

EVERBRIGHT INTERNATIONAL ANNOUNCES 2020 INTERIM RESULTS

Financial Highlights

	Six months ended 30 June		
	2020 HK\$'000	2019 HK\$'000	Change
Revenue	18,377,460	16,225,718	13%
Gross profit	6,489,221	5,653,259	15%
EBITDA	6,369,203	5,500,987	16%
Profit attributable to equity holders of the Company	3,028,747	2,630,366	15%
Basic earnings per share (HK cents)	49.30	42.82	15%
Interim dividend per share (HK cents)	14.0	13.0	8%

13 August 2020, Hong Kong – China Everbright International Limited (“Everbright International” or “Company”) (HKSE: 257) today announced its unaudited interim results for the six months ended 30 June 2020 (the “period under review”).

During the first half of 2020, factors such as the novel coronavirus (“Pandemic”) and the trade dispute wreaked havoc on major global economies, adding uncertainties to the world. Under this context, China’s economy was confronted with increased downside pressure, and the government authorities stepped up its counter-cyclical adjustment effort to press ahead at full pace. The domestic economy demonstrated extraordinary resilience with its recovery gaining traction overall. The environment, resource and energy sectors in China maintained good growth momentum with the support of the country’s policies for stable growth. During the period under review, the Group faced up to external changes and challenges, while actively planning and made innovations to carry out all work stably. As a result, it solidified its market position in traditional business areas, accelerated the development of emerging businesses, and optimised its overall business layout, to further boost its overall competitiveness and cement its industry-leading position.

Regarding operating results, during the period under review, the Group’s consolidated revenue amounted to HK\$18,377,460,000, an increase of 13% over HK\$16,225,718,000 in the same period last year. EBITDA amounted to HK\$6,369,203,000, an increase of 16% over HK\$5,500,987,000 in the same period last year. Profit attributable to the Company’s equity holders was HK\$3,028,747,000, 15% more than HK\$2,630,366,000 in the same period last year. Basic earnings per share for the first half of 2020

was HK49.30 cents, HK6.48 cents higher than HK42.82 cents in the same period last year. The Group has smooth access to financing channels, with abundant capital and a healthy gearing ratio. It also performed well across all financial indicators, with healthy financial conditions, which laid a solid foundation for the Group's next phase of development and the establishment of "the world's leading ecological and environmental group".

During the period under review, the Group's environmental energy, greentech and environmental water projects generated total revenue of HK\$18,038,551,000, of which construction service revenue increased by 3% to HK\$10,408,327,000 and operation service revenue increased by 32% to HK\$5,754,540,000, compared with the same period of 2019. The proportions of revenue are as follows: construction service revenue accounts for 58%, operation service revenue accounts for 32% and finance income accounts for 10%.

In terms of market expansion, during the period under review, the Group secured a total of 32 new projects, 2 supplemental agreements for the existing projects and 2 project acquisition agreements, which command a total investment of approximately RMB10.684 billion. The Group also undertook 4 environmental remediation services, 1 supplemental agreement of the existing environmental remediation service, 1 energy management contract ("EMC") project and 1 operation and management ("O&M") project, with a total contract value of approximately RMB149 million. The new projects are designed to have a daily household waste processing capacity of 11,210 tonnes; a daily food waste processing capacity of 730 tonnes; a daily waste water treatment capacity of 170,000 m³ (treatment capacity of the O&M project inclusive), a daily reusable water supply of 30,000 m³, as well as an annual steam supply of 820,000 tonnes and an annual hazardous waste and solid waste treatment capacity of 392,500 tonnes.

In terms of project construction, during the period under review, despite impacted by the Pandemic, the Group took a positive attitude and best effort to deploy the project construction work. As a result, the Group achieved the Pandemic control for its construction works and resumed construction works in an orderly manner. In the meantime, the Group adhered to the principle of "productivity, efficiency, quality, cost-effectiveness, legitimacy, safety and integrity", and therefore carried out construction work with high quality, which brought an increase in construction service revenue. In the first half of 2020, 45 projects commenced construction, 24 projects commenced operation (inclusive of 22 projects that completed construction and commenced operation), and 3 environmental remediation services were completed and delivered. As of 30 June 2020, 11 environmental remediation services of the Group were underway, 2 such services were in the preparatory stage, and

a total of 18 services of this type had been completed and delivered.

As of 30 June 2020, the Group's business footprint had expanded to more than 190 locations across 23 provinces, municipalities and autonomous regions in China, as well as overseas markets in Germany, Poland and Vietnam. The Group secured 435 environmental protection projects in total, with a total investment of RMB134.542 billion, as well as undertaking 31 environmental remediation services, 11 engineering, procurement and construction ("EPC") projects, 3 EMC projects and 4 O&M projects.

As of 30 June 2020, as Asia's largest waste-to-energy investor and operator, the Group's environmental energy sector and greentech sector had secured 154 waste-to-energy projects in total (2 O&M projects inclusive), with a total designed daily household waste processing capacity of 134,410 tonnes. Of which, the Group had 92 waste-to-energy projects in operation, with a designed daily household waste processing capacity of 75,900 tonnes; 47 waste-to-energy projects under construction, with a designed daily household waste processing capacity of 41,200 tonnes; and 15 waste-to-energy projects in preparation stages, with a designed daily household waste processing capacity of 17,310 tonnes.

Facing the sudden outbreak of the Pandemic this year, the Group took quick actions with effective instructions and adopted proper preventive measures, with stringent management and control practices. Over 200 operating environmental protection projects of the Group ensured no loophole in Pandemic prevention to safeguard the staff's health and safety. As a result, the Group achieved "zero infection" in work places of its operating projects. On the other hand, the Group ensured the smooth operation of its projects in compliance with relevant discharge standards. These projects provided the harmless treatment of household waste, medical waste and waste water for the local communities, which effectively prevented the secondary virus transmission through the waste, safeguarding the environment and hygiene of the local communities with efficient and high-quality environmental protection services.

In addition, the opening up and upgrading project of Jiangsu Changzhou Waste-to-energy Project ("Changzhou Project") progressed in an orderly manner and was completed and commenced operation, during the period under review. The project has transformed from a "no access" environmental protection facility, which might cause the "Not-In-My-Back-Yard" (NIMBY) effect, into a "community-friendly" factory and an "urban living room", which is fenceless, fully-opened, and equipped with accessible amenities such as library, basketball court and kids playground – first of this

type in China. This provides a good reference for tackling the NIMBY effect, represents good exploration for shared interests among the government authorities, enterprises and residents, and showcases the Group's leading role in setting industry benchmarks.

Environmental Energy

During the period under review, the Group's environmental energy projects processed a total of 13,647,000 tonnes of household waste, an increase of 28% as compared with the first half of 2019. All projects generated 4,372,440,000 kWh of on-grid electricity, an increase of 41% as compared with the first half of 2019. Environmental energy projects contributed an EBITDA of HK\$4,084,822,000, an increase of 21% as compared with the first half of 2019. Environmental energy projects contributed a net profit attributable to the Group of HK\$2,542,451,000, an increase of 24% as compared with the first half of 2019. The increase in profit was mainly attributable to the growth in the number of construction projects and the continuing increase in the aggregate processing capacity of the operating projects, driving an increase in construction service revenue and operation service revenue.

In terms of market expansion, during the period under review, environmental energy signed a total of 21 new projects, in addition to 2 project acquisition agreements, which in aggregate command a total investment of RMB8.798 billion. Among these projects, there were 10 new waste-to-energy projects, contributing a designed daily household waste processing capacity of 11,210 tonnes; and 7 new food waste treatment projects, contributing a designed daily food waste processing capacity of 670 tonnes. Environmental energy has a total designed daily household waste processing capacity of 125,560 tonnes, further cementing its leading role in the industry.

Regarding project construction, during the period under review, in the environmental energy sector, 12 projects commenced operation (inclusive of 11 projects that completed construction and commenced operation), with a total designed daily household waste processing capacity of 6,100 tonnes, and a total designed daily food waste processing capacity of 80 tonnes; 27 projects commenced construction, with a total designed daily household waste processing capacity of 16,550 tonnes, and a total designed daily food waste processing capacity of 400 tonnes.

Greentech

As of 30 June 2020, the Group had a 69.7% stake in China Everbright Greentech Limited ("Everbright Greentech").

During the period under review, greentech projects provided approximately 2,650,532,000 kWh of

on-grid electricity in total, an increase of 48% compared with the corresponding period in 2019. Greentech projects contributed an EBITDA of HK\$1,595,103,000, a 16% increase compared with the corresponding period in 2019. Greentech projects contributed a net profit attributable to the Group of HK\$604,949,000, a 6% increase compared with the corresponding period in 2019. The increase in profit was mainly due to the steady growth in operation service revenue during the period under review.

Regarding market expansion, during the period under review, Everbright Greentech secured 5 new projects and signed 2 supplemental agreements of the existing projects, with a total investment of approximately RMB1.081 billion; and undertook 4 environmental remediation services and signed 1 supplemental agreement of the existing environmental remediation service, with a total contract value of approximately RMB149 million. These projects contribute an annual designed steam supply of approximately 820,000 tonnes, and an annual designed hazardous waste and solid waste treatment capacity of approximately 392,500 tonnes.

Regarding project construction, during the period under review, 4 projects of Everbright Greentech completed construction and commenced operation, in addition to 1 project commenced operation. These projects are designed with an annual biomass raw materials processing capacity of approximately 850,000 tonnes, an annual household waste processing of 127,750 tonnes, and an annual hazardous waste and solid waste treatment capacity of approximately 7,000 tonnes. 3 environmental remediation services were completed and delivered in the first half of 2020. During the period under review, 10 projects commenced construction and 5 environmental remediation services started respective remediation work.

During the period under review, Everbright Greentech completed the issuance of the first tranche of the medium-term notes, with a principal amount of RMB1 billion, a maturity period of “3+2” years, and a coupon rate of 3.68% per annum for the first three years. The proceeds from the issuance are expected to be used for general working capital and loan repayment by Everbright Greentech.

Environmental Water

As of 30 June 2020, the Group had a 72.87% stake in China Everbright Water Limited (“Everbright Water”).

During the period under review, the environmental water projects treated a total of 746,818,000 m³ of waste water, an increase of 11% as compared with the first half of 2019. The environmental water

projects contributed an EBITDA of HK\$810,659,000, a decrease of 3% as compared with the first half of 2019. The environmental water projects contributed a net profit attributable to the Group of HK\$294,833,000, a decrease of 6% as compared with the first half of 2019. The decrease in profit was mainly attributable to the decrease in construction service revenue impacted by the Pandemic.

In terms of market expansion, during the period under review, Everbright Water secured 6 new projects, with a total investment of approximately RMB805 million. It also secured 1 O&M project. The new projects contribute a designed daily waste water treatment capacity of 170,000 m³ and a designed daily reusable water supply capacity of 30,000 m³.

In terms of project construction, during the period under review, Everbright Water had 6 projects that completed construction and commenced operation. These projects are designed to have a daily waste water treatment capacity of approximately 80,000 m³ and a daily reusable water supply capacity of approximately 40,000 m³. It also had 6 projects that commenced construction, which are designed to have a daily waste water treatment capacity of approximately 115,000 m³, a daily reusable water supply capacity of approximately 33,000 m³, and a daily water supply capacity of approximately 600,000 m³.

During the period under review, Everbright Water issued asset-backed securities to qualified investors in the People's Republic of China for the first time, with a size of issue of RMB300 million. The proceeds from the issuance will be used to replenish working capital of Everbright Water and its subsidiaries.

Equipment Manufacturing

In the first half of 2020, the Group's equipment manufacturing sector rode on the philosophy of "accelerating marketisation, satisfying market demands". It further enhanced its branding and strengthened its full-process servicing system covering research and development ("R&D"), manufacturing and maintenance, in order to improve its sustainability.

In terms of market expansion, during the period under review, equipment manufacturing signed 15 external sales contracts and sold 34 sets of equipment to the external markets, including 22 sets of grate furnaces, 8 sets of flue gas purification systems and 4 sets of leachate treatment systems. In the first half of 2020, the total external contract sales of equipment amounted to RMB517 million.

In terms of equipment supply and services, during the period under review, equipment manufacturing commenced a total of 41 service items, spanning 16 provinces, municipalities and autonomous

regions in China. It provided 55 sets of grate furnaces to projects of the Group and external customers, a 77% increase as compared with the first half of 2019. The designed daily waste processing capacity of these grate furnaces reached 25,430 tonnes, an increase of 63% as compared with the first half of 2019. Moreover, equipment manufacturing sold 48 sets of grate furnaces, 24 sets of flue gas purification systems and 11 sets of leachate treatment systems.

In terms of after-sales service, during the period under review, the after-sales market of equipment manufacturing saw a further increase. Of which, the sector signed 69 external after-sales service contracts, with a total contract value of RMB82.12 million. A total of 109 after-sales service projects were provided during the period under review, recording an increase of 16% as compared with the first half of 2019, of which 55 were internal projects and 54 were external projects.

During the period under review, equipment manufacturing completed 18 design optimisation projects and 32 independent design projects. A total of 7 new product development projects were also completed in the same time frame.

Eco-recycling

During the period under review, the Group's eco-recycling sector refined its development strategy as "light assets, new technologies, high returns". It focuses on three main business areas, namely environmental sanitation integration, waste sorting, and renewable resource utilisation, and has established the "Five Points in One Line" full-chain business regime, which covers waste sorting and collection, sanitary transferring, intelligent selecting, resource utilisation and end disposal.

During the period under review, eco-recycling made adjustments according to the overall strategic planning of the Group, and transferred several waste sorting projects, for which it has won the bids, to the Group's environmental energy sector for handling, in order to achieve better synergistic effects among projects. At the same time, eco-recycling actively explored businesses relating to environmental sanitation integration, waste sorting, renewable resource utilisation, and comprehensive ecological and environmental management for urban construction, in key domestic cities and regions, and has reached the intention of cooperation with some cities and regions.

During the period under review, eco-recycling continued integration work for the waste sorting technology company that the Group invested in 2019, and optimised the planning of the intelligent waste recycling machines and other related businesses. In addition, Yunnan Yuxi Environmental Sanitation Integration Project operated smoothly.

Greenergy

The Group's greenergy sector, with Everbright new sodium lamp ("Lamp") as the core product, adheres to the development philosophy of "Healthy, Energy-saving and Intelligent Lighting", and focuses on the R&D and manufacturing of energy-saving lighting, urban outdoor lighting projects and other types of energy-saving lighting products, to develop a full-chain business. Greenergy provides integrated lighting solutions to the users based on three major business models, namely EMC, EPC and direct sales.

In terms of market expansion, during the period under review, greenergy won the bid for a streetlight upgrading project that will upgrade approximately 11,000 streetlights for the urban districts of Tengzhou City, Shandong Province, based on the EMC model. In the meantime, it signed 57 contracts for the Lamps via direct sales, with a total contract value of approximately RMB2.42 million.

Regarding project construction, during the period under review, greenergy's Shandong Rizhao Streetlight Retrofitting EMC Project completed construction; and Shandong Ji'nan Streetlight Retrofitting EMC Project commenced construction. The smooth progress of the 2 projects has provided valuable experience for greenergy to carry out projects of this type, as well as to promote the EMC business model, in the future.

Envirotech

During the period under review, the Group substantially established the "Four-in-One" technological innovation and R&D layout with platforms in Hong Kong, 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 the R&D results.

In terms of R&D, during the period under review, the Group successfully upgraded its intelligent technologies that could start or stop relevant equipment with one single click, at Jiangyin Waste-to-energy Project Phase III; achieved smooth operation of the automatic combustion control (ACC) system at Boluo Waste-to-energy Project; completed the "72+24" hour trial run of its self-developed wet deacidification project, the first of this type in China, at Changzhou Project, marking the Group's international-standard level in the field of ultra-low emission technology. In addition, Everbright-Qingdao University of Technology Research Institute of Environmental Technology ("Qingdao Institute") was awarded a certificate of "Laboratory of Excellence" by the Environmental Resources Association's international proficiency testing, due to its excellent water dioxin testing capability. This

marks Qingdao Institute's dioxin testing capability has reached the international standard.

In the first half of 2020, the Group was granted 144 patents and software copyright licenses in total, including 3 invention patents, 137 utility patents, 3 software copyright licenses and 1 appearance patent. A total of 8 important essays were published in core journals and international conferences. As of 30 June 2020, the Group had been granted 917 patents and software copyright licenses in total, including 108 invention patents, 725 utility model patents, 79 software copyright licenses and 5 appearance patents.

Environmental Planning

The Group's environmental planning sector leverages on Everbright Ecological and Environmental Planning and Design Institute ("Environmental Planning and Design Institute") as the main platform, with focuses on the fields of environmental protection and energy. It strives to build core technological capabilities, expand the business scope and drill technological depth, to become a first-class planning and design institute in China.

During the period under review, Environmental Planning and Design Institute accomplished design works of the Group's Wujiang Waste-to-energy Project, including the design of the 1,000 tonnes/day waste incineration treatment line. So far, it has developed the design capacity of a full range of waste incineration treatment lines, with the capacity ranging from 300 tonnes/day to 1,000 tonnes/day. It had expanded its design and consulting services to the fields of food waste treatment, sludge treatment and disposal, integrated slag utilisation, medical waste treatment, etc., strongly supporting the development of the Group's other business sectors.

Mr. Wang Tianyi, CEO of Everbright International, said, "In the first half of 2020, despite the significant impact of the Pandemic and industry policy changes, the Group's staff stood up to the challenges, with one heart and one mind, forging ahead with sustainable development endeavors. All the work proceeded steadily with good progress. With the ongoing Pandemic, the Group will pay close attention to the Pandemic and changes in the industry policies, focusing on both the Pandemic prevention and control, as well as a smooth business operation. It will proactively study the industry's new policies, discuss new measures and new models that could benefit its business development, in order to ensure the reasonable return and sustainable development of the business."

Mr. Wang Tianyi emphasised that "After years of proactive planning and dedicated efforts, the advantages of the Group's traditional businesses have continued to emerge, and the market position

of its new business sectors continues to improve. Under Everbright Group's 'Four, Three, Three' Initiative and the work requirements of 'pursuing progress while ensuring stability, seeking opportunities through changes, and pursuing innovation in growth', the Group will leverage pressure to seek transformation for development, and continuously implement its development strategy that focuses on 3 major areas, 5 major capabilities, 8 major business sectors and 7 major aspects as safeguards. It will focus on the three areas of the environment, resources and energy as its '3 Domains' business layout, improving its '5 Development Capabilities', including market expansion, engineering construction, project operation, equipment manufacturing and technological innovation, to boost its sustainable development momentum. The Group will expand and strengthen its '8 Business Sectors', including environmental energy, greentech, environmental water, equipment manufacturing, eco-recycling, greenenergy, envirotech and environmental planning, in order to form a comprehensive and synergistic industrial model. Additionally, the Group will make improvements in '7 Major Aspects as Safeguards', including finance, procurement, budget, safety and environment, human resources, efficiency and corporate culture. It will also ensure compliant discharge and safe operation of its projects as the bottom line; and enhance its proficiencies in information management, project construction and operation, and technological R&D and research project pipeline."

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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, river-basin ecological restoration, equipment manufacturing, waste sorting, environmental sanitation integration, resource recycling, development of zero-waste cities, energy-saving lighting, 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 190 locations across 23 provinces, municipalities and autonomous regions in China, as well as in Germany, Poland and Vietnam.

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