



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

LAYING A SOLID FOUNDATION AND KEEPING PACE WITH TIMES

2018 Annual Results



中国光大绿色环保有限公司
China Everbright Greentech Limited

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光大綠色環保
Everbright Greentech

1. About the Company



Everbright Greentech is ...

A specialty environmental protection service provider, focusing on biomass integrated utilisation, hazardous and solid waste treatment, environmental remediation and solar energy and wind power.



1

Clean Energy Administrative Centre

- Biomass direct combustion power generation
- Biomass electricity and heat cogeneration
- Biomass urban-rural integration
- Solar energy and wind power



2

Solid Waste Management Centre

- Hazardous waste landfill
- Hazardous waste incineration
- Medical waste treatment
- Hazardous waste physio-chemical processing and integration utilisation



3

Environmental Remediation Management Centre

- Restoration of industrial contaminated sites
- Restoration of contaminated farmland
- Restoration of mines and landfills
- Integrated treatment of oil sludge
- Environmental housekeeping service

About the Company

RMB **24.5** billion

Total Investment

RMB **187** million

Total Contract Value

14

Provinces/Municipalities
Geographic Coverage

96

Contracted Environmental
Protection Projects+

9

Environmental Remediation
Projects

As of 31 December 2018



1.18 million tonnes

Aggregate Annual Processing Design Capacity

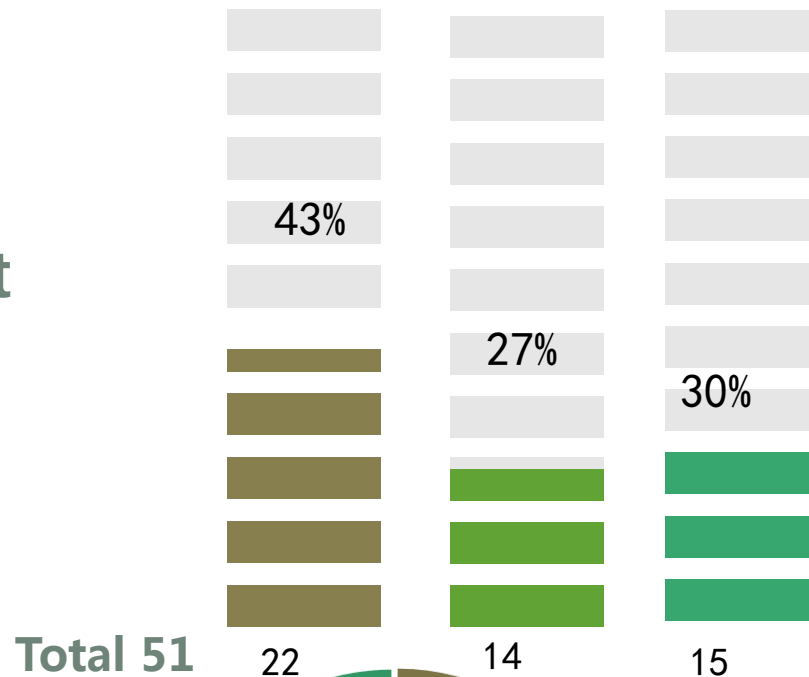
1.07 million kW

Power Generation Designed Capacity

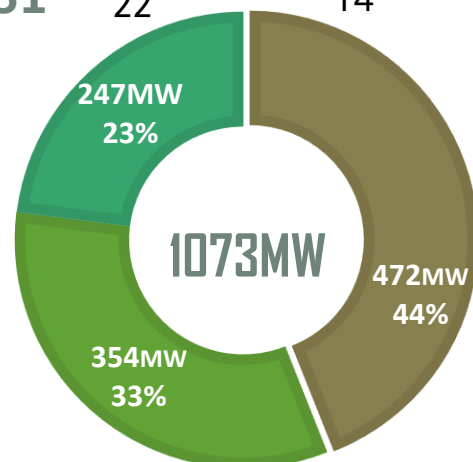
Integrated biomass utilisation

Hazardous and solid waste treatment

Project
scale



Total 51

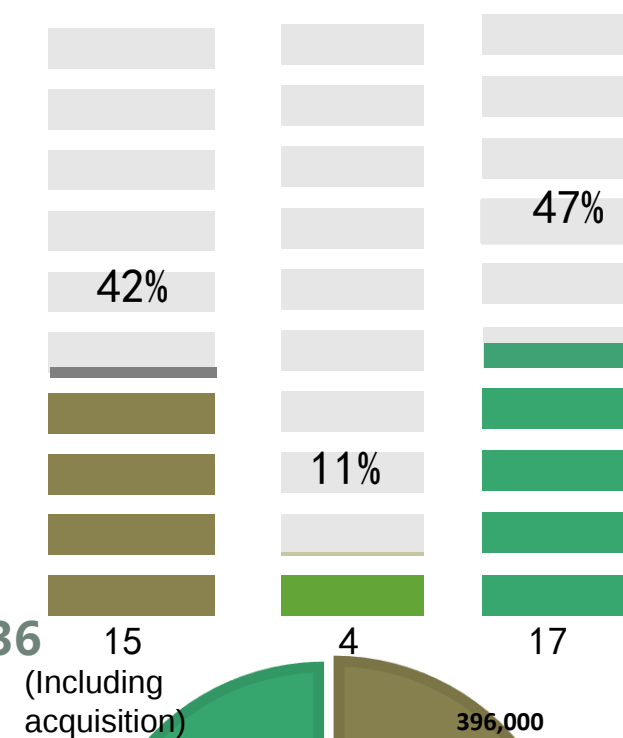


 Projects in operation
 (construction completed)

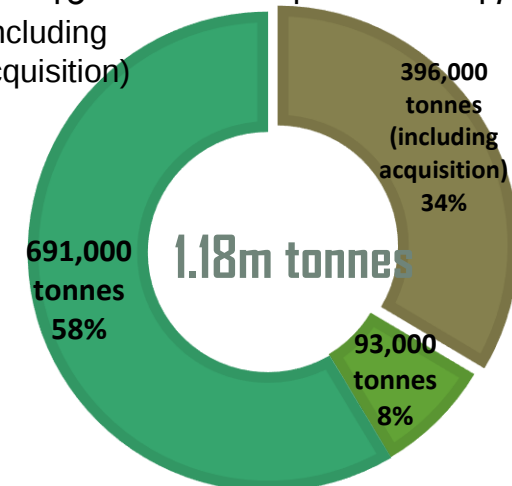
 Projects under construction

 Projects in the preparatory stage

Total 36



(Including acquisition)



2. Business Review





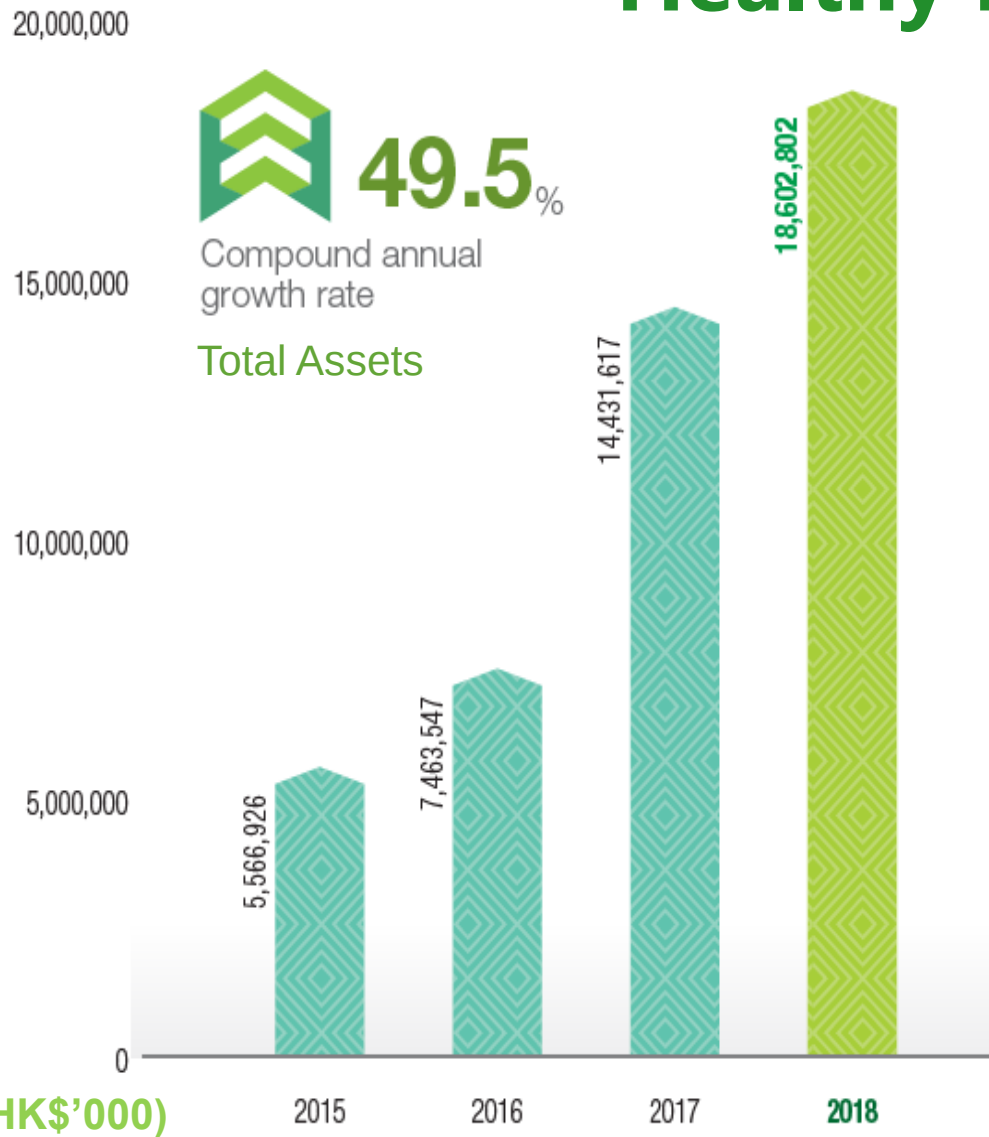
Good Quality of Assets with Healthy Financial Position



49.5%

Compound annual
growth rate

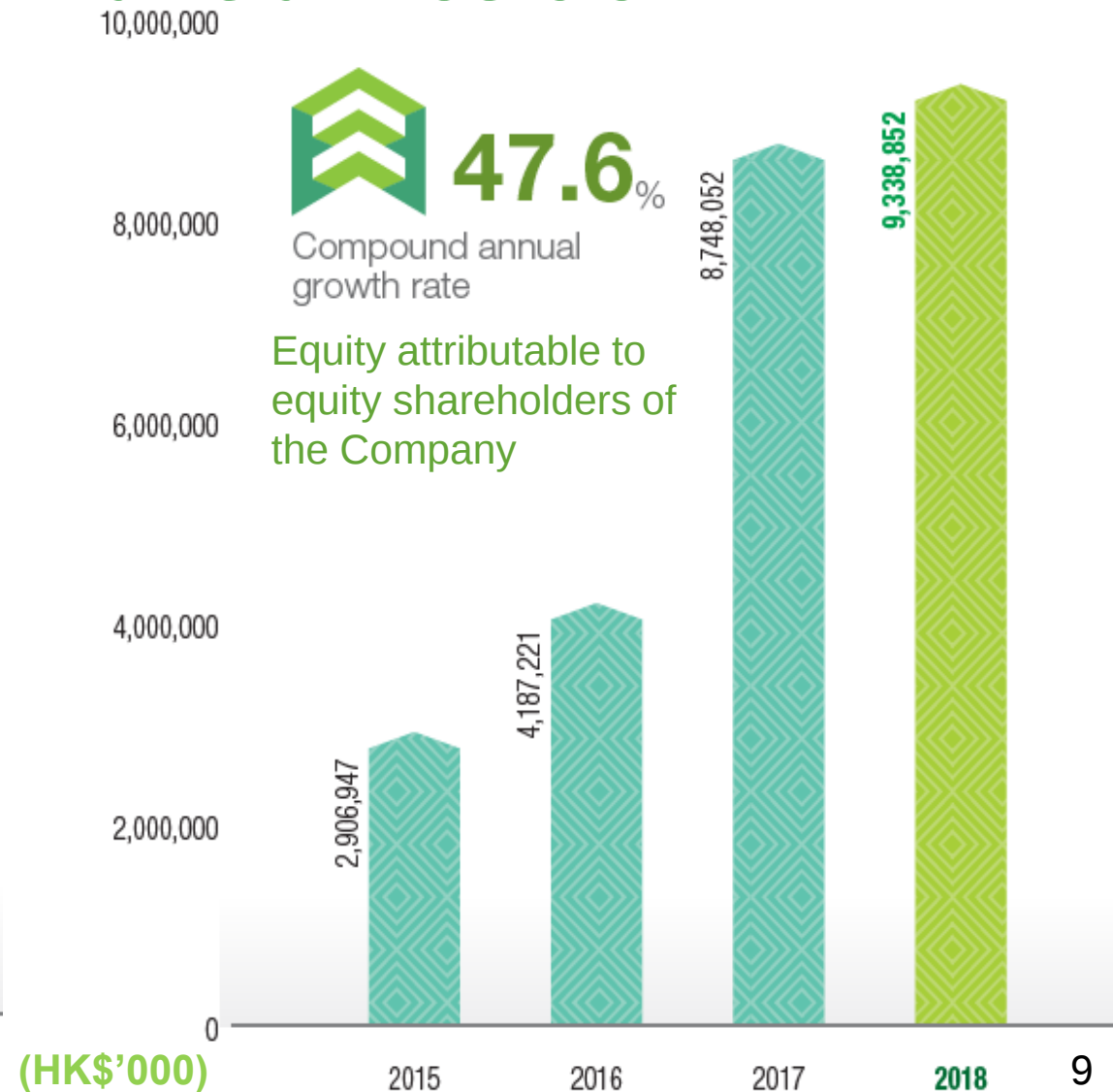
Total Assets



47.6%

Compound annual
growth rate

Equity attributable to
equity shareholders of
the Company





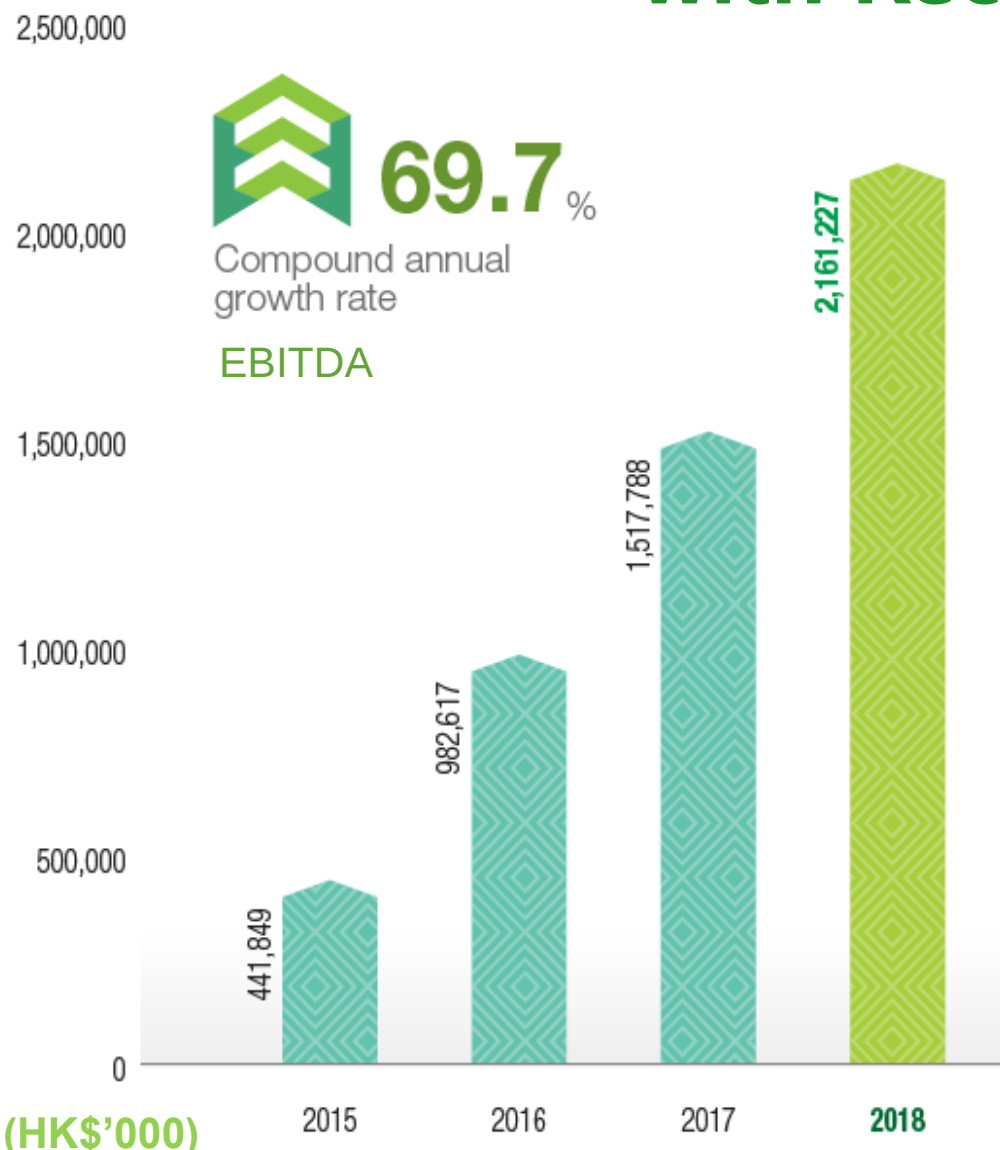
Steady Growth in Revenue with Record-high Earnings



69.7%

Compound annual
growth rate

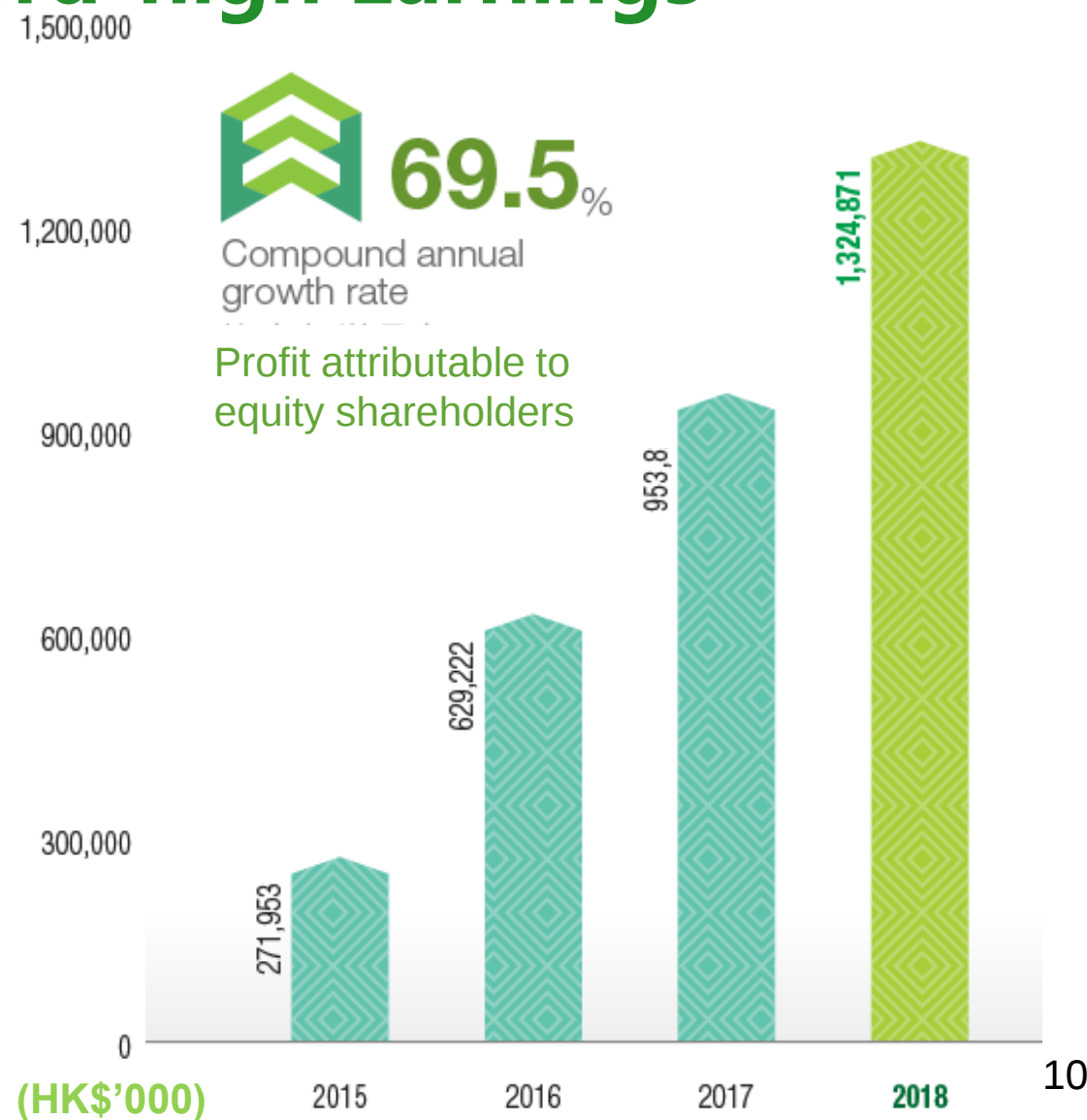
EBITDA



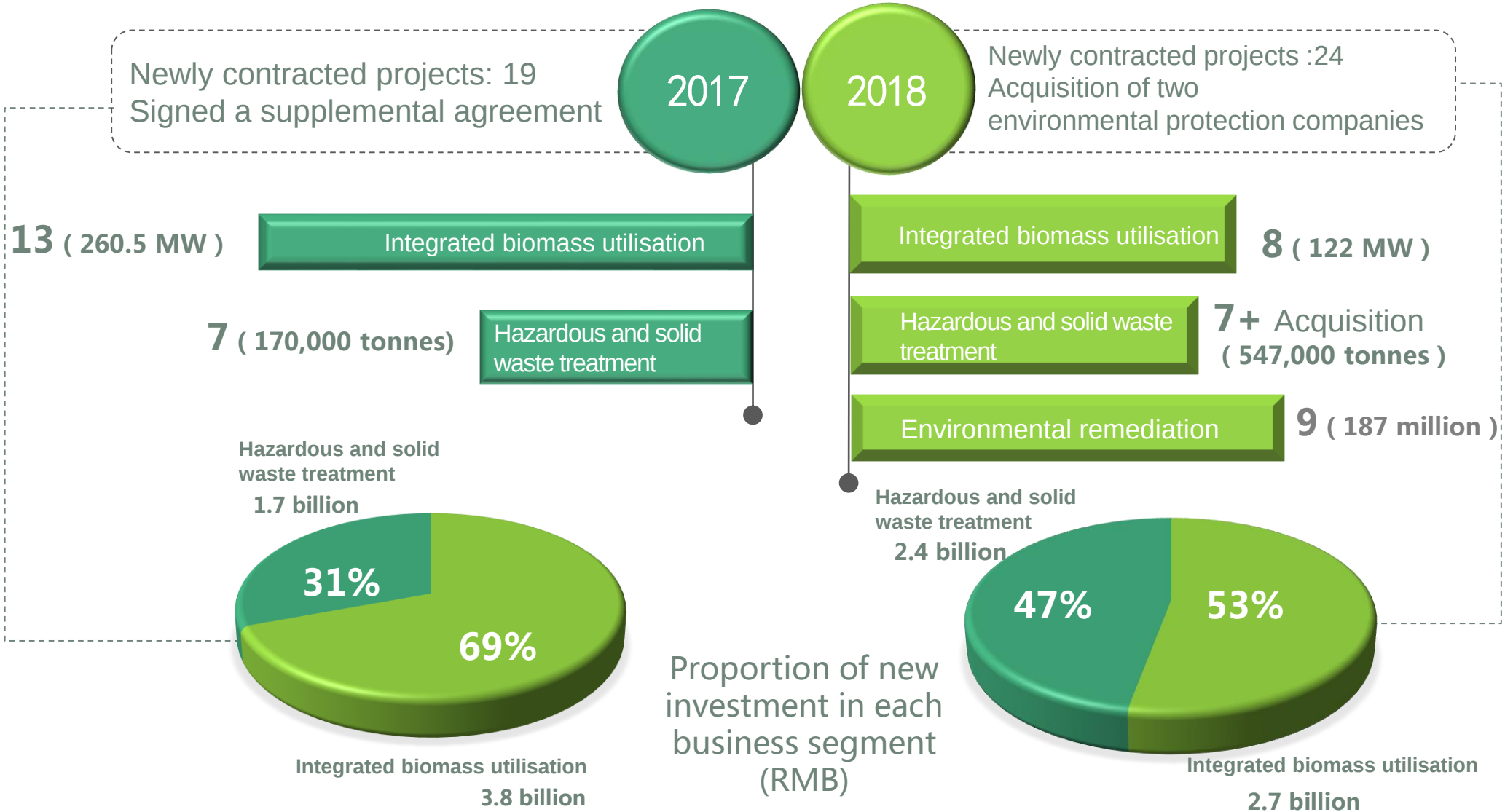
69.5%

Compound annual
growth rate

Profit attributable to
equity shareholders



Impressive Results Delivered Again in Market Development
(547,000 tonnes of newly-contracted hazardous and solid waste treatment capacity)



New Territory Breakthrough



Gaining more market share

In addition to maintain our strength in existing regions, a number of projects in new provinces, namely Zhejiang, Shaanxi, Gansu, Liaoning and Fujian, have been secured, further expanding our geographic coverage to 14 provinces/municipalities from 9 provinces/municipalities as at the end of 2017.

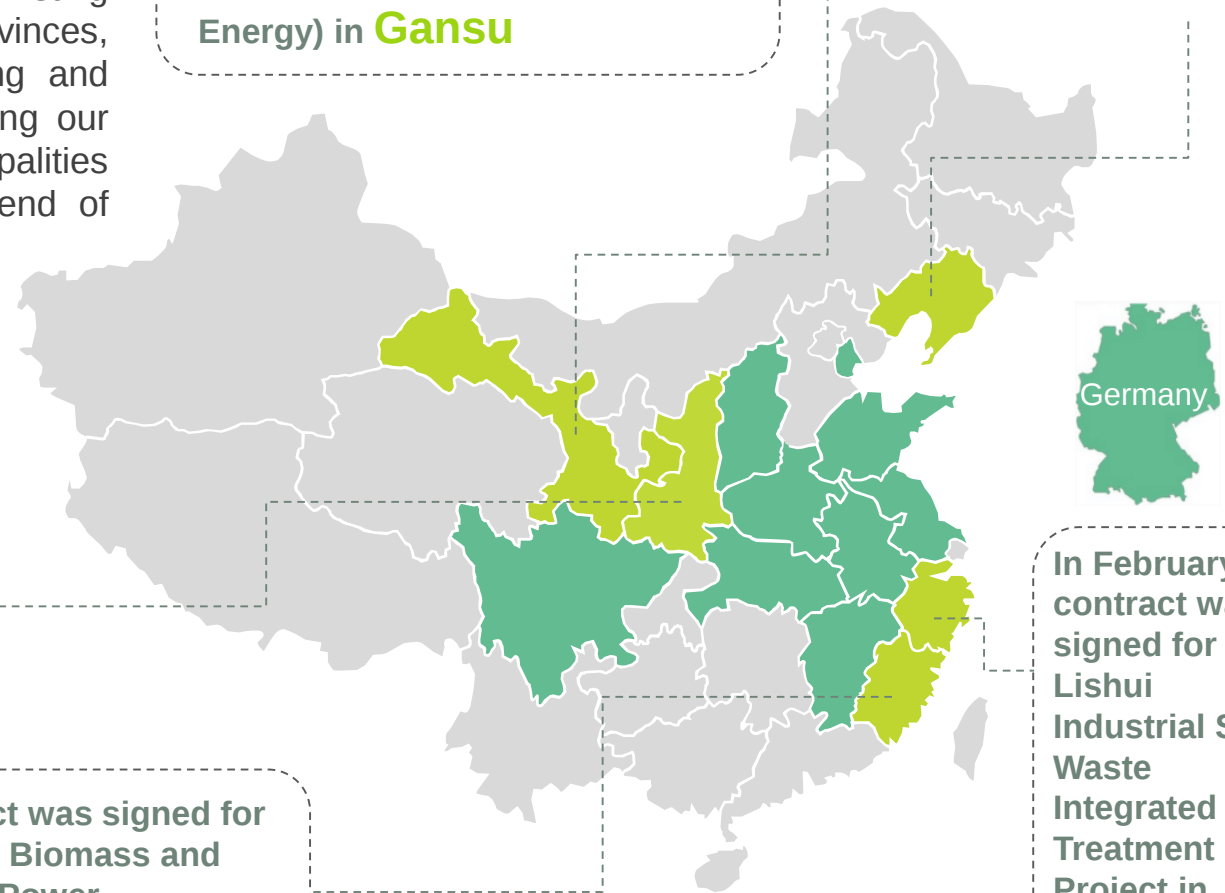
In May, a contract was signed for Lintao Integrated Biomass and Waste-to-Energy Power Generation Project (Waste-to-Energy) in **Gansu**

In June, a contract was signed for Linghai Biomass Electricity and Heat Cogeneration Project in **Liaoning**

In November, a contract was signed for Dali Integrated Biomass and Waste-to-energy Power Generation Project (Waste-to-Energy) in **Shaanxi**

In June, a contract was signed for Gutian Integrated Biomass and Waste-to-Energy Power Generation Project (Waste-to-Energy) in **Fujian**

In February, a contract was signed for Lishui Industrial Solid Waste Integrated Treatment Project in **Zhejiang**



New provinces

Existing geographic coverage

New Business Breakthrough

----- Environmental Remediation

Totally secured 9 environmental remediation projects, located in Jiangsu, Tianjin, Shanghai and Jiangxi, total contract value amounted to RMB 187million. Mainly covering the restoration of industrial contaminated sites, restoration of mines and landfills, restoration of contaminated farmland, treatment of industrial gas emission, construction and operation of wetland parks, environmental housekeeping services.

Core Team



A growing team of professionals

- ❑ Over 85% of staff holding certified qualifications, senior professional titles and advanced academic background
- ❑ Sound technical and business partnerships with many renowned institutes, enterprises and other entities in the PRC

Corporate Qualifications



Increasingly enhanced qualifications

- ❑ Being qualified as a Class III contractor for specialized environmental engineering and Class C operator of environmental pollution treatment work in Jiangsu Province
- ❑ Having obtained a safe production permit
- ❑ Having obtained ISO9001, OHSAS18001 and ISD14001 management system accreditations

Technical Reserve

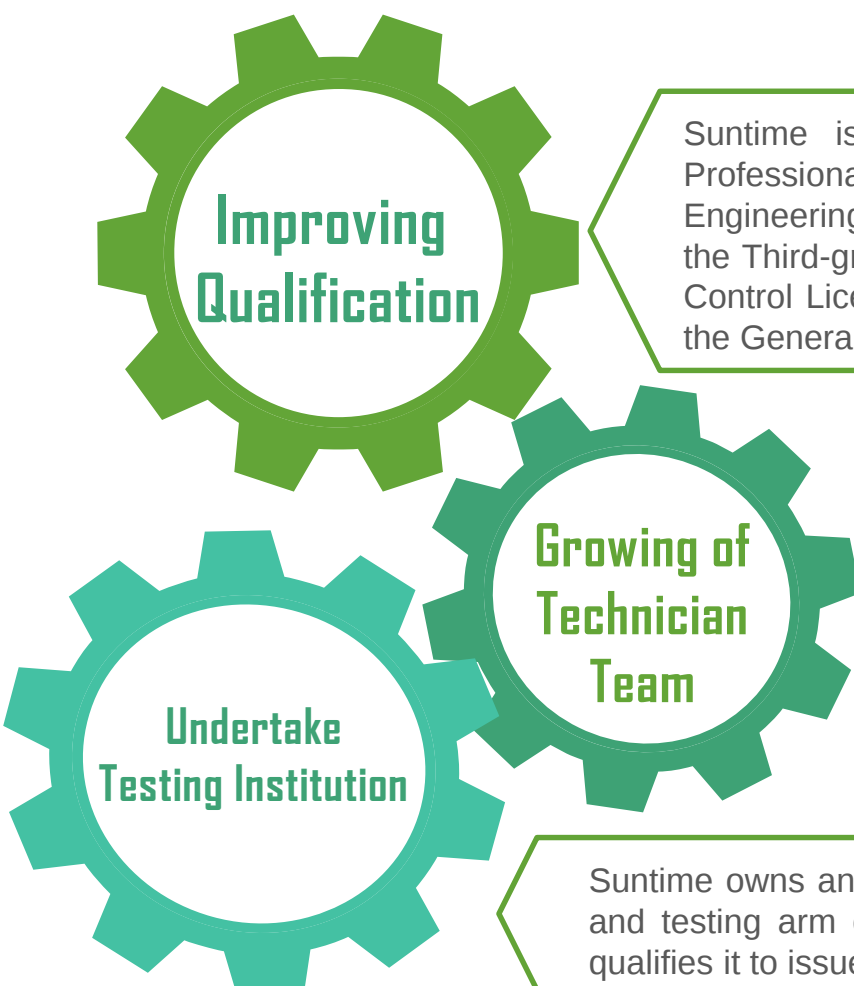


Increasingly matured technical and equipment capability

- ❑ In-situ and ex-situ landfill remediation technology
- ❑ Domestic waste leachate treatment technology
- ❑ Thermal desorption repairing technology
- ❑ In-situ extraction of contaminated ground water remediation technology
- ❑ Water environment mineralization reduction treatment technology
- ❑ Water environment composite oxidation remediation technology

Suntime Environmental Remediation

Signed a share transfer agreement to acquire 88.88% equity interest in Suntime Environmental Remediation at a consideration of RMB222.2 million. It is a national high-tech enterprise with the following licenses: the First-grade Professional Contracting Qualification for Environmental Protection Projects. The contract value of the projects of Suntime Environmental Remediation under implementation was approximately RMB432 million.



Improving Qualification

Suntime is a national high-tech enterprise with the following licenses: the First-grade Professional Contracting Qualification for Environmental Protection Projects, Environmental Engineering EPO License (Class B) (for pollution remediation and prevention of water pollution), the Third-grade General Contractor for Municipal Public Works, Jiangsu Environmental Pollution Control License (Class A) (Contaminated Soil, Groundwater and Water Body Remediation) and the General Contractor for Jiangsu Environmental Pollution Control License (1st Class).

Growing of Technician Team

Suntime possesses rich experiences on technical services and design, consultation and construction in relation to environmental remediation business. It holds 96 national patents, 19 of which are invention patents, as well as 10 registered trademarks.

Undertake Testing Institution

Suntime owns an Environmental Testing and Technology Company Limited, which is an inspection and testing arm of Suntime Environment Remediation with China Metrology Accreditation which qualifies it to issue valid data and results with proof.

New Business Breakthrough

-----Integrated hazardous and solid waste utilisation

Acquisition of Jiangsu Jiayuan Environmental

- ❑ Acquisition of 90% equity interest in Jiangsu Jiayuan environmental at a consideration of RMB180 million (annual hazardous waste treatment designed capacity of **183,000 tonnes**).
- ❑ A resource-recycling-focused environmental protection company located in Suzhou & Wuxi area, with core business covering the disposal and reuse of industrial hazardous waste, such as copper-containing sludge and etching waste liquid generated from printed circuit board.
- ❑ An end-to-end change in the industry chain of hazardous waste treatment business from “incineration + landfill” model to “integrated utilisation + physio-chemical processing + incineration + landfill” model is successfully realized. The weighting of hazardous waste business sector among our overall businesses, as well as the scale and scope of hazardous waste treatment, are further increased. This will solidly strengthen our market position in the hazardous waste industry in Yangtze River Delta zone and nationwide.

Secure Zhejiang Songyang Hazardous Waste Integrated Treatment Project

- ❑ Songyang project commands an investment of RMB153 million with a designed annual hazardous waste processing capacity of **100,000 tonnes**, of which the disposal of sludge generated from the stainless steel industry accounts for 50,000 tonnes. It mainly engages in the hazardous waste and industrial solid waste processing in Songyang County of Lishui City, Zhejiang Province.





Steady Progress Made in Project Construction

23

Projects started
construction

24

Projects under
construction

14

Projects completed
and commenced operation

Projects started
construction

Xinyi Solid Waste, Zhongxiang Integrated, Sheqi Integrated, Shayang Integrated (Biomass), Zibo Hazardous Waste (Phase II), Guoyang Biomass, Dingyuan Solid Waste, Linshu Solid Waste, Xiayi Integrated, Weihai Biomass, Zhongjiang Biomass, Jiangsu Environmental Remediation (Phase I, II & remediation of contaminated land), Qidu Waste Landfill Integrated Remediation, Sihong Waste Landfill Integrated Remediation, Shanghai Pudong Auto Parts Factory Environmental Remediation, Tianjin Beichen Environmental Housekeeping Service, Yingtan Household Waste Landfill Operational Management Service

Projects under
construction

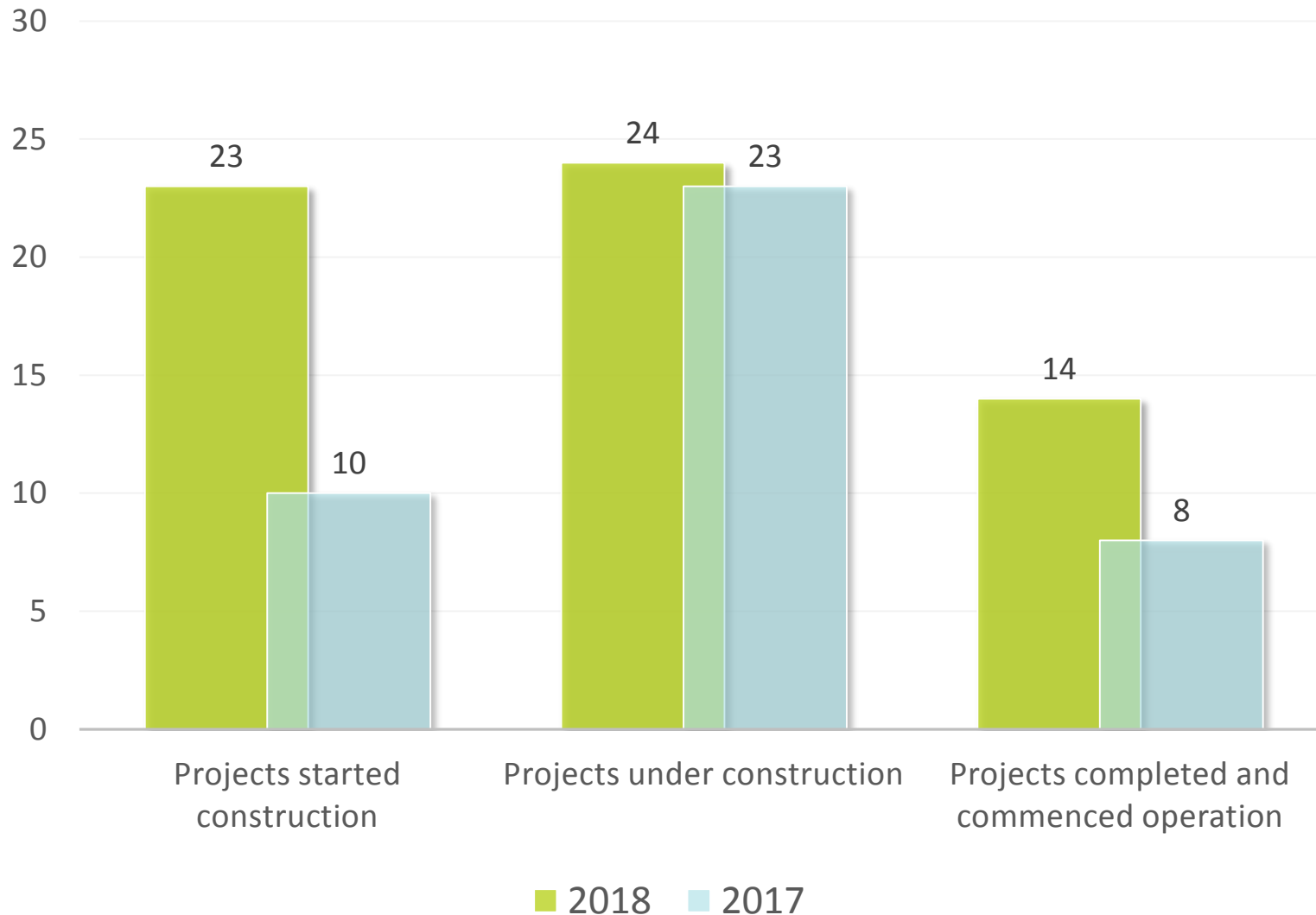
Guixi Biomass, Huaiyin Integrated, Lianshui Biomass, Sheqi Integrated, Zhongxiang Integrated, Shayang Integrated (Biomass), Guoyang Biomass, Zibo Hazardous Waste (Phase II), Dingyuan Solid Waste, Jiangsu Environmental Remediation (Phase II & remediation of contaminated land), Weihai Biomass, Xiayi Integrated, Zhongjiang Biomass, Lishui Solid Waste, Linshu Solid Waste, Qidu Waste Landfill Integrated Remediation, Sihong Waste Landfill Integrated Remediation, Tianjin Beichen Environmental Housekeeping Service, Yingtan Household Waste Landfill Operational Management Service

Projects completed
and commenced
operation

Mianzhu Integrated, Xinyi Solid Waste, Xinyi Harmless, Guanyun Integrated, Lianyungang Hazardous Waste (Phase II), Yuan Biomass, Yeji Biomass, Huaiyuan Integrated (WtE), Changzhou Hazardous Waste, Linshu Hazardous Waste, Jiangsu Environmental Remediation Phase I, Shanghai Pudong Auto Parts Factory Environmental Remediation

Period-to-Period Comparison of Project Construction

Unit: No. of project





Stable Operation of Projects with High Efficiency

Impressive Growth in Hazardous and Solid Waste Treatment Segment



Processed safe disposal of approximately 127,052 tonnes of hazardous wastes. Hazardous and solid waste treatment projects contributed net profit of HK\$245 million, an increase of 48% over last year.

Hazardous Waste Treated
127,052 tonnes



Steady Growth in Integrated Biomass Utilisation Segment

We had 22 integrated biomass utilisation projects in operation, on-grid electricity generated to 2.56 billion kWh, an increase of 84% over last year. The net profit from integrated biomass utilisation projects in operation was HK\$1.04 billion, an increase of 38% over last year.

On-grid electricity
2.56 billion kWh

Growth Driven by Technological Innovation

01

- ✓ Successfully applied for 2 projects under the 2018 key research program of the Ministry of Science and Technology.

02

- ✓ Participated into the project of “Key Technology and Application of Recycling and Controlling Pollution of Typical Hazardous Waste” led by Tongji University, and the results of the project received the Higher Education Outstanding Scientific Research Output Awards (second-class award in Scientific and Technological Progress) from the Ministry of Education in 2018.

03

- ✓ Achieved ultra-low emission (concentration level of Nox emissions being lower than 50mg/m³) through the research, investigation and adoption of technologies such as low-nitrogen combustion, flue gas recirculation, optimisation of the denitrification technology based on selective non-catalytic reduction (SNCR) and oxidation of active molecule.

04

- ✓ Built the Group’s first hyperactive thionyl chloride (SOCl₂) processing line of commercial scale to facilitate urgent treatment of SOCl₂.

光大
Everbright Technology Hub

3. Financial Analysis



Financial Analysis

(HK\$' million)	Full year		Change
	2018	2017	
Revenue	7, 002	4, 581	53%
Gross profit	2, 069	1, 435	44%
EBITDA	2, 161	1, 518	42%
Profit attributable to equity shareholders of the Company	1, 325	954	39%
Basic earnings per share (HK cents)	64. 12	51. 70	24%
Annual dividend per share (HK cents)	12. 5	9. 0	39%

- ▶ In 2018, the Company reported a significant increase in revenue by 53% to HK\$7 billion from HK\$4.58 billion of 2017, such increase was principally due to on-going progress made in projects under construction and satisfactory performance achieved in a number of projects in operation, leading to a historical high in revenue from construction services and operation services.
- ▶ The Company has initiated the commencement of construction of a number of projects and made progress in construction. As at 31 December 2018, the Company had 23 projects start construction, representing an increase of 13 projects as compared with last year, resulting in a surge in revenue and profit from the construction services.
- ▶ Revenue from a large number of projects completed and the projects in operations in the period was at a satisfactory level with a total on-grid electricity of 2.87 billion kWh, an increase of 72% as compared with 1.67 billion kWh for last year. In addition, hazardous and solid waste processing volume for the period was 127,000 tonnes, an increase of 12% as compared with 113,000 tonnes for last year.
- ▶ Year-end dividend payment of HK\$6.5 cents per share, representing an annual dividend payment of HK\$12.5 cents per share and payout ratio of approximately 19.5%.

(HK\$' million)	As of 31/12/2018	As of 31/12/2017	Change
Total assets	18, 603	14, 432	29%
Total liabilities	9, 172	5, 666	62%
Shareholders' equity	9, 339	8, 748	7%
Return on equity ratio(%)	14. 65	14. 75	-0. 1ppt
Current ratio(%)	155	216	-61ppts
Gearing ratio (Total liabilities/ Total assets) (%)	49	39	10ppts

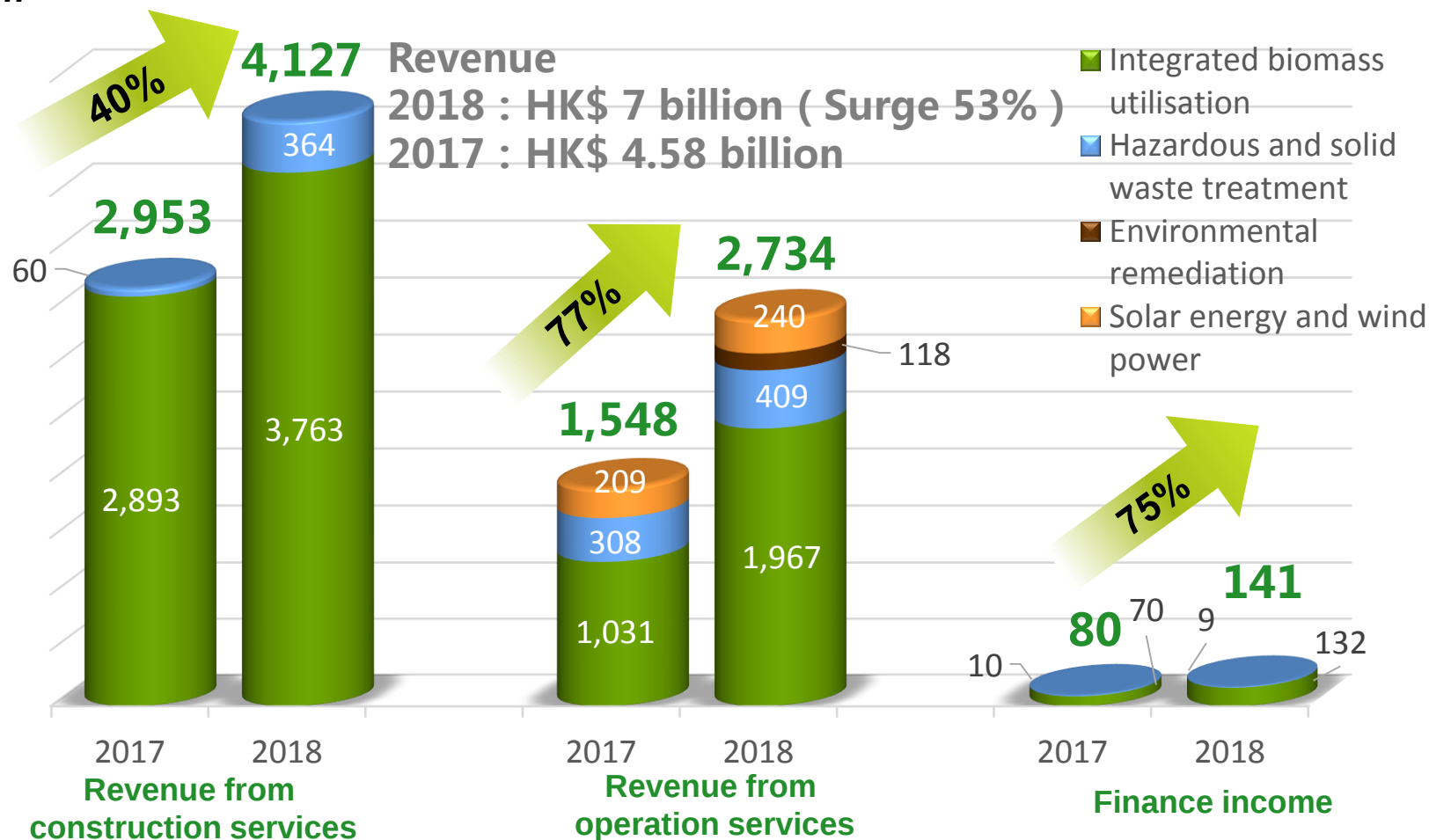
- As of 31 December 2018, total assets and shareholders' equity increased by 29% and 7%, respectively, as compared with those as at the end of last year. Gearing ratio stayed at a healthy level with a sound current ratio and sufficient cash in hand. As such, our strong liquidity position, together with the unutilized banking facilities, will lay a concrete foundation for a rapid development of the Company in the future.

As of 31/12/2018	2018		2017		Change
	HK\$' million		HK\$' million		
Short-term loans	916	15%	541	15%	69%
Long-term loans	5, 091	85%	2, 953	85%	72%
Total bank loans	6, 007		3, 494		72%
Unutilized banking facilities	5, 254		3, 563		47%
Total banking facilities	<u>11, 261</u>		7, 057		60%
Unutilized banking facilities	5, 254		3, 563		47%
Cash and bank balances	2, 261		3, 343		−32%
Cash/banking facilities available	<u>7, 515</u>		6, 906		9%

As of 31 Dec 2018, total bank loans amounted to approximately HK\$6 billion, of which 85% were long-term loans. In addition, the aggregate amount of cash available and unutilized banking facilities were totaling approximately HK\$7.5 billion, which is enough to support the estimated capex in 2019: HK\$5 billion.

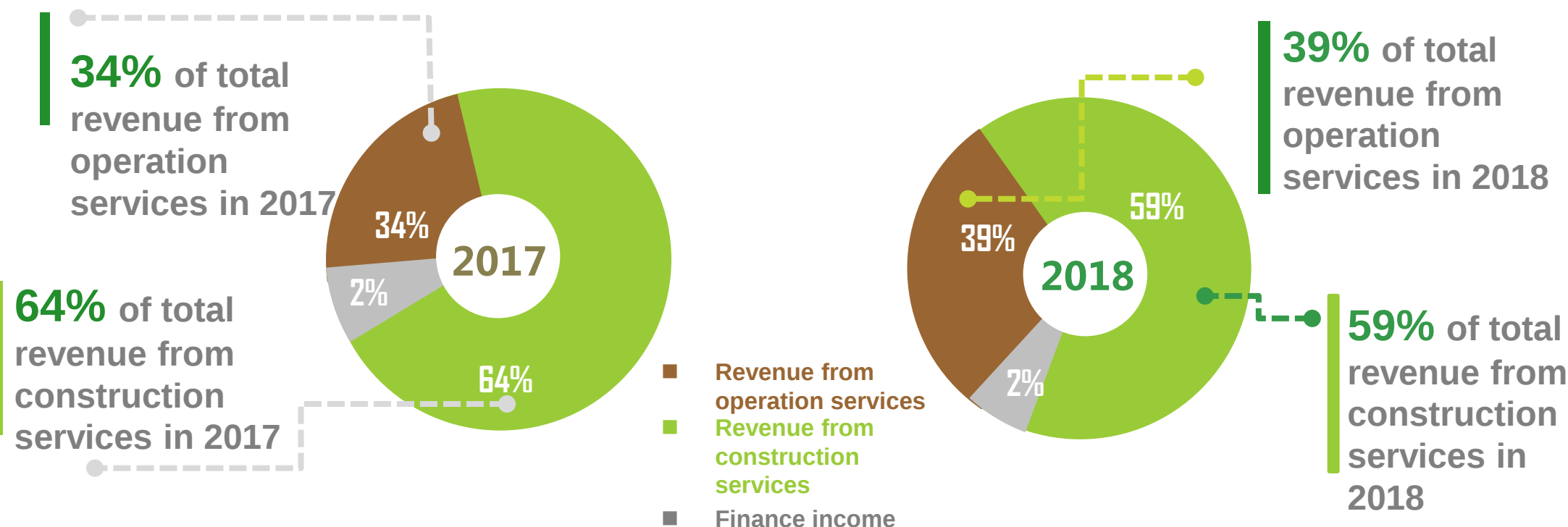
Unit: HK\$'million

Analysis of revenue from the four business segments



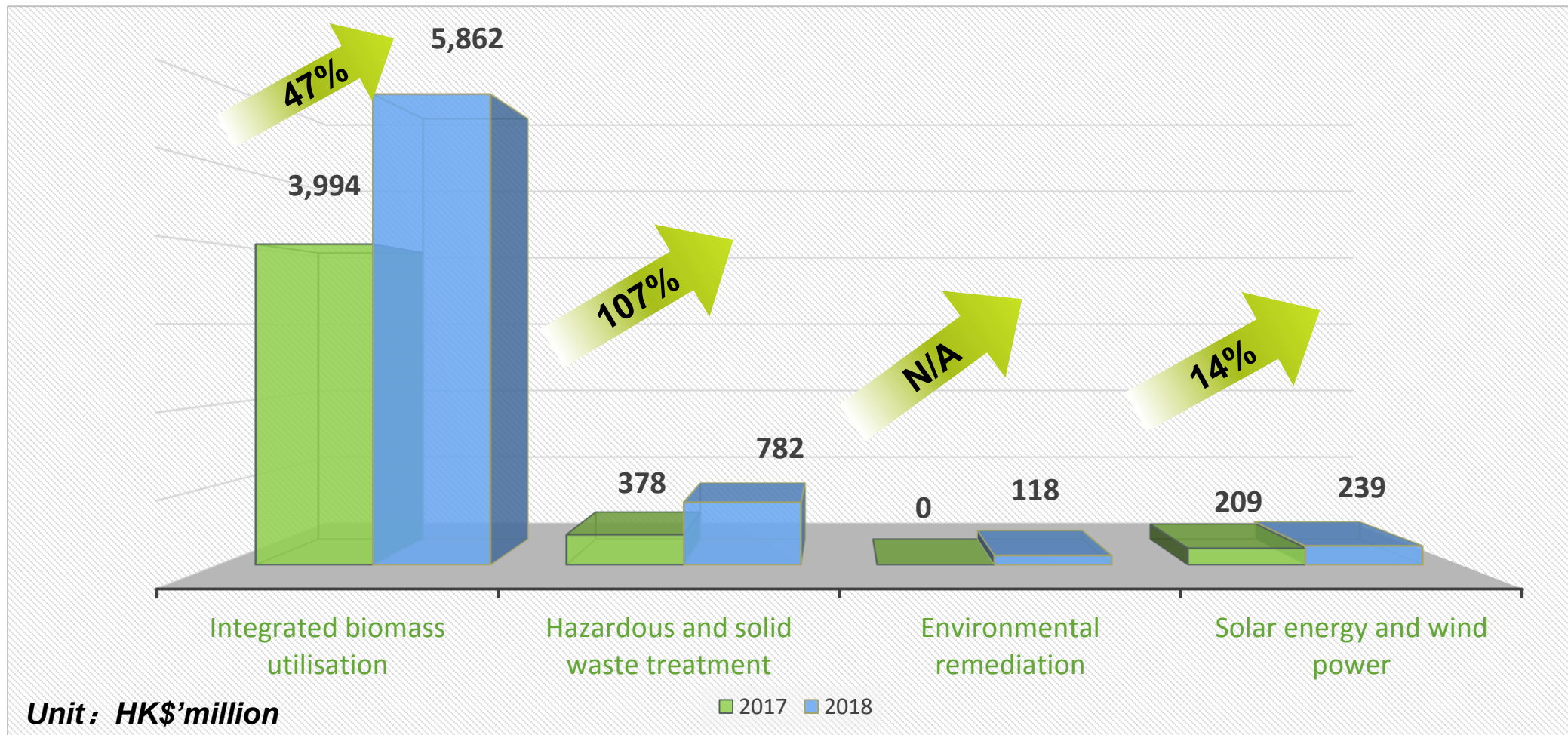
- Revenue from construction services in 2018: the Company had 30 projects under construction (2017: 23), which increase by 40% as compared with last year;
- Revenue from integrated biomass utilisation project operation services in 2018 : on-grid electricity increased by 84%, household waste treatment increased by 254% and steam generating volume increased by 112%;
- Revenue from hazardous and solid waste treatment project operation services in 2018 : Hazardous waste treatment increased by 12%, unit price of treatment increased by 18%;
- Revenue from environmental remediation project operation services in 2018 : 9 projects completed and under implementation;
- Revenue from solar energy & wind power project operation services in 2018 : on-grid electricity increased by 15%.

Proportion of revenue in operation and construction services



- ▶ Total revenue from operation services in 2018 increased 77% compared to 2017 and the proportion of operational revenue surged to 39%;
- ▶ With the completion and commencement of operation of projects in the preparatory stage/construction, proportion of revenue from operation services is expected to further increase.

Analysis of revenue from the four business segments

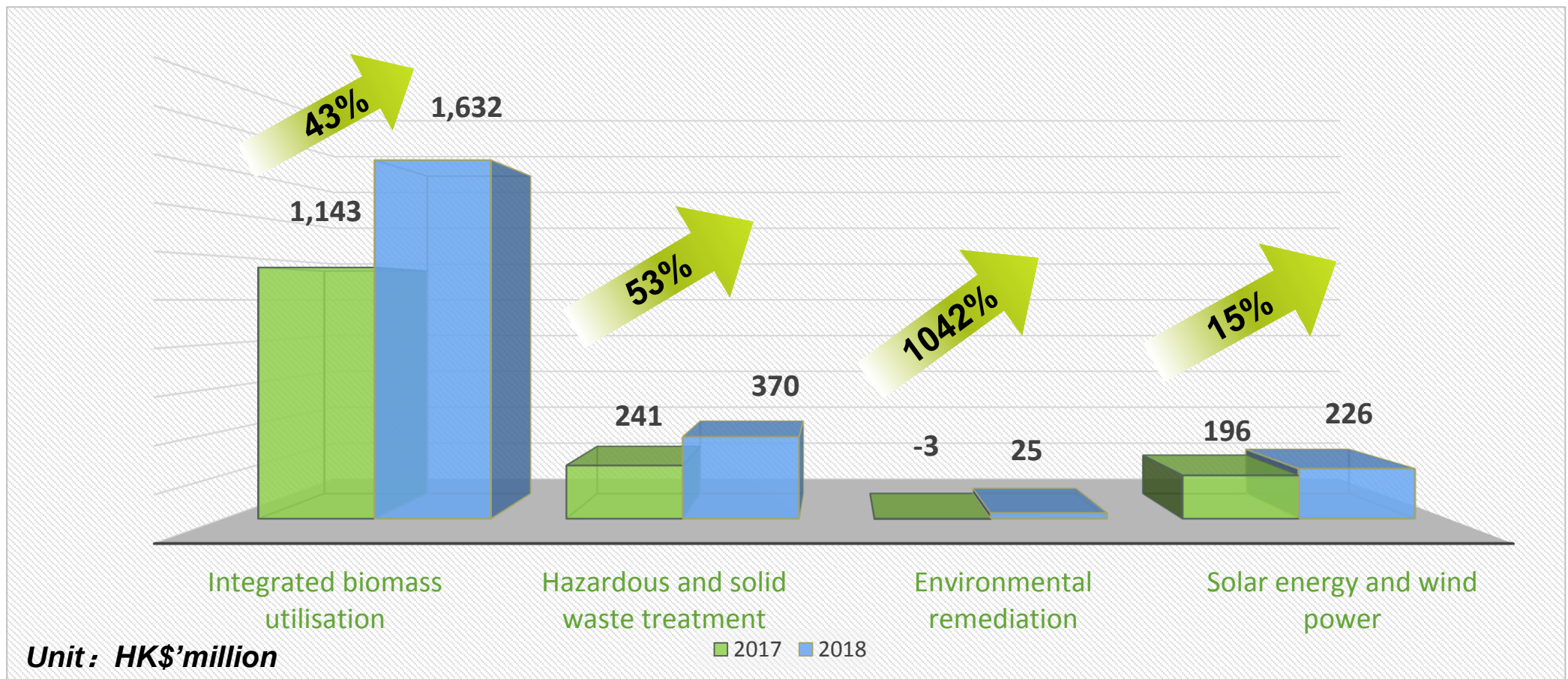


Revenue:

2018: HK\$7 billion (Increase by 53%)

2017: HK\$4.58 billion

Analysis of EBITDA from the four business segments



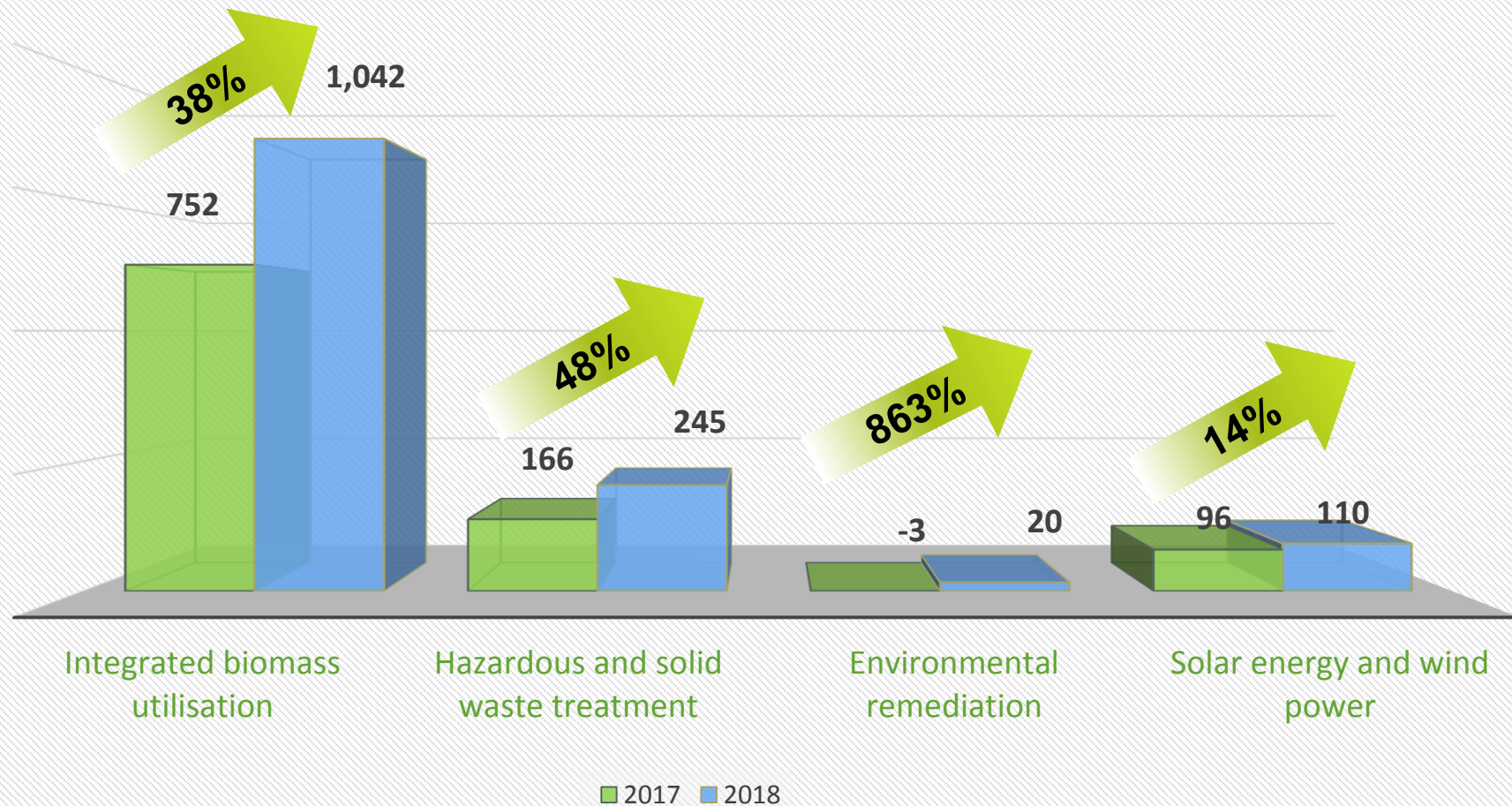
EBITDA*:

2018: HK\$2.25 billion (increased by 42%);

2017: HK\$1.58 billion

* Exclude the unallocated head office and corporate net expenses

Analysis of net profit from the four businesses segments



Net profit contribution * :

2018: HK\$1.42 billion (increased by 40%)

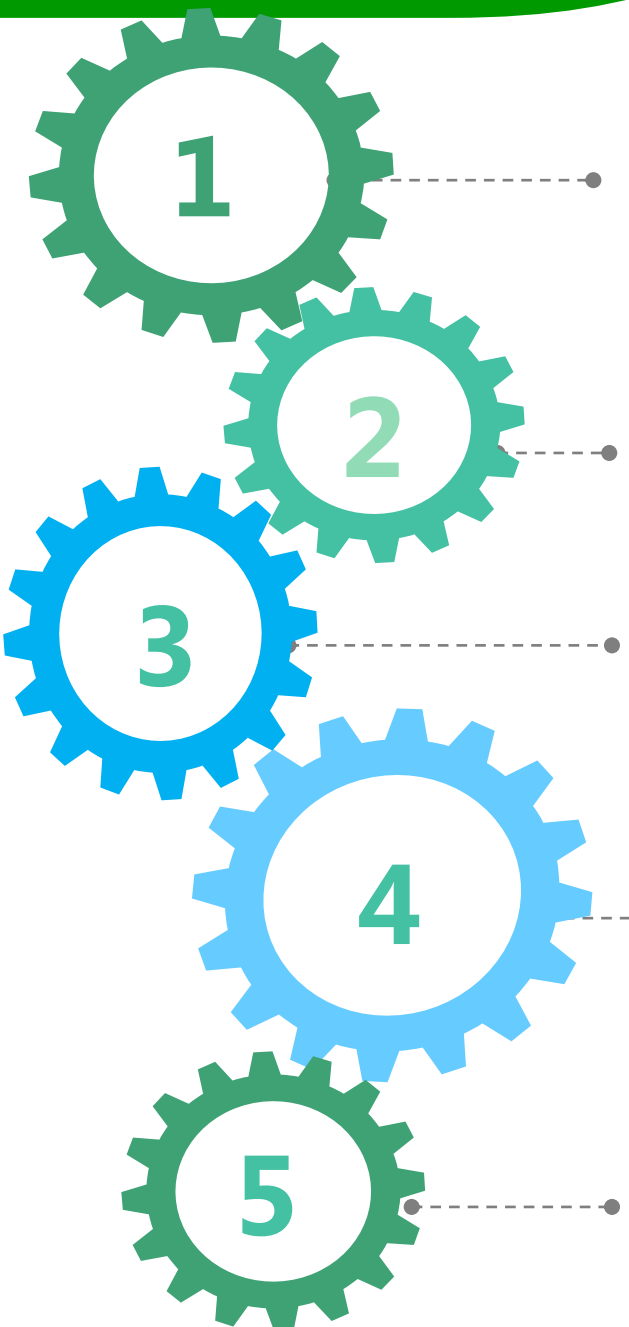
2017: HK\$1.01 billion

* Exclude the unallocated head office and corporate net expenses

4. Business Prospects



Explore New Business and New Market



1

Leverage on the national strategies and industrial trends, we root in 4 business sectors, while tap into new business and new markets ongoingly and proactively;

2

Drive the development of biomass business from direct combustion power generation to electricity and heat cogeneration and transformation of bio natural gas, we explore the use of high value -added transformation in high value-added biomass;

3

Utilise the Suntime Environmental Remediation, the environmental restoration business has been diversified from individual site restoration to integrated environmental services;

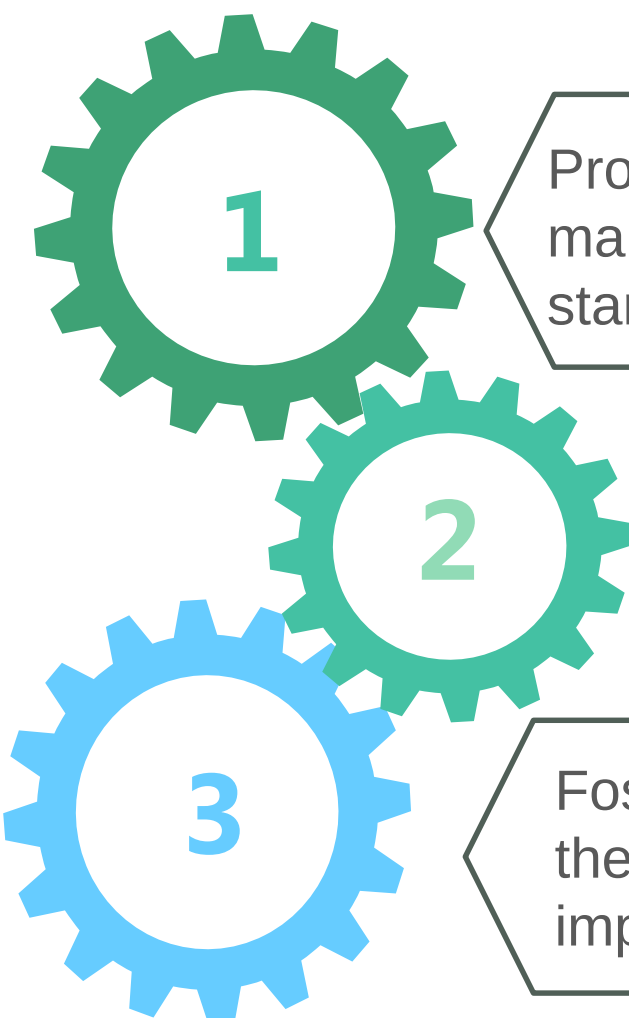
4

Relying on existing projects, solid waste business implements terminal treatment business, speed up the R&D of integrated utilisation project, and realize new breakthroughs for general industrial solid wastes;

5

Consolidate our position in the Yangtze River Delta zone, we also actively expand to regional markets with greater potential, such as the Pearl River Delta and Guangdong-Hong Kong-Macao Greater Bay Area.

Enhance Operational Management Standards



1

Promote the establishment of infrastructures for operation management informatization, to form systematic, regulated and standardized operation management;

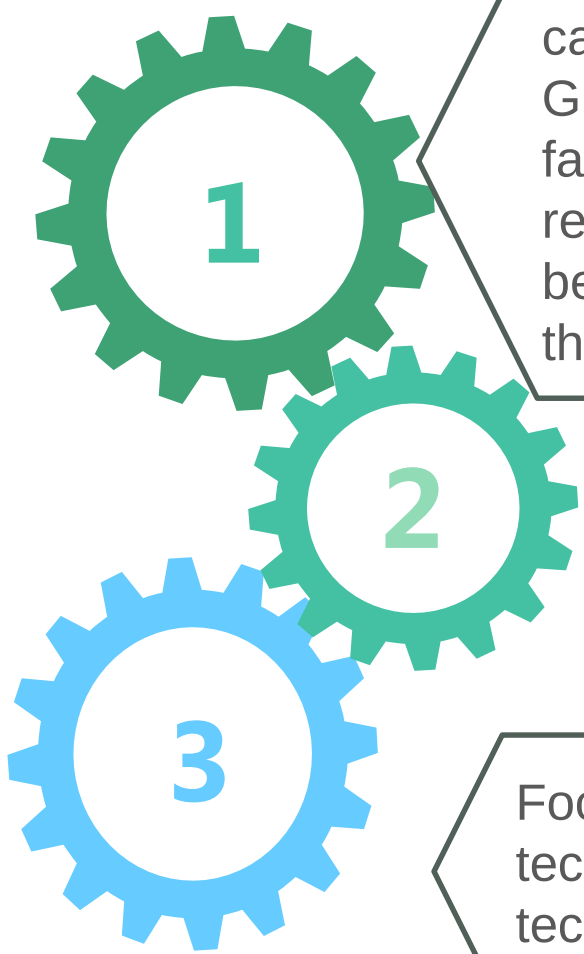
2

Reinforce the ESHS and risk management system, to conduct comprehensive control over operation risks;

3

Foster the construction of “Intelligent Power Plant”, to upgrade the level of smart management, cut down operation cost and improve efficiency.

Consolidate Technology Research and Development Capacity



1

Take part in national issues, we integrate the technological research capacity of Everbright International Research Institute, Everbright Greentech Research Institute and research institutes of each faculties, build an open platform for technological researches, boost resources sharing and continuously reinforce the collaboration between production, academics and research, thereby enhancing the entire R&D capacity;

2

Determine the approaches of R&D services on each projects, to highlight the results and applications;

3

Focus on bio natural gas, biomass for high value-added materials, technology R&D for industry chain of hazardous waste and new technologies of in-situ soil that are in line with our needs.

5. Policy Highlights



Opinions on Strengthening the Protection of the Ecological Environment in All Aspects and Firmly Winning the Battle of Preventing and Controlling Environmental Pollution

The weak links in key fields shall be captured and it is explicitly required to fight the three battles (for the protection of blue sky, clear water and clean land), and the seven representative key battles, namely the battle for the protection of blue sky, the battle for the treatment of pollution from diesel vehicles, for the protection of water resources, for the treatment of foul water bodies, for the protection and remediation of the Yangtze River, for the comprehensive governance of the Bohai Sea, and for agricultural and rural pollution treatment.

Firmly winning the battle for the protection of blue sky is a priority for winning the battle of preventing and controlling environmental pollution. In particular, emphasis shall be laid upon the following four key aspects, namely PM2.5, the pollution factor which shall be especially prevented and controlled, the key areas including Beijing-Tianjin-Hebei and surrounding areas, the Yangtze River Delta Region and Fen-Wei Plain (汾渭平原), the key seasons including autumn and winter, as well as the key industries such as steel, thermal power, and construction and key fields such as scattered companies, raw coal, diesel vehicle and dust emission.

Working on winning the battle for the protection of clear water by ensuring the safety of drinking water and basically eliminating urban foul water bodies.

Facilitating winning the battle for the protection of clean land in a steady pace by focusing on preventing and controlling environmental risks.

--the State Council

Three-year Action Plan for Winning the Battle of Blue Sky Protection

The total of major air pollutant emissions shall be significantly reduced with a drop in greenhouse gas emissions simultaneously, further significantly reduced PM2.5 density, significantly reduced number of days of heavy pollution, significantly improved air quality conditions, and significantly enhanced sense of well-being toward "blue sky" among the majority.

By 2020, the total sulphur dioxide and nitrogen oxide emissions shall be cut by over 15% from 2015 respectively.

The PM2.5 concentrations in cities at prefecture level and above, which fail to meet the national standards, shall be reduced by over 18% from 2015, the ratio of days with good air quality at prefecture level and above shall reach 80%, and the percentage of heavily polluted days shall be decreased by more than 25% from 2015.

--the State Council

“Wasteless Cities” Pilot Construction Work Plan

- “Wasteless Cities” refer to a city development mode which minimizes the environmental impacts of solid waste through facilitating forming green development method and lifestyle, and continuously promoting the reduction of solid waste from the source and resource utilization, and maximizing the reduction of the landfilled waste as led by the new development concept.
- The construction of “Wasteless Cities” ultimately aims at minimizing the production of solid waste for the whole city, full use of resources and treatment safety.
- It is important to drive the green development of production method and lifestyle in the construction of “Wasteless Cities”. In particular, the main tasks include implementing green industrial production to promote the close-to-zero growth of bulk industrial solid waste stock treatment in total; advocating green agricultural production to facilitate the full use of major agricultural waste; and practicing a green lifestyle to drive the main tasks including the reduction of domestic waste from the source and resource utilization.
- It is intended to select about ten qualified, well-positioned and moderate-sized cities across the country for the pilot construction of “Wasteless Cities” on a citywide scale.

--the State Council

Soil Pollution Prevention Law of the People's Republic of China

- Known as the “strongest” soil protection law in the industry, it is the first law laid down by the PRC government for the standardization of soil pollution and has been implemented since 1 January 2019.
- Under the principle of prevention first and protection priority, prevention from the source shall be enhanced to reduce pollution.
- A soil pollution accountability mechanism shall be established and improved. To implement the accountability of enterprise entities, the law prescribes that the soil pollution person-in-charge shall be obliged to assume the responsibility of implementing risk management and remediation; if unable to identify the soil pollution person-in-charge, the land use rights owner shall implement risk management and remediation; and the soil pollution person-in-charge shall cover the charges for risk management and remediation.
- Any violation of soil pollution prevention law shall be held legally liable in a strict manner with severe punishment and penalties.

--Approved unanimously at the fifth meeting of the thirteenth session of the Standing Committee of the National People's Congress

► Notice in relation to the Integrated Development of Bulk Solid Waste Utilisation Industry

- A range of integrated utilisation industry base is constructed to demonstrate and drive the development of integrated bulk solid waste utilisation to high value-added, multi-channel sales and industry integration trends.
- Highlighting the tailings (co-contained ore), coal ore, flue ash, metallurgical slag (red mud), chemical slag (industrial by-product gypsum), industrial waste (construction waste), agricultural and forestry waste and other bulk solid waste to select location with large-scale and relatively concentrated waste discharge, comprehensive utilisation of resources, strong industrial innovation capability, sound product market prospects and considerable economy of scale. It also aims to pass the comprehensive measures, such as policy synergy, regime innovation and project guidance, develop and promote a series of advanced technology, equipment and high value-added products for integrated bulk solid waste utilisation.
- The integrated bulk solid waste utilisation can be procured to develop as a low-cost, efficient and sustainable internal force for corporations, by the persistence in the consolidation between waste reduction at source and integrated utilisation, innovation and policy incentives, underlying breakthroughs and adaptation.
- Construction of 50 integrated bulk solid waste utilisation bases and 50 integrated industrial resources utilisation bases are aimed to be completed by 2020, while integrated waste utilisation rate for the bases will be 75% above.

---NDRC and MIIT

Q&A Section

