



EVERBRIGHT INTERNATIONAL ANNOUNCES 2016 INTERIM RESULTS

BOLD VISION TO OVERCOME EVERY CHALLENGE

Financial Highlights

	For the six months ended 30 June		
	2016	2015	Change
	HK\$'000	HK\$'000 (restated)	
Revenue	5,420,698	3,769,079	44%
Gross Profit	2,253,095	1,797,487	25%
EBITDA	2,198,118	1,778,791	24%
Profit attributable to equity holders of the Company (excluding the gain on sale of listed securities)	1,208,912	907,251	33%
Basic Earnings per Share (HK cents)	26.96	22.31	21%
Interim Dividend per share (HK cents)	7.5	6.5	15%

Hong Kong, 15 August 2016 - China Everbright International Limited (the "Group") (SEHK: 00257), today announced its unaudited interim results for the six months ended 30 June 2016.

2016 marks the first year of the Group's next level of growth. In the first half of 2016, the Group continued to benefit from the Chinese government's policy support of the environmental protection industry. Adhering to its approach of leveraging talent, technology, innovation and responsibility, the Group successfully navigated strong market competition and further implemented its strategy of "Expanding from Coastal Areas to Inland Cities, from Cities to Rural Areas, and from Domestic to Overseas Markets", which allowed its business segments to grow even more and achieved a satisfactory set of results.

During the period under review, the Group completed the restructuring of its management by dividing its businesses into four segments, namely envirotech, environmental energy, environmental water and greentech. Going forward, these four segments will commensurate with each other to drive the development of the Group, creating better growth prospects.

During the period under review, the Group's consolidated revenue amounted to HK\$5,420,698,000, an increase of 44% over HK\$3,769,079,000 in the first half of 2015. The EBITDA amounted to HK\$2,198,118,000, an increase of 24% over HK\$1,778,791,000 in the first half of 2015. Profit attributable to equity holders of the Company for the first half of 2016 was HK\$1,208,912,000, 21% more than HK\$1,000,155,000 recorded in the same period of last year. Excluding the gain on sale of listed securities of HK\$92,904,000 in the first half of 2015, profit attributable to equity holders of the Company recorded an increase of 33%. Basic earnings per share for the first half of 2016 were HK26.96 cents, HK4.65 cents more than HK22.31 cents in the last corresponding period. The Group has ready access to financing channels, with an abundance of cash on hand which continues to rise, and it performed well in all financial indicators.

In terms of business development, the Group secured 18 new projects, with a total investment of approximately RMB9.456 billion. New projects included 7 environmental energy projects, 4 environmental water projects, 6 greentech projects and 1 overseas project.

During the period under review, the Group has entered into a preliminary sales and purchase agreement to acquire Novago sp. z o.o., Poland's leading solid waste treatment company. The transaction was the largest acquisition in the environmental industry in Central and Eastern Europe by a Chinese company. In addition, the Group has won the bid for Vietnam's Can Tho Waste-to-energy Project and has tapped into the solid waste integrated treatment market in Southeast Asia in July 2016.

In the first half of 2016, the Group saw the highest number of projects commencing construction and under construction, with another batches of high-quality projects completed construction and commenced operations. Projects under construction or in the preparatory stage also made steady progress, further consolidating the Group's leading position in the industry. 27 projects were under construction, commanding a total investment of approximately RMB10.298 billion. Of which, 14 projects commenced construction, with a total

investment amounting to approximately HK\$4.219 billion. During the period under review, 8 projects completed construction, with a total investment amounting to approximately RMB1.532 billion. This laid a solid foundation for the Group to move on to the next stage of development.

In terms of management, in the pursuit of fast and steady development, the Group is committed to strengthen its internal management and ensure risk management effectiveness. During the period under review, the Group established and implemented a more professional environmental, safety, health and social responsibility management system and risk management system. In addition, the Group has fully implemented centralized management by regions, further enhanced the management of its talent pool and launched a new compensation and benefits system during the period under review. The Group has actively acquired both local and overseas management and technical professionals, especially in construction, operation management and technical positions, to enrich its talent pool. Meanwhile, the Group also completed an adjustment across the entire compensation and benefits system, which helped to retain and attract talent effectively.

As for social responsibility, the Group moved ahead of schedule in disclosing daily emission levels of its operating waste-to-energy projects in May this year, to lead and promote information disclosure of the industry. In addition, the Group was invited by United Nations Economic Commission for Europe International PPP Centre of Excellence to lead the development of the United Nations' PPP standards on waste-to-energy projects, which will showcase to the rest of the developing countries the Group's successful experience in implementing the PPP model in the environmental industry in developing countries and support the United Nation's sustainable development goals.

To cope with the rapid development of the environmental protection industry, the Group has actively expanded its environmental protection business. As at 30 June 2016, the Group had secured 187 environmental protection projects with a total investment of approximately RMB48.568 billion, of which RMB21.457 billion are for completed projects and RMB10.298 billion relate to projects that were under construction; RMB16.813 billion were earmarked for projects in the preparatory stage.

During the period under review, the environmental energy, environmental water and greentech

segments generated a total revenue of HK\$5,377,232,000, of which construction service revenue increased by 62% to HK\$3,333,862,000 and operation service revenue increased by 16% to HK\$1,271,994,000 as compared with the same period in 2015. The proportions of the revenue are as follows: construction service revenue 62%, operation service revenue 24% and finance income 14%.

Envirotech

In the first half of 2016, the Group established the envirotech as a business segment leading its next round of development. The Group has implemented a broad restructuring program and was in the process of launching a series of major initiatives, including in the envirotech business. These included the acquisition of Jiangsu Design and Research Institute of Energy Conservation Engineering (“Jiangsu Design & Research Institute”) and the Nanjing Science and Technology Building, the establishment of Everbright Envirotech (China) Limited, the comprehensive cooperation with Zhejiang University, the setting up of the Environmental Energy Research Center, and active engagement in international technological exchange and cooperation. Through organizational restructuring, the envirotech business now comprises of 3 research institutes in the fields of incineration technology, environmental technology and electrical control technology, plus an information control center and a technical standards analysis and testing center. The set-up of the envirotech business has laid a solid foundation for the establishment of the Group’s technology R&D platform.

In terms of equipment manufacturing, during the period under review, in accordance with the pace of construction for the Group’s projects, the Group completed the production and commissioning of 6 sets of incinerators, 6 sets of gas purification systems and 5 sets of leachate treatment systems. In the first half of 2016, the external sales of waste incinerators, gas purification system and leachate treatment equipment attracted a total contract value of approximately RMB120 million.

The Group’s acquisition of Jiangsu Design & Research Institute early this year allowed the Group to offer turnkey design solutions, a qualification which the Group previously lacked. Through the acquisition, the Group will be able to promote its development by leveraging both its light and heavy assets. In the first half of this year, the Jiangsu Design & Research Institute has completed the feasibility reports and construction drawing designs for its internal projects and secured several external project designs and engineering consultancies contracts with a total contract

value of approximately RMB5.6 million.

During the period under review, the Group made good progress in R&D across various subjects and was granted 15 patents, of which 6 were invention patents and 9 were utility invention patents. The Group will continue to strengthen its efforts in advancing R&D to develop its business, fueling its capability, market expansion and sustainability.

Environmental Energy

During the period under review, the Group's environmental energy projects processed a total of 4,196,000 tonnes household waste and generated a total on-grid electricity of 1,175,098,000 kWh, an increase of 29% and 33% respectively compared with the same period last year. Environmental energy projects contributed an EBITDA of HK\$1,345,807,000, an increase of 12% as compared with the same period last year. Environmental energy projects contributed segment net profit of HK\$867,730,000, an increase of 18% as compared with the same period last year. The increase in profit was mainly due to the recognition of construction service revenue and costs saved on construction projects, as well as an increase in the operation service revenue due to continued growth in operating projects' processing volumes during the period under review.

In the first half of 2016, the Group secured 7 household waste-to-energy projects, with an increased designed daily household waste processing capacity of 7,800 tonnes, boosting the total daily waste processing capacity to 45,700 tonnes.

The Group also made progress with its projects both under construction and in the preparatory stage. During the period under review, Hainan Sanya Waste-to-energy Project ("Sanya Project") Phase II and Hunan Yiyang Waste-to-energy Project ("Yiyang Project") were completed and commenced operations. Yiyang Project is the Group's first environmental project in Hunan Province while Sanya Project Phase II was able to commence operation 104 days ahead of schedule while at the same time ensuring construction safety on the premises and maintaining the ongoing operation of Sanya Project Phase I, making itself another role model in terms of construction duration. The Group had 1 food waste treatment project and 12 waste-to-energy projects under construction with a total designed daily waste processing capacity of 100 tonnes and 12,600 tonnes respectively, including Shandong Xintai Waste-to-Energy Project which just commenced construction during the period under review.

In July 2016, the Group also secured Shandong Fei County Waste-to-energy Project and Shandong Weifang Waste-to-energy Project Phase II, with a total investment amounting to RMB515 million and an increased daily household waste processing capacity of about 1,100 tonnes.

Environmental Water

During the period under review, environmental water projects treated 538,112,000 m³ of waste water, an increase of 32% compared with the last corresponding period. The environmental water projects contributed an EBITDA of HK\$432,339,000, 5% more than the last corresponding period. Environmental water projects contributed segment net profit of HK\$140,102,000, a decrease of 17% as compared with the same period last year. The decrease was mainly due to the recognition of an exchange loss of HK\$38,388,000 arising from borrowings pegged to USD drawn for acquisition of Dongda Project as RMB depreciated against USD. Moreover, additional tax expenses (including corporate income tax and deferred tax) of approximately HK\$13,000,000 in total were provided as a result of changes in tax calculation of a project pursuant to the requirements of local tax bureau. Excluding these factors, segment profit increased 1% as compared with the same period last year.

As at 30 June 2016, the Group holds 74.71% of the equity interest in China Everbright Water Limited (“Everbright Water”). In the first half of 2016, following a series of acquisitions and restructuring, Everbright Water’s daily waste water treatment volume increased over 12% as compared to the end of last year. With the scale of operations taken to a whole new level, and its market reach and business scope continuously expanding as a result, Everbright Water has successfully integrated and transformed the projects it acquired.

During the period under review, Everbright Water secured 4 new waste water treatment projects, which increased the Group’s daily waste water treatment capacity by 455,000 m³. In addition, Everbright Water won the tender for a public-private partnership (“PPP”) project to construct the “sponge city” of Zhenjiang (“Zhenjiang Sponge City PPP Project”) during the period under review. The Zhenjiang Sponge City PPP Project is one of 16 “sponge city” pilot projects which will receive financial support from the Central Government of the PRC, as jointly announced by the Ministry of Finance, the Ministry of Housing and Urban-Rural Development and the Ministry of Water Resources of the PRC. It also serves as an example of a PPP project

that is used by the Ministry of Finance of the PRC.

As for projects under construction, during the period under review, 4 waste water treatment projects have completed construction and 2 projects have commenced construction, including Liaoning Pulandian Waste Water Treatment Project Phase II and Nanjing Pukou Reusable Water Project.

In July 2016, Everbright Water secured Shandong Ju County Shudong Waste Water Treatment Project, which has a designed daily waste water treatment capacity of 20,000 m³ with a total investment of approximately RMB50 million.

Greentech

During the period under review, the Group's greentech projects provided a total on-grid electricity of 376,117,000 kWh, an increase of 64% as compared with the same period last year. The greentech business contributed an EBITDA of HK\$474,993,000, an increase of 222% as compared with the same period last year. The greentech business contributed the segment profit of HK\$314,848,000, an increase of 252% as compared with the same period last year. The increase in profit was mainly due to the significant increase in both the construction service revenue and the operation service revenue as compared with the same period last year.

The greentech business, driven by innovation, has risen and captured market share by expanding into various areas, from biomass direct combustion power generation projects to cogeneration projects as well as constructing urban and rural integrated projects; from hazardous waste landfill projects to hazardous waste diversified treatment projects. The Group ranked third in terms of aggregate power generation designed capacity of biomass projects in operation, under construction and at the planning stage among all biomass companies in China, while maintaining high efficiency in operations. The scale of the Group's hazardous waste disposal designed capacity ranked first in eastern China and third in the country.

During the period under review, the Group secured 3 biomass projects and 3 hazardous waste treatment projects. The increased annual biomass material processing design capacity was approximately 900,000 tonnes per annum and the increased annual hazardous waste processing capacity was approximately 90,000 tonnes per annum, commanding a total investment of RMB1.874 billion.

During the period under review, the Group had 11 greentech projects under construction, two of which completed construction and 5 projects commenced operations during the period under review. All projects under construction are progressing well and are expected to be completed in the second half of 2016 and 2017. Fueled by strong performance and growth, the Greentech business has entered into a new stage of development.

In relation to the proposed spin-off and separate listing of its greentech business, the Group submitted a listing application form (Form A1) to the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in June 2016 for listing and permission to deal in the shares of China Everbright Greentech Limited (“CEGL”) on the Main Board of the Stock Exchange. The spin-off listing will help unlock the potential value of CEGL and it is anticipated that this value will translate into a substantial enhancement to the existing value of the Company. The spin-off will also increase the operational and financial transparency of CEGL. The Group will carry out the separate listing in a timely and steady manner in accordance with the changes in market conditions so as to maximize benefits for the shareholders of the Company and CEGL.

Mr. Chen Xiaoping, CEO of the Group, said, “The environmental protection sector has strong prospects and huge potential. As one of the leading enterprises in China’s environmental protection industry with the support of various favourable national policies, the Group will continue to demonstrate its all-round strength in building, operating and managing projects to a high standard. As one of the leading enterprises in the environmental protection sector, the Group will continue to adhere to its core value of “An enterprise is not only the Creator of Wealth but also the Safeguard of Environmental and Social Responsibility” and to manage and operate its environmental protection business through market-oriented and commercial practices, while at the same time upholding its social responsibility to help solve environment problems in China and the rest of the world. In doing so, it will improve urban environment and make a significant contribution to environmental management.”

Mr. Chen Xiaoping continued, “In line with China’s overall development strategy, the Group will adhere to the “three strategies” to promote the development and innovations of its four business segments. The three strategies include the “One Belt One Road” initiative, the Beijing-Tianjin-Hebei region coordinated development strategy and the Yangtze River Economic Belt development strategy with our four business segments focusing on envirotech,

environmental energy, environmental water and greentech. In addition, the Group will leverage its existing advantages in technology and equipment, seize the opportunity presented by the development of the United Nations' PPP standards on waste-to-energy projects and focus on the development of alternative energy under the "One Belt One Road" initiative in order to explore new business opportunities and promote another round of growth for the Group. This growth will be driven by our talent and technology through different channels, methods and models including BOT (Build-Operate-Transfer), TOT (Transfer-Operate-Transfer), BOO (Build-Operate-Own) models, acquisitions and reorganization."

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About China Everbright International Limited

China Everbright International Limited focuses on its core businesses in envirotech, environmental energy, environmental water and greentech. These mainly include waste-to-energy, water restoration, biomass integrated utilization, hazardous waste treatment, solar photovoltaic energy, wind power, methane-to-energy, environmental protection engineering, technological research and development, environmental protection equipment manufacturing as well as the planning and construction of environmental protection industrial parks.

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