

# DRIVING FORWARD OUR SUCCESS STORY

## 2017 Annual Results Presentation

March 2018

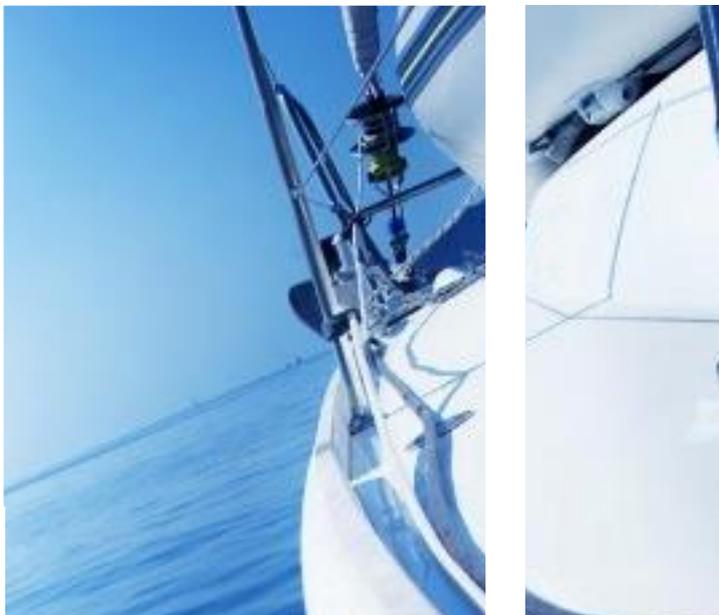
# Forward-looking statements

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 International Limited (the “Company”) 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.

# Agenda

- E Results Highlights**
- E Financial Highlights**
- E Competitive Advantages**
- E Development Strategies**



# Results Highlights

# Results Highlights (1)

## Revenue surpassed HK\$20 billion, with total market value exceeding HK\$70 billion

- Total consolidated revenue amounted to HK\$20.043 billion in 2017, a surge of 43%.
- The Company listed its greentech business on the Main Board of the Stock Exchange of Hong Kong Limited through a spin-off and raised fund of HK\$3.3 billion.
- As of 31 December 2017, the total market value of the three listed companies (China Everbright International Limited, China Everbright Water Limited and China Everbright Greentech Limited) exceeded HK\$70 billion.



HKEx: 257



SGX: U9E



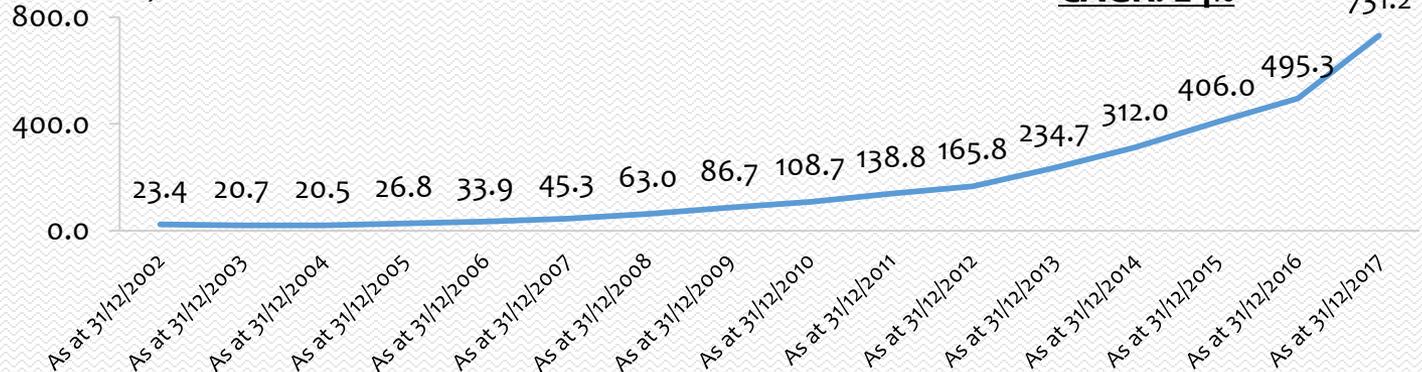
HKEx: 1257

# Results Highlights (2)

Total asset value exceeded HK\$70 billion,  
with profit surpassing HK\$3.5 billion

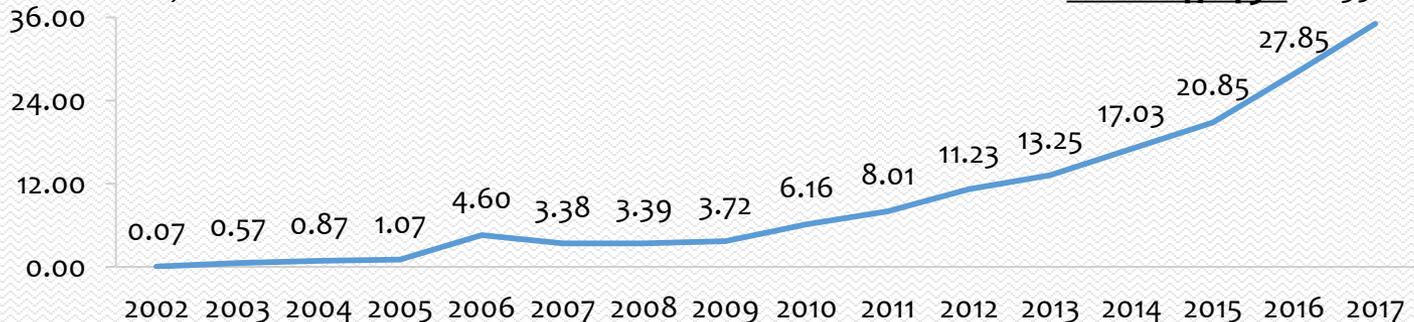
## Total Assets

(HK\$ 100 million)



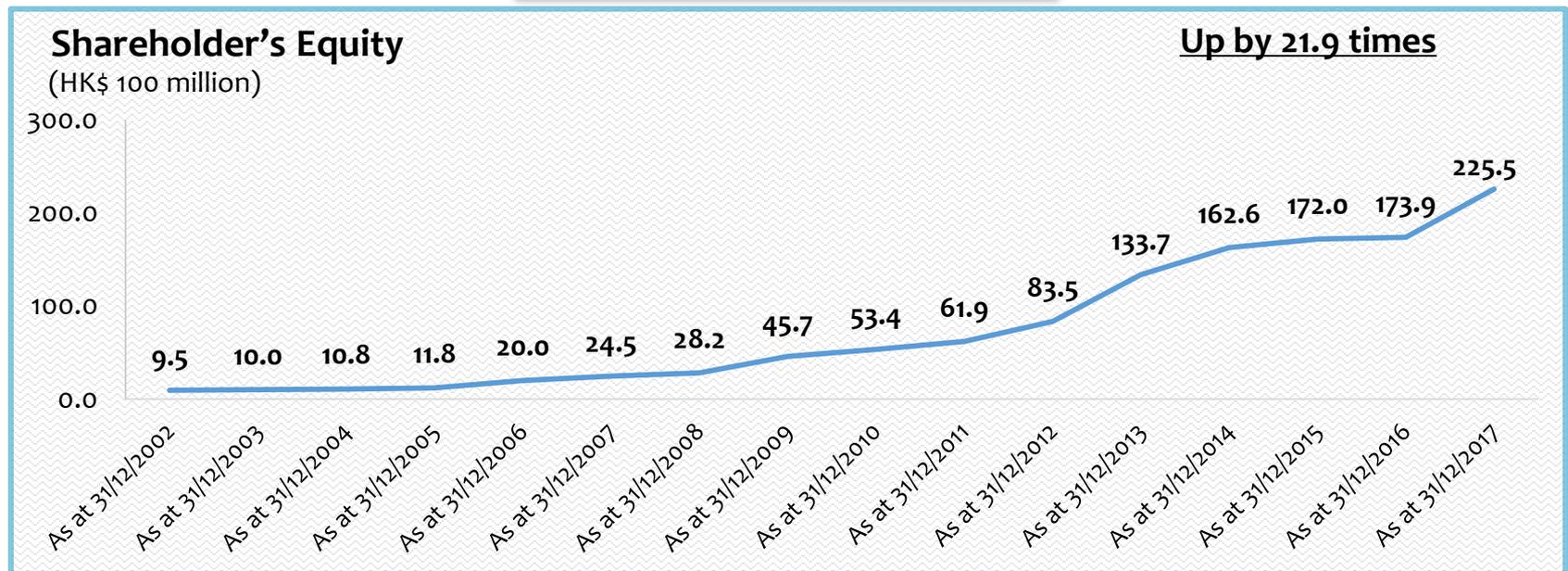
## Profit Attributable to Shareholders of the Company

(HK\$ 100 million)



# Results Highlights (3)

## Profitability continued to rise with payout ratio at a high level



### Return on Shareholders' Equity and Payout Ratio

Percentage (%)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Return on Shareholders' Equity</b>	0.7	5.7	8.4	9.5	29.0	15.2	12.9	10.1	12.4	13.9	15.5	12.2	11.5	12.5	16.1	17.6
<b>Payout Ratio</b>	N/A	N/A	28.7	29.0	10.7	14.8	14.7	20.2	14.8	20.6	21.5	27.6	28.9	39.8	33.0	30.7

## Six business sectors striving to develop

### Environmental

#### Energy

waste-to-energy  
environmental protection  
industrial parks

### Environmental

#### Water

water environment  
management  
listed company on the  
Mainboard of the SGX  
(SGX: U9E)

### Greentech

#### biomass

hazardous waste treatment  
listed company on the Main  
Board of the HKEx  
(HKEx: 1257)

### Envirotech

technology management  
technology R&D  
engineering design  
analysis and testing

### Equipment

#### Manufacturing

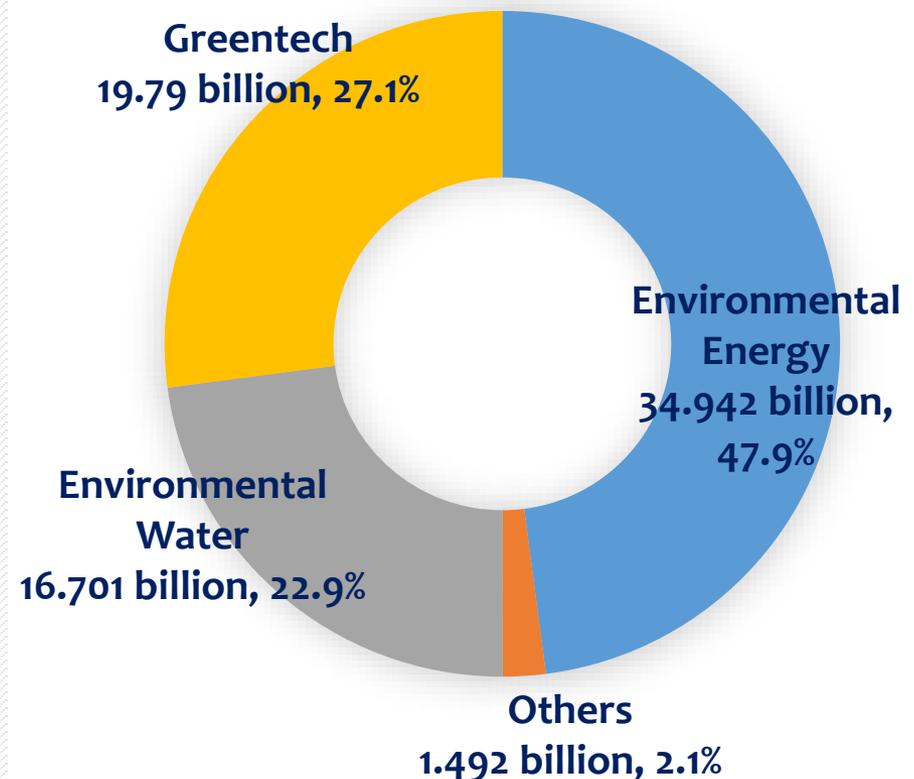
equipment manufacturing  
technology development  
technology consultancy  
technical services

### International

#### Business

overseas greenfield  
investment  
M&As  
exporting technologies

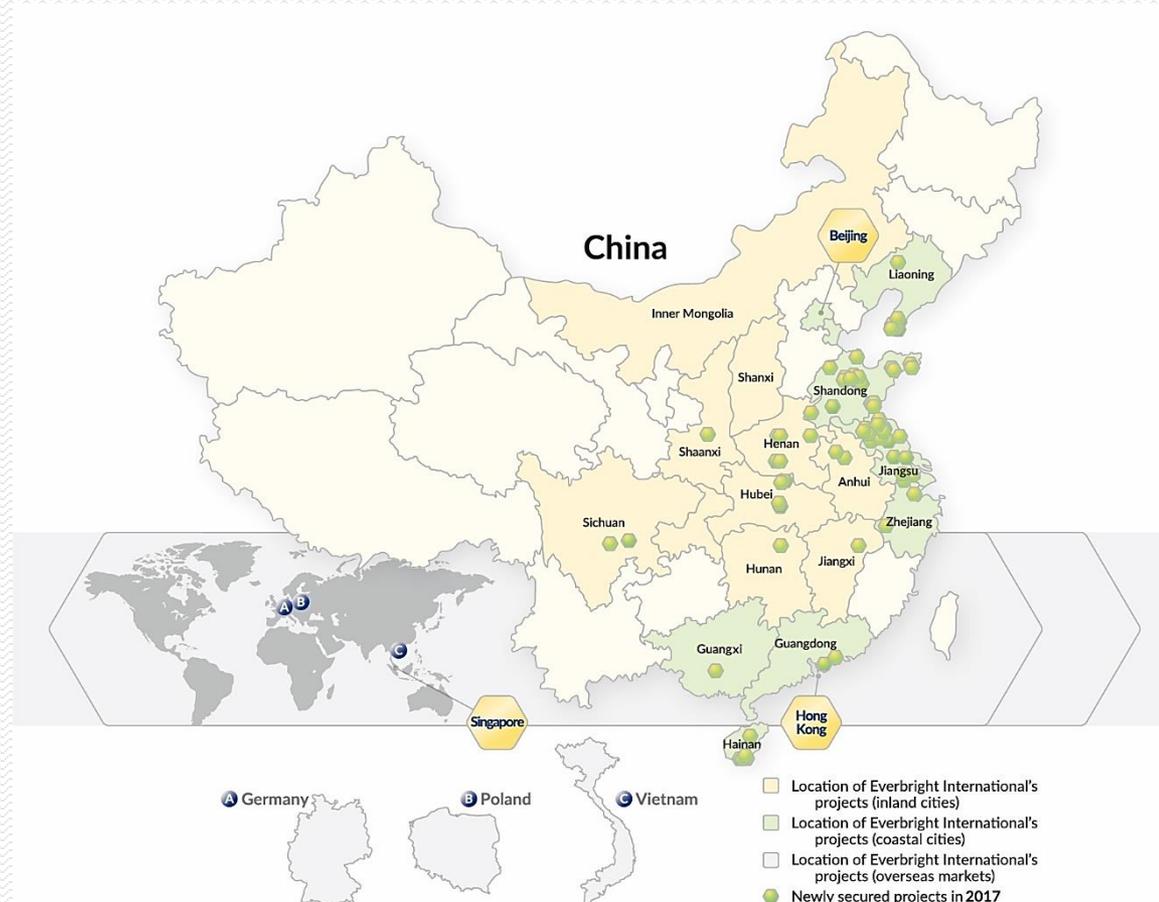
Investment by business sectors  
(RMB)



# Results Highlights (5)

## Expanded geographical footprint, Achieved growth in scale

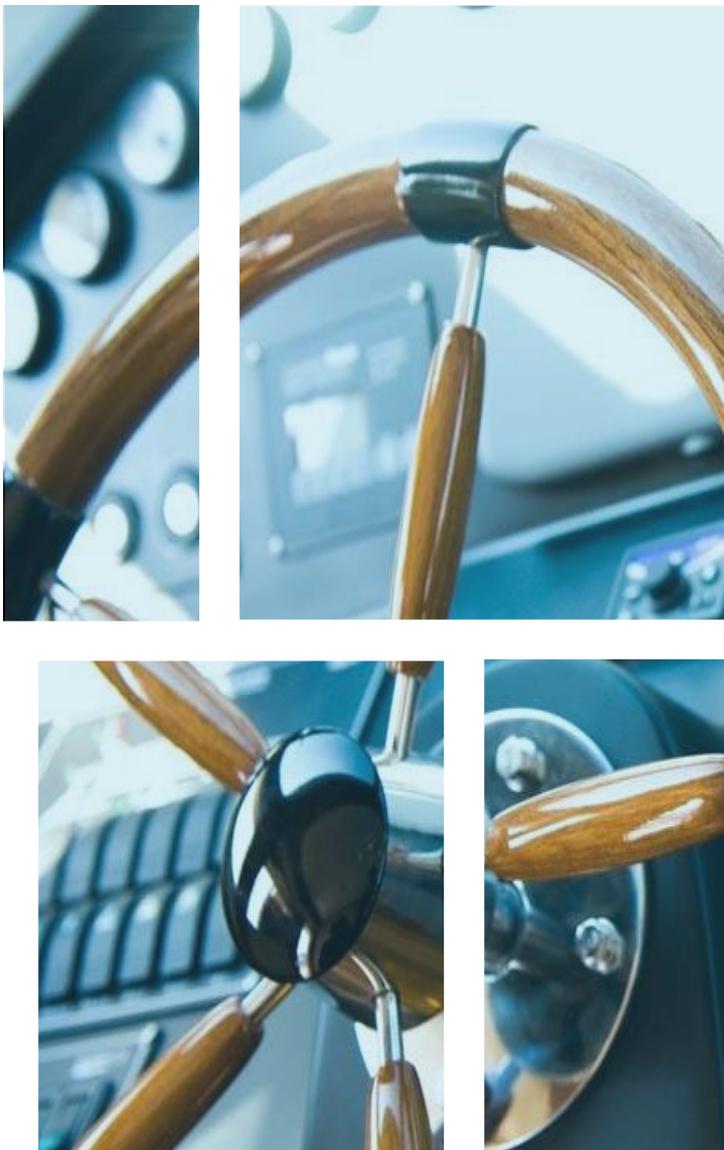
As at 31 December 2017, Everbright International had secured 268 environmental protection projects, including 171 projects that completed construction, 40 projects under construction, and 57 projects in preparatory stage. The projects are located in over 120 locations across 18 provinces and municipalities in China, as well as overseas markets including Germany, Poland and Vietnam.



## Market expansion and construction works hit a record high

- Secured 54 new projects and signed 3 supplementary agreements for projects' capacity expansion in 2017, creating a new record high, with a total investment exceeding RMB19.7 billion.
- The total number of projects under construction also set a new record:
  - The number of project construction sites reached 80 at its peak, of which:
    - 40 projects commenced construction, with a total investment of approximately RMB15.8 billion.
    - 45 project completed construction, with a total investment of approximately RMB11.5 billion.
    - As at the end of 2017, 39 projects under construction, with a total investment of approximately RMB19.1 billion.





# Financial Highlights

# Financial Highlights (1)

(HK\$'000)	For the year ended 31 December		Change
	2017	2016	
Revenue	<b>20,043,116</b>	13,971,204	43%
Gross profit	<b>7,132,515</b>	5,309,566	34%
EBITDA	<b>6,863,209</b>	5,051,261	36%
Profit attributable to equity holders	<b>3,509,990</b>	2,784,863	26%
Basic EPS (HK cents)	<b>78.30</b>	62.12	26%
Dividends per share (HK cents)	<b>24.0</b>	20.5	17%

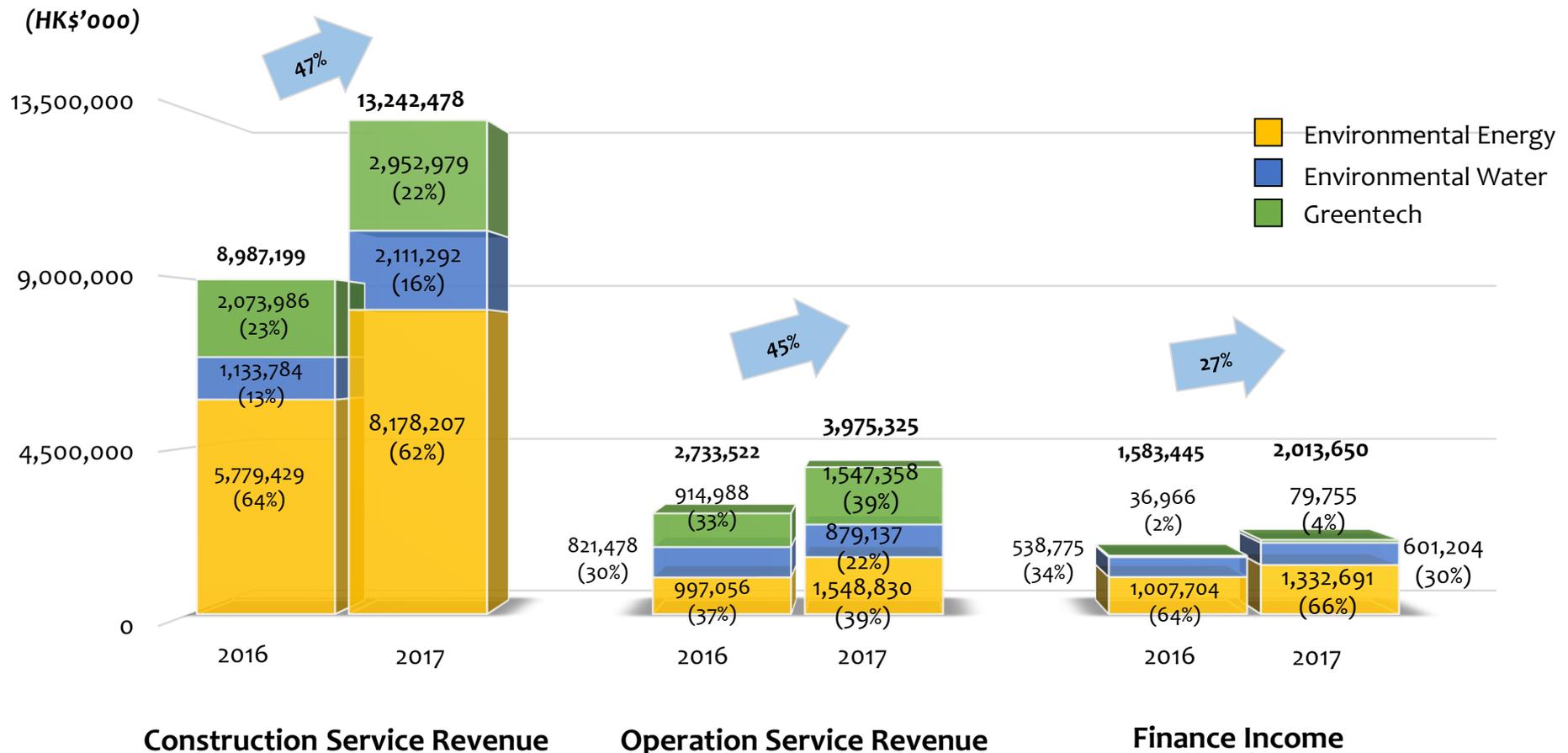
# Financial Highlights (2)

HK\$'Mil	As at 31/12/2011	As at 31/12/2012	As at 31/12/2013	As at 31/12/2014	As at 31/12/2015	As at 31/12/2016	As at 31/12/2017
Total assets	13,880	16,583	23,471	31,200	40,623	49,532	<b>73,123</b>
Total liabilities	7,218	7,913	9,692	13,357	21,203	29,687	<b>44,480</b>
Shareholders' equity	6,190	8,350	13,374	16,263	17,196	17,389	<b>22,554</b>
Cash on hand	1,900	2,797	5,815	5,150	6,673	7,038	<b>10,838</b>
Return on shareholders' equity (%)	13.90	15.45	12.20	11.49	12.46	16.10	<b>17.57</b>
Dividend payout ratio (%)	20.6	20.3	26.1	29.0	39.8	33.0	<b>30.7</b>
Gearing ratio (%) (Total liabilities/total assets)	52	48	41	43	52	60	<b>61</b>

- High-quality assets, abundant cash on hand, reasonable gearing ratio and healthy financial position.
- Received positive recognition and long-standing support from international financial institutions and policy banks, such as Asian Development Bank, The World Bank and China Development Bank.
- Strong financial resources ensure the Group has sufficient funds for its development.

# Financial Highlights (3)

## Revenue Analysis of the 3 Business Sectors

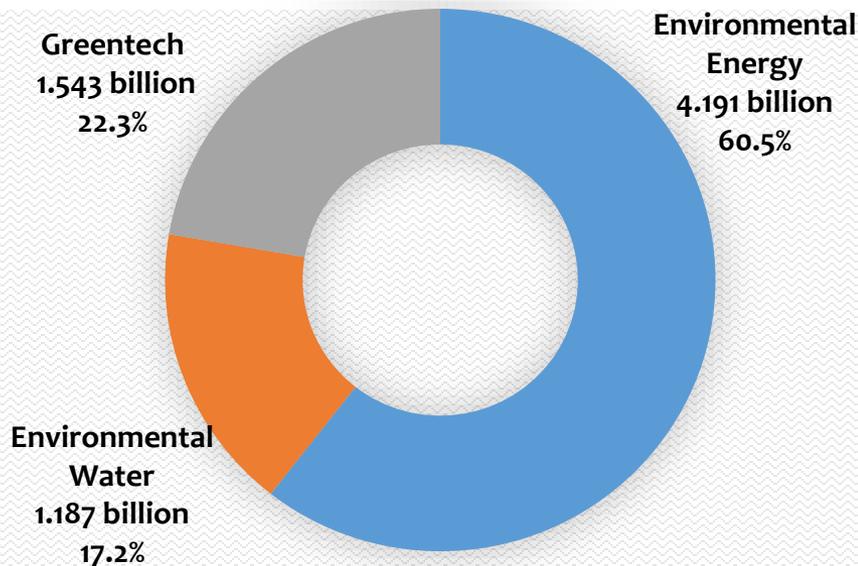


2017: HK\$19,231,453,000 (up 45%)

2016: HK\$13,304,166,000

## Profit Analysis of the 3 Business Sectors

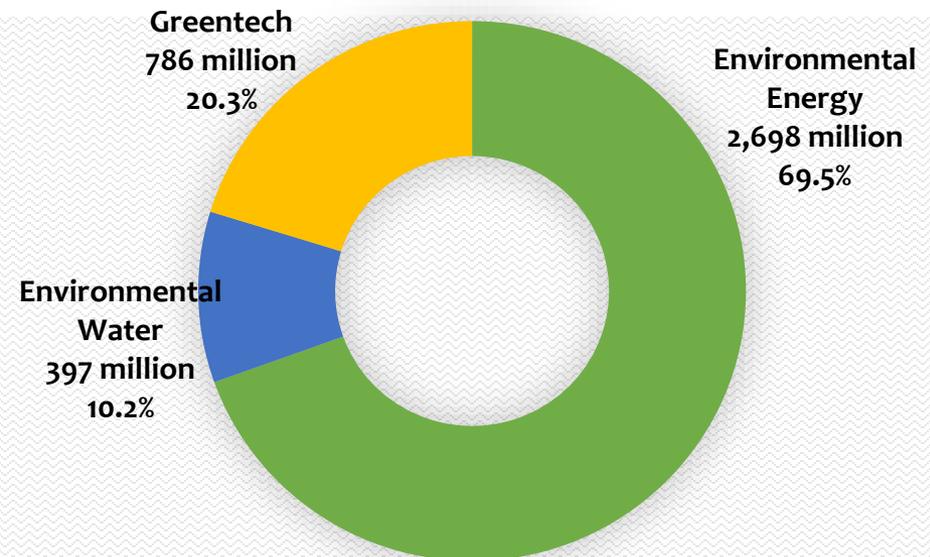
2017 EBITDA\* (HK\$)  
By Business Sector



2017: HK\$6,920,874,000 (up 35%)  
2016: HK\$5,133,932,000

■ Environmental Energy ■ Environmental Water ■ Greentech

2017 Sector Net Profit\*\* (HK\$)  
by Business Sector



2017: HK\$3,881,233,000 (up 29%)  
2016: HK\$3,017,054,000

■ Environmental Energy ■ Environmental Water ■ Greentech

\* Excluding the EBITDA of other sectors

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

# Competitive Advantages



## Advantages of Scale

The largest waste-to-energy investor and operator in Asia

Ranks No.4 among water treatment companies in China, with a total design treatment capacity of 5 million tonnes/day

**Secured 268 environmental protection projects with a total investment of approximately RMB73 billion, covering 18 provinces and municipalities, over 120 locations across China, as well as Germany, Poland and Vietnam.**

Ranks No.4 among biomass companies in China, with a designed total power generation capacity of 992 MW

Ranks No.3 among hazardous treatment company in China, with a designed total treatment capacity of 674,200 tonnes/year

## Advantages of Quality

### Three “First”

The first company to promote and adopt the EU2010 standard; the first to connect with local environmental protection regulation departments to share emissions data of its projects; and the first to provides an hourly disclosure of emission standards through the internet.

### Four “Withstands”

The Group’s projects have proven performance in four aspects: factory appearance, odor management, noise control and emissions indicators. Over one million visitors have visited the projects on an aggregated basis.

### Five “AAA-level” Projects

Waste-to-energy projects in Suzhou, Wujiang, Changzhou, Changzhou Xinbei and Weifang received AAA grades by China’s Ministry of Housing and Urban-Rural Development.

### One Luban Prize

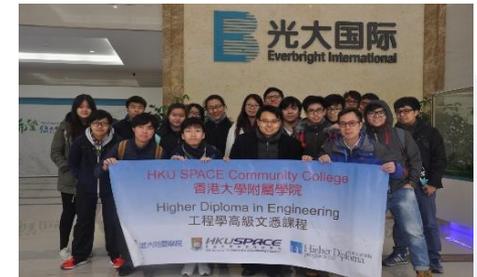
Ji’nan Waste-to-energy Project was the only awardee of the Luban Prize in the environmental protection industry in 2013, the most prestigious construction and engineering award in China.

### Multiple Demonstration Projects

Many of the Group’s projects, for example Jinan Water Treatment Project, Zhenjiang Sponge City Project, Yiyang Waste-to-energy Project and Yongzhou Waste-to-energy Project, have been designated as PPP demonstration projects by the United Nations or China.

### A Series of Hubs

Some projects have been named as national-level or provincial-level bases for promoting environmental protection education, science education, industrial tourism and the recycling economy.



## Technological Edges

Formed a R&D team with over 300 people and applied for 400 patents.

Developed and produced the technologies and equipment for grate furnaces, leachate treatment and gas emission purification.

**Established the envirotech sector and advanced its progress in technological development through its “Technology imports + Collaborations with institutions and research institutes + In-house research and development” approach**

The 750-tonne/day grate furnace has filled in a void for this kind of furnace in China, with the technologies and equipment behind the grate furnace winning the second prize of the Science and Technology Progress Award presented by the Ministry of Environmental Protection.

Jointly established a national lab with Zhejiang University: the “National Engineering Lab of Waste Incineration and Equipment”.

## Culture Advantages

### Core Value

An Enterprise is not only the Creator of Wealth,  
but also the Safeguard of Environmental and Social Responsibilities

### Management Philosophy

Integrity, Pragmatism, Efficiency and Innovation

### Investment Philosophy

No Blind Expansion, No Destructive Competition and No Inefficient Investment

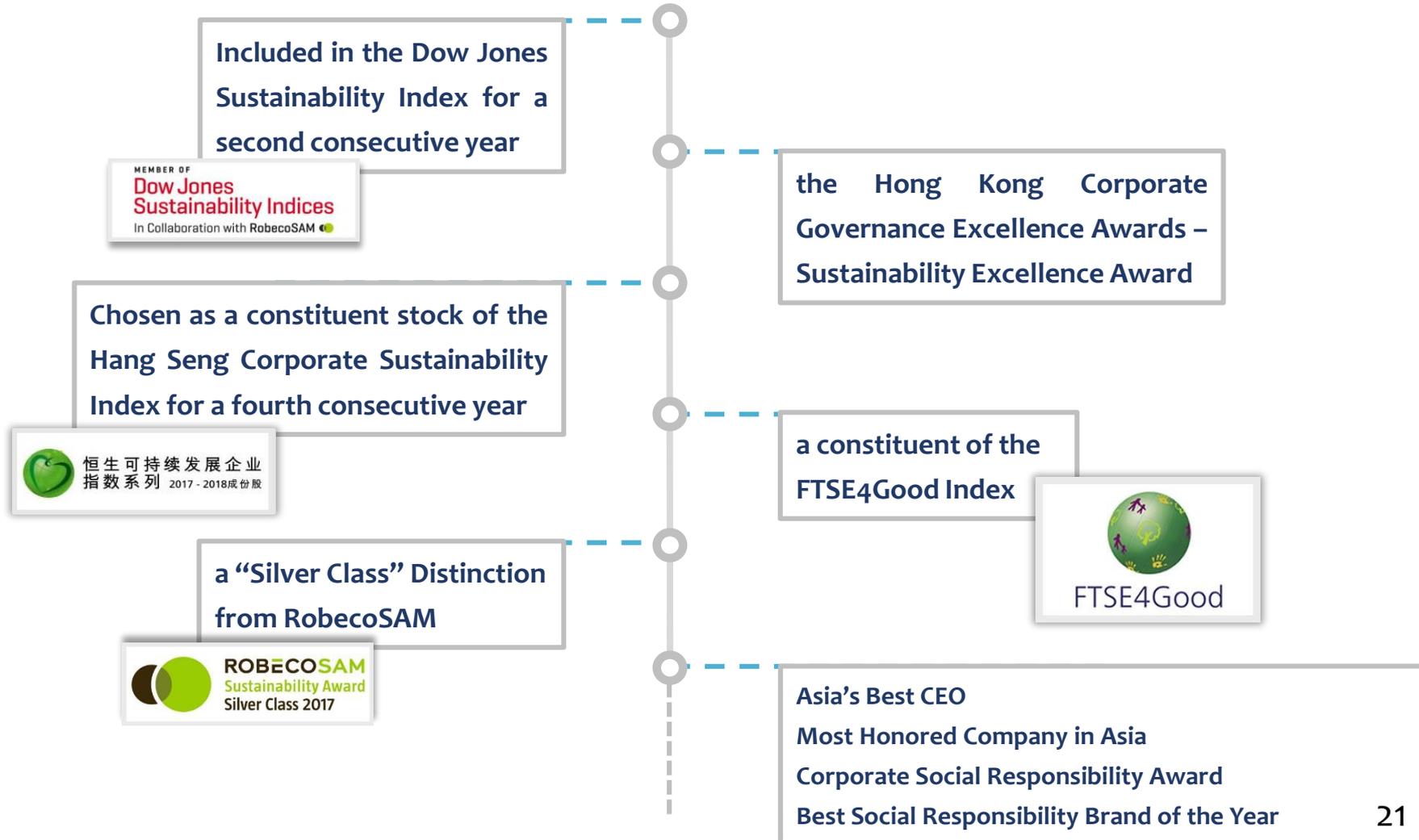
### Construction Ethos

Producing Quality Projects and Building a Quality Brand

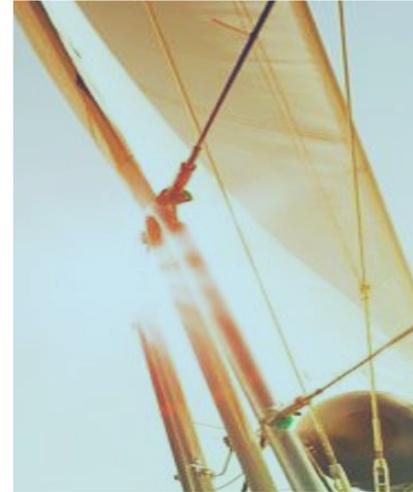
### Operation Philosophy

Striving for Excellence and to Achieve Nil Discharge

## A Strong Brand



# Development Strategies



## Three Strategic Considerations

The leading enterprise in the environmental protection industry in China and a world-renowned environmental protection company



Market  
Status

We are witnessing a golden era of opportunities that cannot be missed



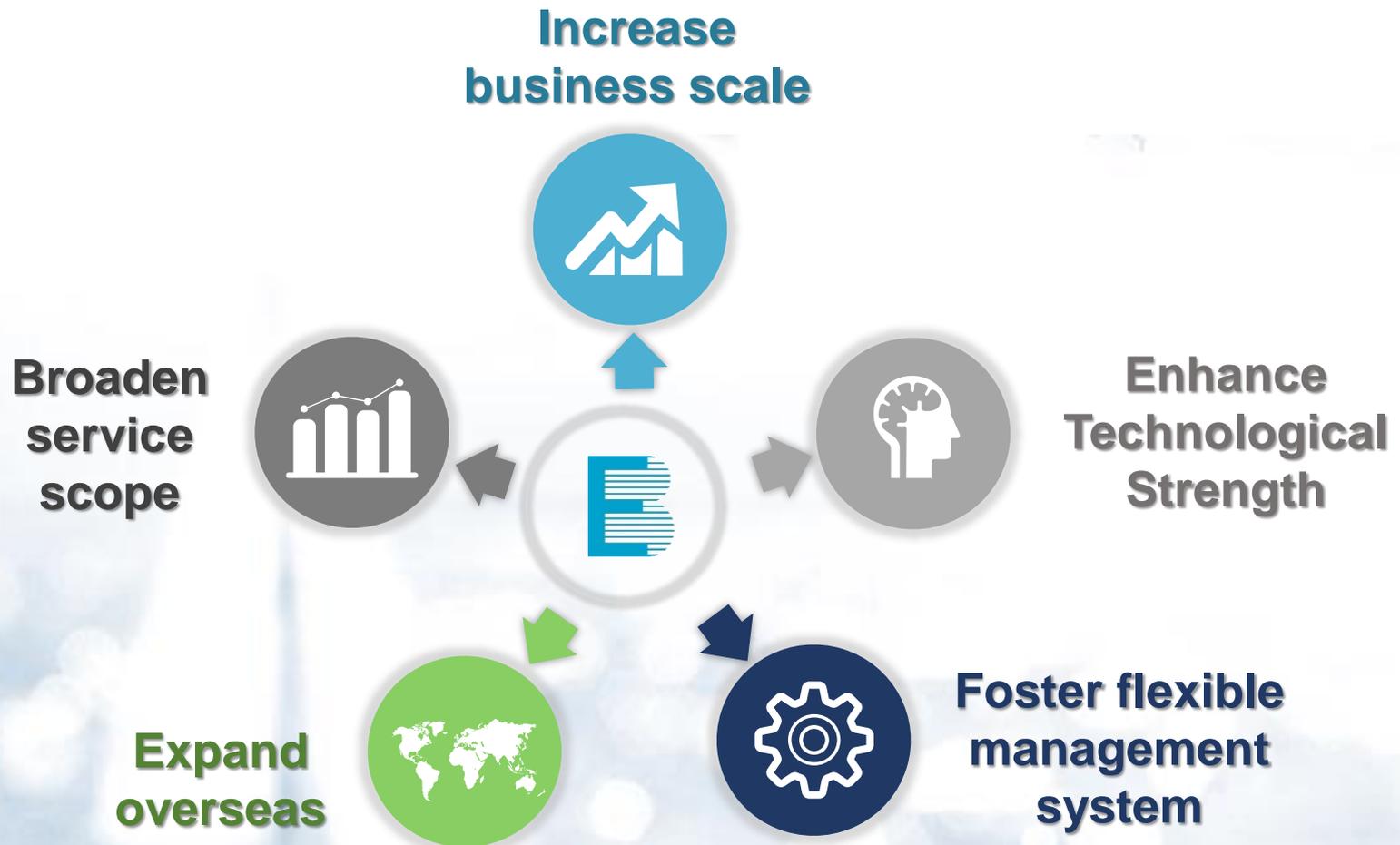
Strategic  
Timing

To become a leading player in the environmental protection industry globally in 5 to 10 years



Strategic  
Positioning

## Five Key Strategic Focuses



## Six Major Areas of Work

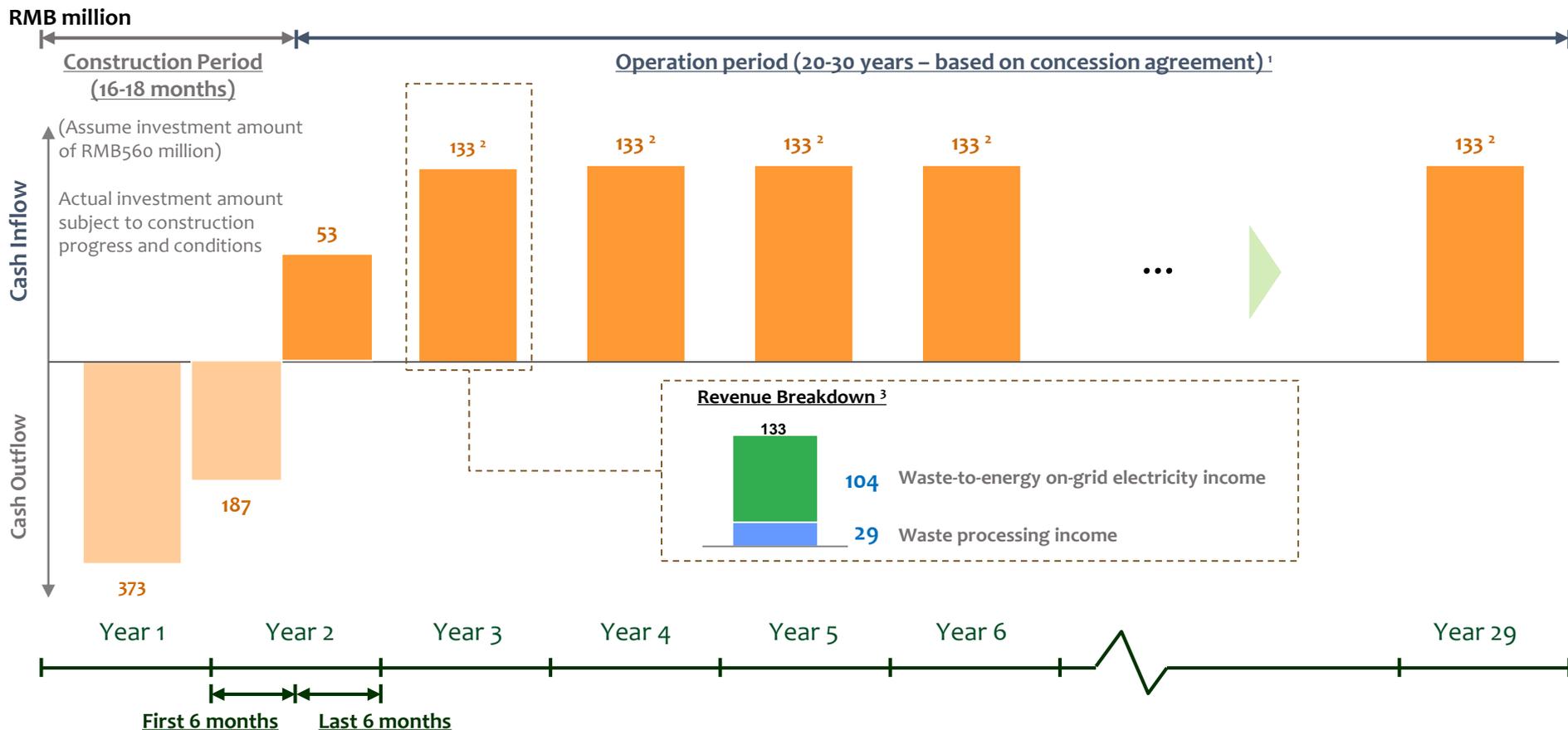


# Q&A



# Waste-to-energy Project – Cash Flow Illustration

(For reference only)



Capex requirement is typically funded by project financing (2/3) and equity capital (1/3), while the loans typically are long-term (8-12 years) loans

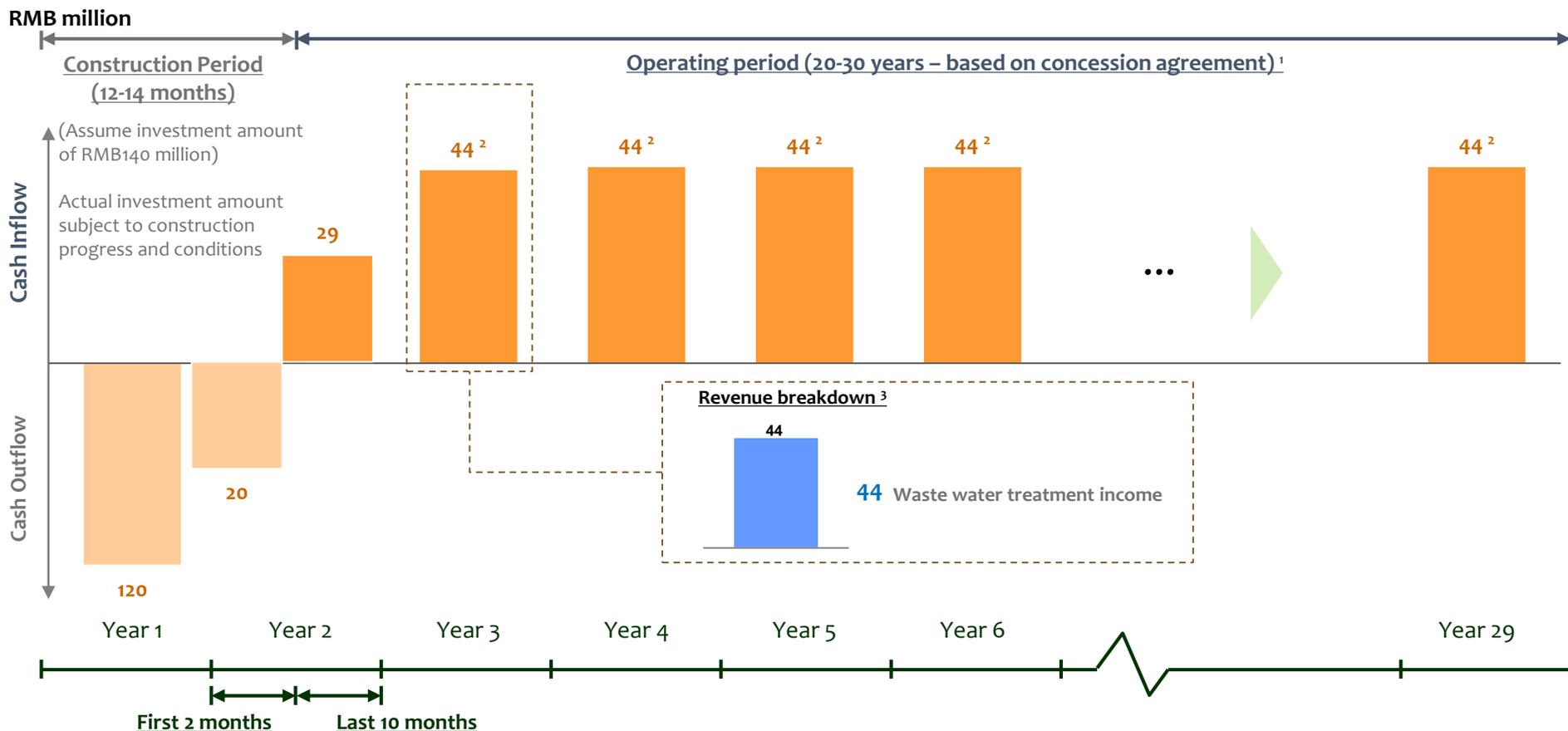
<sup>1</sup> Operating cash flows indicated above do not take into account operating costs, expenses and taxes

<sup>2</sup> Waste processing fee may be adjusted in accordance with changes in the consumer price index levels

<sup>3</sup> Assumptions: WTE's power generation capacity is 20MW; on-grid tariff for power generated by WTE is RMB0.65 per kWh (inclusive of VAT); annual WTE operating hours is 8,000 (91% utilisation rate); annual designed waste processing capacity is 365,000 tonnes; waste processing fee is RMB80 per tonne; utilisation during the 1<sup>st</sup> year of operations assumes to be lower (80%)

# Waste Water Treatment Project – Cash Flow Illustration

(For reference Only)



Capex requirement is typically funded by project financing (2/3) and equity capital (1/3), while the loans typically are long-term (8-12 years) loans

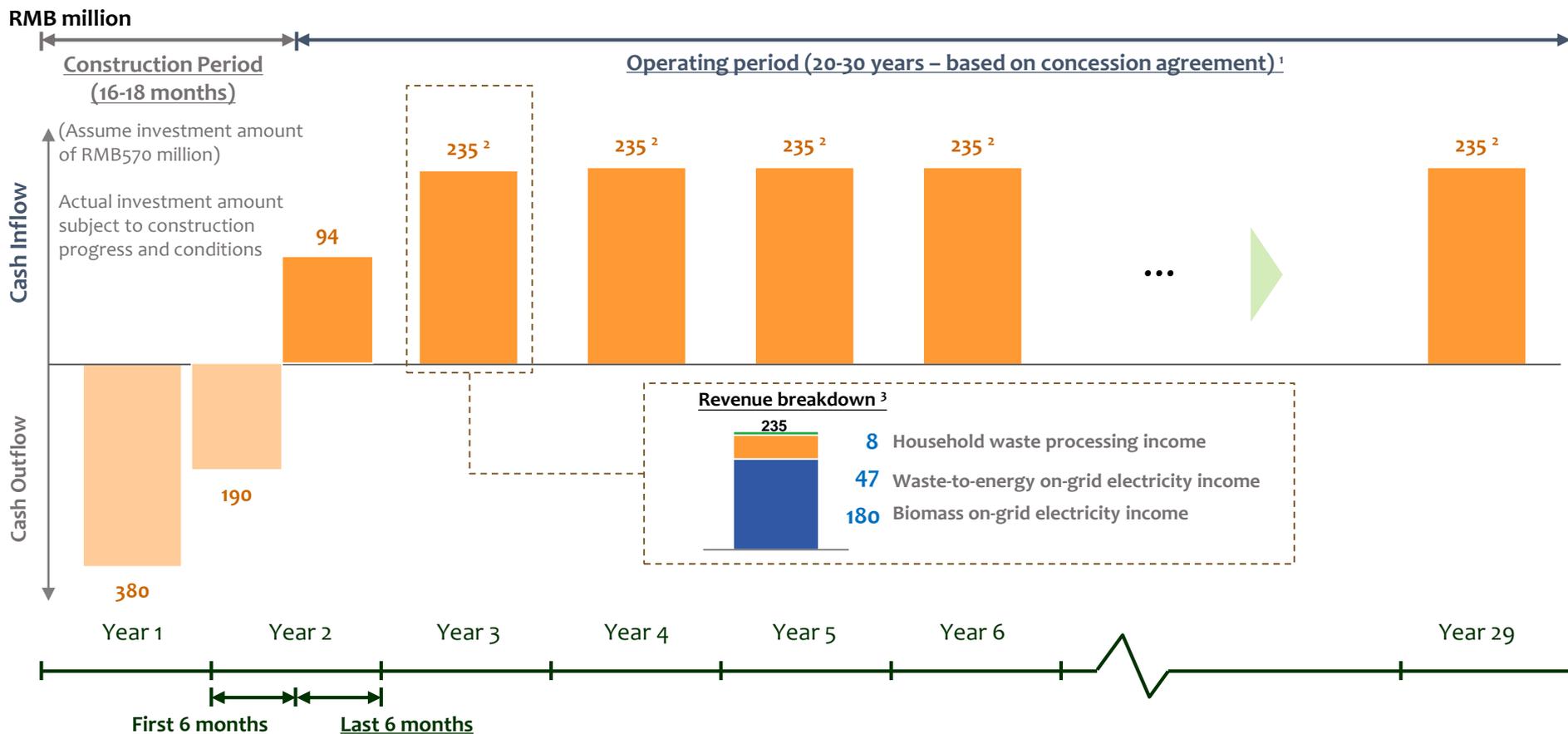
<sup>1</sup> Operating cash flows indicated above do not take into account operating costs, expenses and taxes

<sup>2</sup> Waste water treatment fee may be adjusted in accordance with changes in the consumer price index levels

<sup>3</sup> Assumptions: Daily waste water treatment capacity is 100,000 m<sup>3</sup>; waste water treatment fee is RMB1.2 per m<sup>3</sup>; utilisation during the 1<sup>st</sup> year of operations assumes to be lower (80%)

# Integrated Biomass and WTE Projects – Cash Flow Illustration

(For reference only)



Capex requirement is typically funded by project financing (2/3) and equity capital (1/3), while the loans typically are long-term (8-12 years) loans

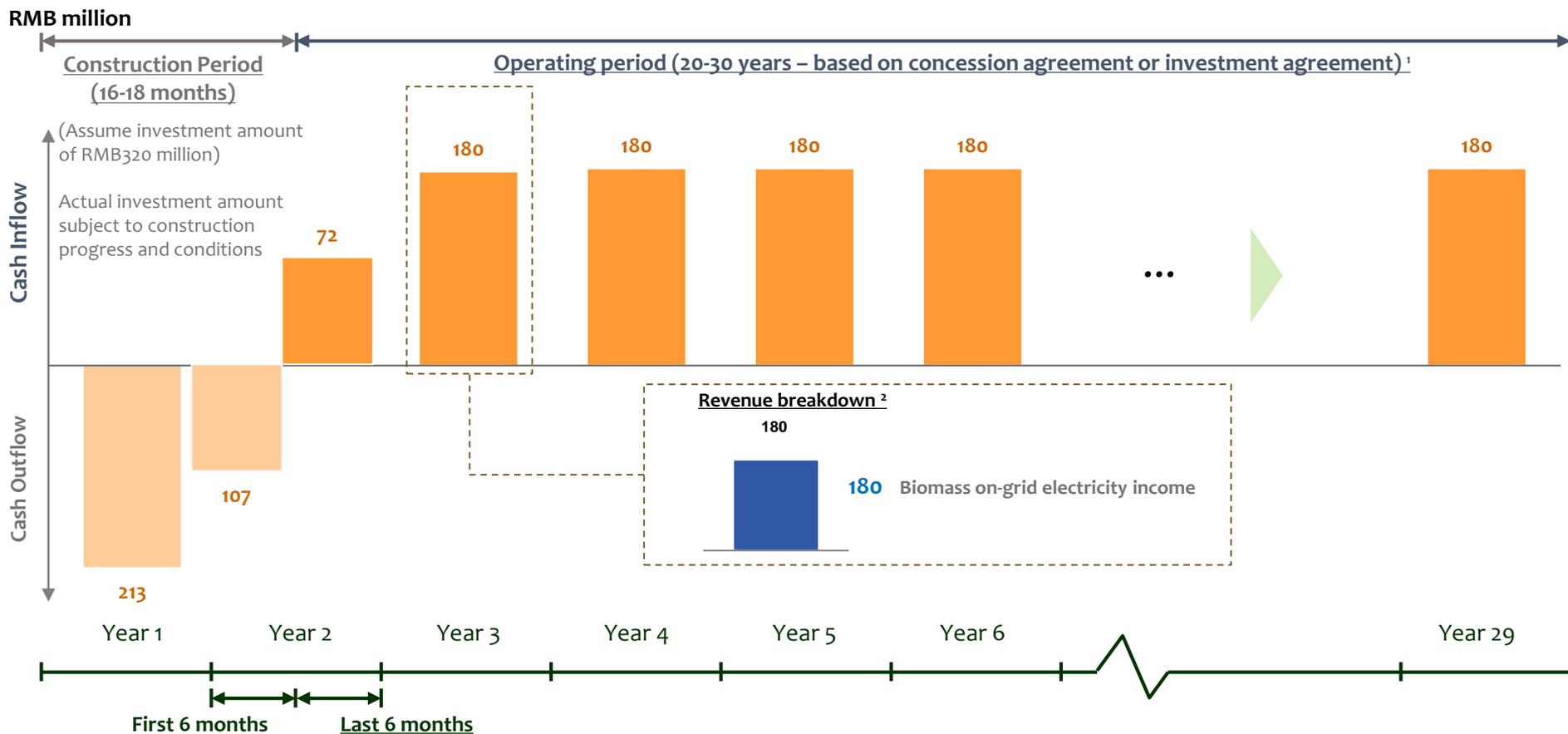
<sup>1</sup> Operating cash flows indicated above do not take into account operating costs, expenses and taxes

<sup>2</sup> Waste processing fee may be adjusted in accordance with changes in the consumer price index levels

<sup>3</sup> Assumptions: Biomass's power generation capacity is 30MW; on-grid tariff for power generated by biomass is RMB0.75 per kWh (inclusive of VAT); annual biomass operating hours is 8,000 (91% utilisation rate); WTE's power generation capacity is 9MW; on-grid tariff for power generated by WTE is RMB0.65 per kWh (inclusive of VAT); annual WTE operating hours is 8,000 (91% utilisation rate); annual waste processing capacity is 146,000 tonnes; waste processing fee is RMB55 per tonne; utilisation during the 1<sup>st</sup> year of operations assumes to be lower (80%)

# Biomass Direct Combustion Project – Cash Flow Illustration

(For reference only)



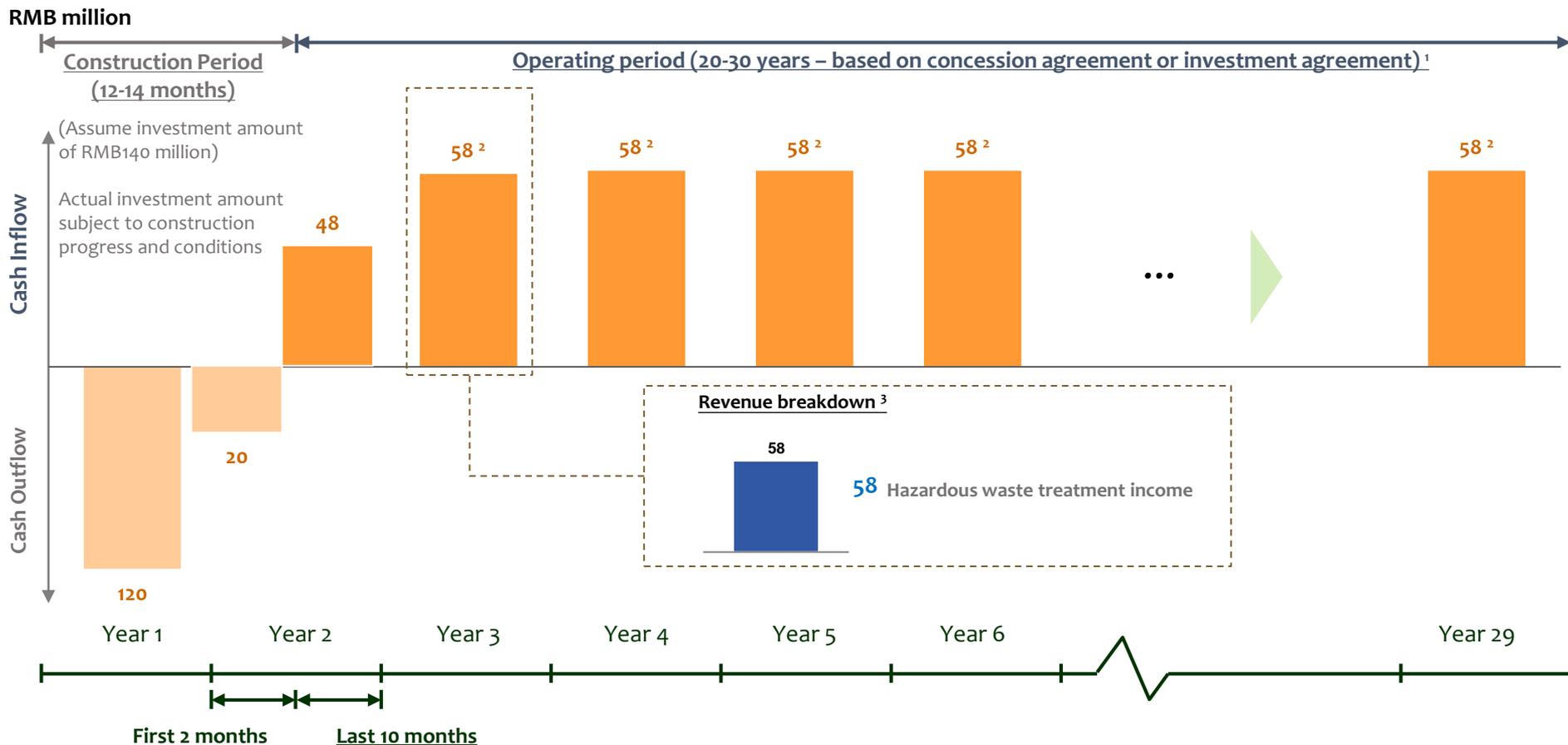
Capex requirement is typically funded by project financing (2/3) and equity capital (1/3), while the loans typically are long-term (8-12 years) loans

<sup>1</sup> Operating cash flows indicated above do not take into account operating costs, expenses and taxes

<sup>2</sup> Assumptions: Biomass's power generation capacity is 30MW; on-grid tariff for power generated by biomass is RMB0.75 per kWh (inclusive of VAT); annual biomass operating hours is 8,000 (9% utilisation rate); utilisation during the 1<sup>st</sup> year of operations assumes to be lower (8%)

# Hazardous Waste Landfill Project – Cash Flow Illustration

(For reference only)



Capex requirement is typically funded by project financing (2/3) and equity capital (1/3), while the loans typically are long-term (8-12 years) loans

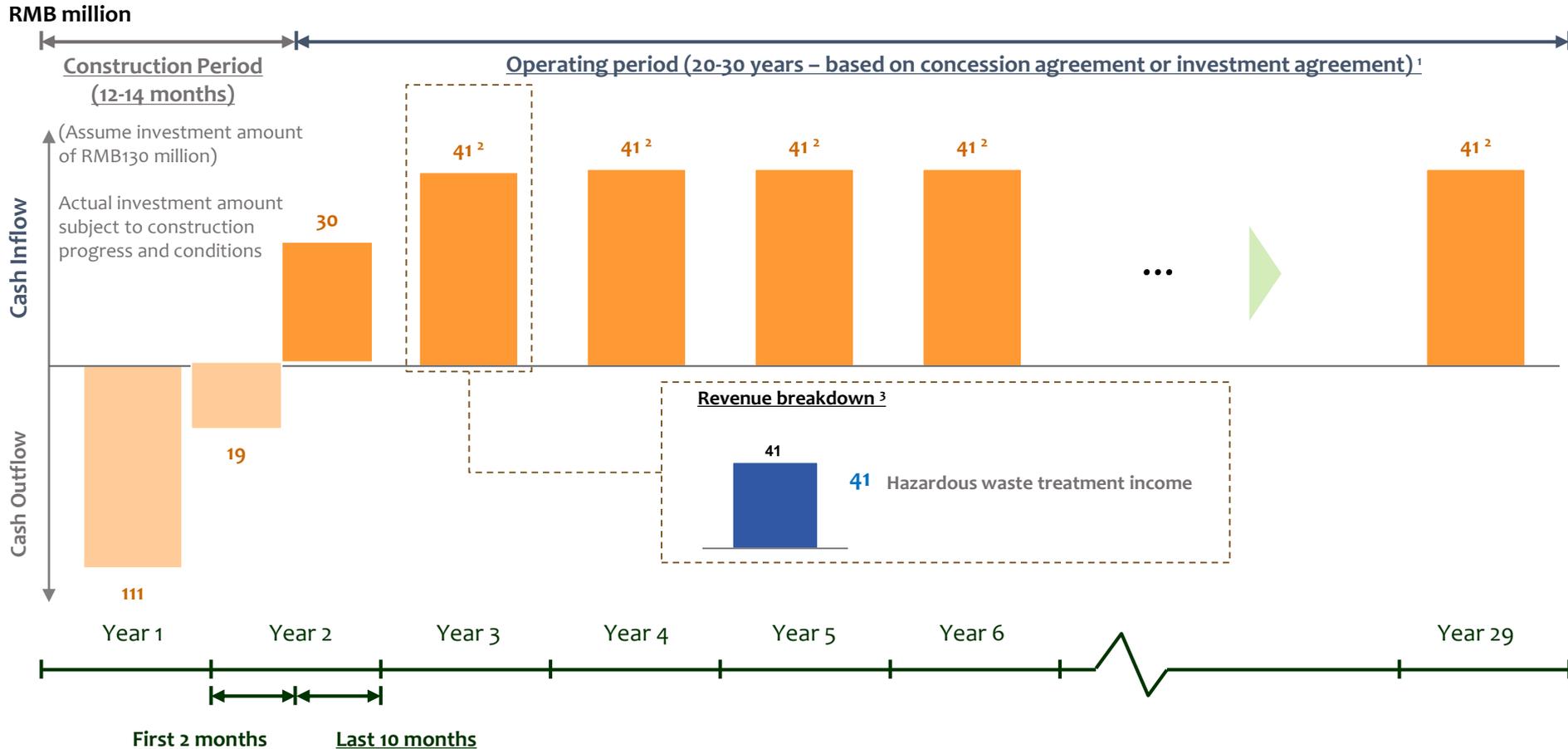
<sup>1</sup> Operating cash flows indicated above do not take into account operating costs, expenses and taxes

<sup>2</sup> Hazardous waste treatment fees may be adjusted in accordance with changes in the market price levels

<sup>3</sup> Assumptions: Hazardous waste landfill designed capacity is 20,000 tonnes; hazardous waste treatment fee is RMB2,900 per tonne (inclusive of VAT)

# Hazardous Waste Incineration Project – Cash Flow Illustration

(For reference only)



Capex requirement is typically funded by project financing (2/3) and equity capital (1/3), while the loans typically are long-term (8-12 years) loans

<sup>1</sup> Operating cash flows indicated above do not take into account operating costs, expenses and taxes

<sup>2</sup> Hazardous waste treatment fee may be adjusted in accordance with changes in the market price levels

<sup>3</sup> Assumptions: Annual designed hazardous waste incineration capacity is 9,900 tonnes annually; hazardous waste treatment fee is RMB4,500 per tonne (inclusive of VAT); annual project operating days is 333 days (91% utilisation rate); utilisation during the 1<sup>st</sup> year of operations assumes to be lower (80%)