

Press Release

Everbright Water Announces 2021 Annual Results

Financial Highlights

(HK\$'000)	For the year ended 31 December		Change
	2021	2020	
Revenue	6,912,371	5,663,292	22%
Gross profit	2,801,589	2,200,536	27%
Gross profit margin (%)	41	39	2ppt*
EBITDA	2,245,235	1,931,379	16%
Profit attributable to equity holders of the Company	1,200,329	1,024,271	17%
Basic earnings per share (HK cents)	41.96	35.80	17%
Final dividend per share (HK cents)	6.83	6.07	13%
Total dividend per share (equivalent to Singapore cents)	1.19	1.04	14%
Total dividend per share (HK cents)	12.58	9.81	28%
Total dividend per share (equivalent to Singapore cents)	2.20	1.71	29%

(* ppt: percentage point)

Singapore and Hong Kong, 28 February 2022 – China Everbright Water Limited (“Everbright Water” or the “Company”, stock codes: U9E.SG and 1857.HK) (中國光大水務有限公司), an environmental protection company focusing on water environment management, is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively the “Group”) for the financial year ended 31 December 2021 (“FY2021” or “year under review”).

In FY2021, with its stable operating momentum, the Group recorded revenue of HK\$6.91 billion, representing an increase of 22% from FY2020; earnings before interest, taxes, depreciation and amortisation (“EBITDA”) was HK\$2.25 billion, representing an increase of 16% from FY2020; profit attributable to equity holders of the Company reached HK\$1.20 billion, representing an increase of



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17% from FY2020; basic earnings per share were HK41.96 cents, indicating an increase of HK6.16 cents or 17% from FY2020; overall gross profit margin was 41%, up 2 percentage points compared to FY2020. The Group has ready access to diverse financing channels with comprehensive long- and short-term financing tools, holds quality assets and sufficient funds with a reasonable gearing ratio, and is in a healthy financial position.

With respect to market development, Everbright Water firmly pursued “high-quality development” during the year under review. The Group made its first entry into the water markets in Tianjin Municipality, Hebei Province and Mauritius. Thereby, it has solidified its business footprint in China’s strategic regions such as the Beijing-Tianjin-Hebei region, and successfully entered the water market along the “Belt and Road” route, further expanding its business outlook. The purchase of 65% equity interest in Tianjin Binhai New Area Huantang Sewage Treatment Co., Ltd. helped the Group tap into Tianjin’s water market and gain valuable experience in pursuing opportunities under the mixed-ownership reform of China’s state-owned enterprises. Securing Hebei Cangzhou Huanghua Waste Water Treatment Plants Public-Private Partnership Project enabled the Group to achieve comprehensive development in the Beijing-Tianjin-Hebei market. Securing the operation and management (“O&M”) project in relation to the Mauritius St. Martin Waste Water Treatment Plant, through the Company’s 80%-owned subsidiary E+B Umwelttechnik GmbH, marked an important milestone and a good start of the Group in developing overseas markets. Additionally, the Group signed a framework agreement for Shandong Qingdao Maida Waste Water Treatment Plant Expansion and Upgrading Project, as part of its effort to transform the Group’s Qingdao Waste Water Treatment Project (Maida Plant) into an iconic “community-friendly” project that integrates high-quality water treatment facilities and a neighborhood-friendly park.

In FY2021, the Group secured 14 waste water treatment projects and 1 reusable water project, commanding a total investment of approximately RMB3.76 billion. The Group also undertook 1 engineering, procurement and construction (“EPC”) project and 1 overseas O&M project. These newly-secured projects contribute an additional designed daily waste water treatment capacity of 489,000 m³ (including treatment capacity of the O&M project) and an additional designed daily reusable water supply capacity of 54,000 m³. As at 31 December 2021, the Group invested in and



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held 153 environmental protection projects, with a total investment of approximately RMB28.43 billion. In addition, it undertook 4 EPC projects and 3 O&M projects. All these projects have an aggregate designed daily water treatment capacity of over 7 million m³ (including treatment capacity of the O&M projects).

Against the backdrop of China's strategic goals of "Peaking Carbon Emission" and "Achieving Carbon Neutrality", the Group has carried out the relevant research and pilot programmes relating to "Reducing Pollution and Carbon Emission" and "Boosting Synergy and Efficiency", by leveraging on its own business characteristics and competitive strengths. The Group, during the year under review, proactively established working teams that specialised in six different areas, such as reusable water, in-plant solar energy and waste water source heat pump, to provide the necessary support for its future strategic development. Among them, the Group launched the in-plant solar energy pilot programme at its Shandong Zibo Waste Water Treatment Project. The solar energy facilities were successfully connected to the power grid in August 2021, which are expected to generate electricity to satisfy 9% of the project's power consumption. This enables the Group to accumulate valuable experience to further promote such programmes in the future. In addition, the Group, during the year under review, participated in the first batch of pilot projects for monitoring and evaluation of greenhouse gas emission, which was organised by the Ministry of Ecology and Environment of the PRC, to carry out water sample analysis and data collection for carbon calculation.

As for technological innovation, the Group continued focusing on the digital transformation which is driven by technological innovation, and has achieved good progress. During the year under review, it further promoted its "Intelligent Water" management system. The application of various systems, such as the smart inspection system and the smart dosing system, has reduced the workload of frontline staff and enhanced the management proficiency of the water projects. In addition, the Group actively developed the "Intelligent Water" blueprint which covers various aspects including design and operations, and promoted the development of an information and supervisory system and the implementation of smart plants. In FY2021, the Group provided its in-house developed technological processes to its internal and external clients, with a total contract value of

over RMB100 million. During the year under review, the Group was granted 28 patents (including 1 invention patent, 25 utility models, and 2 software copyrights), and published 28 technical papers.

In relation to project construction, the Group, during the year under review, firmly implemented measures to ensure safety and quality of project construction as well as pandemic prevention and control for the smooth progress of its project construction works. In FY2021, the Group had 6 projects that commenced construction, which have an aggregate designed daily waste water treatment capacity of 130,000 m³; 5 projects that completed construction (including EPC projects), which have an aggregate designed daily waste water treatment capacity of 72,500 m³; and 11 projects that completed construction and commenced operation, which have an aggregate designed daily waste water treatment capacity of 249,000 m³. As at 31 December 2021, the Group had 13 projects in the preparatory stage, with an aggregate designed daily water treatment capacity of 396,000 m³.

In relation to operations management, the Group continued exploring various opportunities to boost its operations management efficiency. The Group, during the year under review, proactively explored energy structure optimisation of waste water treatment plants by leveraging on its projects in operation. The Group co-operated with its partners to participate in market-based electricity transactions in Jiangsu and Shandong Provinces, effectively reducing the electricity cost. In FY2021, 9 waste water treatment plants of the Group received regulatory approval for tariff hikes, ranging from 4% to 58%; and subsidies of approximately RMB71.35 million in total were granted to the Group.

In relation to the capital market, the Group, during the year under review, continued with its flexibility in selecting suitable financing tools to match with its business development plan and keep its finance costs within a reasonable range. In January 2021, the Company issued the second tranche of medium-term notes, with a principal amount of RMB1 billion and a subscription rate of 1.97 times; and in August 2021, the Company issued the first tranche of super and short-term commercial papers, with a principal amount of RMB800 million. The funds raised from such financing arrangements effectively replenished the working capital of the Company's subsidiaries.



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Mr. Tao Junjie, Executive Director and CEO of Everbright Water, said: “In 2021, Everbright Water made steady progress with unremitting effort. Moreover, with the hard work and concerted effort, the Group achieved fruitful results in the areas of market expansion, technological innovation, engineering and construction, operations management, safety and environmental management, among others. In the meantime, the Group has further developed its strategies which emphasise the ‘Innovation-driven Development’ in various aspects such as business, management, and research and development to nurture competitive businesses, continuously solidifying its competitive advantages and market position in the water environment management sector. Marching into 2022, the Group will actively explore industry-leading operation models relating to low carbon; solidify its strength in the existing markets, expand its business footprint, and enhance the coordination and synergy among different regions; expand new sources of business growth, while enhancing its competitiveness along the existing industry chain. It will strive and forge ahead with determination towards the goal of becoming a water environment management company that is driven by green innovation.”

Mr. Hu Yanguo, Executive Director and Chairman of Everbright Water, pointed out, “The year 2021 marks an exceptional year yet a fruitful year for Everbright Water. Looking forward, the Group will adhere to its corporate mission of being ‘Devoted to Ecology and Environment for a Beautiful China’, deeply participate in the national development process and actively study the industry trends. While prioritising its stability, the Group will firmly adhere to the ‘Innovation-Driven’ development approach, and enhance its strategic vision to be more market-oriented, professional and international. In the process of corporate development, the Group will tap into the potential of traditional businesses through innovative means to optimise existing businesses while exploring new areas to foster business expansion. It will also enhance development agility, improve technology strengths, and nurture open ecospheres to steadily ‘Make Progress in Stability, Pursue Excellence in Progress, and Seek Innovation in Excellence’. Looking forward, Everbright Water is full of confidence and determination to continuously pursue ‘high-quality development’ with a new paradigm of innovative development. The Group strives to create sustainable and good returns for the shareholders of the Company and other stakeholders, and to contribute to China's green and low-carbon development process.”

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About China Everbright Water Limited

China Everbright Water Limited ("Everbright Water" or the "Company") is an environmental protection group focusing on water environment management. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited and the Main Board of The Stock Exchange of Hong Kong Limited (stock codes: U9E.SG and 1857.HK) with its direct controlling shareholder being China Everbright Environment Group Limited (stock code: 257.HK).

The Company has developed a fully-fledged business coverage, which includes raw water protection, water supply, municipal wastewater treatment, industrial wastewater treatment, reusable water, river-basin ecological restoration, and sludge treatment and disposal. Meanwhile, the Company has also formed a full industry chain in the water business, including project investment, planning and design, technological research and development, engineering and construction, operations management, among others. The Company's geographical footprint spans across East, Central, South, North, Northeast and Northwest China, covering 12 provinces, municipalities and autonomous regions in China, namely Beijing, Tianjin, Hebei, Jiangsu, Zhejiang, Shandong, Shaanxi, Henan, Hubei, Guangxi Zhuang Autonomous Region, Liaoning and Inner Mongolia Autonomous Region. The Company also has a business presence in Mauritius.

For more information, please visit the Company's official website at <http://www.ebwater.com>.

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