

EVERBRIGHT INTERNATIONAL ANNOUNCES 2019 ANNUAL RESULTS

Financial Highlights

	For the year ended 31 December		
	2019 HK\$'000	2018 HK\$'000	Change
Revenue	37,557,635	27,227,998	38%
Gross profit	11,457,901	9,430,596	21%
EBITDA	10,957,474	8,994,788	22%
Profit attributable to equity holders of the Company	5,203,291	4,319,235	20%
Basic earnings per share (HK cents)	84.70	85.77	-1%*
Total dividends (HK cents)	26.0	24.0	8%

*Due to the dilution impact of rights issue completed in September 2018

18 March 2020, 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 2019 ("year under review").

In 2019, the Group upheld its mission of being "Devoted to Ecology and Environment for a Beautiful China", as well as its aspiration to "Create Better Investment Value and Undertake More Social Responsibility". It developed comprehensive strategies for "value creation" and "reform and upgrade", followed its integrity and sought innovation, continuously strengthened the overall competitiveness of its advantageous businesses to consolidate its industry-leading position, as well as proactively tapping into and plotting development schemes for its emerging business sectors to further diversify its businesses. As a result, the Group made significant achievements in terms of market expansion, project construction, operations management and technological research and development ("R&D").

In terms of operating results, during the year under review, the Group's business sectors maintained positive momentum of vitalised growth, with its revenue, profit before tax and profit attributable to equity holders of the Company all recording steady growth. The Group's project construction continued to progress expeditiously, resulting in continued growth in construction service revenue. The Group also saw significant growth in revenue from operation services, as it continued to reduce costs, expand income streams and enhance efficiency, in addition to continued growth in the total number of operating projects. During the year under review, the Group's consolidated revenue amounted to HK\$37,557,635,000, an increase of 38% over HK\$27,227,998,000 in 2018. EBITDA amounted to HK\$10,957,474,000, an increase of 22% over HK\$8,994,788,000 in 2018. Profit attributable to equity holders of the Company was HK\$5,203,291,000, 20% more than HK\$4,319,235,000 recorded in 2018. Basic earnings per share for 2019 was HK84.70 cents,

HK1.07 cents less than HK85.77 cents in 2018. The Group has ready access to financing channels with abundant capital, with excellent performance across all financial indicators.

During the year under review, the Group's environmental energy, greentech and environmental water projects generated a total revenue of HK\$36,368,285,000, of which revenue from construction services increased by 44% to HK\$23,846,903,000 and revenue from operation services increased by 37% to HK\$9,436,752,000, as compared with 2018. Each segment generated the following proportions of revenue: revenue from construction services took up 66%, revenue from operation services took up 26% and finance income provided 8%.

In terms of market expansion, during the year under review, the Group signed a total of 78 new projects and 6 supplementary agreements for existing projects, and completed the acquisition of 5 projects, commanding a total investment of approximately RMB31.660 billion. The Group expanded its business into new areas including waste sorting, resource recycling, energy-saving lighting and raw water protection. It also adopted new business models to explore new profit growth points, such as energy management contracts ("EMC") and market-oriented operations of industrial park projects. The Group won the bid for the only waste integrated treatment project in the Xiong'an New Area, playing an increasingly prominent role in important national development strategies. In addition, it expanded business footprint to local environmental protection markets of Heilongjiang, Hebei and Yunnan provinces.

In terms of project construction, during the year under review, the Group continued to strictly focus on its principles of "productivity, efficiency, quality, cost-effectiveness, legitimacy, safety and integrity", appropriately develop business strategies, take precautions, and address the most challenging issues with concerted efforts, in a bid to ensure the smooth construction of all its projects. In 2019, the number of construction sites at once reached as many as 124, of which 55 projects completed construction and commenced operation while 67 projects commenced construction. During the year under review, the Group completed and delivered 12 environmental remediation services. As at 31 December 2019, it was in the process of implementing a total of 9 environmental remediation services, had 3 such services in the preparatory stage, and accumulatively delivered a total of 15 such services.

As at 31 December 2019, the Group had a business presence in 187 locations across 23 provinces, municipalities and autonomous regions in China, as well as overseas markets of Germany, Poland and Vietnam. It secured 399 environmental protection projects, commanding a total investment of approximately RMB123.801 billion; and also undertook 27 environmental remediation projects, 11 engineering procurement construction ("EPC") projects, 2 EMC projects and 3 operation and management ("O&M") projects. Among these projects, 255 projects completed construction, with a total investment of approximately RMB62.532 billion; 59 projects were under construction, with a total investment of approximately RMB29.820 billion; and 85 projects were in the preparatory stage, with a total investment of approximately RMB31.449 billion.

Environmental Energy

During the year under review, waste-to-energy projects under the Group's environmental energy sector processed a total of 21,515,000 tonnes of household waste, an increase of 19% compared with 2018. All projects generated on-grid electricity of 6,617,870,000 kWh in total, an increase of 22% compared with 2018. Environmental energy projects contributed an EBITDA of HK\$6,660,887,000, an increase of 20% compared with 2018. These projects contributed a net profit attributable to the Group of HK\$4,129,737,000, an increase of 20% compared with 2018. The increase in profit was mainly attributable to the sustainable growth in the number of construction projects, driving an increase in construction services revenue.

In terms of market expansion, during the year under review, the environmental energy sector secured 44 new projects (including 1 acquired project) and 2 supplementary agreements for its existing projects, with a total investment of approximately RMB20.509 billion. Among these projects, there were 34 waste-to-energy projects (including 1 acquired project) and 2 supplementary agreements for existing waste-to-energy projects, commanding a total investment of approximately RMB20.024 billion, contributing a total designed daily household waste processing capacity of 28,350 tonnes, up by 23% as compared with 2018.

In terms of project construction, during the year under review, 25 projects completed construction and commenced operation. Among these projects, there were 18 waste-to-energy projects, with a total designed daily household waste processing capacity of 18,950 tonnes. 29 projects, in addition to 3 construction projects related to the supplementary agreements for existing projects, commenced construction during the year under review. These projects include 22 waste-to-energy projects, in addition to 3 construction projects related to the supplementary agreements for existing projects, with a total designed daily household waste processing capacity of 20,550 tonnes.

During the year under review, the environmental energy sector obtained various subsidies worth approximately RMB258 million in total.

As of 31 December 2019, in the environmental energy sector, 73 waste-to-energy projects (including 2 O&M projects) were under operation, with a total designed daily household waste processing capacity of 64,850 tonnes; 25 waste-to-energy projects were under construction, with a total designed daily waste processing capacity of 26,650 tonnes; and 27 waste-to-energy projects in the preparatory stage, with a designed daily household waste processing capacity of 22,850 tonnes.

Greentech

As of 31 December 2019, the Group held a 69.7% stake in China Everbright Greentech Limited ("Everbright Greentech").

During the year under review, greentech projects provided on-grid electricity of approximately 4,095,179,000 kWh in total, an increase of 42% compared with 2018. These projects contributed an EBITDA of HK\$2,890,813,000, a 33% increase compared with 2018. These projects also contributed a net profit attributable to the Group of HK\$1,147,515,000, a 22% increase compared with 2018. The increase in profit was mainly due to the significant increase in both construction and operation service revenues compared with 2018.

In respect of market expansion, during the year under review, Everbright Greentech secured 16 new projects, undertook 7 environmental remediation services, signed 5 supplementary agreements for existing projects, which commanded a total investment of RMB5.702 billion and environmental remediation service contract value of approximately RMB113 million. These new projects contributed a designed power generation capacity of 7 MW, a designed annual biomass raw materials processing capacity of approximately 120,000 tonnes, and an annual heat supply capacity of approximately 1,242,000 tonnes, and an annual designed hazardous waste and solid waste treatment capacity of approximately 965,000 tonnes. In addition, Everbright Greentech completed the acquisition of 3 environmental protection companies during the year under review.

In respect of project construction, during the year under review, Everbright Greentech had 12 projects completed construction and commenced operation, and 2 projects completed construction. It also had 12 environmental remediation services completed remediation work and were delivered. During the year under review, Everbright Greentech had 14 projects commenced construction, and 6 environmental remediation services projects gradually started remediation work.

During the year under review, Everbright Greentech obtained various subsidies exceeding RMB162 million in total.

As of 31 December 2019, Everbright Greentech had a total of 32 integrated biomass utilisation projects in operation. These projects are designed to have an annual biomass raw materials processing capacity of approximately 6,220,000 tonnes, a daily household waste processing capacity of approximately 4,600 tonnes, and an annual heat supply of approximately 1,939,000 tonnes. It also had 20 hazardous waste and solid waste treatment projects under operation and completed construction, with a designed annual hazardous waste and solid waste treatment capacity of 403,576 tonnes. As of 31 December 2019, 13 integrated biomass utilisation projects were under construction, with a designed annual biomass raw materials processing capacity of approximately 1,870,000 tonnes and a designed daily household waste processing capacity of approximately 2,950 tonnes. There were also 5 hazardous waste and solid waste treatment projects under construction, with a designed annual hazardous waste and solid waste treatment capacity of 160,000 tonnes.

Environmental Water

As of 31 December 2019, the Group had a 72.87% stake in China Everbright Water Limited (“Everbright Water”). On 8 May 2019, Everbright Water was listed on the Main Board of The Stock Exchange of Hong Kong Limited, achieving the dual listing status in Singapore and Hong Kong.

During the year under review, the Group’s environmental water projects treated a total of 1,433,805,000 m³ waste water, up 13% compared with 2018. These projects contributed an EBITDA of HK\$1,649,369,000, an increase of 15% compared with 2018. The projects contributed a net profit attributable to the Group of HK\$619,343,000, up 21% compared with 2018. The increase of net profit was mainly due to the growth in revenue from the improvement of operation and the expansion of business.

Regarding market expansion, during the year under review, Everbright Water secured 18 new projects and signed 1 supplementary agreement for its existing project, commanding a total investment of approximately RMB4.743 billion. It also secured 2 EPC projects and 1 O&M project. The new projects contributed to the increases in daily waste water treatment capacity by 655,000 m³, daily reusable water supply capacity by 85,000 m³, daily water supply capacity by 600,000 m³, and daily sludge treatment and disposal capacity by 200 tonnes.

Regarding project construction, during the year under review, 18 projects of Everbright Water commenced construction, while 18 projects completed construction and commenced operation, with a designed daily waste water treatment capacity of approximately 440,600 m³, a designed daily reusable water supply capacity of 40,000 m³, a designed daily water supply capacity of 150,000 m³, and a designed daily sludge treatment capacity of 50 tonnes.

During the year under review, Everbright Water obtained various subsidies totalling RMB65.27 million.

As at 31 December 2019, Everbright Water had 101 projects under operation. These projects are designed to have a total designed daily municipal waste water treatment capacity of 4,330,000 m³, a total designed daily industrial waste water treatment capacity of 80,000 m³, a total designed daily reusable water supply capacity of 121,600 m³, and a designed daily leachate treatment capacity of 600 m³. Everbright Water also had 12 projects under construction, which are designed to have a total daily municipal waste water treatment capacity of 285,000 m³, a total daily industrial waste water treatment capacity of 21,000 m³ and a daily reusable water supply capacity of 40,000 m³.

Equipment Manufacturing

During the year under review, based on the “Intelligent Manufacturing” approach, the Group’s equipment manufacturing sector took the initiative to implement key initiatives, such as introducing talents, boosting technological capacity, launching new products, enhancing productivity and offering excellent services. As a result, the sector saw continued improvement in its overall competitiveness in the market.

In terms of market development, during the year under review, the equipment manufacturing sector signed 33 external sales contracts and sold 45 sets of equipment to external markets, including 27 sets of grate furnaces, 11 sets of gas purification systems and 7 sets of leachate systems. The total external contract sales for equipment secured by the sector amounted to RMB850 million.

In terms of equipment supply and services, during the year under review, the equipment manufacturing sector launched a total of 39 service items, spanning 15 provinces and municipalities in China. The equipment manufacturing sector provided 79 sets of grate furnaces for projects of the Group and external customers, with an 32% increase compared with 2018. The designed daily waste processing capacity of these grate furnaces reached 39,200 tonnes, up 22% production capacity compared with 2018. Moreover, the sector sold 64 sets of grate furnaces, 59 sets of gas purification systems and 27 sets of leachate treatment systems.

In terms of after-sales service, during the year under review, in the equipment manufacturing sector, a total of 87 external after-sales service contracts were signed, with a total value of RMB32.077 million, recording an increase of 17% as compared with 2018. A total of 118 after-sales service projects were provided throughout the year, amounting to an increase of 79% year-on-year, of which 67 were internal projects and 51 were external projects.

During the year under review, the Group successfully self-developed a grate furnace model with a daily processing capacity of 1,000 tonnes, with the prototype under trial run. In addition, the equipment manufacturing sector completed 13 design optimisation projects and 20 independent design projects. A total of 3 new product development projects were also completed in 2019.

Eco-recycling

During the year under review, the eco-recycling sector actively explored new technologies and new models, and expanded upon business opportunities in areas of waste sorting, sanitation operation services, zero-waste cities and the utilisation of renewable resources.

During the year under review, the Group invested RMB45 million to obtain a 90% equity interests in a technology-based enterprise focusing on the waste sorting business, and forayed into the waste sorting and resource recycling business sector. In addition, the eco-recycling sector secured Yunnan Yuxi Environmental Sanitation Integration Project during the year under review. This project marks the Group's first environmental protection project in Yunnan Province. It has a designed daily waste collection and transportation capacity of 800 tonnes, and covers the needs for waste collection and transportation of the Hongta District of Yuxi City. The project's waste collection and transportation works were carried out smoothly. During the year, the sector explored project investment opportunities related to waste sorting, collection and transportation in Shandong and other provinces, while making rapid progress in sourcing projects related to collaboration of and investment in resource recycling technologies.

Greenergy

As a new business sector of the Group, the greenergy sector has a keen focus on energy-saving lighting for urban roads and other energy conservation industries.

During the year under review, the Group invested in and jointly established Everbright Brilliant Greenergy and Lighting (Shenzhen) Limited (“Everbright Greenergy”), a joint venture company in which the Group hold a 60% equity stake, marking the Group’s entry into the energy-saving technology and service sector. As Everbright Greenergy’s first major project, Everbright Greenergy White Sodium Lamp is devoted to facilitating cities and regions to fully upgrade their energy-saving lighting networks based on different models, such as the EMC model or direct purchases. Leveraging on its advantages in technology, talent, capital and brand, Everbright Greenergy intends to enter the market by offering upgrades to the traditional high-pressure sodium lamps across the country. By integrating R&D, manufacturing, sales and the EMC model, the Group will explore a “triple-win” situation where three parties benefit as they help government authorities to save on budget, benefit the public, and also generate profit for the business.

During the year under review, the greenergy sector got off to a good start, with strong momentum. It signed a strategic cooperation agreement with the Rizhao Municipal Government of Shandong Province on the EMC project for retrofitting energy-saving streetlights in Rizhao City, marking the successful launch of the first project of the greenergy sector, and the first cooperation with local governments using the EMC model. The project is now progressing smoothly. In addition, the greenergy sector undertook the energy conservation, retrofitting and regular maintenance of 122,000 streetlights in Ji’nan of Shandong Province. At the same time, the sector invested in setting up energy-saving streetlight production and R&D bases in Ji’nan.

Envirotech

During the year under review, the Group made proactive efforts to optimise and adjust the framework for technological innovation, and further confirmed the technological innovation had important role on guiding and propelling the development of the Group. Through comprehensive reviews and the integration of technological R&D resources, the Group implemented its “Three Institutes” plan through the establishment of a green technology innovation and research institute, a zero-waste city research institute, and an ecological and environmental planning and design institute. The Group also established related technological innovation platforms in Hong Kong, Shenzhen, Nanjing, Qingdao and Xiong’an New Area.

During the year under review, The Group founded the China Everbright Green Technology Innovation Research Institute Limited (the “Green Innovation Research Institute”) in Hong Kong in 2019. As the headquarters of the Group’s technological innovation and R&D, with a focus on Hong Kong, a deep-rooted foundation in the mainland China and a global vision, the Green Innovation Research Institute will form a “Four-in-One” structure together with the Group’s technological innovation platforms in

Shenzhen, Nanjing and Qingdao cities, in order to better promote the Group's strategic planning of pursuing development that is driven by technology and innovation, as well as to ensure the commercialisation of technological R&D results. During the year under review, the Group also established its zero-waste city research institute in Xiong'an New Area, marking China's first research institute dedicated to the "Zero-Waste City" theme within the area.

During the year under review, the results of technological innovation further drove the development of the Group's major business. In 2019, the Group's scientific and technological R&D investment exceeded RMB200 million for the first time, accomplishing outstanding scientific and technological achievements. In respect of solid waste treatment, the Group successfully developed the first domestic large-scale household waste grate furnace with a daily waste processing capacity of 1,000 tonnes, consolidating its leading position in the industry. The Group also established an unstaffed and highly-automated intelligent control system, and achieved progress in phases by adopting this system in several waste-to-energy projects within the Group. It completed a scientific research demonstration project on plasma melting technology for the treatment of 30 tonnes/day of household waste incineration fly ash in Zhenjiang Waste-to-energy Project, providing new technology to address the fly ash issue. With regard to water environment management, the Group was in process of developing a stable and highly efficient leachate treatment technology by adopting EDR technique in the treatment of leachate MBR effluent, and explored a new method that innovated the solid waste landfill leachate treatment technique. The Group's high-parameter reheating technology with a header system successfully passed the national science research results assessment.

In 2019, the Group was granted 181 patents in total, including 11 invention patents, 124 utility patents, 42 software copyright licenses and 4 appearance patents. A total of 24 important essays were published in core journals and international conferences.

Environmental Planning

During the year under review, in order to support the healthy development of the Group's ecological and environmental protection business, the Group has reclassified Everbright Ecological and Environmental Planning and Design Institute (the "Environmental Planning and Design Institute") as a new business sector. The Group will further improve the design qualifications of the Environmental Planning and Design Institute with the aim of developing it into a first-class planning institute to enhance innovation capabilities, and through the marketisation of development, striving to achieve new breakthroughs in various aspects, including design quality, value creation, brand building and industry-leading.

Mr. Wang Tianyi, CEO of Everbright International, said: "Looking back into 2019, Everbright International delivered growth across the board, laying a solid foundation for the Group's next round of exponential development. Having been dedicated to environmental protection for 17 years, the Group has built a constructive business framework centering on the development of zero-waste cities with a primary focus on waste-to-energy services, out of which various emerging business sectors

have grown in tandem. It is now striving to build a new business structure across the three areas of environment, resource and energy.”

Mr. Wang Tianyi emphasised, “In 2020, the Group will focus on the three areas of the environment, resource and energy, where there is greater space for development and the improvement of its business structure; boost capabilities in five major aspects, namely market expansion, project construction, project operations, equipment manufacturing and technological innovation; concentrate on its competitive advantages, bolster overall strength and sustainability in order to cement the foundation for further success; and focus on expanding and strengthening its eight major business sectors, to share resources and develop synergistically in a bid towards establishing a pan-environmental systematic business structure and an ecosphere, which incorporates environmental protection and its derivative businesses with Everbright International at its core. It will also further strengthen protection in terms of seven major aspects of finance, procurement, budget, safety and environment, human resources, efficiency as well as corporate culture, to comprehensively improve the overall governance while enhancing its capabilities of early warning and risk prevention, with a view to safeguarding the Group’s stable and sustainable growth. The Group will hold fast to its aspirations and bear its mission in mind, as well as put in all efforts to fulfill its corporate mission of being ‘Devoted to Ecology and Environment for a Beautiful China’ and maintain its corporate pursuit of ‘Create Better Investment Value and Undertake More Social Responsibility’ while being held accountable. In doing so, Everbright International will do its utmost to take great strides towards its goal of becoming a world-leading ecological and environmental management 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. Everbright International is listed on The Stock Exchange of Hong Kong Limited (“HKEX”) (257.HK). It has two listed subsidiary companies: China Everbright Water Limited, which is dual listed on Singapore Exchange Securities Trading Limited and HKEX (U9E.SG and 1857.HK), and China Everbright Greentech Limited, which is listed on HKEX (1257.HK). 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 a focus on the three areas of environment, resource and energy. Its main businesses cover waste-to-energy and integrated waste treatment, biomass power generation, hazardous waste and solid waste treatment, environmental remediation, waste water treatment, reusable water, water supply, water environment management, waste sorting, sanitation integration, resource recycling, development of zero-waste cities, energy-saving lighting, equipment manufacturing, analysis and testing, research and development relating to green technologies, ecological and environmental planning and designing, as well as environmental protection industrial parks. Everbright International has a business presence in over 180 locations across 23 provinces, municipalities and autonomous regions in China, as well as in Germany, Poland and Vietnam.

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