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CHINA EVERBRIGHT GREENTECH LIMITED

中國光大綠色環保有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1257)

**PRESENTATION ON INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

A presentation in relation to the interim results of China Everbright Greentech Limited and its subsidiaries for the six months ended 30 June 2024 is appended to this announcement.

By order of the Board
China Everbright Greentech Limited
Executive Director and Chief Executive Officer
ZHU Fugang

Hong Kong, 16 August 2024

As at the date of this announcement, the members of the Board comprise:

Mr. HUANG Haiqing (*Chairman, Non-executive Director*)
Mr. ZHU Fugang (*Chief Executive Officer, Executive Director*)
Mr. WANG Dianer (*Vice President, Executive Director*)
Mr. HUANG Chaoxiong (*Executive Director*)
Mr. SONG Jian (*Non-executive Director*)
Ms. MAO Jing (*Non-executive Director*)
Mr. CHOW Siu Lui (*Independent Non-executive Director*)
Prof. YAN Houmin (*Independent Non-executive Director*)
Mr. LI Huaqiang (*Independent Non-executive Director*)



光大绿色环保
Everbright Greentech

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

2024 Interim Results Presentation

August 2024



Forward-looking statements

This brief may contain forward-looking statements, which are based on numerous assumptions about the business of China Everbright Greentech Limited (the "Company" or "Everbright Greentech") and factors beyond the Company's control, and are subject to significant risks and uncertainties, so the actual performance may differ materially from such forward-looking statements. The Company does not undertake any obligation to update such statements for future events or circumstances. The information contained in this brief is accurate only as of the time of this brief, and the Company has not and will not update such information to reflect any material developments thereafter. The presentation slides in this brief are for the sole purpose of providing background information about the Company. The Company does not make any express or implied representation or warranty that the information or opinions contained in this brief are fair, accurate, complete or correct, and should not be relied upon. Recipients should not base any judgment on the information or opinions contained herein, which are based on or derived from the judgment and opinions of the Company's management, and therefore may not be verified or confirmed. Neither the Company nor its financial advisers, or any of their respective directors, officers, employees, agents or advisers, shall be liable for the contents or for any loss arising from or in reliance upon the information in this brief. This brief does not take into account the investment objectives, financial situation or particular needs of any investor, and does not constitute a solicitation or an offer to buy or sell any securities or related financial instruments, nor shall it form the basis of any contract or commitment. This brief shall not be copied or reproduced.

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01.

Financial Analysis

/ Everbright Greentech



| HK\$' million | 1H2024 | 1H2023 | Change |
|--|--------------|--------|------------|
| Revenue | <u>3,506</u> | 3,820 | -8% |
| EBITDA | <u>1,100</u> | 1,264 | -13% |
| Profit attributable to equity shareholders | <u>144</u> | 264 | -45% |
| Basic earnings per share (HK cents) | <u>6.97</u> | 12.77 | -45% |
| Interim dividend per share (HK cents) | <u>1.4</u> | 2.5 | -1.1 cents |
| Dividend yield(%) | <u>20.1</u> | 19.6 | 0.5 ppt |

- In the first half of 2024, the Company's revenue was HK\$3,506 million, down 8% year-on-year, with construction services revenue declining 61% and operation services revenue remaining flat;
- EBITDA was HK\$1,100 million, down 13% year-on-year, primarily due to the decline in construction revenue, weaker demand for hazardous and solid waste treatment, and continued reduction in treatment fee in the first half of the year;
- Profit attributable to equity shareholders was HK\$144 million, down 45% year-on-year;
- The interim dividend for 2024 was HK1.4 cents per share, maintaining a stable payout ratio of approximately 20.1% (2023 interim: 19.6%).

| HK\$' | As at 30/06/2024 | As at 31/12/2023 | Change |
|---|----------------------|---------------------|----------|
| Total assets | <u>38,891</u> | 39,757 | -2% |
| Total liabilities | <u>26,397</u> | 27,401 | -4% |
| Equity attributable to equity shareholders | <u>11,418</u> | 11,271 | 1% |
| Current ratio (%) | <u>137.05</u> | 111.90 | 25.15ppt |
| Gearing ratio (Total liabilities/Total assets) (%) | <u>67.87</u> | 68.92 | -1.05ppt |

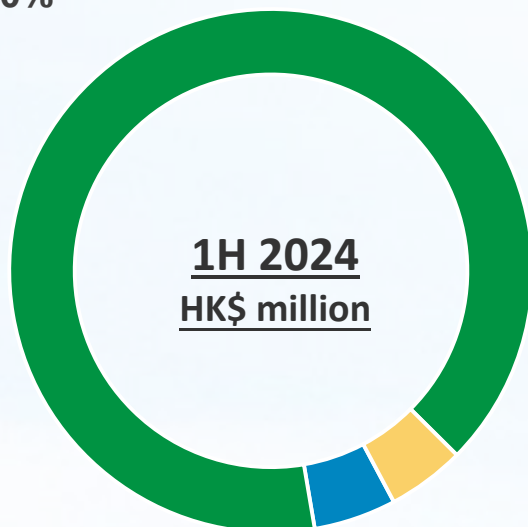
- As of the end of June 2024, the total assets and liabilities decreased by 2% and 4% respectively compared to the end of last year, while the shareholders' equity increased by 1% compared to the end of last year;
- The gearing ratio decreased by 1.05 percentage points to 67.87% compared to the end of last year, and the current ratio increased by 25.15 percentage points to 137.05%, indicating a healthy financial position.

| HK\$ ' million | As at 30/06/2024 | | As at 31/12/2023 | | Change |
|--|-------------------------|-----|------------------|-----|----------|
| Short-term loans | <u>7,842</u> | 35% | 10,214 | 44% | -23% |
| Long-term loans | <u>14,603</u> | 65% | 12,918 | 56% | 13% |
| Total loans | <u>22,445</u> | | 23,132 | | -3% |
| Unused bank loan facilities | <u>7,230</u> | | 6,884 | | 5% |
| Total loan facilities | <u>29,675</u> | | 30,016 | | -1% |
| Cash and bank balances | <u>2,041</u> | | 2,379 | | -14% |
| Available cash and unused bank loan facilities | <u>9,271</u> | | 9,263 | | - |
| | <u>As at 30/06/2024</u> | | As at 31/12/2023 | | |
| Effective interest rate | <u>3.64%</u> | | 3.72% | | -0.08ppt |

- Short-term loans decreased by 23% from HK\$10,213 million at the end of last year to HK\$7,842 million during the review period, mainly due to the recovery of national tariff subsidies in March 2024, which reduced the need for short-term loan drawdowns;
- Although HIBOR rates in the overseas market continued to rise in 2023, the Company effectively lowered its overall effective interest rate to 3.64% by reducing the interest rates on its domestic loans and actively replacing HKD currency loans with domestic RMB loans. The average effective interest rate for domestic loans was 2.9%, and the effective interest rate for offshore loans was 5.5%.

Improved Quality in Operation Revenue

3159, 90%

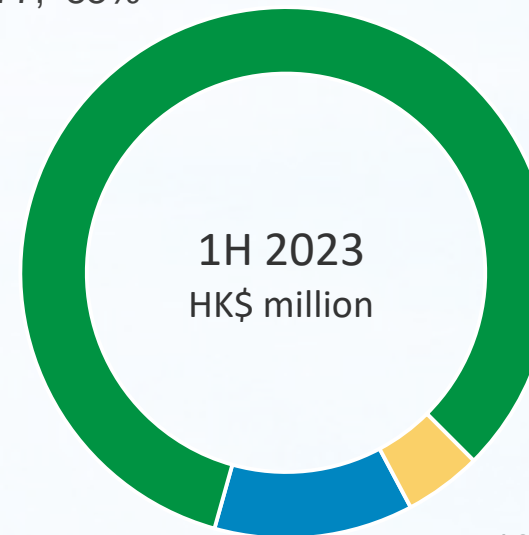


- Construction services revenue
- Operation services revenue
- Finance income

179, 5%

168, 5%

3177, 83%



- Construction services revenue
- Operation services revenue
- Finance income

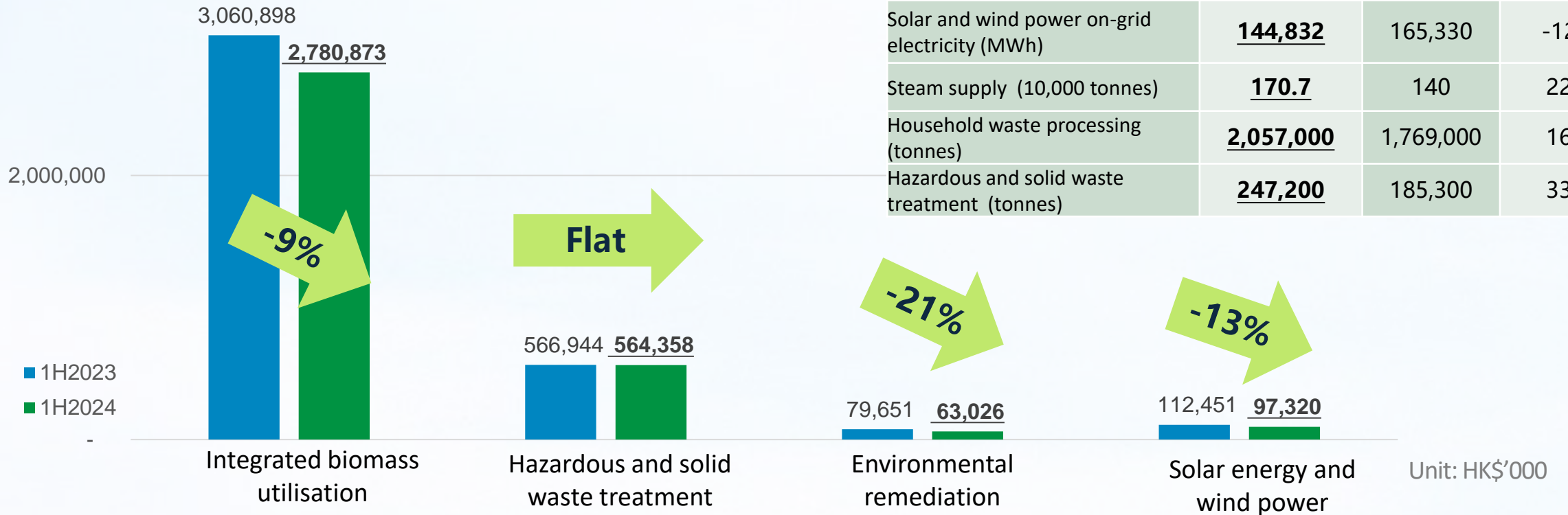
463, 12%

180, 5%

- During the period, the operation services revenue remained flat compared to the same period last year, and its proportion increased by 7 percentage points compared to the same period last year;
- The proportion of construction services revenue decreased by 7 percentage points from 12% in the same period last year to 5%, primarily due to the reduction in projects under construction during the period compared to the previous year.

Analysis of Segment Revenue

4,000,000



| Operational data | 1H2024 | 1H2023 | Change (%) |
|--|------------------|-----------|------------|
| Biomass power on-grid electricity (MWh) | <u>3,176,136</u> | 3,059,809 | 4% |
| Solar and wind power on-grid electricity (MWh) | <u>144,832</u> | 165,330 | -12% |
| Steam supply (10,000 tonnes) | <u>170.7</u> | 140 | 22% |
| Household waste processing (tonnes) | <u>2,057,000</u> | 1,769,000 | 16% |
| Hazardous and solid waste treatment (tonnes) | <u>247,200</u> | 185,300 | 33% |

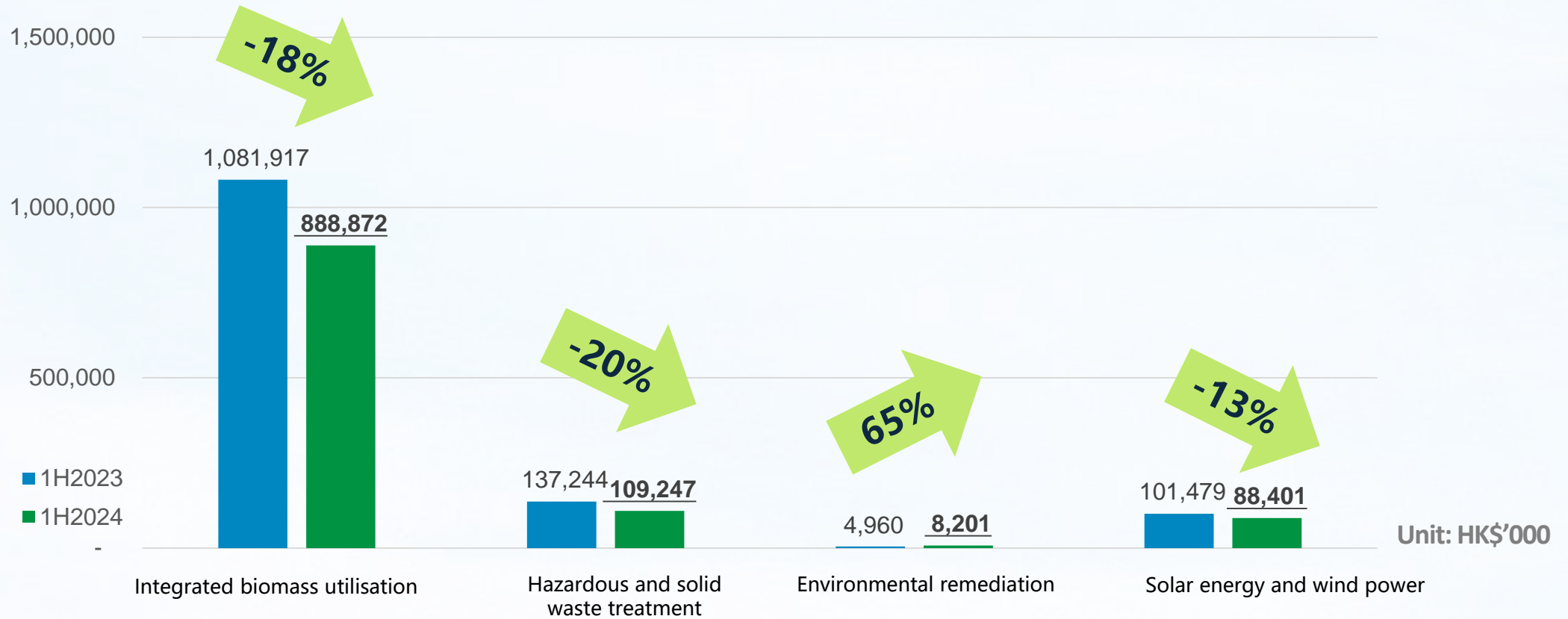
While the volume of on-grid electricity increased by 4% year-on-year, and household waste processing volume increased by 16% year-on-year, but operation services revenue nevertheless decreased slightly by 1% due to the impact of foreign exchange during the period.

Revenue was basically the same level with that of last year, as the volume of hazardous and solid waste treatment increased by 33%, year-on-year, but operation services revenue grew at a slower rate than that of treatment volume due to declining treatment fees in the domestic market for hazardous and solid waste treatment compared with last year.

Revenue decreased by 21% as the contract value of new projects undertaken during the period decreased compared to the same period last year.

While the volume of on-grid electricity of solar energy projects increased, year-on-year, the on-grid electricity of wind power projects decreased, year-on-year, owing mainly to the significant increase in the number of shutdowns relating to less wind resources and cold weather compared with last year.

Analysis of Segment EBITDA



EBITDA of integrated biomass utilisation decreased by 18%, mainly due to the contribution of 7 projects under construction in the same period last year, whereas only 3 projects remained under construction in the current period.

The domestic hazardous and solid waste treatment industry remained sluggish, with some projects continuing to operate at a loss. Although the average treatment fee fell by more than 20%, gross margin was maintained at a relatively stable level as the Company effectively reduced the unit treatment cost by 21% through delicacy management.

EBITDA of environmental remediation increased by 65%, mainly due to the Company's effective improvement of its gross margin through vigorous cost control.

EBITDA of solar energy & wind power decreased by 13%, reflecting mainly downtime relating to less wind resources and cold weather.

02

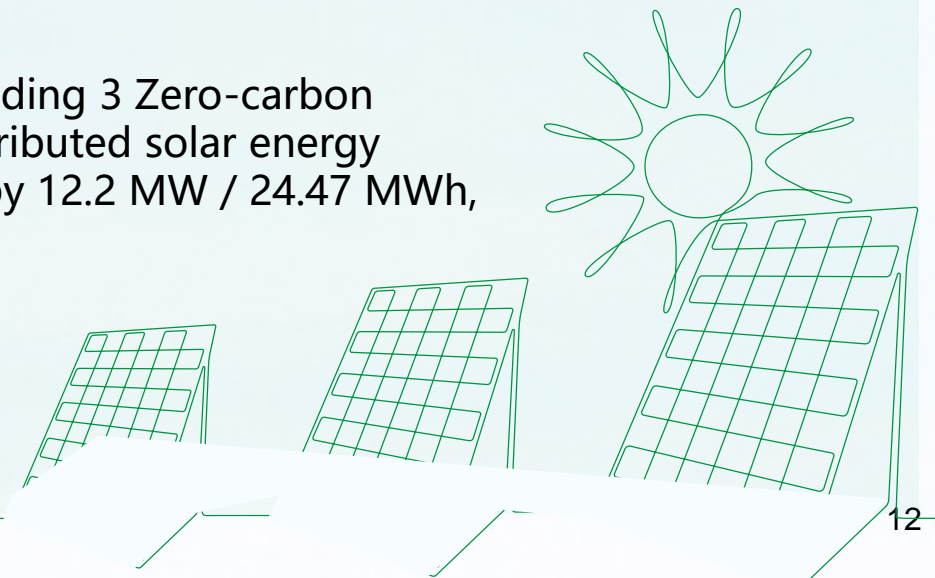
Operation Performance

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Focus on principal businesses with dual emphasis on asset-light and asset-heavy operations

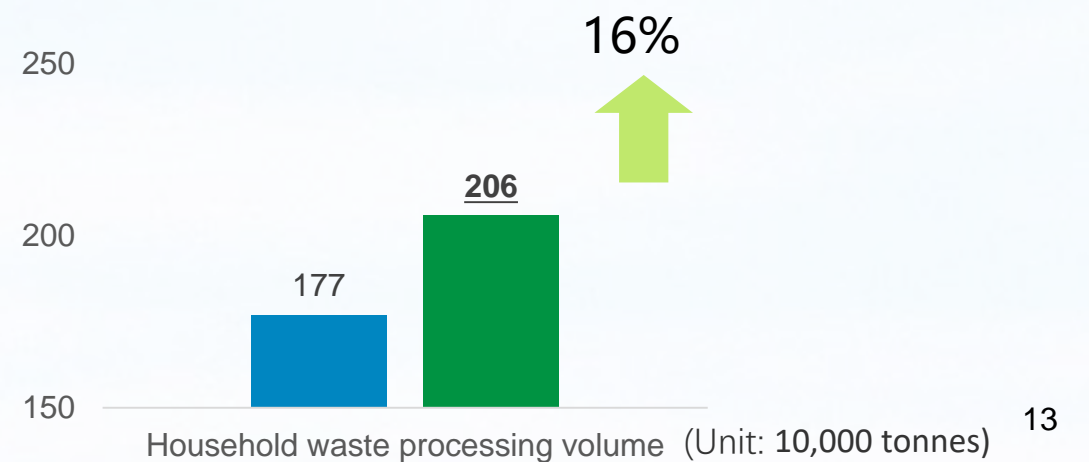
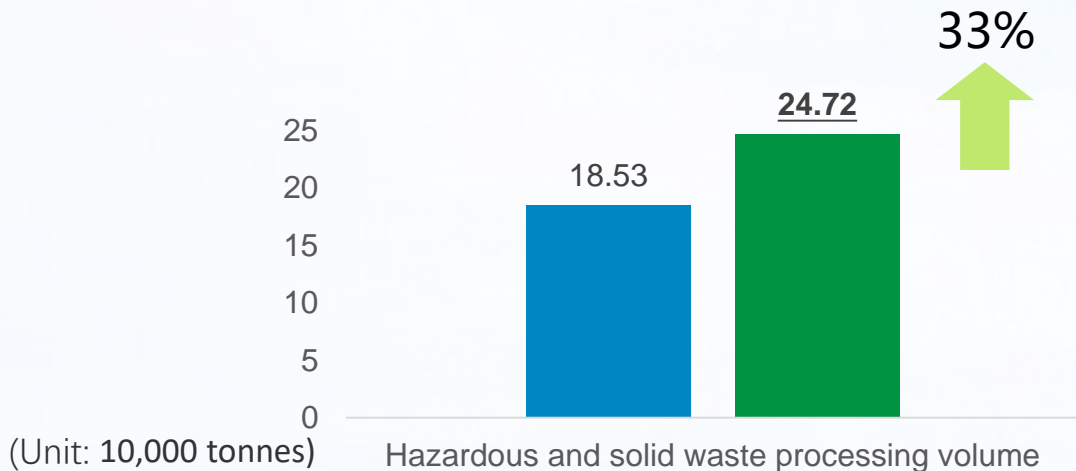
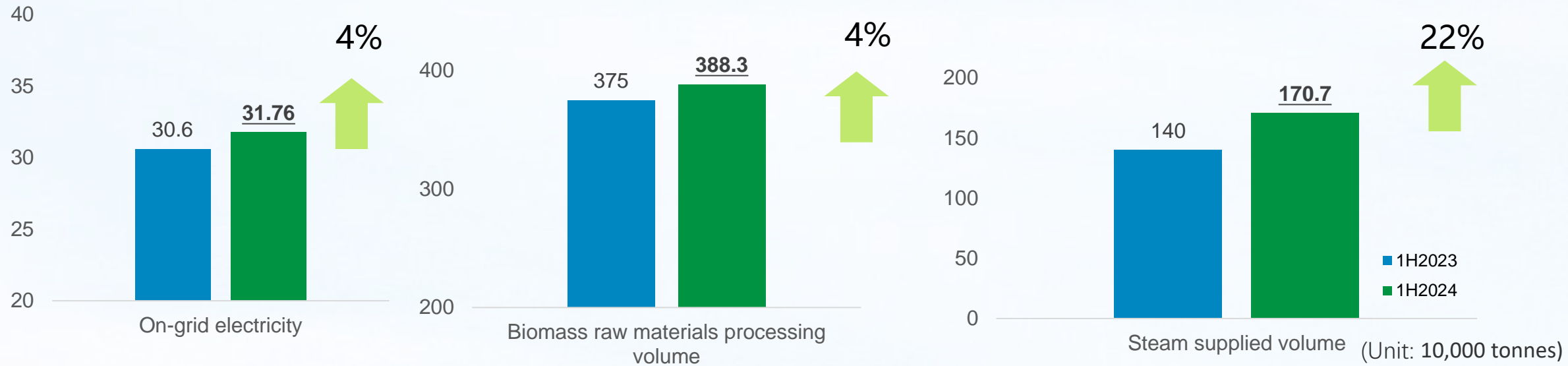
- Forging a smart energy platform for implementation of clean energy strategy and upgrading commercial model of integrated biomass utilisation in exploration of pathways to realize coordinated development of traditional and novel clean energy;
- Key focuses included clean energy projects such as distributed solar energy, user energy storage, virtual power plant and heat supply aimed at creating the “Zero-carbon Industry Park” , as well as development of asset-light projects built around “Waste Landfill Restoration” , as part of our efforts to promote sustainability;
- During the period under review, we secured 7 new projects (including 3 Zero-carbon Industry Park projects), increased the installed capacity of its distributed solar energy projects by 37.46 MW, installed capacity of user energy storage by 12.2 MW / 24.47 MWh, and heat supply capacity by 260,000 tonnes / year.





Operational Management – Quality & Efficiency Enhancement

Biomass power generation (Unit: 100 mn KWh / 10,000 tonnes)



Exploring new resources, reducing consumption, digging deep to identify untapped potential

- Full effort in exploring steam supply market to enhance cashflow from projects;
- Intensive exploration of local biomass resources and effective control of secondary fuel cost to optimise fuel quality and squeeze costs;
- More effective sharing of resources through coordinated regional management has enhanced our competitive advantage in general.



Steam supplied
volume
Yoy **22%** ↑



Biomass consumption
rate per unit
Yoy **4%** ↓



Average settlement
price of biomass raw
materials
3% ↓

Maximising cost reduction through “One Enterprise, One Policy”

- Active effort to overcome unfavourable factors such as decline in overall volume of industrial waste generation in the market and escalating competition, fully leveraging our advantage in scale and delicacy management;
- Through strategic precision underpinned by “One Enterprise, One Policy”, organisational optimisation has been achieved and delicacy management in pre-processing and process technique control has been enhanced, contributing to substantial period-on-period improvement in Q2 operating results;
- Ongoing enhancement of effectiveness of our mechanism of “Large Market, Large Customer” and implementation of cost-cutting measures in proactive response to the challenges of the continuing downward market.



Hazardous and solid
waste treatment volume

247,200 tonnes



Unit cost for
hazardous and solid
waste treatment

Yoy **21%** ↓

Financial Planning – Reinforcing Financial Security

Focused on treasury management
Enhancing protection of cashflow



Issuance of green medium-term notes

- During the period under review, we successfully issued the first tranche of 2024 green medium-term notes for an amount of RMB1 billion and a term of 3 + 2 years, at a coupon rate of 2.34%.



Interest rate effectively lowered

- During the period under review, the interest rate for our existing domestic loans was effectively squeezed;
- Active effort to optimise domestic / offshore financing mix;
- Effective interest rate controlled at a lower level through application of a diverse range of financing instruments.



Management of trade receivables enhanced

- Enhancing coordination with relevant government ministries and commissions to expedite the collection of national tariff subsidies;
- Strengthening monitor over trade receivable collection and coordination in treasury management to enhance financial protection.

Enhancing technological R&D to empower frontline production

Strengthening innovative ability

During the period under review, 1 new utility model patent for the ultra-low emission biomass gasified heat supply system was added. The Group held 131 authorised patents, including 43 invention patents, 88 utility model patents and 5 software copyrights.

Focusing on the "Dual Carbon" Chance

Identifying opportunities in biomass power plant + Zero-carbon Industry Park, virtual power plant and spot power trading, while actively advancing green certification and green power trading to facilitate Dual Carbon strategy and sustainability.

Enhancing R&D

- To facilitate high-quality application of biomass raw material, focused effort on seeking progress in technologies such as biomass gasified heat supply, biomass preparation of green methanol and bio-natural gas;
- Commenced research on optimisation of biomass boiler combustion and conducted trial runs and promotion of ultra-low emission to facilitate treatment of fume generated by biomass and waste-to-energy operation;
- Commenced research on restoration of sites polluted by heavy metal and integrated utilisation of ash, waste salt and end-of-life tyre “.

03

Business Outlook

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Qualitative Development Empowered by Transformation

Strategic objectives

Strive to develop into clean energy operator with new-quality productivity and core competitiveness to serve the national energy security strategy and “Dual Carbon” goal



Integrated biomass utilisation

- Reinforcing delicacy management, fostering advantages and rectifying deficiencies to enhance economic benefits and social contributions of heat supply business;
- Exploring ash and slag recycling to turn waste into valuables;
- Studying upgrade and transformation of integrated biomass utilisation to explore sustainable pathways.



Environmental remediation

- Taking full advantage of synergies afforded by our “waste landfill restoration” and “waste-to-energy power plant” businesses to drive large-scale development of environmental remediation projects and other asset-light operations in the waste landfill restoration sector.



Zero-carbon Industry Park

- On the back of our existing integrated biomass utilisation projects, a model of “Zero-carbon Industry Park” will be developed featuring primarily “solar energy storage and charging, cooling, heating, power cogeneration and hydrogen cloud carbon” to generate new driving force for innovative development through large-scale operation.



Virtual power plant

- Seizing the historical opportunity of market reform involving novel forms of electricity supply, a virtual power plant platform will be built with the aid of AI technologies to create a model of “source, grid, load and storage integration” to actively deploy in the green power trading business and empower innovative development.

Enhancing capital to reinforce financial assurance

- **Innovative debt financing:** innovative applications of ABN, ABS, public REITs, green bonds, perpetual bonds, etc;
- **Enhancing capital utilisation efficiency:** Enhance capital market management regime; prioritizing asset-light investment.

Preventing risks with a fortified bottomline

- **Rigorous risk control:** strengthening trade receivable collection, exercising reasonable control over asset disposal risk, optimising procurement regime, enhancing cost management, incorporating ESG-related risks into the Company's comprehensive risk control regime to further optimise risk indicators;
- **Strengthen production safety management:** driving information-based safe production, building dual prevention mechanism comprising tiered risk management and hazard inspection and rectification to facilitate accurate predictions, rectification at source and pre-emptive prevention.

Structural optimisation to enhance commercialisation

- **Optimising our organisational structure:** duties of functional departments such as Engineering Management and Technology R&D were optimised and a market-oriented and corporate model was adopted in operation, while technological R&D competence was also strengthened to ensure more efficient commercialisation of R&D outcomes.

Innovation Development Forging New Driving Force



Exploring synergistic value: building extensive nationwide presence and enhancing inter-segment coordination to build a series of “Zero-carbon Industry Parks” based on biomass projects;

Advancing asset-light business: Adopting EPC, EPC+O and O&M models in a strong effort to develop asset-light operations such as technical service and power trading;

Advancing internationalisation in due course: Focused on “Belt and Road” nations, we will actively explore opportunities in the international market in connection with clean energy.

04

Q&A Session

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THANK YOU



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