

EVERBRIGHT INTERNATIONAL ANNOUNCES 2019 INTERIM RESULTS
Financial Highlights

	Six months ended 30 June		
	2019 HK\$'000	2018 HK\$'000	Change
Revenue	16,225,718	11,784,390	38%
Gross profit	5,653,259	4,483,808	26%
EBITDA	5,500,987	4,414,814	25%
Profit attributable to equity holders of the Company	2,630,366	2,200,900	20%
Basic earnings per share (HK cents)	42.82	47.78	-10%*
Interim dividend per share (HK cents)	13.0	12.0	8%

**Due to the dilution impact of the HK\$10 billion rights issue completed in September 2018*

14 August 2019, Hong Kong – China Everbright International Limited (“Everbright International” or the “Company”, together with its subsidiaries, collectively the “Group”) (SEHK: 257), today announced its unaudited interim results for the six months ended 30 June 2019 (the “period under review”).

In the first half of 2019, China rolled out a series of environmental protection policies, which have not only provided a clearer blueprint for the country’s drive on ecological conservation, but also set a higher business standard and development goal for the environmental protection industry, creating greater growth potential for industry players. During the period under review, the Group accomplished steady growth in various aspects. The traditional environmental protection business sectors of the Group remained the mainstay of and made outstanding contributions to the overall business, while the new business sectors were on the rise, indicating all business sectors of the Group proceeded smoothly.

In the first half of 2019, thanks to the continued acceleration of construction progress, the number of projects under construction hit an all-time high, driving continual growth in construction service revenue. The Group also saw significant growth in revenue from operation services, as it continued reducing costs, expanding income streams and enhancing efficiency, in addition to the continued growth seen in the number of operating projects. During the period under review, the Group’s

consolidated revenue amounted to HK\$16,225,718,000, an increase of 38% over HK\$11,784,390,000 in the same period last year. EBITDA amounted to HK\$5,500,987,000, an increase of 25% over HK\$4,414,814,000 in the same period last year. Profit attributable to equity holders of the Company was HK\$2,630,366,000, 20% more than HK\$2,200,900,000 recorded in the same period last year. Basic earnings per share for the first half of 2019 was HK42.82 cents, a decrease of HK4.96 cents from the restated amount of HK47.78 cents in the same period last year. The decrease in basic earnings per share was due to the dilution impact of the HK\$10 billion rights issue completed in September last year. The Group has ready access to financing channels, with abundant capital, a reasonable gearing ratio and a healthy financial position. It also performed well across all financial indicators. These have laid a solid foundation for the Group to advance to its next stage of development, and to become a global leader in ecological and environmental management.

During the period under review, the Group's environmental energy, greentech and environmental water projects generated a total revenue of HK\$15,780,753,000, of which construction service revenue increased by 42% to HK\$10,093,454,000 and operation service revenue increased by 40% to HK\$4,181,319,000, as compared with the same period of 2018. The proportions of revenue are as follows: construction service revenue 64%, operation service revenue 26% and finance income 10%.

In terms of market expansion, during the period under review, the Group secured a total of 38 new projects and signed 3 supplementary agreements for existing projects; the Group also completed the acquisition of 2 environmental protection companies to get a number of environmental protection projects, and secured 90% equity interest of a technology enterprise that focuses on waste sorting business through a capital injection, with a total investment of approximately RMB15.830 billion. In addition, during the period under review, the Group secured 2 envirotech engineering procurement construction ("EPC") projects, 2 environmental water EPC projects and 1 environmental water operations and maintenance ("O&M") project, with a total contract value of approximately RMB471 million; 4 environmental remediation services, with a total contract value of approximately RMB37.71 million. The new projects contributed to an increase of household waste processing capacity by 12,000 tonnes/day; an increase of water treatment capacity by 1,090,000 m³/day; an increase of biomass treatment capacity by 120,000 tonnes/year; and hazardous waste and solid waste treatment capacity by 675,000 tonnes/year.

Regarding project construction, during the period under review, the Group's project construction work progressed smoothly, continuously driving stable growth in construction service revenue. In the first half of 2019, the number of construction sites had since reached 82, in which 25 projects commenced operation, while 26 projects commenced construction. During the period under review, for the environmental remediation services, there were 15 service items underway and 1 service item in preparation stage; in addition, the Group completed and delivered 5 such services. As at the end of June 2019, a total of 8 environmental remediation services have been completed and delivered.

As at 30 June 2019, the Group's business footprint expanded to more than 170 locations across 22 provinces and municipalities in China. The Group had secured 363 projects in total, commanding a total investment of over RMB110 billion. The Group also undertook 24 environmental remediation services, 10 EPC projects and 3 O&M projects.

As Asia's largest waste-to-energy investor and operator, up to 30 June 2019, the Group's environmental energy sector and greentech sector signed 126 waste-to-energy projects in total (including 2 O&M projects), with a total designed daily household waste processing capacity of 108,550 tonnes. Of which, the Group had 71 waste-to-energy projects in operation, with a designed daily household waste processing capacity of 55,200 tonnes; 27 waste-to-energy projects under construction, with a designed daily household waste processing capacity of 30,200 tonnes; and 28 waste-to-energy projects in preparation stages, with a designed daily household waste processing capacity of 23,150 tonnes.

In the first half of 2019, the Group was granted various subsidies of approximately RMB188 million in total.

Environmental Energy

During the period under review, the Group's environmental energy projects processed a total of 10,688,000 tonnes of household waste, an increase of 24% compared with the first half of 2018. All projects generated 3,105,243,000 kWh of on-grid electricity in total, an increase of 23% compared with the first half of 2018. Environmental energy projects contributed an EBITDA of HK\$3,430,724,000, an increase of 30% compared with the first half of 2018. Environmental energy projects contributed a net profit attributable to the Group of HK\$2,153,214,000, an increase of 24%

compared with the first half of 2018. The increase in profit was mainly attributable to the significant growth in construction activities, driving increase in construction services revenue. In addition, operating services revenue increased due to the continuing increase in the aggregate processing capacity of the operating projects.

In terms of market expansion, during the period under review, environmental energy secured a total of 15 new projects and signed 1 supplementary agreement for existing project, which in aggregate commanded a total investment of RMB8.290 billion. Among these projects, there were 13 new waste-to-energy projects and signed 1 supplementary agreement, commanding a total investment of approximately RMB8.097 billion and marking an increase in the designed daily household waste processing capacity by 12,000 tonnes, up by 16% year-on-year. The total designed daily household waste processing capacity of 99,200 tonnes has further consolidated the Group's leading position in the domestic environmental protection industry.

Regarding project construction, during the period under review, in environmental energy sector, 8 waste-to-energy projects completed construction and commenced operation, with a total designed daily household waste processing capacity of 5,700 tonnes; 10 waste-to-energy projects commenced construction, with a total designed daily household waste processing capacity of 9,100 tonnes.

Greentech

As at 30 June 2019, the Group had a 69.7% stake in China Everbright Greentech Limited ("Everbright Greentech").

During the period under review, greentech projects provided approximately 1,792,258,000 kWh of on-grid electricity in total, an increase of 43% compared with the corresponding period in 2018. Greentech projects contributed an EBITDA of HK\$1,372,635,000, a 33% increase compared with the corresponding period in 2018. The net profit attributable to the Group was HK\$570,308,000, a 26% increase compared with the corresponding period in 2018. The increase in profit was mainly due to the significant increase in both construction and operation service revenues compared with the corresponding period last year.

Regarding market expansion, during the period under review, Everbright Greentech secured 10 new projects, signed 1 supplementary agreement for existing project, and completed the acquisition of 2 environmental protection companies to get a number of environmental protection projects which commanded an investment of RMB3.640 billion. In addition, the Group undertook 4 environmental remediation services, with a total contract value of approximately RMB37.71 million. The newly designed power generation installed capacity is 7 MW and biomass design processing capacity is around 120,000 tonnes annually, and the new steam supply capacity is about 775,000 tonnes annually. The new hazardous waste and solid waste design processing capacity is about 675,000 tonnes per year.

Regarding project construction, during the period under review, 4 projects of Everbright Greentech completed construction (3 of them commenced operation), and 3 projects commenced construction. Aside from that, 4 environmental remediation services started the remediation work, 5 were completed and delivered, during the period under review.

Environmental Water

As at 30 June 2019, the Group had a 72.57% stake in China Everbright Water Limited (“Everbright Water”). On 8 May 2019, Everbright Water was listed on the Main Board of the Stock Exchange of Hong Kong Limited, achieving dual listing status in Singapore and Hong Kong.

During the period under review, environmental water projects treated 673,051,000 m³ of waste water, an increase of 10% compared with the first half of 2018. Environmental water projects contributed an EBITDA of HK\$832,378,000, an increase of 6% compared with the first half of 2018. Environmental water projects contributed a net profit attributable to the Group of HK\$313,547,000, an increase of 12% compared with the first half of 2018. The increase of net profit was mainly due to growth in revenue through the expansion of business.

In terms of market expansion, during the period under review, Everbright Water secured a total of 11 environmental protection projects and signed 1 supplementary agreement for the existing project, which command a total investment of approximately RMB3.674 billion. It also secured 2 EPC projects and 1 O&M project, with a total contract value of approximately RMB146 million. These projects contributed to the increases of a daily waste water treatment capacity by 405,000 m³, a daily reusable water supply capacity by 85,000 m³; and a daily water supply capacity by 600,000 m³.

During the period under review, Everbright Water made steady progress in project construction, with 3 projects commenced construction and 9 projects completed construction and commenced operation. In terms of operations management, 8 waste water treatment plants under Everbright Water were approved for tariff hikes during the period under review, ranging from 4% to 56%.

Equipment Manufacturing

In terms of market development, the equipment manufacturing sector signed 14 external sales contracts and sold 23 sets of equipment to the external markets, including 11 sets of grate furnaces, 8 sets of gas purification systems and 4 sets of leachate systems. During the first half of 2019, the sector has secured external contract sales of equipment amounting to RMB439 million.

In terms of equipment supply and services, during the period under review, equipment manufacturing sector commenced a total of 21 service items, spanning across 9 provinces in China, including 1 EPC project. In the first half of 2019, the equipment manufacturing sector provided 30 grate furnaces to projects of the Group, an increase in capacity of 173% compared with the first half of 2018. The designed daily waste processing capacity of these grate furnaces reached 14,600 tonnes, an increase of 163% compared with the first half of 2018. Moreover, the equipment manufacturing sector sold 19 sets of grate furnaces, 11 sets of gas purification systems and 18 sets of leachate treatment systems.

In terms of after-sales services, the after-sales market for the equipment manufacturing sector increased substantially compared with the first half of 2018. Of which, the number of the external after-sales service contracts reached 32, with a total value of RMB12.38 million. During the period under review, the number of after-sales service items was 91 in total, recording an increase of 47% compared with the first half of 2018. These services items include 64 for the internal projects and 27 for the external projects.

Envirotech

In the first half of 2019, the Group conducted substantial reforms in relation to technological innovation. A technology management center and a technology committee were established at the headquarters of Everbright International, which further confirmed the importance of technological innovation on the development of the Company. The Group also prepared for the establishment of

green technology innovation and research institute, a zero-waste city research institute and an ecological and environmental planning and design institute. The Group proactively supported the industrial-academic collaborations within the Guangdong-Hong Kong-Macau Greater Bay Area. It proactively experimented with innovative technology and business models relating to zero-waste cities and enhanced the recruitment of leading talent. It also created values by promoting integrated development. Meanwhile, it made the best of unique advanced recourses in technology, industry and policies from different cities, riding on the synergistic effects to promote the Group's technology R&D and innovation.

The approved investment in R&D amounts to RMB200 million in 2019. Total 59 R&D projects were implemented as planned, achieving outstanding scientific and technological achievements, and a total of 75 patents were granted during the period under review, including 5 invention patents, 66 utility model patents and 4 appearance patents. And 11 important essays were published in core journals and international conferences.

As at the first half of 2019, the Group had been granted 667 patents in total, including 99 invention patents, 530 utility model patents, 4 appearance patents, and 34 software copyright licenses.

Eco-recycling

During the period under review, the Group had invested in RMB45 million to obtain a 90% equity interest in a technology enterprise that focuses on the waste sorting business, thus it officially entered into the waste sorting and resource recycling business sectors.

In addition, the eco-recycling sector also secured Hubei Zhongxiang Environmental Sanitation Integration Project ("Zhongxiang Integration Project") in Hubei Province and Yunnan Yuxi Environmental Sanitation Integration Project ("Yuxi Integration Project"). Zhongxiang Integration project includes the establishment of a waste collection and transportation system, as well as an intelligent sanitation management system. As a pilot project for the marketisation of a full-chain and whole-process household waste collection and transportation system in the city, the project serves a population of approximately 270,000, and clear and transport approximately 200 tonnes of household waste daily. Yuxi Integration Project marks Everbright International's first environmental protection project in Yunnan Province. It has a designed daily waste collection, and transportation

capacity of 800 tonnes, and is able to cover the needs for waste collection and transportation of the Hongta District of Yuxi City.

International Business

As of 30 June 2019, the Group had 3 overseas environmental protection projects, which are located in Germany, Poland and Vietnam respectively. During the period under review, the Group's German Ground Solar Energy Project operated smoothly, providing long-term and stable support for the local electricity supply. NOVAGO Sp. z o.o. is the Group's first overseas M&A project in Poland. During the first half of 2019, the project proactively dealt with the challenges in environmental regulation changes in Poland, focused on compliance and operational optimisation, and processed over 305,000 tonnes of municipal wastes. Since its completion and commencement of operation in 2018, the Vietnam Can Tho Waste-to-energy Project has experienced stable operations and met emission standards. In the first half of 2019, the project processed approximately 84,000 tonnes of local domestic waste, accounting for approximately 60% the same period of total waste clearance and transportation in Can Tho City, providing green electricity of approximately 23,440,000 kWh.

Mr. Wang Tianyi, CEO of Everbright International, said, "Striving to transform and upgrade its business in 2019, Everbright International achieved significant progress and results during the first half of the year. Looking forward, the Group will continue leveraging its strengths in traditional business sectors, such as waste incineration, waste water treatment and hazardous waste treatment, in order to promote the synergistic development of all its business sectors. On the other hand, the Group was devoted to the development of a full industry chain relating to solid waste treatment, ranging from project investment, construction and operation to equipment manufacturing, as well as from disposal at the back end to waste sorting at the front end in a bid to boost synergy between different industries and enhance efficiency."

Mr. Wang Tianyi highlighted, "In terms of its strategy, the Group will establish a '1+2+4+10' development framework. The number '1' refers to Everbright International as a whole, a Hong Kong-listed enterprise that strives to grow from a domestic industry leader into a world-leading ecological and environmental group; the number '2' represents Everbright Water and Everbright Greentech, 2 listed companies under the Group; the number '4' stands for 4 listed stocks; and the number '10' refers to the 10 major business areas that Everbright International is set to build in the future. These areas include: (1) environmental energy, which includes waste-to-energy and integrated waste

treatment; (2) greentech, which focuses on biomass power generation, industrial hazardous waste treatment and soil remediation; (3) environmental water, which includes municipal waste water treatment and water environment treatment; (4) eco-recycling, which focuses on waste sorting and recycling of resources; (5) greenenergy, which aims at energy conservation industry, including energy-saving lighting for urban streets; (6) equipment manufacturing, which is devoted to expanding types of equipment products and seeking synergetic development with other business sectors of the Group; (7) international business, which will proactively and steadily expand international business along the 'Belt and Road' route; (8) the ecological and environmental planning and design institute, which targets to become a national first-class planning and design institute through acquisition and restructure; (9) green technological innovation and research institute, which will have presence in 4 cities, namely Hong Kong, Shenzhen, Nanjing and Qingdao, with an aim of becoming a world-class center that is specialised in green technological innovation and commercialisation of research results; (10) zero-waste city research institute, which will focus on exploring proper technologies and business models for the development of 'Zero-Waste cities'. On the back of the robust and synergistic development of these ten business areas, the Group is set to achieve high-quality and sustainable development."

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About China Everbright International Limited

China Everbright International Limited is a flagship company in the industrial investment sector of China Everbright Group Ltd. Everbright International is listed on The Stock Exchange of Hong Kong Limited (“HKEX”) (257.HK). It has two listed subsidiary companies: China Everbright Water Limited, which is dual listed on Singapore Exchange Securities Trading Limited and HKEX (U9E.SG and 1857.HK), and China Everbright Greentech Limited, which is listed on HKEX (1257.HK). After over a decade of development, Everbright International has become a leading enterprise in China and Asia’s environmental protection industries, as well as an internationally-renowned ecological and environmental management group. It is the first one-stop integrated environmental solution provider in China, with its main businesses covering waste-to-energy, food waste treatment, waste sorting, environmental sanitation integration, waste water treatment, reusable water, water supply, water environment management, integrated biomass utilisation, hazardous and solid waste treatment, ecological restoration, solar energy, wind power, technology research and development, planning and designing, equipment manufacturing, analysis and testing, as well as environmental protection industrial parks. Everbright International has a business presence in over 170 locations across 22 provinces and municipalities in China, as well as in Germany, Poland and Vietnam.

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