

Everbright International Announces 2018 Annual Results

Financial Highlights

	For the year ended 31 December		Change
	2018 HK\$'000	2017 HK\$'000	
Revenue	27,227,998	20,043,116	36%
Gross Profit	9,430,596	7,132,515	32%
EBITDA	8,994,788	6,863,209	31%
Profit attributable to equity holders of the Company	4,319,235	3,509,990	23%
Basic earnings per share (HK cents)	85.77	76.20	13%
Total dividend (HK cents)	24.0	24.0	N/A
Cash on hand	15,974,480	10,838,364	47%
Total assets	95,121,637	73,123,192	30%
Gearing ratio	57%	61%	↓4ppt

12 March 2019, Hong Kong –China Everbright International Limited ("Everbright International" or the "Company", together with its subsidiaries, collectively the "Group") (SEHK: 00257), today announced its audited annual results for the year ended 31 December 2018 ("year under review").

The year of 2018 marked the Group's 15th anniversary of its transformation into an environmental protection enterprise. During the year, the Group also began to develop with a goal of becoming a world-leading ecological and environmental group, which was set in the "Four, Three, Three" Initiative launched by China Everbright Group Ltd. Embracing the golden era of the industry and the immense market potential, the Group completed a HK\$10 billion rights issue within the year under review, raising net proceeds of approximately HK\$9.924 billion. The fund raised from the rights issue has provided sufficient funding to facilitate the rapid business growth of the Group in the future. This also brought the Group's gearing ratio to a healthier level and increased its capacity for debt financing necessary to support its long-term development.

Regarding operating results, the Group continued facilitating the concurrent development of its six major business sectors during the year under review. Its revenue, profits before tax and profits attributable to equity holders of the Company all recorded stable growth. The Group's project construction continued progressing rapidly, with the number of projects under construction hitting a record high, resulting in continued growth in construction service revenue. The Group also saw significant growth in revenue from operation services, as it continued reducing costs, expanding its income streams and enhancing efficiency, in addition to continued growth in the number of operating projects. During the year under review, the Group's consolidated revenue amounted to HK\$27,227,998,000, an increase of 36% over HK\$20,043,116,000 in 2017. EBITDA amounted to HK\$8,994,788,000, an increase of 31% over HK\$6,863,209,000 in 2017. Profit attributable to equity holders of the Company was HK\$4,319,235,000, 23% more than HK\$3,509,990,000 recorded in the previous year. Basic earnings per share for 2018 was HK85.77 cents, HK9.57 cents higher than restated amount of HK76.20 cents in 2017. The Group has ready access to financing channels, with abundant capital and a healthy gearing ratio. It also performed well across all financial indicators.

During the year under review, the Group's environmental energy, environmental water and greentech projects generated a total revenue of HK\$25,585,461,000, of which construction service revenue increased by 25% to HK\$16,598,756,000 and operation service revenue increased by 64% to HK\$6,396,435,000, as compared with 2017. The proportions of revenue are as follows: construction service revenue 65%, operation service revenue 25% and finance income 10%.

In terms of market expansion, during the year under review, the Group secured a total of 58 new projects and signed 6 supplementary agreements for existing projects, which in aggregate commanded a total investment of RMB23.522 billion. Besides, the Group undertook 9 environmental remediation services during the year, with a total contract value of approximately RMB187 million. During the year under review, the Group achieved breakthroughs in new business areas, such as environmental remediation, and entered Gansu and Fujian provinces. It further optimised its business development planning by aligning itself with national strategies such as the Yangtze River Economic Belt and the "Belt and Road" Initiative. As a result of these efforts, the Group has expanded its presence to over 150 locations across 20 provinces and municipalities in China, as well as overseas markets including Germany, Poland and Vietnam.

In terms of project construction, the Group's project construction works progressed smoothly, driving steady growth in construction service revenue. In 2018, the number of construction sites reached 93, of which 36 projects completed construction and commenced operation, while 45 projects commenced construction. The Group started 8 environmental remediation services and 2 of them were completed.

As at 31 December 2018, the Group had secured 324 environmental protection projects, which command a total investment of approximately RMB94.485 billion. Among these projects, 196 projects had completed construction, with a total investment of approximately RMB43.787 billion; 57 projects were under construction, with a total investment of approximately RMB26.052 billion; and 71 projects were in the preparatory stage, with a total investment of approximately RMB24.646 billion.

Environmental Energy

During the year under review, the Group's environmental energy projects processed a total of 18,236,000 tonnes of household waste, an increase of 55% as compared with 2017. All projects generated 5,419,543,000 kWh of on-grid electricity in total, an increase of 58% as compared with 2017. Environmental energy projects contributed an EBITDA of HK\$5,407,348,000, an increase of 29% as compared with 2017. Environmental energy projects contributed a net profit attributable to the Group of HK\$3,424,444,000, an increase of 27% as compared with 2017. The increase in profit was mainly attributable to the significant growth in revenue from operation services, due to the continuing increase in the aggregate processing capacity of the operating projects.

During the year under review, in terms of market expansion, the Group secured 28 new projects and 2 supplementary agreements for its existing projects, with a total investment of approximately RMB14.992 billion. Among these projects, there were 18 waste-to-energy projects and 2 supplementary agreements for existing waste-to-energy projects of the Group, commanding a total investment of approximately RMB13.953 billion, with an increase of designed daily household waste processing capacity by 23,100 tonnes, up by 71% as compared with 2017.

Regarding project construction, during the year under review, 15 projects completed construction and commenced operation. Among these projects, 13 waste-to-energy projects completed construction and commenced operation, with a total designed daily household waste processing capacity of 7,500 tonnes. In addition, 20 projects commenced construction during the year. Among these projects, 15

waste-to-energy projects commenced construction, with a total designed daily household waste processing capacity of 17,750 tonnes. These projects are expected to complete construction and commence operations in 2019 and 2020.

During the year under review, the environmental energy sector obtained various subsidies of approximately RMB164 million in total.

As at 31 December 2018, 56 waste-to-energy projects commenced operations, with a total designed daily household waste processing capacity of 46,600 tonnes. Besides, the Group had 21 waste-to-energy projects under construction, with a total designed daily household waste processing capacity of 24,650 tonnes. It also had 16 waste-to-energy projects in the preparatory stage, with a total designed daily household waste processing capacity of 15,850 tonnes.

Environmental Water

As at 31 December 2018, the Group held a 75.24% stake in China Everbright Water Limited (“Everbright Water”). During the year under review, the environmental water projects treated 1,271,248,000 m³ of waste water. Environmental water projects contributed an EBITDA of HK\$1,437,774,000, an increase of 21% when compared with 2017. Environmental water projects contributed a net profit attributable to the Group of HK\$512,290,000, an increase of 29% when compared with 2017. The increase was mainly due to the significant growth in revenue driven by continual expansion of the business.

In terms of market expansion, during the year under review, Everbright Water secured 15 new projects and signed 4 supplementary agreements to its existing projects, commanding a total investment of approximately RMB3.579 billion and contributing an aggregate designed daily water treatment capacity of 476,600 m³.

In terms of project construction, during the year under review, Everbright Water had 9 new projects under construction. These projects included 8 waste water treatment projects, with a total designed daily waste water treatment capacity of 280,000 m³. These projects also included 1 water supply project with a designed daily water supply capacity of 50,000 m³. In addition, 9 projects completed construction and commenced operation, with a total daily waste water treatment capacity of 30,000 m³.

During the year, Everbright Water obtained various subsidies of exceeding RMB80 million in total.

As at 31 December 2018, Everbright Water had 72 municipal waste water projects in operation (including projects in trial run), 5 industrial waste water treatment projects in operation (including projects in trail run), and 1 municipal waste water project that had completed construction. These projects have a total designed daily waste water treatment capacity of 3,865,000 m³. In addition, Everbright Water had 13 projects under construction, including 9 waste water treatment projects, with a designed daily waste water treatment capacity of 290,000 m³, 2 water environment management projects, and 2 water supply projects.

Greentech

As at 31 December 2018, the Group held a 69.7% stake in China Everbright Greentech Limited (“Everbright Greentech”). During the year under review, greentech projects generated aggregate on-grid electricity of 2,873,871,000 kWh, an increase of 72% as compared with 2017. Greentech projects contributed an EBITDA of HK\$2,179,350,000, a 41% increase over 2017; net profit attributable to the Group was HK\$941,558,000, a 20% increase over 2017. The increase in profit was mainly due to the significant increase in both construction and operation service revenues as compared with 2017.

In terms of market development, during the year under review, Everbright Greentech secured 15 new projects, commanding a total investment of approximately RMB4.953 billion; it also undertook 9 environmental remediation services, with a total contract value of approximately RMB187 million.

Regarding project construction, during the year under review, Everbright Greentech had a total of 16 projects under construction throughout the year under review, hitting a historical high. These projects include: 10 integrated biomass utilisation projects, with a designed daily household waste processing capacity of 1,150 tonnes, and a designed annual biomass raw materials processing capacity of 2,050,000 tonnes; 6 hazardous and solid waste treatment projects, with a designed annual hazardous and solid waste treatment capacity of 113,000 tonnes. Other than that, 8 environmental remediation services started relevant services during the year. Separately, Everbright Greentech had 12 projects that completed construction and commenced operation. These projects include: 7 integrated biomass utilisation projects, with an aggregate designed daily household waste processing capacity of 1,200 tonnes and a designed annual biomass raw material processing capacity of 1,189,800 tonnes; 5

hazardous and solid waste treatment projects, with a designed annual hazardous and solid waste treatment capacity of 83,000 tonnes. Besides, 2 environmental remediation services completed relevant remediation works during the year under review.

During the year under review, Everbright Greentech obtained various subsidies exceeding RMB97 million.

As at 31 December 2018, Everbright Greentech had 43 projects in operation, with a designed daily household waste processing capacity of 2,800 tonnes, an annual processing capacity of biomass raw materials of 4,269,800 tonnes and an annual hazardous and solid waste treatment capacity of approximately 213,980 tonnes; 18 projects under construction, with a designed daily household waste processing capacity of 2,150 tonnes, an annual processing capacity of biomass raw materials of 2,800,000 tonnes and a designed annual hazardous and solid waste treatment capacity of 93,000 tonnes; and 32 projects that were in the preparatory stage, with a designed daily household waste processing capacity of 4,400 tonnes, an annual processing capacity of biomass raw materials of 1,630,000 tonnes and an annual hazardous and solid waste treatment capacity of approximately 691,050 tonnes.

Envirotech

During the year under review, the Group achieved significant progress in the commercialisation of technological research results, as it boosted its effort in technological development. In the area of solid waste treatment, envirotech collaborated with the Group's environmental energy sector to develop a set of technologies relating to high-parameter, high-speed turbine generator, the first of such types in China, at Jiangyin Waste-to-energy Project Phase III, which is able to generate electricity of 600 kWh per tonne of waste. Envirotech developed plasma melting technology for the treatment of fly ash that is generated from waste-to-energy process and completed the design of a set of systematic process with the processing capacity of 30 tonnes per day; with independent intellectual property rights, this technology facilitates Zhenjiang Waste-to-energy Project to become a benchmark project, and also laid a solid foundation for the localisation and industrialisation of such technology. Envirotech also developed flue gas recirculation technology, which was successfully applied to 12 projects of the Group, including Shouguang Waste-to-energy Project, Zouping Waste-to-energy Project and Laiyang Waste-to-energy Project, etc. In addition, envirotech developed an automatic combustion control (ACC) system, which had been applied to 21 waste-to-energy projects; this

combustion system enabled these projects to realise full automatic control of the waste incineration system, alleviates the operators' workload of these projects and ensures stable loading and outputs. In the area of water environment management, envirotech developed different techniques and processes that continued boosting the Group's core technological competitiveness, including: a set of process relating to biological aerated filters with Everbright's characteristic that delivers effective denitrification results, the development of a set of process relating to high-density sedimentation tank with independent intellectual property rights, and also designed a set of new type devices for the integrated treatment of rural waste water. Envirotech obtained various technology subsidies of approximately RMB9.60 million in total by the government during the year.

In respect of technology exchange, the Group continued looking for collaboration and exchange in technological innovation, with an open and flexible manner. During the year under review, the Group signed a contract with Qingdao University of Technology ("QUT") to jointly launch Everbright-QUT Research Institute of Environmental Technology, the first dioxin testing and control engineering research center in Shandong Province. The institute targets to begin with high standard dioxin testing services and become a national examination and testing authority. It aims to become a national platform with international standard that integrates testing services, technological R&D, technological consultation and social services in the environmental sector.

During the year under review, the Group was granted a total of 212 patents and software copyright licenses, including 1 international invention patent and 8 domestic invention patents, 187 were utility invention patents, and 16 were software copyright licenses. The Group also published a book named Leachate Treatment Technology and Engineering for Waste Incineration Plants. During the year under review, the Group's multi-step hydraulic mechanical waste grate furnace and its control method was granted a letter of patent by the Indonesian authorities.

Equipment Manufacturing

In 2018, the Group closely adhered to the national policy trends and grasped development opportunities accordingly. Through the implementation of key initiatives, such as acquisition of talent, enhancement of technology capacity, launch of new products, enhancement of productivity and offering of excellent services, the Group's equipment manufacturing sector achieved a new round of growth, with external sales posting excellent results. As a result, the sector's overall competitiveness was continued being enhanced.

In terms of sales performance, the Group secured 31 external sales contracts in 2018. A total of 75 sets of equipment were sold to external markets, an increase of 25% as compared with 2017. The equipment sold consisted of 35 sets of grate furnaces, with the 750 tonnes/day grate furnace successfully entering the Indian market; 25 sets of gas purification systems; and 15 sets of leachate treatment systems. The contracts secured in 2018 had a total value of approximately RMB1.555 billion, double that of 2017.

In terms of equipment supply and services, during the year under review, the Group commenced a total of 39 service items that span across 15 provinces in China and Vietnam. These include an EPC project and 2 equipment contracting projects. In 2018, the Group provided 60 sets of grate furnaces to its internal projects, with production capacity up by 36% as compared with 2017. In 2018, these furnaces contributed a total designed daily waste processing capacity of 32,400 tonnes, up by 84% compared with 2017. In 2018, the Group sold 23 sets of grate furnaces, 18 sets of gas purification systems and 11 sets of leachate treatment systems.

Separately, after-sales services of the equipment manufacturing sector contributed more economic benefit, with the total contract value of the after-sales services increased by 4.6 times from 2017 to RMB29 million, the first time ever that this figure surpassed RMB10 million. The number of after-sales services projects was 66 in total, up by 40% as compared with 2017, including 48 internal projects and 18 external projects.

In terms of new technology and new product development, the Group's self-developed technology capability was improved remarkably. In 2018, the Group completed 17 design optimisation projects and 16 design projects as the sole designer. It also developed 4 new products, including the self-developed 850 tonnes/day grate furnace, which is by far the largest grate furnace manufactured in China.

During the year under review, equipment manufacturing obtained various subsidies totaling approximately RMB12 million.

Eco-recycling

In 2018, the Group established the eco-recycling sector in 2018. As the Group's new business sector, the eco-recycling sector mainly focuses on environmental services and renewable resources utilisation, with an aim of becoming China's first-class investor, operator and services provider in the area of integrated urban-rural environmental management. The sector is currently exploring new technologies and business models. By leveraging on the Group's other major business sectors, it will gradually develop a full-chain business system that ranges from waste collection till end disposal.

International Business

During the year under review, the Group continued closely following China's overseas development strategies like the "Belt and Road" initiative. By leveraging on its advantages in investment, operation, management, technology and equipment, the Group proactively looked for exchange and communication opportunities globally, with an open, co-operative and win-win attitude, in an effort to increase the proportion of its overseas business in its overall business.

As at 31 December 2018, the Group had 3 overseas environmental protection projects in Germany, Poland and Vietnam. During the year under review, the Group's German Ground Solar Energy Project operated smoothly, providing stable electricity to the local communities for a long time. Separately, as the Group's first overseas acquisition project, NOVAGO Sp. z o.o. contributed revenue of HK\$473,170,000 and an EBITDA of HK\$133,864,000 during the year under review.

During the year under review, Can Tho Waste-to-energy Project in Vietnam, the Group's first overseas waste-to-energy project, completed construction and commenced operation. The project has become Vietnam's first high-standard, advanced waste-to-energy project. The Group is committed to developing the project into a local and regional benchmark, with an aim of further expanding the markets in Vietnam and even the Southeast Asian region.

Mr. Wang Tianyi, CEO of Everbright International, said, "The year of 2018 marked the 40th anniversary of China's reform and opening-up, it is also an important milestone in the history of the development of China's ecological and environmental protection industry. As China promotes ecological conservation, the country's environmental protection industry has entered a historical period for development. As a leading enterprise in the environmental protection industry in China and Asia, as well as a world-renowned ecological and environmental group, Everbright International

is driven by its corporate mission of being ‘Devoted to Ecology and Environment for a Beautiful China’ and aspires to its corporate pursuit of ‘Creating Better Investment Value and Undertaking More Social Responsibility’. In 2018, the Group achieved solid growth through enhancement of the quality, profitability and scale of its business, as well as improvement of its business penetration, expansion of its business chain and enrichment of its business scope, which led to remarkable operating results.”

Mr. Wang emphasised that “Looking at the global landscape in 2019, profound changes are in motion. The uncertainty and instability of the international environment are intensifying. Despite the difficult and complex domestic and external environment, countries around the world have not changed their political will and demand to resolve climate change and improve environmental quality. China has made continuous effort to promote ecological conservation, enhance the protection of the ecological environment, and prevent and control pollution. Over the past 15 years, the Group has put great effort into progressing forward and has developed its advantages in scale, quality, technology and culture, which combine to form the Group’s golden brand. Looking forward, the Group will develop with efficiency and vitality as an overseas enterprise, and demonstrate responsibility and capability as a state-owned enterprise. By continuing its strong growth momentum in 2018, the Group will continue leveraging its advantages in scale, quality, technology and brand to continue its effort in the future. It will foster new dynamics for innovation-driven development, and solidify the domestic market and expand overseas market, marching towards its strategic target of ‘Striving to Become a World-leading Ecological and Environmental Group’.”

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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. China Everbright Group is a large state-owned enterprise that is ranked among the Fortune 500 list. Everbright International is listed on the Main Board of The Stock Exchange of Hong Kong Limited (“HKEx”) (HKSE: 00257). It has two listed subsidiary companies: China Everbright Water Limited, which is listed on the Singapore Exchange Securities Trading Limited (SGX: U9E), and China Everbright Greentech Limited, which is listed on the Main Board of the HKEx (HKSE: 01257). 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 150 locations across 20 provinces and municipalities in China, as well as in Germany, Poland and Vietnam.

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