponge City Construction Public-Private Partnership (PPP) Project
– The United Nations Economic Commission for Europe (UNECE)



Social Responsibility

4th Batch of “Environmental Facilities and Municipal Wastewater and Waste Treatment Facilities Opening Up to the Public in China”

Over 30 environmental protection projects of the Group
– The Ministry of Ecology and Environment of the PRC and the Ministry of Housing and Urban-Rural Development of the PRC

Social Responsibility Brand of the Year / Outstanding Enterprise in Fighting against COVID-19

– China Charity Festival





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Optimised Strategies



Keeping Track of New Development to Seize Opportunities and Face Up to Challenges

Macro-environment

- The world is adjusting relevant technologies and ideas according to the COVID-19 pandemic prevention and control, which is a long way from over. With continued impact of the pandemic, the world sees a bumpy recovery for the economy, with uneven recovery of different countries.
- Disasters brought by extreme weathers in different countries have further underscored countries' determination to address climate change; and the goals of "Peaking Carbon Emissions" and "Achieving Carbon Neutrality" ("Two Carbons") is unlikely to be significantly affected by the pandemic.
- China is facing up to new challenges, despite effective measures adopted to keep the pandemic and flood under control at the same time.
- China's "Two Carbons" goal is expected to trigger profound economic and social transformations to foster green development of the society.

Business Competition

- An increasing number of centrally-administered state-owned enterprises ("SOEs") are tapping into the ecological and environmental protection, green and low-carbon areas.
- An increasing number of local governments have established environmental protection enterprises administrated by local SOEs at provincial and municipal levels.
- An increasing number of private environmental protection enterprises have sought support from SOEs, through merger and acquisitions and other means.
- Given intensified business competition, overall strength and core competitiveness are the key to success for businesses.
- A new round of "good money driving out the bad" trend is expected to take place as a result of the competition.

Industry Environment

- New requirements relating to reduction of pollution and carbon emissions and efficiency enhancement through synergies will nurture new opportunities.
- Comprehensive development models, such as the Ecology-Oriented Development (EOD) model, are expected to boost investment opportunities with better investment returns.
- While traditional markets are contracting, new markets are unleashing quickly.
- Law enforcement and supervision on ecological and environmental protection are expected to remain highly stringent.

Pursuing Strategic Transformation with Focus on “Two Carbons” Goal

As China’s largest environmental enterprise and the world’s largest WTE investor and operator, Everbright Environment will focus on the “Two Carbons” goal. It will seize relevant development opportunities, solidify its strength, seek innovation, and steadily carry out strategic transformation, by promoting the “Three-approach Enhancement” and focusing on the “Seven Directions”. It will strive to become a participant, promoter and beneficiary of the “Two Carbons” goal.

Three-approach Enhancement to Build Core Competitiveness



Professionalism
Internationalisation
Marketisation



Automation
Intelligence
Digitalisation



Low-carbon Focus
Technology
Platform Roles

Seven Directions for Strategic Transformation



Technology as driving force



Co-development of asset-light and asset-heavy businesses



Co-development of arterial and veinous industrial parks



Expansion of domestic and overseas businesses



Reduction of pollution and carbon emissions



Integration of soft and hard powers



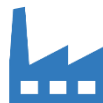
Co-development of municipal and consumer businesses

Fulfilling Accountability with Focus on “Three Carbons” Target

“Three Carbons” Development Target



To become a
carbon-negative
company



To develop
zero-carbon
plants



To pursue
low-carbon
lifestyle

Adhering to the “Two Carbons” goal, Everbright Environment has developed the “Three Carbons” development target and a concrete action plan, to facilitate its strategic transformation and technological innovation. The Group remains committed to creating better investment value and undertaking more social responsibility.

Development ideas

- The Group has rolled out a “Three Carbons” action plan
- It has been actively exploring technologies and investment related to renewable energy
- It also has been exploring new models like the EOD model, as well as developing low-carbon and zero-carbon demonstrative projects

Theoretical studies

- The Group is preparing a whitepaper on environmental protection and carbon neutrality
- It has defined the Group’s nature as a “carbon-negative” business through improvement of the model for carbon emissions calculation, and will further enhance efforts in researches related to the “Two Carbons” goal
- It also has been developing charts to estimate its carbon emissions by 2030 and 2060 respectively, to provide scientific evidence for its future development planning and technological innovation

Technical explorations

- The Group is leveraging on its technology R&D center dedicated to carbon neutrality to carry out relevant researches
- It will launch a pilot programme on monitoring of greenhouse gas emissions (“GHG”) when appropriate, to develop technologies and standards for monitoring of GHG from typical emission sources
- It will also establish a carbon accounting system for cross check of on-site monitoring and model calculation results, to offer technical evidence for potential carbon trading activities

Focusing on Green Themes to Deploy Hong Kong Market

Hong Kong plans to announce the new version of Hong Kong's Climate Action Plan within the year, aiming at a more aggressive carbon reduction strategy, with the Chief Executive of Hong Kong Special Administrative Region to lead a supervisory committee joined by different government departments.

In terms of pursuing a green and low-carbon environment and environmental protection, Hong Kong has many competitive advantages, such as finance, technology, universities, talent, industrial parks, etc.

There are investment opportunities in Hong Kong, such as alternative energy like solar energy and wind power, as well as environment and resources like waste treatment and resource recycling.

Making investment in Hong Kong's green and environmental protection business is expected to generate good returns with more demonstrative significance, which would make it possible to further promote the practices in Hong Kong to countries and regions along the Belt and Road route.

As a Hong Kong-listed company, Everbright Environment will seize opportunities arising from Hong Kong's green blueprint, focus on the Hong Kong market, and deploy business relating to the "5G" model, so as to make new contributions to Hong Kong's green development, as well as to seek new momentum for the Group's strategic transformation.

"5G" Model



Green
Finance



Green
Investment



Green
Innovation



Green
Manufacturing



Green
Belt & Road

Q&A Session



Thank You!

