



光大綠色環保
Everbright Greentech

(于开曼群岛注册成立之有限公司)

股份代号:1257

2023 Interim Results Presentation

Aug 2023



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Financial Analysis

Financial Analysis

HK\$' million	For the six months ended 30/6/2023	For the six months ended 30/6/2022	Changes
Revenue	<u>3,820</u>	4,220	-9%
Gross profit	<u>957</u>	977	-2%
EBITDA	<u>1,264</u>	1,297	-3%
Profit attributable to shareholders	<u>264</u>	372	-29%
Basic earnings per share (HK cents)	<u>12.77</u>	18	-29%
Dividend of the year per share (HK cents)	<u>2.5</u>	3.6	-1.1
Dividend payout rate(%)	<u>19.6</u>	20	-0.4ppt

- As of the end of June 2023, revenue decreased 9%, recording HK\$3.820 billion, among which construction revenue decreased 35% while operation revenue decreased 4% yoy;
- EBITDA recorded HK\$1.264 billion, decreasing 3% yoy. Decline of construction revenue, weak demand for the hazardous and solid waste treatment and continuous decrease in the unit treatment price resulted in the EBITDA decrease;
- Profit attributable to shareholders recording HK\$264 million, decreased 29% yoy;
- 2023 interim dividend payment of HK2.5 cents per share, representing a stable dividend payout ratio of approximately 19.6% (2022 interim: 20%).

HK\$' million	As at 30/06/2023	As at 31/12/2022	Changes
Total assets	<u>39,629</u>	39,156	1%
Total liabilities	<u>26,242</u>	25,622	2%
Shareholders' equity	<u>12,265</u>	12,385	-1%
Current ratio (%)	<u>163.27</u>	137.31	25.96 ppt
Gearing ratio (Total liabilities/Total assets) (%)	<u>66.22</u>	65.44	0.78 ppt

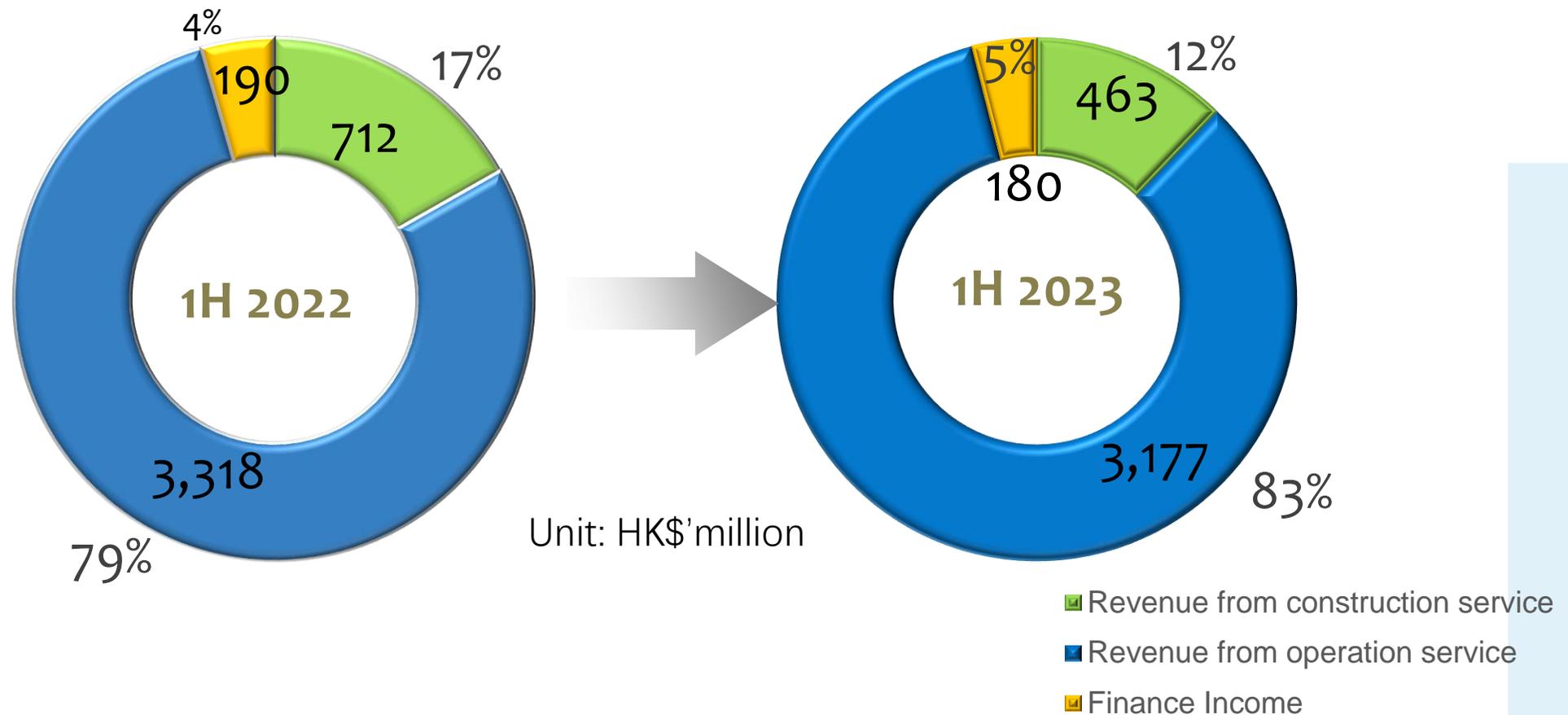
- As at the end of June 2023, total assets and total liabilities increased by 1% and 2% respectively and shareholders' equity decreased by 1%;
- Gearing ratio increased 0.78ppt to 66.22% and current ratio increased 25.96ppt to 163.27% and both maintained at a stable level;
- Corporate issued green medium-term notes, with an issue size of RMB1 billion, and the base term is 3 years, with a coupon rate of 3.2% per annum.

Financial Analysis

HK\$' million	As at 30/6/2023		As at 31/12/2022		Changes
Short-term loans	<u>4,946</u>	23%	5,810	28%	-15%
Long-term loans	<u>16,468</u>	77%	14,927	72%	10%
Total loans	<u>21,414</u>		<u>20,737</u>		3%
Unutilised facilities	<u>7,065</u>		8,546		-17%
Total banking facilities	<u>28,479</u>		<u>29,283</u>		-3%
Cash and bank balances	<u>1,948</u>		2,003		-3%
Unutilised banking facilities	<u>7,065</u>		8,546		-17%
Cash and unutilised banking facilities available	<u>9,013</u>		<u>10,549</u>		-15%
	For the 6 months ended 30/6/2023		For the year ended 31/12/2022		
Effective interest rate	<u>3.74%</u>		<u>3.55%</u>		

- As at 30 June 2023, total loans amounted to approximately HK\$21.414 billion, up 3% versus end of last year, among which long-term loans increased by 10% compared to the end of last year and accounted for 77%;
- Given ongoing rise in offshore HIBOR during the second half of last year and the decrease in domestic LPR, bank loans with higher interest rates were replaced by green medium-term notes and other financing tools in a bid to control effective interest rates at lower levels and optimise the mix of domestic versus offshore financing.

Quality of operating income – ongoing improvement

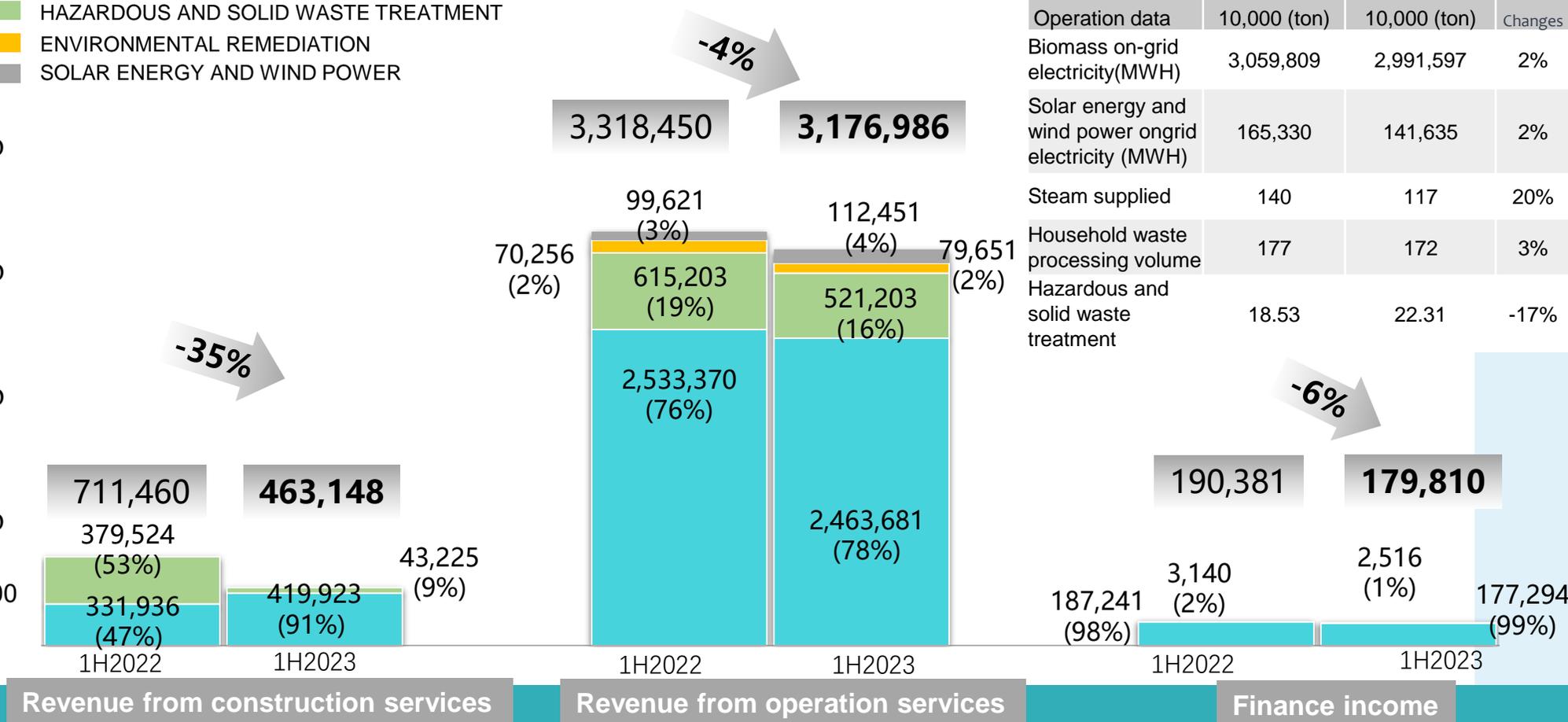


Revenue from construction service: accounting for 12% of total revenue for 1H 2023 (17% last year of same period), portion of revenue from operation service of total revenue increased by 4ppt.

Revenue analysis by operating activities

- INTEGRATED BIOMASS UTILISATION
- HAZARDOUS AND SOLID WASTE TREATMENT
- ENVIRONMENTAL REMEDIATION
- SOLAR ENERGY AND WIND POWER

4,000,000
3,000,000
2,000,000
1,000,000
Unit: HK\$' 000



Revenue	1H 2023	1H 2022	
Revenue from construction service	12%	17%	
Revenue from operation service	83%	79%	
Finance income	5%	4%	
Revenue	100%	100%	

Operation data	10,000 (ton)	10,000 (ton)	Changes
Biomass on-grid electricity(MWH)	3,059,809	2,991,597	2%
Solar energy and wind power ongrid electricity (MWH)	165,330	141,635	2%
Steam supplied	140	117	20%
Household waste processing volume	177	172	3%
Hazardous and solid waste treatment	18.53	22.31	-17%

➤ **Revenue from construction services:** decreased by 35%, attributable mainly to decrease in number of projects under construction from 13 for same period last year to 8 for the period.

➤ **Revenue from operation services:**

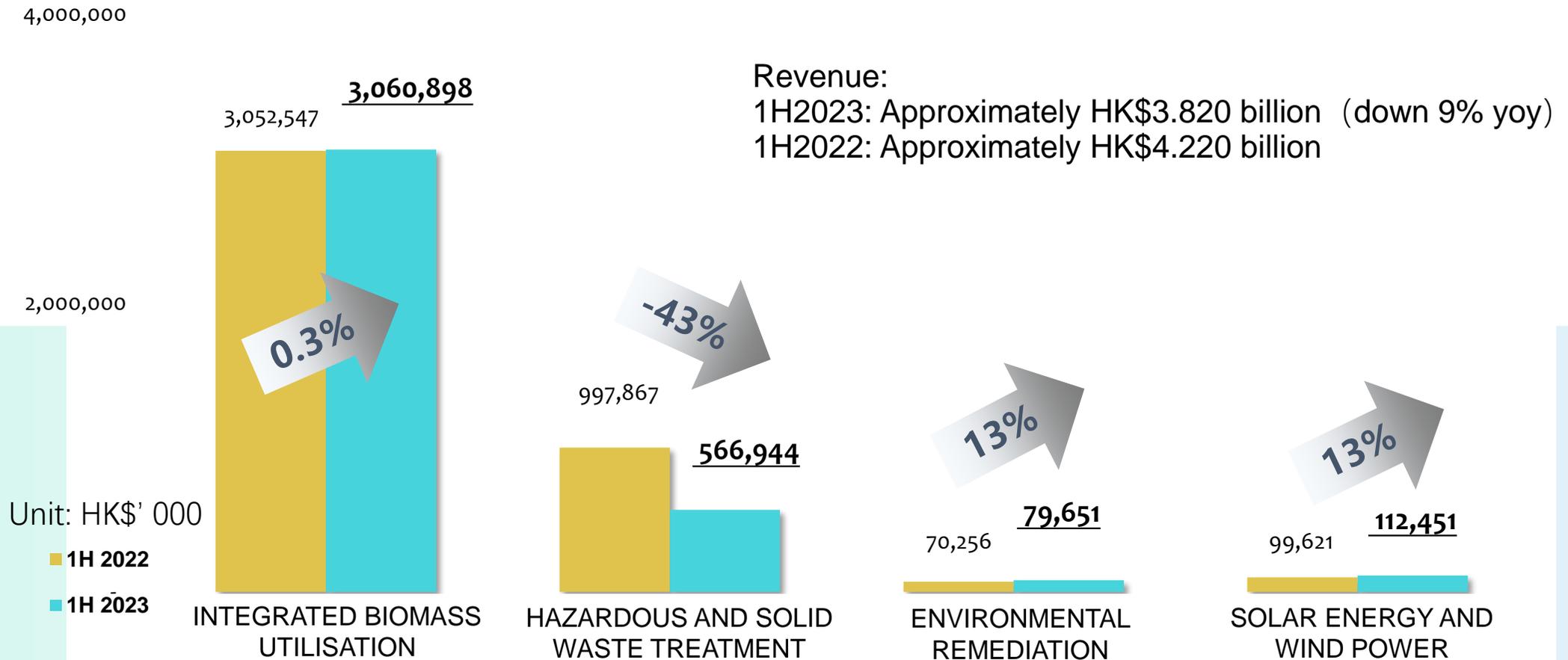
Integrated biomass utilisation: Volume of on-grid electricity and household waste treatment grew year-on-year by 2% and 3%, respectively. But mainly due to a 7% decrease in the average RMB to HKD exchange rate for the period versus same period last year, revenue from operation services decreased slightly by 3% .

Hazardous and solid waste treatment: revenue from operation services decreased by 15%, as volume of hazardous and solid waste treatment decreased by 17%, while average unit prices for hazardous waste incineration and solid waste landfill decreased by 10% and 17%, respectively, versus same period last year.

Environmental remediation: revenue increased by 13%, attributable mainly to increase in projects under implementation from 14 for same period last year to 16 for the period.

Solar energy and wind power: revenue increased by 13%, attributable to stable operation of wind power equipment coupled with better wind resources for the period.

Analysis of revenue from segments



Integrated biomass utilisation:

- ✓ Volume of on-grid electricity and household waste treatment grew year-on-year by 2% and 3%, respectively. But mainly due to a 7% decrease in the average RMB to HKD exchange rate for the period versus same period last year, revenue from operation services decreased slightly by 3%;
- ✓ Revenue from construction services increased by 27%, attributable mainly to additional construction service revenue from Mianzhu Waste-to-Energy Project Phase II, Huaiyuan Waste-to-Energy Project Phase II and Chuzhu Biomass Heat Supply Project;

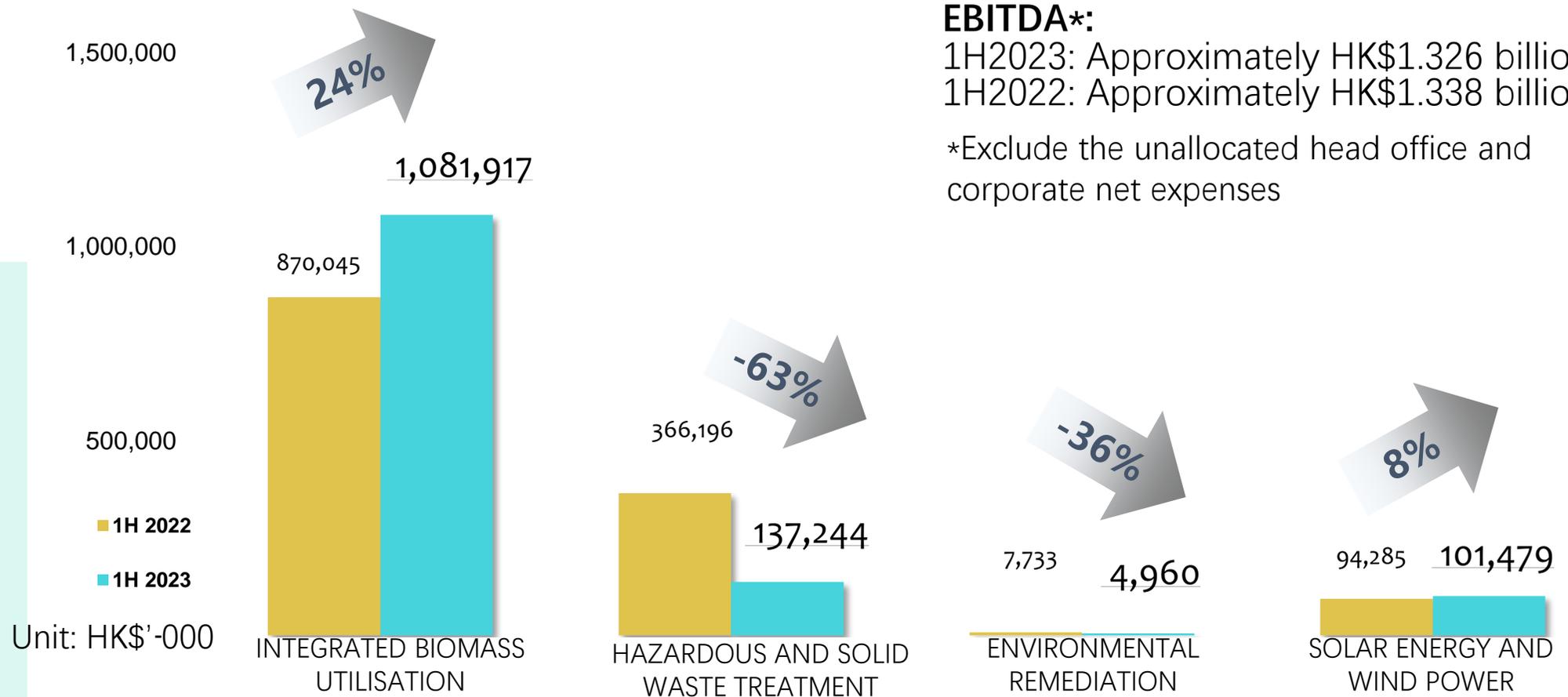
Hazardous and solid waste treatment :

- ✓ Revenue from operation services decreased by 15%, volume of hazardous and solid waste treatment decreased by 16%, while average unit prices for hazardous waste incineration and solid waste landfill decreased by 10% and 17%, respectively, versus same period last year;
- ✓ Revenue from construction services decreased by 89%, attributable mainly to completion of Xiao County Solid Waste Thermal Power Project during the period, while Suqian Solid Waste Thermal Power Project had been completed during same period last year;

Environmental remediation: mainly to increase in projects under implementation from 14 for same period last year to 16 for the period;

Solar energy and wind power: attributable to higher rate of wind power equipment failure for same period last year coupled with better wind resources for the period, resulting in higher volume of on-grid power volume.

Analysis of EBITDA from segments



EBITDA*:

1H2023: Approximately HK\$1.326 billion
1H2022: Approximately HK\$1.338 billion

*Exclude the unallocated head office and corporate net expenses

- ✓ EBITDA of integrated biomass utilisation increased by 24%, attributable mainly to improvements on fuel costs, quantity and quality, therefore, long-term stable operation contributed to improvements in operating profit. Meanwhile, increase in recognised cost savings for the period also contributed to increase in profit from project under construction;
- ✓ EBITDA of hazardous and solid waste treatment decreased by 63%, attributable mainly to macro-economic decline resulting in decrease in average unit prices for hazardous waste incineration and solid waste landfill by 10% and 17%, respectively, versus same period last year;
- ✓ EBITDA of environmental remediation decreased by 36%, attributable mainly to decline in gross profit margin amidst intense industry competition;
- ✓ EBITDA of solar energy and wind power increased by 8%, attributable mainly to higher on-grid power volume during the period coupled with increase in power demand in line with resumption of mining operations following the relaxation of anti-epidemic controls, resulting in higher average power tariff versus same period last year.

02

Operating Results

End-of-life tyre Recycling



- Smooth progress of 100,000-tonne Huangshi Recycling Project, Hubei;
- On the back of trial projects, differentiated core competitiveness was fostered and presence in key regions established at appropriate timing.

Smart Energy



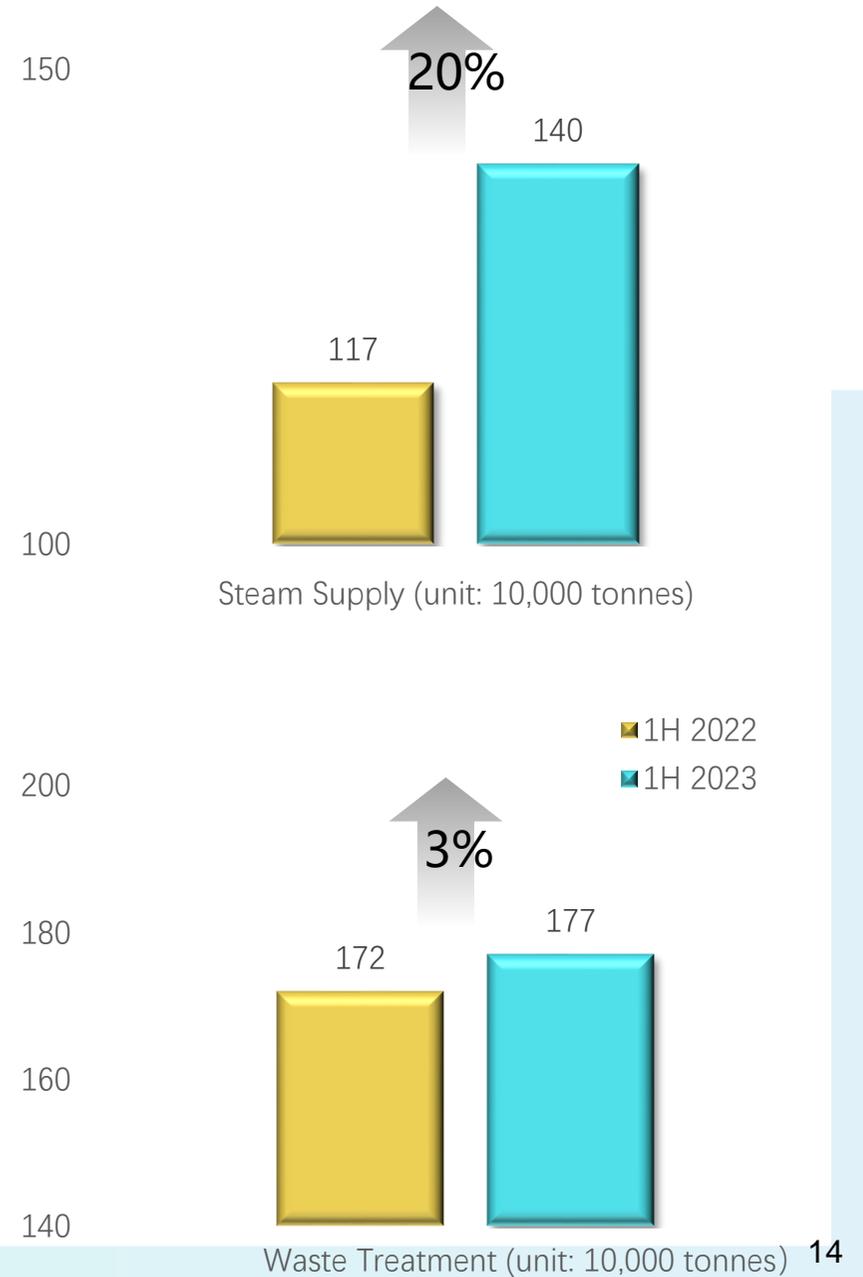
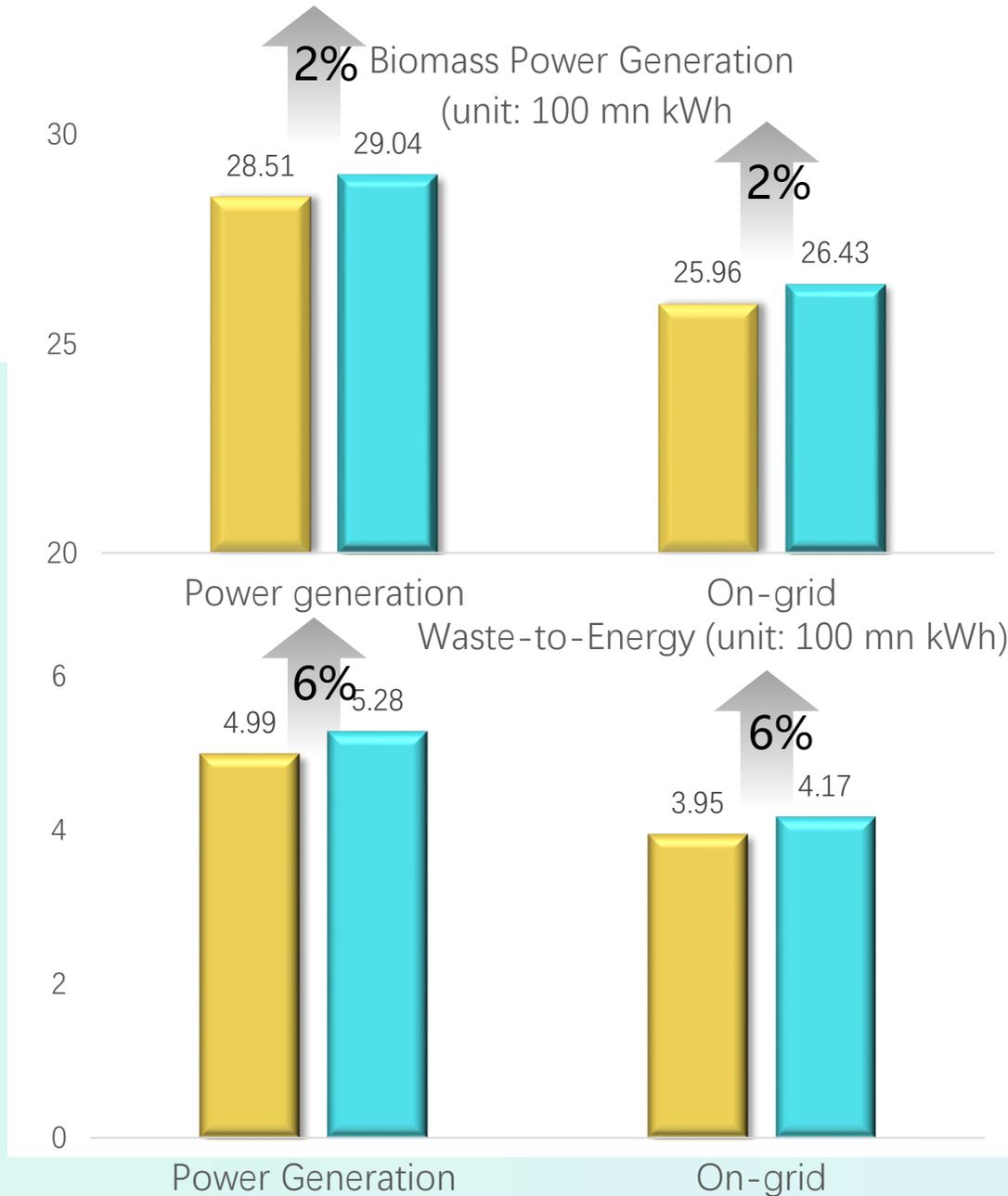
- On the back of biomass + “solar energy storage and charging integration”, we were driving transformation of existing biomass projects to smart energy service and create a “Zero-carbon industry park” model;
- Successful expansion of Feng County Solar Project in Xuzhou and Nanjing Gaochun Solar Project in Nanjing during the period with over 32MW of additional designed installed capacity.

Environmental Remediation



- Developing core technical competence for waste landfill remediation, odor treatment and recycling;
- Exploring EOD and other new business models;
- Recorded RMB92.15 million in new contract amount for the period.

Operational management – Integrated biomass utilisation



Operational management – Integrated biomass utilisation

Stabilised and rebounded; Transformation and upgrading

- Operating results stabilised and rebounded with substantial increase in net profit and decrease in operating cost versus same period last year;
- Regional management and resource sharing enhancing competitive advantages on all fronts;
- Optimising the integrated fuel development and utilisation ratio to enhance fuel diversification.

YoY **11%**

Straw intake



YoY **49 kcal/kg**

Integrated calorific
value



YoY **7%**

Unit cost of calorific
value



8.45%

Power consumption ratio
of biomass plants

Operational management- Hazardous and solid waste treatment

Coordinated management ; Pursuing excellence in stability

- Vigorous effort to overcome adverse factors such as decline in overall waste production volume in market and rising prices for bulk raw and ancillary materials underpinned by comprehensive implementation of delicacy management, achieving quality and efficiency enhancement as well as cost reduction;
- Optimising regional coordination with flexible resource allocation and identification of untapped potential to enhance ability to address market changes;
- Strengthening benchmarking management and adjusting operating structure to optimise equipment operation and implement quantitative indicators to ensure amendments of shortcomings.

185,000 tonnes
Hazardous and Solid
Waste Treatment

YoY **4%** ↓

Incineration cost

Diverse funding, optimising mix

Green Medium-term Note

During the period under review, the 2023 First Tranche Green Medium-term Note was successfully issued with an amount of RMB1 billion for a term of three years at a coupon rate of 3.2% per annum.

Stable effective interest rate

Given ongoing rise in offshore HIBOR marked by an increase of more than 300 basis points in the average effective interest rate for offshore loans and the decrease in domestic LPR, the Company actively optimised the proportion of domestic versus offshore financing and controlled effective interest rates at lower levels through a diverse range of financing instruments.

Optimised cost control and management

Budget management has been strengthened with the comprehensive implementation of operating cost and administrative expense standardisation, trade receivable management .

R&D-driven, high-quality development

Enhancement in innovative capabilities

As of 30 June 2023, the Group held 224 authorised patents, including 32 invention patents, 192 utility model patents, and also held 5 software copyrights.

Focus on dual carbon opportunity

Identifying potential for CCER resources in existing businesses in active exploration of green certificate and green power trade to facilitate the Company's dual carbon strategy and sustainable development.

Improvements in technological R&D

- Research on slag and ash recycling and waste salt recycling with focus on zero landfill;
- Biomass gasification and utilisation as materials closely monitored with focus on qualitative biomass utilisation;
- Research and test runs on biomass and waste-to-energy ultra-low emission;
- Technology research on green hydrogen production, carbon capture and solid fuel battery (SOFC+SOEC), spot power market trading, virtual power plant and energy Internet, among others.

03

Business Prospects

Consolidating foundation; Quality and efficiency enhancement

Building smart energy platforms on the back of biomass power generation in implementation of clean energy strategy, upgrading business model for integrated biomass utilisation as we explored pathways for coordinated development of traditional and novel clean energy forms.

Integrated biomass utilisation

- Ongoing development of coordinated disposal of different waste types to enhance coordination in capacity and product;
- Exploring ash and slag recycling to turn waste into value;
- Research on new models for transformation of biomass projects to investigate paths for sustainable development.

Smart energy

- On the back of biomass + “solar energy storage and charging integration”, we explored the “Zero-carbon industry park” model while actively participating in the spot power and green power trading market to drive transformation of existing biomass projects to smart energy service.

Hazardous and solid waste treatment

- Enhancing market development competence for hazardous and solid waste projects to reverse declines in both volumes and prices;
- Strengthening business qualifications with greater ability for high-value hazardous waste disposal;
- Actively deployment in end-of-life tyre recycling to cultivate new growth niches;
- Exploring transition for landfill and incineration only to recycled utilisation and centralised disposal.

Environmental remediation

- Reinforcing fundamental businesses of household waste landfill and industrial polluted sites to maintain economic benefits of asset-light businesses.

Enhancing capital reinforcing protection



- **Innovative debt financing:** innovative applications such as ABN, public REITs, green bonds and perpetual debt;
- **Enhancing treasury operation:** market value management regime; enhancing priority of asset-light investment; merger and acquisition of premium assets in principal businesses.

Risk prevention fortifying defense

- **Enhancing risk assessment:** risk appetite review and assessment to facilitate more rigorous internal control;
- **Stringent risk control:** stepping up with trade receivable calls and collections to further optimise risk indicators;
- **Enhancing safe production management:** advancing informatisation of safe production and developing a dual prevention mechanism of tiered safety management and hazard inspection emphasising accurate anticipation, treatment at source and pre-emptive prevention.



Structural optimization efficiency enhancement

- **Streamlining strategic organisation:** formation of strategic transformation groups and implementation work groups responsible for oversight and guidance of strategic planning and implementation as well as formulation and execution of strategies;
- **Enhancing strategic management:** development of comprehensive closed-loop management regime comprising the research, planning, assessment and review of strategies.



Coordinated development for more robust dynamics



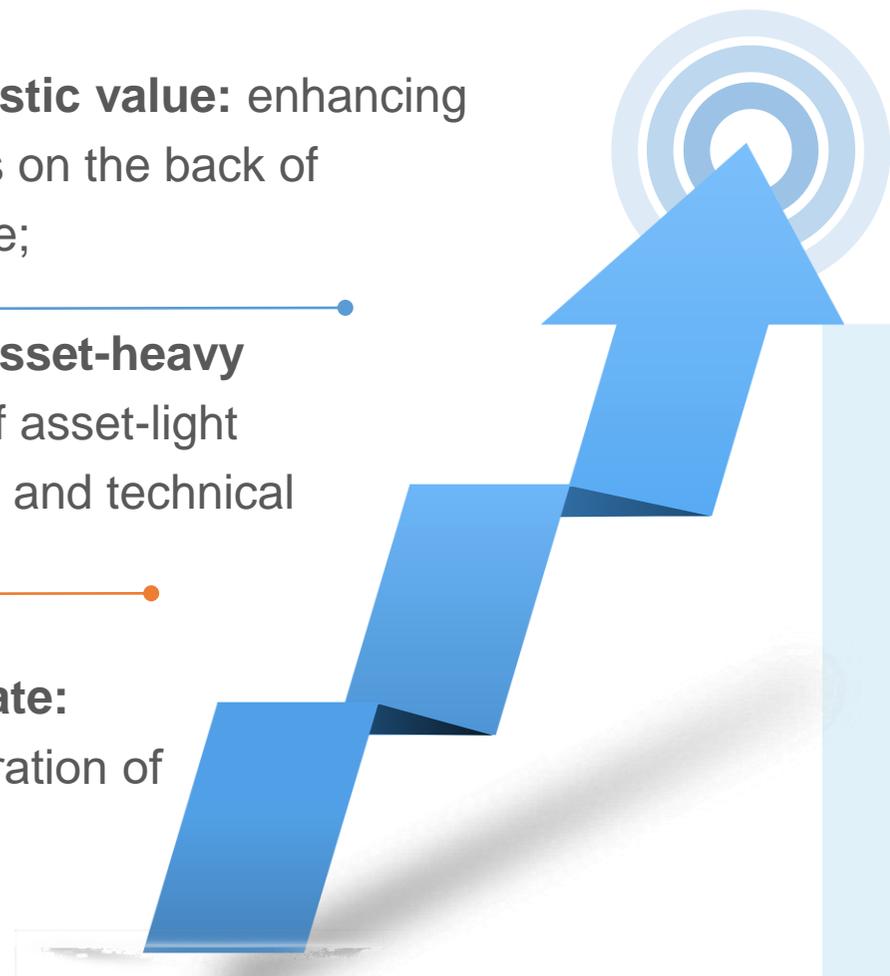
Intensive search for synergistic value: enhancing coordination among segments on the back of extensive nationwide presence;



Dual emphasis on asset-light and asset-heavy operation: enhancing development of asset-light business through EPC, EPC+O, O&M and technical services;



Advancing internationalisation as appropriate: integration into “Belt and Road” in active exploration of opportunities in the international market.



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Q&A