

Everbright International Announces 2010 Annual Results

Achieved Record High in Profitability

Well-placed to March into Next Round of Robust Growth

Turnover Increased 66% To HK\$2,929,415,000

EBITDA On Recurring Basis Increased 49% To HK\$1,059,858,000

Profit Attributable To Equity Shareholders Increased 66% To HK\$616,433,000

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FINANCIAL HIGHLIGHTS

	For the year ended		
	31 December		
	2010	2009	
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>Change</u>
Turnover	2,929,415	1,765,996	66%
Gross Profit	1,145,764	774,922	48%
EBITDA on recurring basis	1,059,858	711,609	49%
Profit attributable to equity shareholders	616,433	371,898	66%
Basic earnings per share (HK cents)	16.92	11.39	49%
Total dividends (HK cents)	2.5	2.2	14%

China Everbright International Limited ("Everbright International" or "the Group") (SEHK: 00257), today announced its audited annual results for the year ended 31 December 2010.

In 2010, energy conservation and environmental protection were accorded first priority among seven emerging strategic industries by the Central Government and accorded significant investment and strong support. With expertise in environmental protection and alternative energy industries, and the corporate mission of "Creating Beautiful Environment and Rewarding the Public", the Group has performed well in capturing opportunities to expand its business. The year 2010 witnessed the most extensive project construction ever undertaken by the Group in its history. 13 construction projects commenced according to schedule, generating promising construction service revenue. Besides, the increase in scale of operating projects and improvement of operating efficiency also enhanced the base of operation service revenue. Taking into account the obtaining of a number of new projects in 2010, it is expected the Group will also be very busy in construction work in 2011 and the construction service revenue will continue to increase. In 2010, the Group's consolidated turnover amounted to HK\$2,929,415,000, an increase of 66% from HK\$1,765,996,000 of last year. The EBITDA on recurring basis amounted to HK\$1,059,858,000, an increase of 49% from HK\$711,609,000 of last year. In 2010, the Group recorded valuation gains on investment properties of HK\$3,996,000. Profit attributable to equity shareholders of the Company for the year of 2010 was HK\$616,433,000, 66% more than the HK\$371,898,000 of 2009. Basic earnings per share were HK16.92 cents, HK5.53 cents more than the HK11.39 cents in the previous year.

During the year under review, the Group stepped up its efforts in exploring environmental protection and alternative energy projects and secured 17 new projects that carried a total investment of approximately RMB2,828,554,000. The increasing number of environmental protection and alternative energy projects and rising processing volume and standard have boosted the Group's revenue base for operation services. During the year under review, turnover from environmental protection and alternative energy businesses amounted to HK\$2,779,662,000 (construction service revenue: 61%, operation service revenue: 24%, and finance income: 15%), an increase of 68% as compared with 2009 and accounting for 95% of the Group's total turnover, 2 percentage points more than that in 2009. EBITDA amounted to HK\$972,605,000, an increase of 50% as compared with 2009 and accounting for 92% of EBITDA on recurring basis.

As at 31 December 2010, the Group was engaged in 49 environmental protection and alternative energy projects commanding a total investment of approximately RMB10,578,303,000. Of these projects, those with construction completed had a total investment amounting to approximately RMB5,635,785,000 whereas those currently undergoing construction accounted for a total investment of about RMB2,145,297,000. As for projects still in the preparatory stage, their estimated total investment cost was approximately RMB2,797,221,000. Subsequent to 31 December 2010, the Group further secured 3 new projects including Laiyang Biomass Power Generation Project, Zibo Ceramic Technology Development Zone Heat Pump Project and Suqian Solid Waste Landfill Project at a total investment of approximately RMB512,200,000.

Environmental Energy

The Environmental Energy sector currently comprises 15 projects, encompassing waste-to-energy projects, industrial solid waste landfill projects and environmental protection industrial parks. The designed total annual household waste processing capacity is approximately 3,850,000 tonnes, capable of yielding an average annual on-grid electricity of approximately 1,071,000,000 kilowatt-hours. The industrial waste storage capacity is approximately 625,000 m³. During the year under review, the environmental energy projects of the Group together processed a total of 1,911,000 tonnes of household waste, 38,000 m³ of solid waste and generated on-grid electricity of 444,658,000 kilowatt-hours, representing an increase of 11%, 73% and 22% compared with last year. The environmental energy projects brought an EBITDA of HK\$584,896,000, representing an increase of 101% over last year.

The Group continued to make improvements and strove to optimise its environmental energy business during the year under review. On the one hand, the Group has proceeded with the

construction of the new projects, completed Jiangyin Project Phase II ahead of schedule and further enhanced its operating and management standards. The Group signed an agreement in relation to the Yixing Project Phase II and a supplemental agreement on concession right for the Suzhou Project Phase III respectively. Upon completion, the Suzhou Project will increase its designed daily waste processing capacity from 2,050 tonnes to 3,550 tonnes, being the largest daily waste processing capacity in China with the most advanced emission standard.

In addition, the Group has completed the construction of a leachate treatment system for the Suzhou Project with a daily processing capacity of 1,000 tonnes to meet the needs of Suzhou Project.

During the year under review, the Group applied its successful business model of environmental industrial parks in Jiangsu Province into Shandong Province in executing an agreement with the Yantai Municipal Government to build an industrial park in Yantai. It also extended its coverage within Jiangsu Province, by signing an agreement with the Changzhou Municipal Government in Jiangsu Province to develop an environmental industrial park within the city. To date, the Group has signed agreements for the construction of environmental industrial parks with the municipal governments of Suzhou, Zhenjiang, Suqian, Changzhou and Yantai. All of these projects are built by Everbright Environmental Protection Engineering (Shenzhen) Limited ("Everbright Environmental Engineering") and the Environmental Protection Energy Company within the Group to save construction, management and operational costs.

Environmental Water

This sector includes waste water treatment projects and projects for integrated use of water resources. As at 31 December 2010, the Group had a total of 18 waste water treatment projects, 1 surface water project and 3 reusable water projects with an aggregate annual waste water treatment capacity of approximately 566,000,000 m³, annual reusable water capacity of 13,000,000 m³ and annual surface water capacity of 36,500,000 m³. During the year under review, the environmental water projects treated 458,054,000 m³ of waste water, representing an increase of 18% as compared with last year. These operations brought an EBITDA of HK\$363,801,000, representing an increase of 5% against last year. The increase in profit was mainly due to the increase in waste water treatment volume which gave rise to the growth of operation service revenue. This offset the decrease in construction service revenue of Environmental Water sector during the year.

During 2010, the Group has also established China Everbright Water Investments Limited in Jinan which is responsible for the coordination and management of all water projects. During the year under review, the Group extended the coverage of its environmental water business by securing the reusable water projects in Zibo, Licheng of Jinan and Jiangyin for the first time. Besides, the Jinan Xike Waste Water Treatment Project, Dezhou Ling County Waste Water Treatment Project Plant 2 and the newly acquired Ling County Waste Water Treatment Plant 1 all started operation in June 2010. Apart from the self-built and self-operated projects, construction of the Xinyi BT Waste Water Treatment Project Phase I has also been completed in the fourth quarter of 2010 as scheduled, and had transferred to the Xinyi Municipal Government.

Alternative Energy

To position itself to better succeed in the next round of international competition, the Group is planning to strategically focus on environmental protection and alternative energy by actively developing and expanding solar energy, wind power and biomass power generation businesses on top of its existing methane-to-energy and waste water source heat pump projects. During the year under review, the Group has established China Everbright Alternative Energy Investment Limited to coordinate, manage and expand its alternative energy projects. As at 31 December 2010, the Group has secured 12 alternative energy projects which included 3 methane-to-energy projects, 4 biomass power generation projects, 4 photovoltaic energy projects and a waste water source heat pump project, commanding a total investment of approximately RMB1,604,248,000.

The Suzhou Methane-to-energy Project (“Suzhou Methane Project”) is the Group’s first alternative energy project in operation as well as the first Gold Standard Voluntary Emission Reduction (“VER”) project in China. During the year under review, the Suzhou Methane Project supplied 26,148,000 kilowatt-hours of electricity to the power grid and brought an EBITDA of HK\$12,735,000, representing an increase of 13% as compared with 2009.

The Group’s waste water source heat pump project in Zibo of Shandong Province uses recycled water to provide heating service in winter and cooling service in summer at a total investment of RMB57,887,000.

As at 31 December 2010, the Group had signed investment agreements with the governments of Xinyi City and Shuyang County in Jiangsu Province, Dangshan County in Anhui Province and Linyi Country in Shandong Province to secure the authorisation to invest and build biomass power generation projects. It was the first biomass power generation

project of the Group started construction in July 2010 and is expected to be completed and start operation in 2011. The construction and operation of this project signifies the development of a new investment and management model in the biomass power generation field by the Group.

During the year under review, the Group secured 4 solar photovoltaic energy projects, including the already completed and operating rooftop Everbright Environmental-DuPont Apollo Photovoltaic Energy Golden Sun Pilot Project in Shenzhen, the Jiangsu Zhenjiang Photovoltaic Energy Project and the Jiangsu Suqian Rooftop Photovoltaic Energy Project, as well as the Anhui Huaining Photovoltaic Energy Golden Sun Pilot Project which is still under construction. The completion of these projects would establish a new milestone in the development of the Group's alternative energy business.

Moreover, the Group has entered the wind power sector through the agreements with the Muping Municipal Government of Shandong Province and Ningwu Municipal Government of Shanxi Province respectively, under which the Group was authorised to exclusively build 4 wind power generation projects in phases to be decided based on their actual situation. It is expected that the total investment will involve over RMB1,510,400,000 with a total installation capacity of 170 megawatts and a designed annual power generation capacity of 329,000,000 kilowatt-hours.

Environmental Protection Engineering

As at the end of 2010, Everbright Environmental Engineering had 24 projects completed which have commenced operations and 19 projects in progress. During the year under review, the Group has completed the construction of 7 projects, including the Jiangyin Project Phase II, 3 waste water treatment projects in Xike, Xinyi and Ling County and 3 solar photovoltaic energy projects in Shenzhen, Zhenjiang and Suqian.

Environmental Protection Technological Development

During the year under review, the Group has submitted applications for 7 research projects. As at the end 2010, it also obtained 5 invention patents and 10 utility patents. The Group has won the Excellent Results Awards at the Sixth China International Forum on Environment and Development and the Fourth China International Exhibition of Achievements in Building Environmentally-Friendly Society. The accolades were garnered by its mechanical grate furnace combustion control system, solid waste leachate treatment technology, waste water source heat pump central heating and cooling technology. Its preparation of drinking water

through urban waste water treatment technology has also been honoured with the Innovative Award.

Infrastructure Business

Traffic flow on the Qingzhou Bridge has been increasing steadily and contributed a stable source of cash flow for the Group. In 2010, the average daily number of standard vehicles crossing the bridge was increased by 27% to 44,939 as compared with 2009. The project generated an EBITDA of HK\$126,750,000 to the Group, an increase of 18% as compared with that in 2009.

Mr Chen Xiaoping, Chief Executive Officer of Everbright International, concluded, "Due to the favorable policies in China, strong demand continues for domestic environmental protection solutions, creating bright prospects for alternative energy businesses. The Group's core competitive strength, expertise and brand leadership enable it to contribute to the development of environmental protection and growth of green GDP in China. We will continue to expand the alternative energy business, including the solar energy and wind power projects where public attention is focused, as well as the healthy growth of the Group's overall business. Looking ahead, the Group plans to boost the competitiveness of its core environmental protection businesses and enhance its research and development capability. This is central to further consolidating its leadership in Jiangsu and Shandong and actively expanding its business coverage in the Yangtze River Delta, the Pearl River Delta and the Bohai Bay Area to bring better returns for its shareholders and create a better environment for the community."