



[Press Release]



中國光大國際有限公司

## China Everbright International Limited

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**Everbright International Announces Results for 2012  
Operating Results Achieved New Height with  
Profit Attributable to Equity Shareholders Exceeding HK\$1 billion  
Establishing a New Era for Development  
with Fruitful Market Development and Strong Financial Foundation**

### Financial Highlights

	As of 31 December		
	2012	2011	Change (%)
	<u>HK\$'000</u>	<u>HK\$'000</u>	
Turnover	<b>3,409,938</b>	3,486,697	-2
Gross Profit	<b>1,683,672</b>	1,438,319	17
Gross profit margin	<b>49%</b>	41%	8
EBITDA on recurring basis	<b>1,564,705</b>	1,292,214	21
Profit attributable to equity shareholders	<b>1,123,269</b>	801,441	40
Basic earnings per share (HK cents)	<b>29.65</b>	21.86	36
Return on shareholder's equity	<b>15%</b>	14%	1
Total dividends (HK cents)	<b>6.0</b>	4.5	33

(Hong Kong, 28 February 2013) China Everbright International Limited ("Everbright International" or the "Group") (HKSE: 00257) is pleased to announce its audited annual results for the year ended 31 December 2012.

With continued weakness in the global economy and unresolved global economic uncertainties such as the European debt crisis and the U.S. financial cliff, major countries worldwide are in need of stimulus to drive economic growth and transformation. In such circumstances, active development of the green economy has become a key growth

driver as the world faces the challenge of climate change.

In a bid to secure an advantageous position in the next round of economic competition, China has endeavoured to develop energy conservation and environmental protection industry. In 2012, the State ranked energy conservation and environmental protection first among the seven “Strategic Emerging Industries” under its “Twelfth Five-Year Plan”. The National Development and Reform Commission (“NDRC”) has also refined the waste-to-energy tariff policy and provided concrete support to the environmental protection industry through special subsidies. In addition, social aspiration for environmental protection is ever increasing. All these bring huge development opportunities and challenges to the Group.

2012 was a year of reorganisation and also a fruitful year for the Group. During the year, under favourable national policy, the Group was able to achieve breakthroughs in market expansion, internal management, technology research and development, design and technology optimisation, fund raising and financing, extension in industry chain and transfer of non-core business, with its upheld objective of “Creating a new horizon of steady and sustainable development by drastic reorganisation” and guiding operating philosophies of “Integrity, Efficiency, Pragmatism and Innovation”. Through developments, the Group accommodates well to the more complex and intense market competition, and manages to reach a new horizon.

In 2012, the Group’s consolidated turnover from continuing operations amounted to HK\$3,409,938,000, a decrease of 2% from HK\$3,486,697,000 of 2011. The EBITDA on recurring basis amounted to HK\$1,564,705,000, a rise of 21% from HK\$1,292,214,000 of last year. Profit attributable to equity shareholders of the Company for the year of 2012 was HK\$1,123,269,000, 40% more than the HK\$801,441,000 of 2011. Basic earnings per share were HK29.65 cents, HK7.79 cents more than the HK21.86 cents in the previous year.

## **Environmental Protection and Alternative Energy Businesses**

To keep pace with the rapid development of environmental protection and alternative energy industries, the Group actively explores business opportunities in domestic and overseas markets. Up to the end of 2012, the Group has secured 66 environmental protection and alternative energy projects with a total investment of approximately RMB16.492 billion. Of these projects, those with completed construction accounted for a total investment of approximately RMB8.14 billion, while those currently under construction accounted for a total investment of about RMB2.876 billion. The estimated total investment of projects still in the preparatory stage was approximately RMB5.476

billion (amounted to RMB4.176 billion after deducting the investment of the biomass power generation projects of which construction has been postponed).

During the year under review, the turnover from environmental protection and alternative energy business sectors amounted to HK\$3,409,484,000 in which the construction service revenue decreased by 24% to HK\$1,601,950,000 and the operation service revenue was increased by 44% to HK\$1,212,540,000 as compared with 2011. The proportion of the revenue is as follows: construction service revenue 47%, operation service revenue 36% and financial income 17%.

In its energy conservation and emission reduction operations, the Group processed household and industrial waste of 3,711,000 tonnes and 45,000 m<sup>3</sup> respectively, agricultural waste of 429,000 tonnes and generated green electricity of 1,307,547,000 kWh during the year under review. This output can support the annual electricity consumption of 1,090,000 households and is equivalent to saving consumption of standard coal of 523,000 tonnes and reducing carbon dioxide (CO<sub>2</sub>) emissions by 1,285,000 tonnes. Meanwhile, the Group treated waste water of 508,822,000 m<sup>3</sup> and leachate of 757,000 m<sup>3</sup> from waste-to-energy plants and reduced COD emissions by 192,000 tonnes. Since the Group's first environmental protection project commenced operation in 2005, the Group has processed an accumulated household and industrial waste of 11,445,000 tonnes and 176,000 m<sup>3</sup> respectively, agricultural waste of 516,000 tonnes and generated green electricity of 3,625,280,000 kWh, which can fulfill the annual electricity consumption of 3,021,000 households and save the equivalent of standard coal of 1,450,000 tonnes, reducing CO<sub>2</sub> emissions by 3,232,000 tonnes and preventing the cutting of 471 million trees. The Group has treated an accumulated waste water of 2,653,109,000 m<sup>3</sup> and leachate of 1,720,000 m<sup>3</sup> from waste-to-energy plants and reduced COD emissions by 1,030,000 tonnes.

## **Environmental Energy**

As at 31 December 2012, the Group had 20 waste-to-energy projects and 4 industrial solid waste and hazardous waste landfill projects that commanded a total investment of approximately RMB9.961 billion. The facilities were designed with the annual capacity to process household waste of approximately 6,807,000 tonnes which can generate on-grid electricity of approximately 1.989 billion kWh annually. The annual capacity of the industrial solid waste and hazardous waste landfill is approximately 115,000 m<sup>3</sup>.

During the year under review, the Group's environmental energy projects processed a total household waste of 3,711,000 tonnes, solid waste of 45,000 m<sup>3</sup> and generated a total on-grid electricity of 825,490,000 kWh, an increase of 52%, a decrease of 2% and an

increase of 49% respectively as compared with 2011. The environmental energy projects brought an EBITDA of HK\$996,743,000, an increase of 21% from last year. The growth in profit was mainly attributable to the recognition of construction service revenue and cost saving during the year as well as the continual increase in total processing volume of the operating projects which enhanced the operation service revenue.

The Group constantly learns from experiences, equips itself adequately, has an insight into the market, concentrates resources and makes every effort to develop the environmental energy sector. In January 2012, the Group has successfully secured the waste-to-energy project in Nanjing of Jiangsu Province. In the meantime, the Group implemented the strategic plan successfully and secured further new waste-to-energy projects in Ningbo of Zhejiang Province, Wujiang and Pizhou of Jiangsu Province, Sanya of Hainan Province, Weifang and Shouguang of Shandong Province and Boluo of Guangdong Province, and a hazardous waste landfill project in Guanyun County of Jiangsu Province. The 8 new waste-to-energy projects add a total designed daily household waste processing capacity of 8,100 tonnes (10,950 tonnes if including phase II projects which have not been activated yet), enhancing greatly the scale of our waste-to-energy business which facilitate the Group becoming the largest investor, contractor and operation service provider in the waste-to-energy industry in China.

During the year under review, the Group completed upgrading its operating projects in accordance with the Euro 2000 Standard (currently the most stringent standard in the world) and has become the first enterprise in China with gas emission of all operating waste-to-energy projects complying with the Euro 2000 Standard, ensuring and consolidating its leadership role in China.

In March 2012, the NDRC issued a “Notice in relation to the Optimisation of Waste-to-energy Power Tariff Policy”, which set the benchmark power tariff for waste-to-energy projects across the country at RMB0.65/kWh, effective as of 1 April 2012. All of the Group’s waste-to-energy projects have benefited from this policy in that the new tariff is RMB0.02 to RMB0.15 per kWh higher than what the Group’s waste-to-energy projects received previously. The increase in electricity tariff will have a favourable impact on the Group’s long term development in the waste-to-energy industry in China.

## **Environmental Water**

As at 31 December 2012, the Group’s environmental water sector owned a total of 18 waste water treatment plants and 3 reusable water projects, commanding a total investment of RMB3.139 billion. The projects are designed with an annual treatment capacity to treat waste water of approximately 657,000,000 m<sup>3</sup> and provide reusable

water of 22,334,000 m<sup>3</sup> annually. Meanwhile, there are 2 BT projects commanding a total investment of RMB447 million.

During the year under review, environmental water projects treated waste water of 508,822,000 m<sup>3</sup>, an increase of 2% as compared with last year. These operations brought an EBITDA of HK\$442,860,000, 1% more than in the previous year.

The Jiangyin Reusable Water Project (the "Jiangyin Reusable Water Project") Phase I is the Group's third reusable water project following projects in Zibo and Jinan. It currently supplies reusable water of 10,000 m<sup>3</sup> per day. The project underwent system commissioning and trial operations starting in November 2012 and commenced commercial operation in January 2013. The commencement of the project's commercial operation signifies a successful extension of the Group's industry chain in the field of waste water treatment in Jiangyin. It also marks the beginning of reusable water utilisation in the development of municipal infrastructure for the Jiangyin National Hi-Tech Industrial Development Zone, and is another great example of water recycling and reutilisation by the Group.

During the year under review, the Group has established cooperation between its environmental energy and environmental water sectors, identifying a new method of power generation in Jiangyin through the incineration of dehydrated sludge. At present, the sludge generated from Jiangyin waste water treatment plant is dehydrated and transported to the Jiangyin waste-to-energy plant for incineration, thereby addressing not only the issue of sludge disposal, but also generating green electricity.

## **Alternative Energy**

As at 31 December 2012, the Group had secured 18 alternative energy projects, including 8 photovoltaic energy projects, 6 biomass power generation projects, 2 methane-to-energy projects and 2 waste water source heat pump projects. These projects commanded a total investment of approximately RMB2.855 billion, were designed with a total annual agricultural waste processing capacity of approximately 1,643,000 tonnes, and have the annual capacity to generate 1,167,000,000 kWh of on-grid electricity.

During the year under review, the Group's alternative energy projects have provided a total on-grid electricity of 269,363,000 kWh, and brought in an EBITDA of HK\$205,157,000, an increase of 108% as compared with last year. The increase in profit was mainly due to the completion of construction of 3 photovoltaic energy projects which began operating at the end of 2011 which contributed to the increase in operation service revenue for the year. In addition, the completion of the final construction account of

Dangshan Project also resulted in the recognition of construction cost saving.

During the year under review, the Group continued to pay close attention to the national policies related to the alternative energy industry. It was able to make timely adjustments on a number of biomass power generation projects under development which were affected by the local economic situation and uncertain policies in the first half of 2012, while reallocating the original project's funding to the biomass power generation projects for the Group's newly secured waste-to-energy projects. For the Dangshan Biomass Power Generation Project which is already in operation, the Group has strengthened its management levels and enhanced its biomass collection and storage system. The project's current operations are stable, at optimum efficiency levels, and leading in various technical indicators among comparable projects.

### **Environmental Protection Engineering**

The Group has remained committed to its philosophy of "Producing quality facilities and building a brand" from its method of management down to its execution of construction work. In 2012, 24 projects with a total investment of RMB8.707 billion were under construction or in preparatory stages. During the year, the construction of Suqian Hazardous Solid Waste Landfill Project, Jiangyin Reusable Water Project, Zibo Heat Pump Project Phase II, Suzhou Waste-to-energy Project Phase III and Changzhou Equipment Manufacturing Centre were completed. The Dezhou Nanyunhe Waste Water Treatment Project Phase I had finished the Grade 2 water discharge milestone. The Xinyi Surface Water Project had also completed the construction of purification plant and pipeline and had partly transferred in January 2013. The total designed waste processing capacity of Suzhou Waste-to-energy Project Phase I, II and III has reached 3,550 tonnes after the commencement of operation of Suzhou Waste-to-energy Project Phase III, making it the largest waste-to-energy project in China. With the continuous development of new projects, the Group will experience an important year for project construction in 2013. It is anticipated that construction service revenue will continue to be the Group's main revenue source and growth driver.

### **Environmental Protection Technology**

In the beginning of 2012, the Group established a priority in 8 fields for R&D, with budget more than RMB20 million in total. On top of the RMB10 million and RMB4 million subsidies for the Zhenjiang Waste-to-energy Project and Suqian Waste-to-energy Project from the NDRC, the Group's Changzhou Equipment Manufacturing Centre also secured a special subsidy of RMB9.7 million from the PRC Central Government.

Furthermore, the Group's self-developed hydraulic grate furnace passed the environmental protection technology assessment by the Chinese Society for Environmental Sciences in May 2012. This self-developed furnace combustion system and combustion control system has been applied to the waste-to-energy projects in Jiangyin, Zhenjiang and Suqian. The operating results have shown that the ignition loss rate of slag was under 3%, attaining a very high burning efficiency of 96% and a stable operating duration exceeding 8,000 hours per year. This accomplishment demonstrates that the new grate furnace technology developed by the Group is suitable for treating household waste in the PRC, and that their production, installation, operation and investment have reached international standards for similar technologies.

During the year under review, 30 patents were filed by the Group, of which 13 were invention patents and 17 were new utility invention patents. The Group will continue to strengthen its efforts in advancing R&D and expand investment in specified technologies. The Group will continue to expand its business scope and set a direction for continuing development through the innovations of its strong R&D team.

### **Environmental Protection Equipment Manufacturing**

Environmental Protection Equipment Manufacturing is a new business sector for the Group. The Group's production base for environmental protection equipment is located in Changzhou City of Jiangsu Province and has already started production in July 2012. With the establishment of clear target and organization structure, the Group has established 5 key departments of Research and Development, Production Management, Technology Management, Sale & Marketing and Human Resources Management with high standard. These will further facilitate the Group to extend its value chain and increase its competitive advantage. Currently, it mainly manufactures grate furnaces, sludge treatment equipment and emission purification equipment for its waste-to-energy projects. The grate furnaces and automatic control systems for the new projects secured in 2012 were included in its production plan. In addition, the development of an entire line of waste-to-energy equipment is under planning, marking a new milestone in the development of the Group's mid and upstream environmental protection markets.

### **Infrastructure**

The Group has disposed of its 80% equity interest in the Fuzhou Qingzhou Bridge and the shareholder's loan in May 2012 for a consideration of approximately HK\$657,629,000. The disposal was completed in June 2012. During the year under review, the Fuzhou Qingzhou Bridge brought the Group a net profit of HK\$250,096,000, which included a net gain on disposal of HK\$209,768,000, and a net operating profit of HK\$40,328,000.

## Looking Ahead

With regard to Everbright International's business prospects, Mr. Chen Xiaoping, Chief Executive Officer of Everbright International, said, "2013 is a year where further changes are expected, with stronger supporting policies from the State, inspiration from the 18th CPC Congress, and the continued comprehensive support from our parent company, China Everbright Holdings Company Limited, we are confident of our future development. While focusing on developing its core businesses of environmental energy and environmental water, the Group will continue to expand its alternative energy projects. It will also capitalise on its strong innovation capabilities and core competencies to develop its environmental protection equipment manufacturing business. As such, the Group can extend its reach across the industry chain, develop markets in all economic regions and continue expanding its market share through R&D and innovations. Meanwhile we embrace opportunities, the Group will respond to crises in a prompt and timely manner. Facing continued turmoil in external economic environments and a slowdown in China's economy, the Group will closely monitor changes in the global economic environment and develop its business with a prudent and risk adverse approach. Towards this end, the Group established the invaluable corporate objectives of "Unify understanding, Clarify objectives, Improve overall efficiency in all operations and Develop steadily" in addition to the operative values of "Preparing for crisis in good times, Staying calm when faced with challenges, Initiating timely and appropriate actions, and Preparing for the next boom". Through achieving these objectives and fulfilling these values, the Group seeks to enhance its internal risk management and corporate governance, respond effectively to global economic crisis and continue to maximize shareholder value."

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### **About China Everbright International Limited**

China Everbright International Limited focuses on its core businesses in green environmental protection and alternative energy. These mainly include waste-to-energy, biomass power generation, solar photovoltaic energy, wind power, methane-to-energy, solid waste landfill, waste water treatment, reusable water, environmental protection engineering, technological research and development, environmental protection equipment manufacturing as well as planning and construction of environmental protection industrial parks etc.

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