

Everbright Environment 2023 Annual Results Presentation

March 2024

中国光大环境（集团）有限公司
CHINA EVERBRIGHT ENVIRONMENT GROUP LIMITED

Forward-looking Statement

This presentation may contain forward-looking statements. Any such forward-looking statements are based on a number of assumptions about the operations of China Everbright Environment Group Limited (“Everbright Environment” or the “Company”, together with its subsidiaries, collectively the “Group”) and factors beyond the Company's control and are subject to significant risks and uncertainties, and accordingly, actual results may differ materially from these forward-looking statements. The Company undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such dates.

The information in this presentation should be considered in the context of the circumstances prevailing at the time of its presentation and has not been, and will not be, updated to reflect material developments which may occur after the date of this presentation. The slides forming part of this presentation have been prepared solely as a support for oral discussion about background information about the Company. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of any information or opinion contained herein. It should not be regarded by recipients as a substitute for the exercise of their own judgment. Information and opinion contained in this presentation may be based on or derived from the judgment and opinion of the management of the Company. Such information is not always capable of verification or validation. None of the Company or financial adviser of the Company, or any of their respective directors, officers, employees, agents or advisers shall be in any way responsible for the contents hereof, or shall be liable for any loss arising from use of the information contained in this presentation or otherwise arising in connection therewith. This presentation does not take into consideration the investment objectives, financial situation or particular needs of any particular investor. It shall not to be construed as a solicitation or an offer or invitation to buy or sell any securities or related financial instruments. No part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This presentation may not be copied or otherwise reproduced.

CONTENTS

-  **Financial Review**
-  **Operating Highlights**
-  **Development Path**

Financial Review

(HK\$ million)	For the year ended 31 December		Year-on-Year ("YoY") Change
	2023	2022	
Revenue	32,090	37,321	-14%
Gross Profit	13,811	14,365	-4%
EBITDA	12,828	12,842	-0%
Profit Attributable to Equity Holders of the Company	4,429	4,602	-4%
Return on Shareholders' Equity (%)	9.27	9.28	-0.01ppt*
Basic Earnings per Share (HK cents)	72.10	74.91	-4%
Final Dividend per Share (HK cents)	8.0	9.0	-11%
Total Dividend per Share (HK cents)	22.0	24.0	-8%

*ppt: percentage point

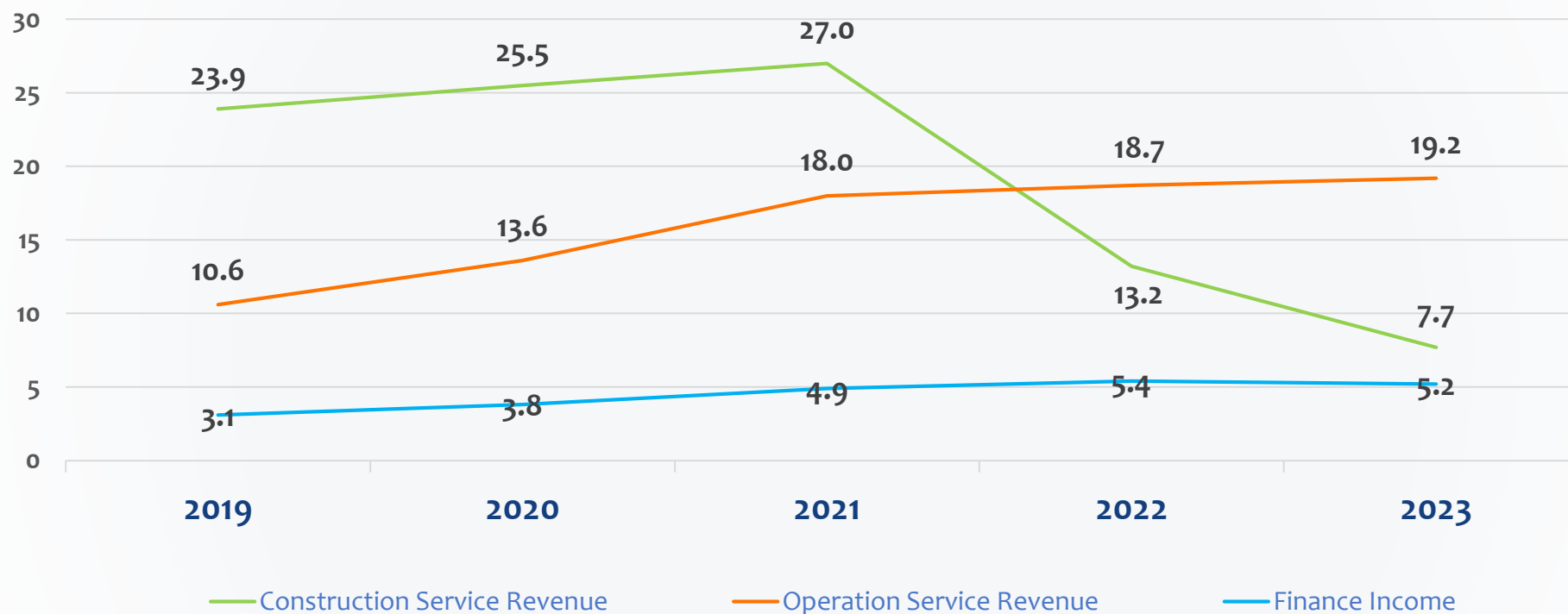
(HK\$ million)	As at 31/12/2023	As at 31/12/2022	YoY Change
Total Assets	189,183	190,598	-1%
Total Liabilities	123,660	127,999	-3%
Equity Attributable to Equity Holders of the Company	48,141	47,374	2%
Cash and Bank Balance	8,633	11,783	-27%
Gearing Ratio (%) (total liabilities/total assets)	65	67	-2ppt*

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

*ppt: percentage point

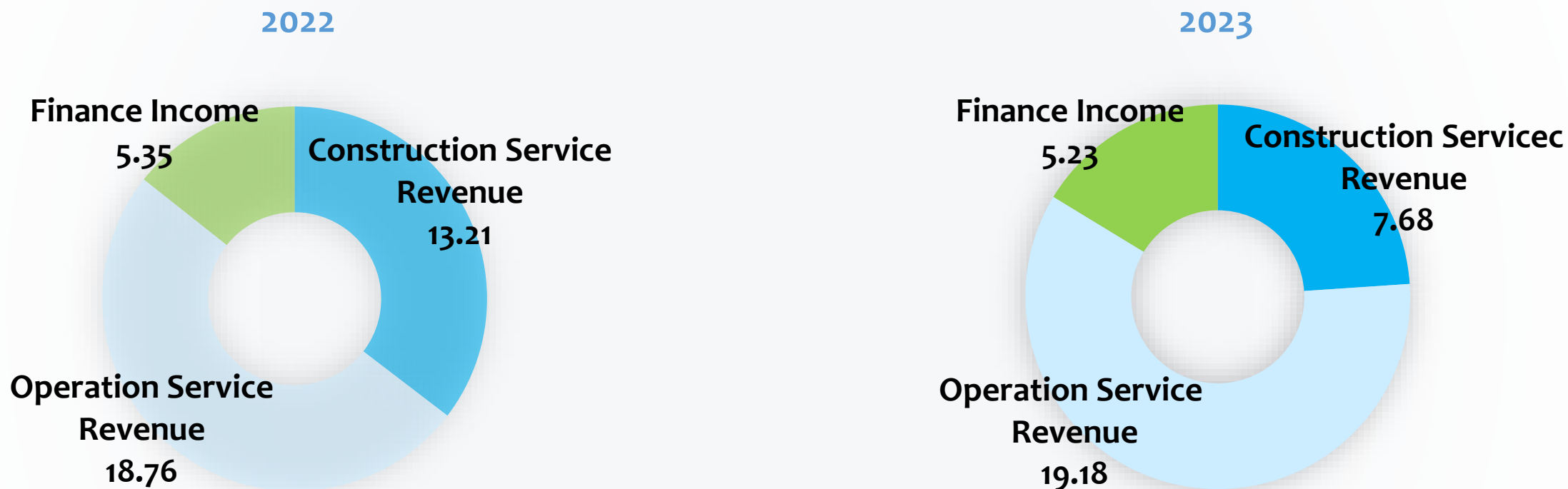
Trend in Revenue Structure

(HK\$ billion)



Revenue Analysis by Categories

(HK\$ billion)



In 2023, the proportion of the Group's operation service revenue against total revenue reached 60%, further enhancing stability of the Group's operation.

Operating Highlights

- **Serving National Strategies**
- **Strengthening Market Expansion**
- **Enhancing Refined Management**
- **Upholding Innovation as a Driving Force**
- **Boosting Brand Building Effort**

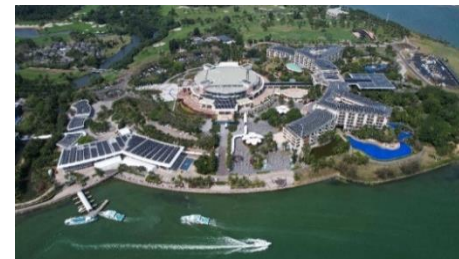
1. Serving National Strategies

In 2023, with continuous commitment to providing high-quality environmental protection projects and services, the Group actively served major national strategies in China, such as the Yangtze River Economic Belt, the coordinated development of the Beijing-Tianjin-Hebei region, the construction of the GBA, the green “Belt and Road” development, the goals of “Peaking Carbon Dioxide Emissions” and “Achieving Carbon Neutrality” (“Dual Carbons”), and rural vitalisation, demonstrating the Group’s corporate accountability.



Serving Regional Development Strategies

- New investment exceeding RMB3 billion was added in the Yangtze River Economic Belt, Beijing-Tianjin-Hebei region, and the Guangdong-Hong Kong-Macao Greater Bay Area (the “GBA”).
- Xiongan Integrated Waste Treatment Project commenced operation upon completion of the construction work, facilitating the development of the “Zero-waste Xiongan”.
- Multiple sub-projects of Boao Zero-carbon Demonstration Zone Project were completed, helping China showcase the “Zero-carbon” concept and achievements.
- Vietnam Can Tho Waste-to-energy (“WTE”) Project (“Can Tho Project”) became a “Benchmark Project of Chinese enterprises in Vietnam”, which was mentioned by President Xi Jinping in his byline article in Vietnamese *People’s Daily*.





Serving Rural Vitalisation

- The Group secured its first county-level small-tonnage WTE project in Guangzong County, Hebei Province, which is equipped with the Group's self-developed small-tonnage domestic waste incinerator, exploring new models for solid waste treatment in county and rural areas.
- The Group implemented its first livestock and poultry manure resource utilisation project in Nanxiong County, Guangdong Province, expanding its business to the field of rural environmental management.
- The Group's integrated biomass utilisation projects paid nearly RMB2.4 billion in total to purchase fuels by leveraging the system for the collection, storage and transporting of biomass fuels, benefiting more than 5 million farmers.
- Hunan Xinhua WTE Project helped to create job opportunities for local residents, together with other measures, boosting the local economic development.



Facilitating China's Dual Carbon Goals

- In 2023, the Group processed nearly 61 million tonnes of solid waste, including household waste and agricultural and forestry waste, which generated green electricity of nearly 26 billion kWh. This is equivalent to avoiding CO₂ emissions by nearly 14 million tonnes, which is equivalent to the volume of CO₂ absorbed by approx. 770 million trees in a year. The Group also treated over 1.7 billion m³ of waste water and nearly 13 million m³ of leachate; reducing chemical oxygen demand discharge of 850,000 tonnes.
- With the goal to develop low-carbon benchmark projects, the Group carried out the "In-plant Solar Power" program and carbon asset development work. Among which, Gansu Wuwei WTE Project was successfully registered and filed as a Verified Carbon Standard (VCS) project, marking the Group's new achievements in developing and managing its carbon assets.



* According to the science popularisation platform of the online platform of the People's Daily in China, a tree is able to absorb 18 kg CO₂ per annum.

2. Strengthening Market Expansion

In 2023, with a continuous focus on the three major areas of solid waste, water-related business and clean energy, the Group solidified its major traditional business areas and explored new businesses, further extending its industry chain and diversifying its business deployment.

Solidifying Traditional Advantages

- The Group continued to expand projects in areas like WTE, municipal and industrial waste water treatment (“WWT”), and solar power. Meanwhile, it strived to expand synergistic business, such as food and kitchen waste treatment, supply of heat and steam, etc.

Deploying New Markets

- Domestically, the Group tapped into new geographical markets such as Shen County in Shandong Province and Dafang County in Guizhou Province, further expanding the county-level markets.
- In overseas markets, the Group undertook asset-light services in Hau Giang of Vietnam, Tanzania, and Abu Dhabi in the United Arab Emirates.

Implementing New Business

- The Group signed its first livestock and poultry manure resource utilisation project in Guangdong Province, enriching its “water-related” business scope.
- It secured Jiangsu King’s Luck Zero-carbon Industry Parks Project, initiating the “Zero-carbon Industry Parks” business model.
- It implemented an equipment supply service in Sichuan Province, for the first time providing its self-developed small-tonnage household waste mechanical grate furnace to external clients.







Exploring New Models

- The Group undertook various asset-light services based on the “Engineering Design, Procurement, Construction and Operation” (“EPCO”) model, marking its great effort in developing asset-light business. This also demonstrates the further balance of the Group’s asset-light and asset-heavy businesses and continued optimisation of its revenue structure.

Market Expansion Results in 2023

Number of newly-invested projects:	40
New investment:	approx. RMB4.8 billion
New contract value:	approx. RMB3.2 billion

Major designed treatment and supply capacities of the new projects secured in 2023

 Household waste 3,700 tonnes/day	 Food and kitchen waste 775 tonnes/day
 Biomass raw materials 50,000 tonnes/year	 Steam supply approx. 1.7 million tonnes/year
 Installed capacity of solar power facilities approx. 100 MWp	 Water treatment/supply capacity 220,000 m³/day

3. Enhancing Refined Management

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

Enhancement of operation efficiency through various measures

Environmental Energy

- By adopting the *Twelve Measures to Boost Waste Volume*, the Group enhanced coordination and integration of waste sources. As a result, the volume of waste transported to its projects and electricity generated at the projects both increased as compared with those in 2022.
- Leveraging its operating projects, the Group expanded various synergistic business, such as synergistic treatment of food waste, and supply of heat and steam, so that these projects could synergise with each other to boost profitability and efficiency.
- Weighbridge data was automatically collected from over a hundred projects through intelligent sensing technology, while human effort in high-risk operations was replaced with robotics to better safeguard the well-being of frontline workers.
- Three projects increased waste treatment fees.

Environmental Water

- The “Intelligent Water Plants” operations management system was applied across all operating projects.
- Over 20 achievements under the “Five Innovations*” initiative were promoted across projects, effectively helping to control cost and enhance efficiency of the projects.
- Solar energy facilities of 4 projects under the “In-plant Solar Power” project, were put into operation.
- 11 WWT plants effected tariff hikes.

** Five Innovations refers to small inventions, small transformations, small innovations, small designs, and small suggestions*

Greentech

- The Group actively carried out the “Construction of the System and Pilot Programme for the Front-end Collection and Storage of Biomass Fuels”, in response to challenges, such as the supply and demand imbalance in the biomass fuel market and adverse weather conditions. By securing fuel sources for the projects, the Group effectively reduced fuel cost and enhanced the projects’ economic benefits.
- Heat and steam supply services were further expanded, boosting projects’ profitability.
- The Group incorporated intelligent management processes and technologies into several integrated biomass utilisation projects and solid waste treatment projects, facilitating the reduction of operating cost.

3. Enhancing Refined Management (cont'd)



Financial Management

- By dynamically monitoring changes in domestic and international market interest rates, the Group continuously reduced domestic borrowing rates. Together with the orderly replacement of high-interest overseas borrowings, the Group significantly saved interest costs.
- By leveraging financing instruments like issuance of medium-term notes, the Group's comprehensive capital cost was kept at a relatively low level.
- By developing the *Methods on Managing Accounts Receivable*, developing specialised work plans, establishing a dedicated team to manage accounts receivable, enhancing relevant work assessments, and other measures, the Group improved collection of accounts receivable.



Engineering Construction

- The project construction budgets were under strict control, by enhancing the budget management for project investment decision-making, and optimising the review process for project construction budget.
- The project construction technologies and processes were improved, which helped to reduce project construction costs.
- The Group also strengthened the supervision and assessments of its construction budget execution.



Tendering and Procurement

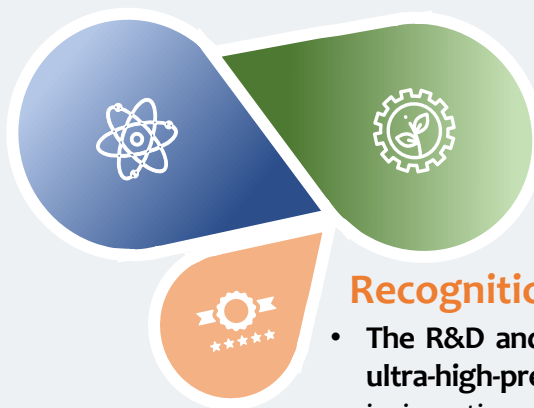
- The Group reduced procurement costs, by further moderately promoting the centralised management of tendering and procurement.
- The continued optimisation of procurement levels and authority helped to improve procurement efficiency.
- The relevant systems and mechanisms were reviewed and improved.
- The Group also organised special trainings on tendering and procurement, and enhanced relevant supervision, to further standardise procurement practices.

4. Upholding Innovation as a Driving Force

In 2023, the Group adhered to the “Innovation-driven Development” approach. With a focus on catering its needs, market demands and future development, it persistently pursued independent research and innovation, and actively improved its digitalisation management proficiency.

Technological Innovation

- **In terms of R&D investment**, in 2023 the Group’s research and development (“R&D”) investment was nearly RMB300 million. The Group also boosted incentives and support for the frontline scientific researchers.
- **In terms of mechanism innovation**, the Group broke the barriers for technological innovation work, by establishing the “Open Competition” and “Major Topics” mechanisms.
- **In terms of application and commercialisation of research results**, the Group launched its first self-developed small-tonnage household waste incinerator. Additionally, it also delivered research and commercialisation outcomes in areas of incineration and gasification with energy-saving and efficiency enhancement, low-carbon energy storage, etc.
- **In terms of intellectual property rights**, in 2023, the Group was newly granted 250 patents and published 10 major technical essays. As of 31 December 2023, it had held 1,783 patents and published 97 major technical essays in aggregate.



Digitalisation

- The Group developed its digitalisation plan and blueprint.
- The Group **enhanced digital level of its corporate management**, by establishing multiple platforms, such as a system for the integration of business and finance, an intelligent management platform, and a digital archives management system.
 - It also **improved its data governance capability**, by coordinating data asset management, developing various digital management tools such as carbon calculation data system.

Recognitions on Researches

- **The R&D and engineering application technology of medium-temperature and ultra-high-pressure reheating technology with a header system** for waste incineration was appraised by an authoritative institute to have reached the advanced international level.
- **The complete sets of the multi-source and high heating value solid waste energy utilisation water-cooled grate furnace** were appraised by an authoritative organisation to have filled the gaps in the domestic market, with the overall achievements reaching the advanced international level. The welding and manufacturing of the water-cooled grate sheets are considered to have reached the leading position worldwide.

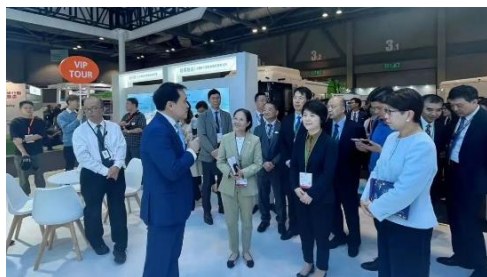
5. Boosting Brand Building Effort

In 2023, bearing an open attitude, the Group closely communicated and interacted with all stakeholders, continuing to build an ecosystem with a focus on the environmental protection sector.



Industry Exchanges

In 2023, the Group was invited to participate multiple industry exhibitions, such as the 2023 China International Fair for Trade in Services and the 2023 Asia World-Expo in Hong Kong.



Market Interactions

- In 2023, the Group organised more than 10 project tours to continuously enhance effort to communicate with investors, analysts, media and other capital market-related stakeholders.



Community Engagement

- In 2023, the Group continued to launch environmental protection promotion and project open-up activities, receiving more than 80,000 visitors from all social circles at home and abroad.
- As of 31 December 2023, 216 projects of the Group already participated in China's initiative to open up environmental protection facilities for public visits (65 projects of the Group newly enrolled in this initiative in 2023).



5. Boosting Brand Building Effort (cont'd)

Operation and Management

- First place in “Top 50 Environmental Enterprises in China” (the 5th consecutive year)
- First place “Top Ten Influential Solid Waste Treatment Enterprises in China” (the 13th consecutive year)



Brand Value

- Top of the List for “Brand Value of Listed Environmental Protection Companies in 2022” (the Group’s brand value exceeds the combined value of the second to fifth ranked brands)



Benchmark Projects

- Heilongjiang Harbin WTE Project was shortlisted in the “Second Batch of the 2022-2023 Luban Prize in China’s construction industry”(China Quality Construction)
- Vietnam Hue WTE Project garnered the “International Safety Awards Distinction”



Sustainability and Social Responsibility

- A constituent of Dow Jones Sustainability Indices (the 8th consecutive year)
- A member of the S&P Global Sustainability Yearbook (the sixth time)
- A member of the S&P Global Sustainability Yearbook (China Edition) in addition to being the “Best 1% of Chinese Companies in S&P Global ESG Score”
- A constituent of Hang Seng Corporate Sustainability Benchmark Index (the 13th consecutive year)
- Social Responsibility Brand of the Year (the 9th consecutive year)
- In 2023, the Group’s projects located in Jiangsu, Zhejiang, Hainan, Hunan, Liaoning, Tianjin and other regions obtained over 10 titles in succession, including the national and provincial-level Open-up units, environmental science popularisation bases, and AAA-rated Scenic Zones in China.
- Can Tho Project was named the “2022 Vietnam Sustainable Energy Development Enterprise”



Development Path

-  Near-term Development Path
-  Long-term Development Plan

1. Near-term Development Path

Adhering to the working principle of “Making Progress with Stability and Promoting Stability through Progress”, the Group will coordinate and carry out all operating and management work, to foster high-quality development.



To uphold strategies as driving force

With a focus on major responsibilities and business areas, the Group will make sure its strategic goals are implemented and take effect.



To accelerate innovation

The Group will explore new technologies and new business areas, to build its core competitive edge.



To enhance operation efficiency

By prioritising project operation, the Group will constantly enhance its operation proficiency and efficiency.



To address weak links

The Group will address key and challenging tasks, such as collection of accounts receivable, and risk prevention and control.



To foster investment and development

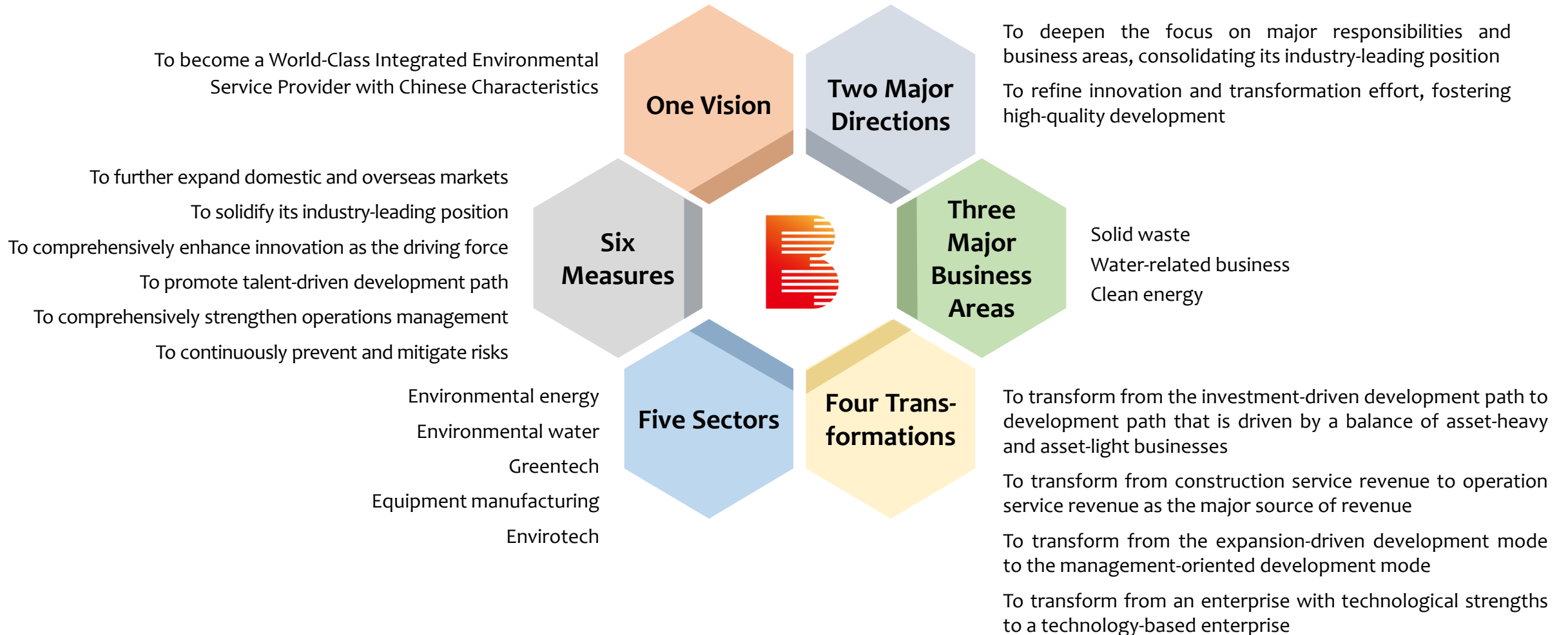
By coordinating the domestic and overseas markets, the Group will make steady progress in market expansion.



To build a strong team

The Group will develop a team of high-quality personnel.

2. Long-term Development Plan



Three Major Business Areas

Solid Waste

WTE and synergistic businesses, hazardous and solid waste treatment, environmental remediation, waste sorting and environmental sanitation services, resource recycling (including but not limited to used tires, construction and decoration waste, and recycling of used materials), among others.

Water-related Business

Water supply, municipal WWT, industrial WWT, reusable water, water environment management, sponge city construction, river-basin ecological restoration, raw water protection, sludge treatment and disposal, municipal pipeline network, leachate treatment, livestock and poultry manure disposal, ecological agriculture, waste water source heat pump, and treatment of waste water and black-odour water bodies in rural areas, among others.

Clean Energy

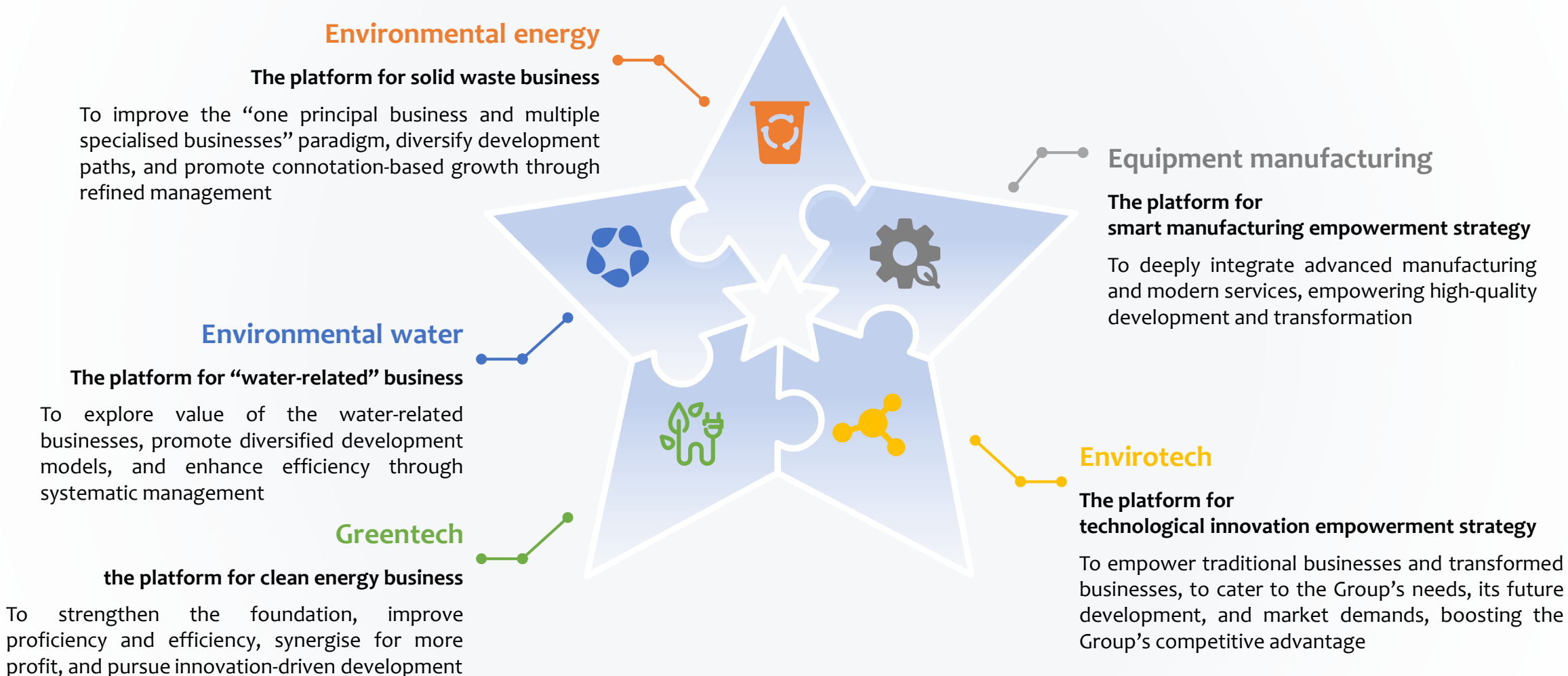
Integrated biomass utilisation, wind power, solar power, energy storage, virtual power plant, among others.



Actively serving the strategic developments of China's major regions, such as the Yangtze River Economic Belt, Beijing-Tianjin-Hebei region, the GBA; the country's major initiatives, such as the green "Belt and Road" initiative; and the national major strategies, such as China's rural vitalisation strategy



Five Major Business Sectors



QA Session

Thank You!