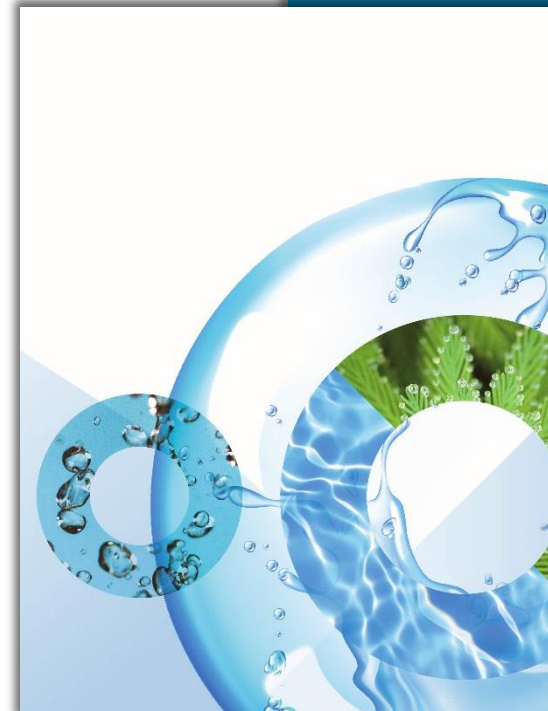


# 2022 Interim Results Presentation



August 2022  
China Everbright Water Limited

# Forward-looking Statement

This presentation may contain forward-looking statements. Any such forward-looking statements are based on a number of assumptions about the operations of China Everbright Water Limited (“Everbright Water” or the “Company”, together with its subsidiaries, collectively the “Group”) and factors beyond the Company's control and are subject to significant risks and uncertainties, and accordingly, actual results may differ materially from these forward-looking statements. The Company undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such dates.

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# 01. Operating Results

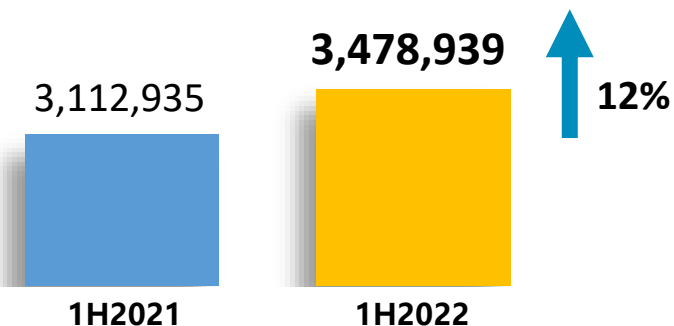


# Operating Results

– Stable Indicators

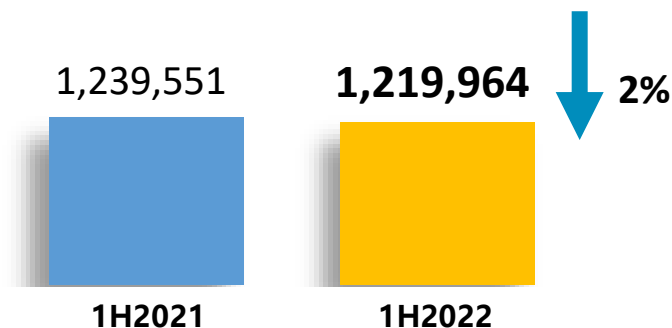
## Revenue

(HK\$'000)



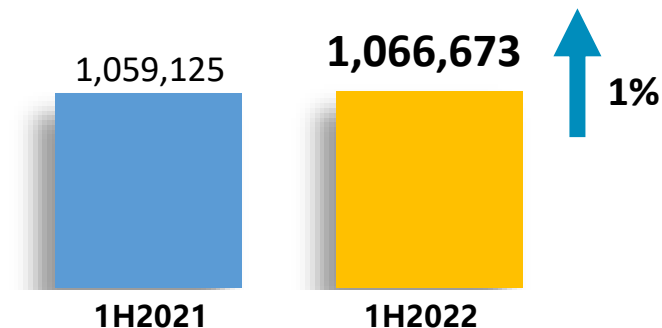
## Gross Profit

(HK\$'000)



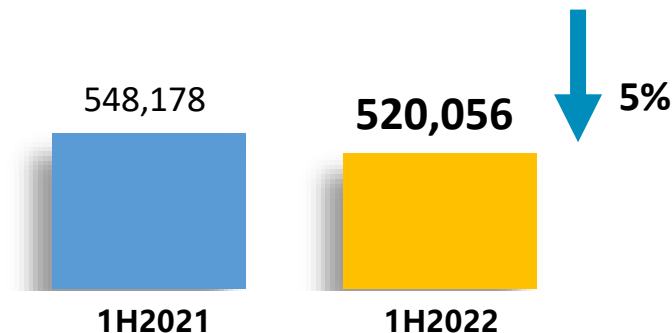
## Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)

(HK\$'000)



## Profit Attributable to Equity Holders of the Company

(HK\$'000)



# Operating Results

## – Solidifying Strengths and Exploring New Areas

**Solidifying Strengths:** In 1H2022, Everbright Water continued strengthening its advantageous market position in Shandong and Jiangsu Provinces, as well as its traditional business areas, such as waste water treatment (“WWT”), reusable water and leachate treatment; and conducted in-depth research and planning in the industrial WWT field. It secured 2 WWT projects and undertook 2 operation and management (“O&M”) projects.

**Exploring New Areas:** While focusing on its traditional business areas and exploring beyond the water industry, the Group embraced adaptive workforces dedicated to various industry research topics and looked for opportunities arising from other “water-related” areas as part of its future development strategies.

**Total investment**  
**RMB361 million**

**Additional treatment capacity**  
**101,500 m<sup>3</sup>/day**

Name of Project	Type of Business	Treatment Capacity (m <sup>3</sup> /day)
Shandong Ji’nan Prior Zone Detonation Area WWT Public-Private Partnership Project	municipal WWT	40,000
	reusable water	30,000
Shandong Zibo Zhangdian East Chemical Industry Park Industrial WWT Plant Upgrading and Expansion Project	industrial WWT	5,000
Jiangsu Yixing Economic Development Zone Industrial WWT O&M Project	industrial WWT	25,000
Jiangsu Xuzhou Yanqun Household Waste Landfill Leachate Full-Volume Emergency Treatment O&M Project	leachate treatment	1,500



# Operating Results

– Steady Growth of Business Scale

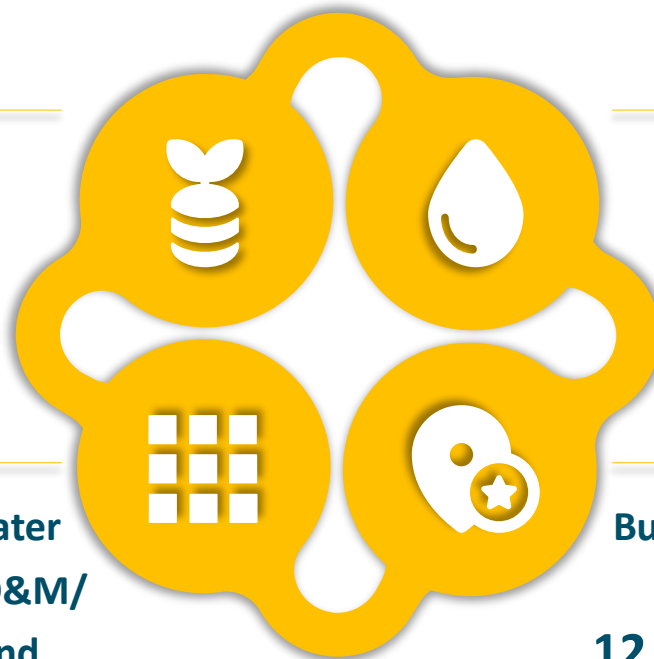
## Total project investment

approx.  
**RMB28.65 billion**

## Total number of projects

Invested in and held **153** water projects, and undertook **9** O&M/ engineering, procurement and construction (“EPC”) projects

<b>119</b> municipal WWT projects	<b>1</b> raw water protection project
<b>15</b> industrial WWT projects	<b>1</b> leachate treatment project
<b>8</b> reusable water projects	<b>5</b> O&M projects
<b>6</b> river-basin ecological restoration projects	<b>4</b> EPC projects
<b>3</b> water supply projects	



## Total water treatment capacity

approx.  
**7.16 million m<sup>3</sup>/day**

## Business footprint

Business spans over **50** districts, counties and cities across **12** provinces, municipalities and autonomous regions in China; and **1** overseas market

Beijing	Shandong	Shaanxi	Guangxi
Tianjin	Jiangsu	Henan	Liaoning
Hebei	Zhejiang	Hubei	Inner Mongolia
Mauritius			

# Operating Results

## – High-Quality and Orderly Construction Works

3

### 3 projects commenced construction

- 3 WWT projects
- Total investment of approx. RMB575 million
- Aggregate designed water treatment capacity of 20,000 m<sup>3</sup>/day

2<sup>#</sup>

### 2 projects completed construction/ commenced operation upon completion of construction

- 1 river-basin ecological restoration project and 1 WWT project<sup>#</sup>
- Total investment of approx. RMB1.466 billion
- Aggregate designed water treatment capacity of 40,000 m<sup>3</sup>/day

16<sup>#</sup>

### 16 projects under construction

- 12 WWT projects<sup>#</sup>, 3 river-basin ecological restoration projects and 1 raw water protection project
- Total investment of approx. RMB6.706 billion
- Aggregate designed water treatment capacity of 1,015,000 m<sup>3</sup>/day

12

### 12 projects in preparatory stage\*

- 8 WWT projects, 2 river-basin ecological restoration projects, 1 water supply project and 1 reusable water project
- Total investment of approx. RMB 4.836 billion
- Aggregate designed water treatment capacity of 451,000 m<sup>3</sup>/day

*# inclusive of EPC project(s)*

*\*as at 30 June 2022*

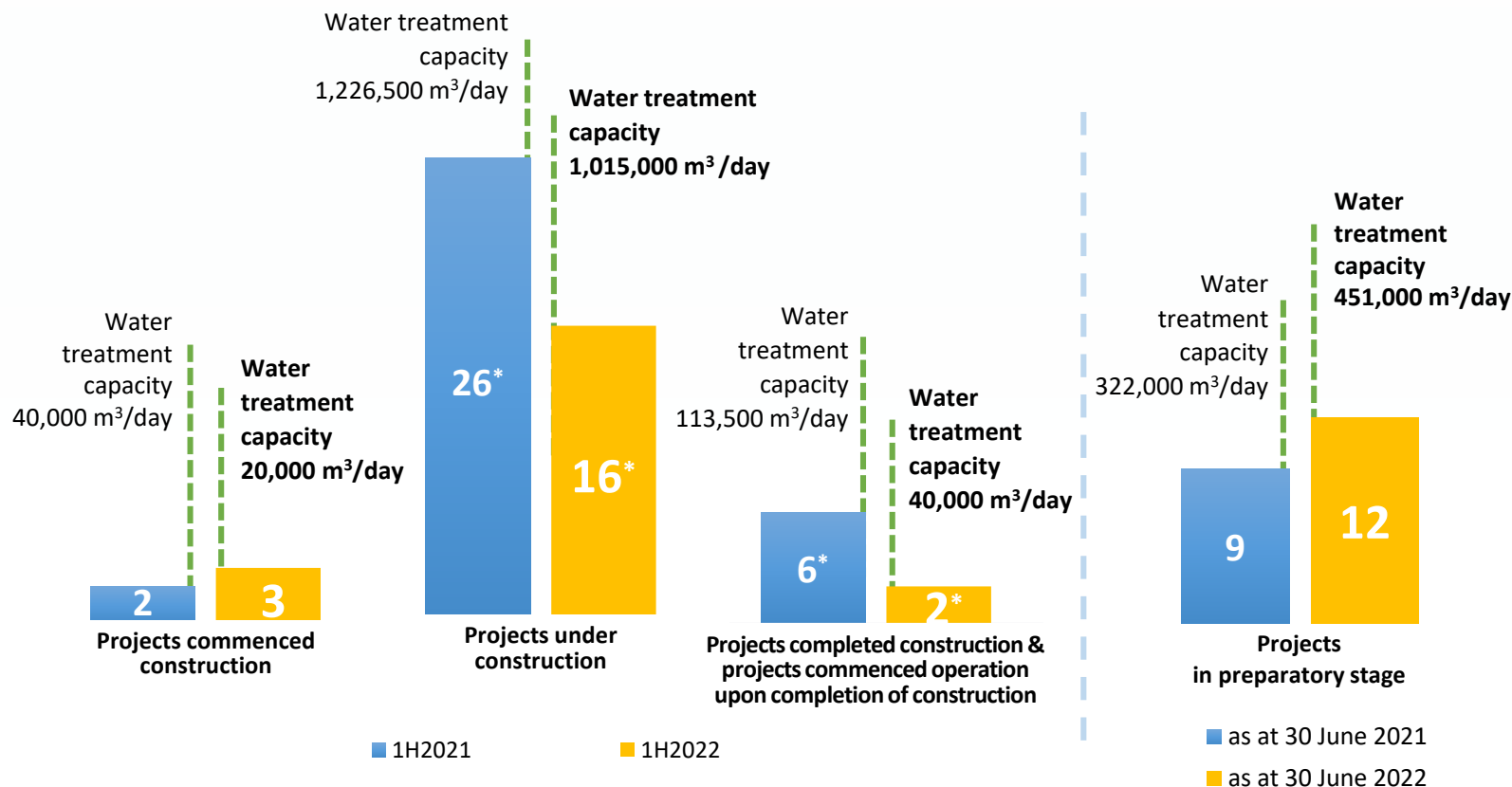


# Operating Results

## – High-Quality and Orderly Construction Works

### Construction Work Progress for the Six-month Period

(Number of projects)



\* Inclusive of EPC project(s)

# Operating Results

## – Enhanced Quality and Efficiency in Operations Management

Since 2022, while ensuring the high-quality operation of its projects, the Group has improved the overall efficiency of the projects by tapping on the potential of its operating projects and making positive progress in pollution reduction and carbon emissions reduction, energy saving and cost reduction.

### Carbon source substitution technology

A number of the Group's projects introduced alternative carbon sources, such as expired beverages and brewery waste water, through collaboration with local enterprises, which reduced the chemical consumption and increased the economic benefits of its projects.

### In-plant solar energy pilot programme

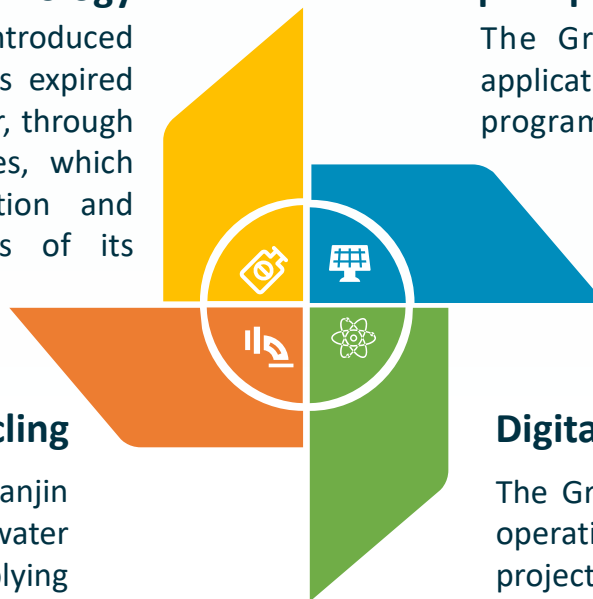
The Group continued the widespread application of its in-plant solar energy pilot programme by installing 6 sets of solar power generation facilities at its projects, which have an additional solar power generation capacity of 14MW.

### Waste water recycling

The Group's water projects in Tianjin Municipality ventured into waste water recycling business by directly supplying reusable water to the local residential areas, thereby increasing the projects' revenue.

### Digital transformation

The Group launched a new version of its operations management system across its projects. These laid a good foundation for big data control and analysis of operating projects throughout their life cycles.

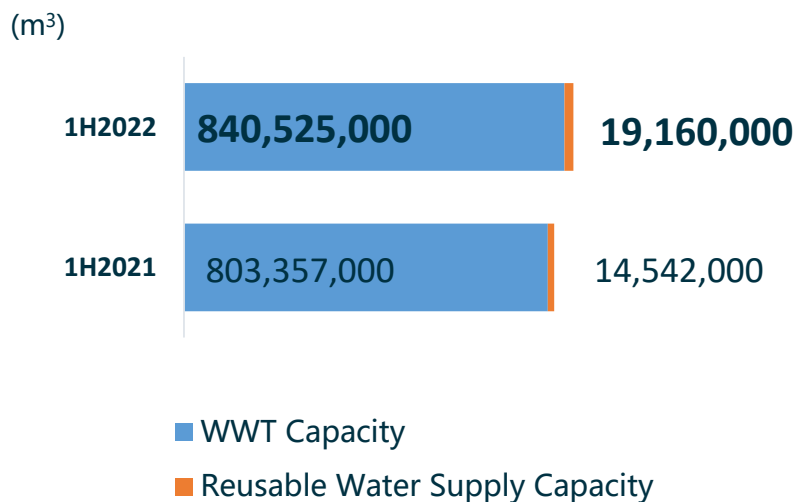


# Operating Results

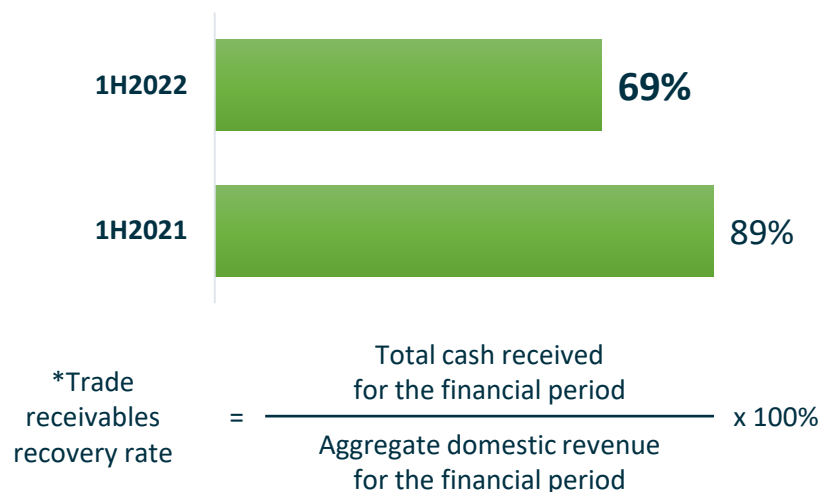
## – Enhanced Quality and Efficiency in Operations Management

- In 1H2022, 3 WWT plants of Everbright Water received regulatory approval for tariff hikes, ranging from 3% to 36%.
- The Group received various subsidies of more than RMB3 million in total.

### WWT/Reusable Water Supply Capacity for the Six-month Period



### Trade Receivables Recovery Rate\* for the Six-month Period



# Operating Results

## – Solid Progress in Technological Innovation

**Adhering to “Innovation-driven Development”, Everbright Water boosted its efforts in supporting technological innovation work in 2022.**

### Technology R&D

Adhering to its strategic directions, the Group focused its technology research and development (“R&D”) on areas including the synergy between pollution reduction and carbon emissions reduction, monitoring and calculation of carbon emissions, and ozone-oxygen separation.

The scientific research projects, which the Group participated in, won the first prize of the 2021 Environmental Protection Science and Technology Award and the first prize of the 2021 Jiangsu Science and Technology Award.

### Technological Processes

The Group developed a number of technological processes including shortcut nitrification and denitrification, biochemical treatment E-BioFAS, FBR-Fenton, and freeze crystallisation and concentration, which have been applied to various projects.

In 1H2022, the Group provided its in-house developed technological processes to internal and external clients, which amounted to a total contract value of approx. RMB255 million.

### Patents

In 1H2022, the Group was newly granted 14 patents.

# Operating Results

## – Diverse and Smooth Financing Channels



**RMB  
1 Billion**

**The second tranche  
of super & short-term  
commercial papers**

Maturity period: 150 days

Interest rate: 2.5%

Subscription rate: 1 time



**RMB  
1 Billion**

**The third tranche of  
medium-term notes  
("MTN")**

Maturity period: 3 years

Interest rate: 3.1%

Subscription rate: 3.13 times



**RMB  
700 Million**

**The first tranche of  
perpetual MTN**

Maturity period: 3+N years

Interest rate: 3.3%

Subscription rate: 2.36 times

This represents that the Group has been actively exploring equity-based financing arrangements.

## 02. Financial Review





(HK\$'000)	Six months ended 30 June		Change
	2022	2021	
Revenue	3,478,939	3,112,935	12%
Gross Profit	1,219,964	1,239,551	(2%)
Gross Profit Margin (%)	35	40	(5ppt*)
EBITDA	1,066,673	1,059,125	1%
Profit Attributable to Equity Holders of the Company	520,056	548,178	(5%)
Basic Earnings per Share (HK cents)	18.18	19.16	(5%)
Interim Dividend per Share	5.45	5.75	(5%)
(HK cents) (equivalent to Singapore cents)	0.98	1.01	(3%)

\*ppt: percentage point

(HK\$'000)	As at 30/6/2022	As at 31/12/2021	As at 31/12/2020	As at 31/12/2019
<b>Total Assets</b>	<b>34,514,738</b>	<b>32,969,256</b>	<b>26,907,534</b>	<b>22,683,031</b>
<b>Total Liabilities</b>	<b>20,922,162</b>	<b>19,806,024</b>	<b>15,501,675</b>	<b>13,134,279</b>
<b>Shareholders' Equity of the Company</b>	<b>11,489,816</b>	<b>11,870,083</b>	<b>10,534,293</b>	<b>8,810,069</b>
<b>Gearing Ratio (%)</b> (total liabilities/total assets)	<b>60.6</b>	<b>60.1</b>	<b>57.6</b>	<b>57.9</b>
<b>Return on Shareholders' Equity (%)</b>	<b>8.91*</b>	<b>10.7</b>	<b>10.6</b>	<b>9.9</b>
<b>Dividend Payout Ratio (%)</b>	<b>30</b>	<b>30</b>	<b>27</b>	<b>25</b>

- The Company holds quality assets and has ready access to various financing channels with a reasonable gearing ratio, and is in a healthy financial position.
- The constant and steady dividend payout over the years demonstrates the Company's adherence to its philosophy of "sharing the operating results with its shareholders".

\* Annualised figure

(HK\$'000)	As at 30/6/2022	As at 31/12/2021	Change
Short-term Borrowings	3,409,986	3,392,028	0.5%
Long-term Borrowings	12,392,624	11,049,910	12.2%
Total Borrowings <sup>#</sup>	15,802,610	14,441,938	9.4%
Current Ratio (%)	141	111	30ppt*
Unutilised Banking Facilities	5,954,764	6,263,941	(4.9%)
Bank Deposit Balance and Cash	3,541,467	2,281,986	55.2%
Cash and Banking Facilities Available <sup>#</sup>	9,496,231	8,545,927	11.1%

- As at 30 June 2022, the Group's bank deposit balance and cash were abundant, with the unutilised banking facilities of approx. HK\$5.955 billion, providing solid capital support for the Group's future development.
- As at 30 June 2022, the Group's total borrowings were approx. HK\$15.803 billion, with long-term borrowings accounting for 78% of the total, demonstrating a healthy current ratio.

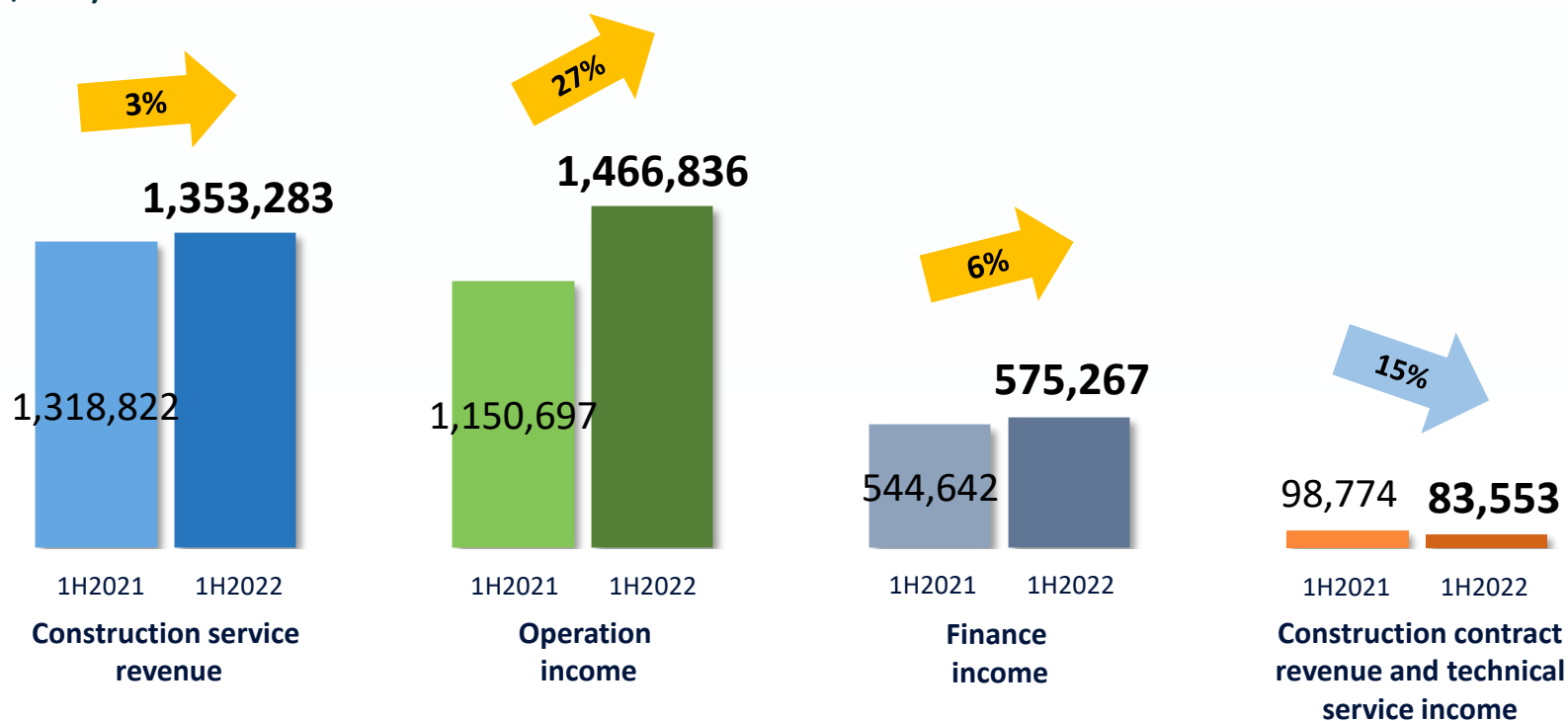
<sup>#</sup>Total borrowings = short-term borrowings + long-term borrowings

Cash and banking facilities available = unutilised banking facilities + bank deposit balance and cash

\*ppt: percentage point

## Revenue Analysis by Categories for the Six-month Period

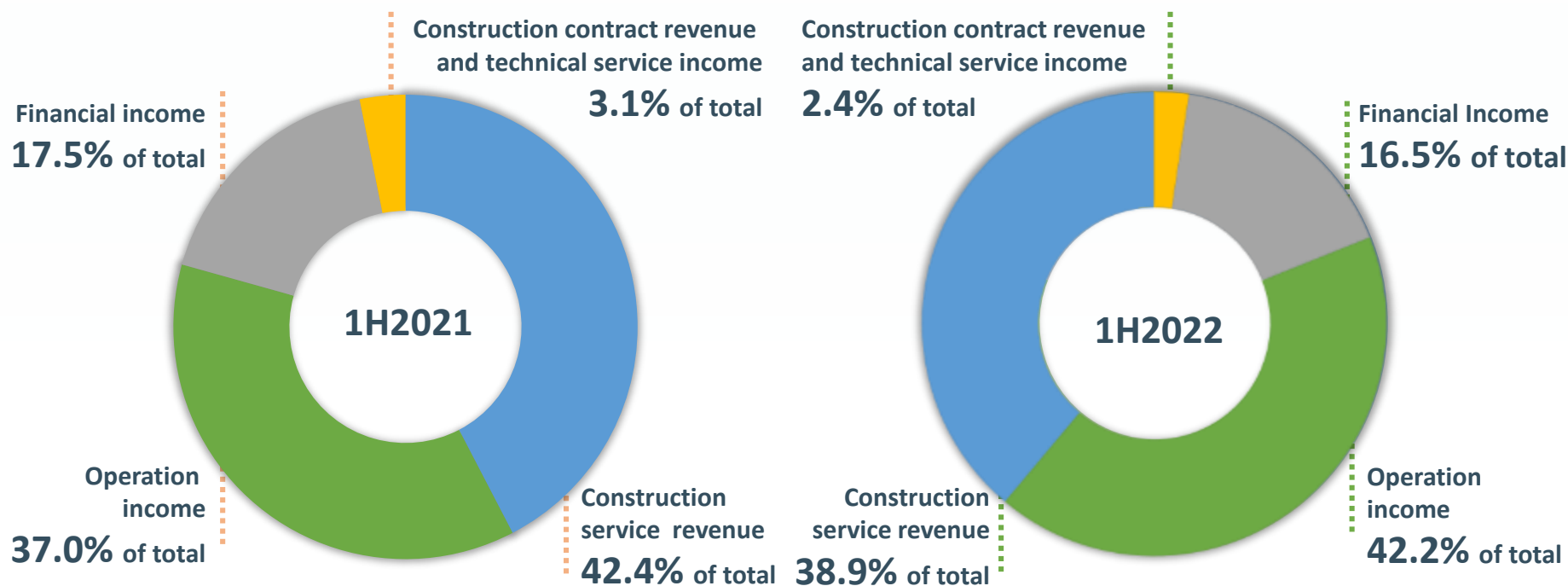
(HK\$'000)



**Total revenue in 1H2022: HK\$3,478,939,000**

**Total revenue in 1H2021: HK\$3,112,935,000**

## Proportion of Revenue in Each Category for the Six-month Period



In 1H2022, the proportion of operation income out of total revenue increased as compared with the corresponding period of last year. Following the completion of construction and commencement of operation for the projects which are in preparatory stage or under construction, the amount of the operation income is expected to increase further.

# 03. Subsequent Event





# Subsequent Event

## – Securing a New Project



### Lingcheng WWT Project (Plant 1)

(The project has a designed daily municipal WWT capacity of 30,000 m<sup>3</sup> and commenced operation in June 2010.)

## Lingcheng WWT Project (Plant 1) Upgrading II in Dezhou City, Shandong Province

The project will be invested in, constructed and operated based on a BOT (Build-Operate-Transfer) model, with an investment of approx. RMB16 million.

Upon completion of upgrading works, discharged water from Lingcheng WWT Project (Plant 1) will comply with the *Environmental Quality Standards for Surface Water* (GB3838-2002) for Category Quasi-IV, from the national Grade 1A standard according to the *Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant* (GB18918-2002).

# 04. Business Prospects



# Business Prospects

## – External Trends and Industry Policies

With guidance of the goal of “Peaking Carbon Dioxide Emissions” and “Achieving Carbon Neutrality” (“Dual Carbons”), China has entered into a critical period for ecological conservation, during which, China focuses on “Reducing Pollution and Carbon Emissions” and “Boosting Synergy and Efficiency” with carbon reduction being its key strategic direction, to foster green and low-carbon transformation of the economy and society. While continuing unleashing the potential industry development, China has prescribed higher standards such that all the relevant enterprises are encouraged to enhance their capabilities and actively seek transformation.

### Dual Carbons & Other National Policies

- Circular of Implementation Plan for Peaking Carbon Dioxide Emissions in the Field of Urban-Rural Development
- Implementation Plan for Synergising the Reduction of Pollution and Carbon Emissions
- Opinions of the Central Committee of the Communist Party of China and the State Council on Accelerating the Establishment of a Unified Domestic Market
- National Plan for Work Safety during the “14<sup>th</sup> Five-year Plan” Period

### Water Environment & Other Environmental Protection Policies

- Opinions on Promoting Joint Efforts in the Green Development of the Belt and Road Initiative
- Supervisory Plan of Ecological Protection during the “14<sup>th</sup> Five-year Plan” Period
- Plan for the Ecological Environment Protection of the Yellow River Basin
- Implementation Plan for Further Prevention and Control of Urban Black and Odorous Water Treatment
- Implementing Opinions on Enhancing the Supervision and Management of Sewage Outlets into Seas and Rivers
- Circular on Promoting Development Financing to Support the Construction of County-level Domestic Waste and WWT Facilities

# Business Prospects

## – Industry Development Trends

### Short-term Pressure

Since China's "14<sup>th</sup> Five-year Plan" period, the environmental protection industry has entered into an adjustment period, during which, the development of enterprises in the industry has been hindered by various challenges clouded by multiple external factors. The resurgence of the COVID-19 pandemic and the implementation of COVID-19 precautionary and preventive measures have substantially slowed down the progress of enterprises in various aspects such as business development and project construction. The soaring commodity prices due to the turbulent external situation with no sign of relief, continuously pushed up enterprises' operating costs. Due to the financial strain of the local governments, the enterprises have been facing slow trade receivables recovery. **In the short term, the environmental protection industry and its practitioners are expected to be tempered by a range of challenges and progress with heavy burdens.**

### Long-term Prosperity

Despite tremendous challenges arising from external environment, China's economy is posed for a stable growth with support from various economic stabilisation policies. Through disciplined implementation of its "Dual Carbons" goals by the nation and the comprehensive green transformation of economy and social development, the environmental protection industry is undergoing a change from "rapid development" to "high-quality development". **In the long term, the industry still has big growth potential.**

# Business Prospects

## – Deploying Strategic Development

Moving forward, the future remains uncertain yet filled with opportunities. Everbright Water will unleash the potential of the traditional businesses, explore new business areas, optimise its existing assets, explore synergy and efficiency, enhance its core advantages, and promote cooperation for win-win situation. With the diligence and persistence of all its staff, the Group is determined to **create value to industries through various water-related businesses** and develop a new landscape that is innovation-driven, green and low-carbon.

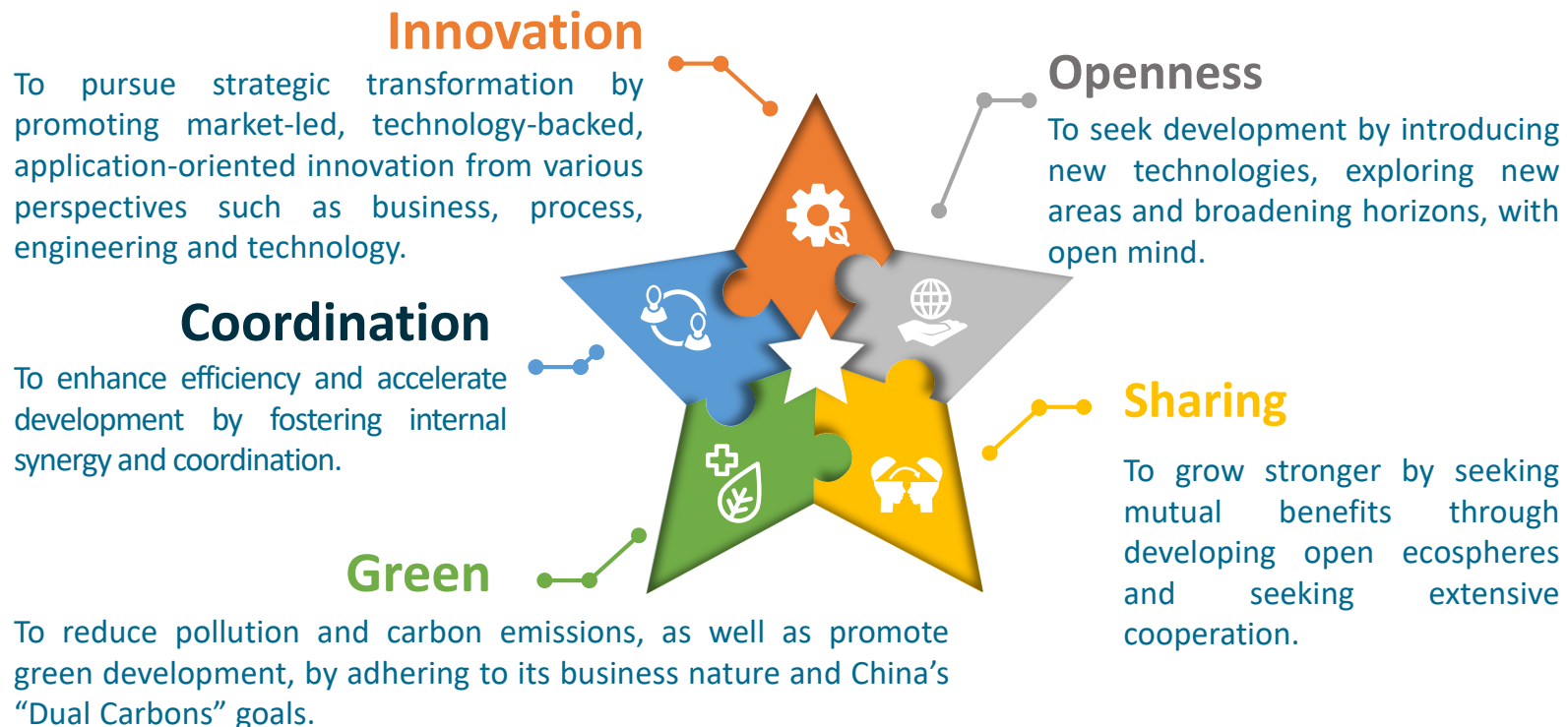
- To drive development by **Prioritising Stability and Progress**
- To adhere to the **Innovation-driven Development** philosophy
- To enhance its strategic vision to be more **Market-oriented, Professional and International**
- To focus on **its own Capabilities, the Needs of the Nation and the People's Expectations**



# Business Prospects

## – Deploying Strategic Development

Moving forward, Everbright Water will continue adhering to the five development concepts, namely **green, coordination, innovation, openness and sharing**. The Group will pursue strategic transformation and advancement, as well as sustainable and healthy development, by placing itself in a new development landscape.





# Green Innovation Leading to Sustainable Growth

