



中國光大國際有限公司

China Everbright International Limited

EVERBRIGHT INTERNATIONAL ANNOUNCES 2012 INTERIM RESULTS

**OUTSTANDING PROJECT DEVELOPMENT CONSOLIDATING
 THE COMPANY'S INDUSTRY LEADING POSITION
 SUSTAINABLE FINANCIAL STRENGTH LAYING FOUNDATION
 FOR THE NEXT ROUND OF DEVELOPMENT**

**TURNOVER DECREASED 21% TO HK\$1,387,552,000
 EBITDA ON RECURRING BASIS INCREASED 16% TO HK\$681,728,000
 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS INCREASED 72%
 TO HK\$605,148,000**

FINANCIAL HIGHLIGHTS (unaudited)

	For the six months ended		
	2012	2011	Change
	HK\$'000	HK\$'000 (restated)	
Turnover	1,387,552	1,749,453	-21%
Gross Profit	704,603	646,425	9%
EBITDA on recurring basis, of which	681,728	587,129	16%
- EBITDA contribution of environmental protection and alternative energy businesses	703,127	608,668	16%
Profit from discontinued operation	250,096	41,173	507%
Profit attributable to equity shareholders	605,148	351,668	72%
Basic earnings per share (HK cents)	16.46	9.61	71%
Interim dividend per share (HK cents)	3.0	2.0	50%

(Hong Kong, 22 August 2012) - China Everbright International Limited ("Everbright International" or "the Group") (SEHK: 00257), today announced its unaudited interim results for the six months ended 30 June 2012.

During the first half of 2012, the State ranked energy conservation and environmental protection first among the seven “Strategic Emerging Industries” under its “Twelfth Five-Year Plan”, and the National Development and Reform Commission (“NDRC”) has refined the waste-to-energy tariff policy and provided concrete support to the environmental protection industry through special subsidies. Benefitting from these favourable government policies, the Group has successfully secured four new waste-to-energy projects in Nanjing, Pizhou, Wujiang and Ningbo cities. Up to 30 June 2012, the Group has engaged in 62 environmental protection projects commanding a total investment of approximately RMB14.716 billion. In addition, the Group has secured three waste-to-energy projects in Sanya City of Hainan Province, Boluo County of Guangdong Province and Shouguang City of Shandong Province and a solid waste landfill project in Guanyun County of Jiangsu Province in July and August 2012. As at today, the Company has secured 8 projects, commanding a total investment of RMB4.1 billion. The Group has extended its business operations from Jiangsu, Shandong, Anhui and Guangdong Provinces to Zhejiang and Hainan Provinces. This has not only expanded its market presence across the country, but also laid a solid foundation for the Group’s next round of development.

The Group’s construction projects have reached record high. As at 30 June 2012, 20 projects under construction and under preparatory stage commanded a total investment of RMB6.931 billion. With a batch of projects completed and commenced operation in the past two years and the newly secured projects still under preparatory stage, the Group concluded its construction experience during the period under review to better prepare for the next peak construction cycle. It is expected that the new projects will generate substantial construction service revenue to the Group following the kicking-off of construction. As for operating projects, following the completion of trial runs and gradual operation in full load capacity, the new projects that commenced operation in the second half of 2011 has become a new growth driver of the Group. The steady increases in the waste processing volume, electricity generation and waste water treatment volume of the projects brought a remarkable growth of operation service revenue.

During the period under review, the Group’s consolidated turnover amounted to HK\$1,387,552,000, decreased by 21% from HK\$1,749,453,000 in the same period last year. During the period, the EBITDA on recurring basis amounted to HK\$681,728,000, an increase of 16% from HK\$587,129,000 in the first half of 2011. Profit attributable to equity shareholders during the period was HK\$605,148,000, a growth of 72% as compared to the same period last year. Basic earnings per share for the first half of 2012 was HK16.46 cents, HK6.85 cents more than HK9.61 cents in the same period last year. In addition, disposal of the Group’s interest in the Fuzhou Qingzhou Bridge during the first half of the year contributed a cash flow of approximately HK\$657,629,000. This has enhanced our capital strength. As at 30 June 2012, the Group had abundant cash on hand, amounting to

HK\$2,212,453,000, and maintained a reasonable gearing level and healthy financial position which will facilitate the future development of the Group.

During the period under review, the Group has been actively developing businesses in environmental energy, environmental water, construction engineering and technological research and development. The completion of its equipment manufacturing centre has spawned another business sector, advancing the Group's development from a downstream business into mid-stream and upstream business segments. The Group's dedicated efforts in the environmental protection business have been acknowledged by the country and the Group has received Central Government's subsidies and tax refund of RMB30 million. Moreover, Mr Chen Xiaoping, Chief Executive Officer of the Company, was honoured as the "2010-2011 Man of the Year in China's Green Industry" on 12 June 2012. This particular award was organised by 8 PRC governmental departments and committees, most notably the Ministry of Environmental Protection of the PRC. Winning the award constitutes industry recognition honouring Mr. Chen's dedication for the past eight years in developing the Group into a leading enterprise within the PRC's environmental protection industry, and his achievements and contributions in advancing the industry in the PRC.

In its energy conservation and emission reduction operations, the Group has processed household and industrial waste of 1,777,000 tonnes and agricultural waste of 196,000 tonnes and generated green electricity of 614,776,000 kWh during the period under review. This output can fulfill the annual electricity consumption of 512,000 households and is equivalent to saving the consumption of standard coal of 246,000 tonnes and reducing carbon dioxide (CO₂) emissions by 629,000 tonnes. Meanwhile, the Group has treated waste water (including leachate from waste-to-energy plants) of 253,788,000 m³ and reduced COD emissions by 110,000 tonnes.

Environmental Energy

As at 30 June 2012, the Group had 16 waste-to-energy projects, 4 industrial solid waste and hazardous waste landfill projects and 7 environmental protection industrial parks that carried a total investment of approximately RMB8.185 billion. The facilities are designed with an annual processing capacity of household waste of approximately 5.71 million tonnes which can in turn generate electricity of approximately 1.620 billion kWh annually. The annual industrial solid waste landfill capacity is approximately 115,000 m³.

During the period under review, the environmental energy projects of the Group together processed household waste of 1,754,000 tonnes, solid waste of 23,000 m³ and generated on-grid electricity of 387,239,000 kWh, an increase of 77%, 0% and 62% respectively compared with the same period last year. The environmental energy projects

brought an EBITDA of HK\$445,257,000, an increase of 20% over last year. The growth of profit was mainly attributable to the recognition of construction service revenue and cost savings during the period. In addition, the growth in processing volume in operating projects sustained the increase in the operation service revenue.

In the first half of the year, the Group has successfully extended its market into Zhejiang Province, signing an investment agreement of waste-to-energy project with the Beilun District Government of Ningbo City. Being the Group's first project in Zhejiang Province, it strives to help the Group to expand its environmental protection businesses in the Province. Meanwhile, the Group has further increased its investments in Jiangsu Province by constructing the waste-to-energy projects in Nanjing, Pizhou and Wujiang cities, which will further enhance the Group's systematic management in that region. Most recently, the Group has secured waste-to-energy projects in Sanya City of Hainan Province and Boluo County of Guangdong Province as the bidder with the highest score on 12 July 2012 and 25 July 2012 respectively. The Sanya project is the Group's first waste-to-energy project in Hainan Province. Moreover, the Company has secured a waste-to-energy project in Shouguang City of Shandong Province and a hazardous waste landfill project in Guanyun City of Jiangsu Province in August 2012.

To consolidate its leadership in the waste-to-energy industry, the Group proactively upgraded its operating projects in accordance with the Euro 2000 Standard (currently the most stringent in the world). The Group has become the first enterprise in the PRC with gas emissions of all operating waste-to-energy projects complying with the Euro 2000 Standard, underscoring its leadership role as the largest waste-to-energy project operator in the PRC and adhering to the highest standards.

On 28 March 2012, the NDRC issued a "Notice in relation to the Optimisation of Waste-to-energy Power Tariff Policy", which sets the benchmark power tariff of waste-to-energy projects across the country at RMB0.65/kWh, effective from 1 April 2012. The notice may facilitate the optimization of the waste-to-energy power tariff policy and the healthy development of the industry while foster resources saving and environmental protection. This will also have a favourable impact on the Group's long term development in waste-to-energy industry in the PRC.

Environmental Water

As at 30 June 2012, the Group's environmental water sector comprised a total of 19 waste water treatment projects, 3 reusable water projects and 1 surface water project with a total investment of RMB3.587 billion. The projects are designed with an annual waste water treatment capacity of approximately 657,000,000 m³, as well as to provide reusable water of

22,330,000 m³ and supply surface water of 36,500,000 m³ annually.

During the period under review, environmental water projects treated waste water of 253,788,000 m³, an increase of 10% as compared with last year. These operations brought an EBITDA of HK\$200,960,000, 12% higher than 2011. The increase in profit was mainly attributable to the steady increase in the volume of waste water treated, and the construction service revenue contributed by the construction work of the Xinyi Surface Water BT Project.

During the period under review, the Group has continued in further consolidation of its environmental water sector, stabilising operations and strictly complying with discharge standards. The Group conducted a series of adjustments and controls on water volume and water quality through carefully evaluating project agreements, sewage piping network deployment, work arrangement among factories and complementary water charges.

Alternative Energy

In recent years, energy consumption has been growing along with the continuous development of the global economy. The consumption of fossil fuels such as coal, oil and natural gases etc. also continues to increase. The Group strove to develop alternative energy businesses such as photovoltaic energy, biomass power generation, wind power, etc. to consolidate its leadership position in the industry.

Up to 30 June 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 an overall investment of approximately RMB2.855 billion, and provided a total designed annual processing capacity of agricultural waste of approximately 1,643,000 tonnes, and generate on-grid electricity of 1,167,000,000 kWh annually.

During the period under review, the Group's alternative energy projects have provided on-grid electricity a total of 128,128,000 kWh, and brought an EBITDA of HK\$56,910,000 which was comparable to last year. Moreover, the commencement of operation of 3 photovoltaic energy projects at last year end also contributed to the increase in the operating profit which offset the decline in construction service revenue.

During the period under review, the Group continued to pay close attention to the state 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. A total investment of approximately RMB1.621 billion, which was reserved for these biomass power generation projects, will be

invested in the waste-to-energy projects of the Group. The photovoltaic energy projects and the Dangshan Biomass Power Generation Project have been operating very well with efficiency in line with our expectation.

Environmental Protection Engineering

In the first half of 2012, the Group continued to develop its environmental protection engineering projects. As at 30 June 2012, 20 projects commanding a total investment of RMB6.931 billion (amounted to RMB5.310 billion after deducting the investment of the biomass power generation projects of which construction is postponed) are under construction or in the preparatory stage. Some of these projects will be gradually completed during this year. It is expected that more construction works will be secured in the future, making construction service revenue one of the major revenue sources for the Group. The Group has adhered to its philosophy of “producing quality facilities and building a brand” in carrying out its construction work, as well as its management. In the first half of 2012, the Company utilised the management experience accumulated in the construction and management of environmental protection engineering projects to establish a standardised engineering management system. This system encompasses construction standards, implementation rules and operation manuals. The Group aims to standardise the management of engineering projects to provide top engineering construction services, thus enhancing the overall efficiency of construction works. While we continue the construction of projects on hand, the Group continues to be guided by the operating philosophies of “Integrity, Pragmatism, Efficiency and Innovation” to build and operate every project according to the highest standards, thus consolidating the Group’s leading presence in the environmental protection industry in the PRC.

Environmental Protection Technology

The Group’s environmental protection technology is the foundation supporting its sustained development. During the period under review, by upholding an operating philosophy aspiring to bold innovation and the diligent execution of plans in carrying out its scientific work, the Group has increased its R&D investment in order to bolster its R&D capability and standard by introducing advanced domestic and overseas technology. During the period under review, the Group’s environmental protection equipment project secured a special subsidy of RMB9.7 million from the PRC Central Government. In addition, 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 type of self-developed furnace combustion system and combustion control system has been applied within the Jiangyin, Zhenjiang, and Suqian Waste-to-energy projects.

During the period under review, the Group was awarded 6 utility patents. The Group will continue to step up efforts in advancing R&D work in specified technologies, and through innovations to expand its business scope and set a direction for continuing development.

Environmental Protection Equipment Manufacturing

This is a new business segment for the Group. The Group's environmental protection equipment production base in Changzhou City of Jiangsu Province has already started production. Currently, it mainly manufactures grate furnaces, sludge treatment and emission purification equipment for the Group's waste-to-energy projects. The grate furnaces and automatic control systems for the new projects in Nanjing, Ningbo, Wujiang, Pizhou, Sanya, Boluo and Shouguang cities secured in 2012 have been included in its production plan. In addition, the development of an entire line of waste-to-energy equipment is under planning, which marks a new milestone in the development of the Group's mid-stream and upstream environmental markets.

Infrastructure Business

The Group's only non-core project, the Fuzhou Qingzhou Bridge, had brought good returns to the Group over the past few years. However, to further optimise resources allocation and focus capital on strengthening the traditional strong environmental protection businesses, the Group has disposed of its 80% equity interest in Fuzhou Qingzhou Bridge and shareholder's loan in May 2012 for a consideration of approximately HK\$657,629,000. The disposal was completed in June 2012. During the period under review, the Fuzhou Qingzhou Bridge brought a net profit of HK\$250,096,000, which included a profit on disposal of HK\$209,768,000 and net operating profit of HK\$40,328,000, to the Group. This disposal has strengthened the Group's cash position, and has facilitated the Group to expand and develop its core environmental protection projects. Subsequent to the completion of disposal, the Group has become an integrated environmental protection enterprise exclusively engaged in the environmental protection and alternative energy businesses.

Business Prospect

Mr. Chen Xiaoping, Chief Executive Officer of Everbright International, concluded, "During the first half of 2012, the Group recorded outstanding results on project development. Creation of new projects in different areas indicates the huge potential of the Group in environmental protection and alternative energy industries. During the process of project development, the Group enhanced the return of operation by summarizing experience from its project construction and operation management practices. In addition, disposal of the Group's interest in the Fuzhou Qingzhou Bridge contributed a strong cash inflow and

advanced a complete transformation of the Group towards environmental protection and alternative energy businesses. Completion of construction of the Group's environmental protection equipment manufacturing centre, which created a new business segment and had plump production tasks along with project development, remarked the Group's development from a downstream business into mid-stream and upstream business segments as well as further extended our industry chain and solidified our foundation for sustainable development. The Group will continue to expand businesses in both domestic and oversea markets. Besides consolidating its market leading position in Jiangsu Province and Shandong Province, the Group will also consolidate its leading position in Yangtze River Delta and Pearl River Delta by entering the markets in Zhejiang, Hainan and other Provinces. With abundant domestic project operation experience and the success of our photovoltaic project in Germany, the Group will actively develop environmental protection and alternative energy projects in oversea markets, aiming to solve environmental issues worldwide as well as fight for the best interests of our shareholders."

Mr. Chen added, "As a leading environmental protection enterprise, the Group aims to occupy a leading role in terms of the scale of business, and, more importantly, in the quality and operation of our projects, construction standards, our responsibility and commitment to protect the environment and corporate culture. As usual, the Group will treat environmental and operational safety and emissions reduction as our responsibilities, and strive our utmost in the construction and operation of every single project, so as to share the fruits of our work with our shareholders, our staff and the community."

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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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