

# FY2022 Annual Results Presentation



February 2023  
China Everbright Water Limited

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# 01. Operating Results

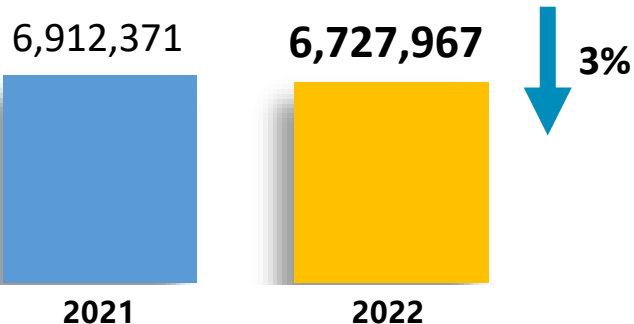


# Operating Results

– Stable Indicators

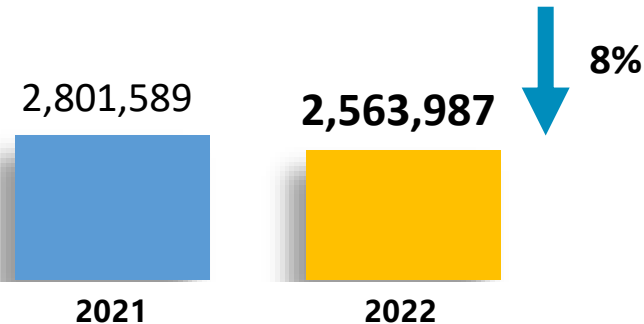
## Revenue

(HK\$'000)



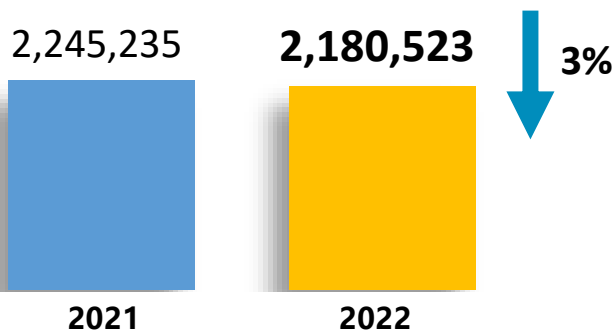
## Gross Profit

(HK\$'000)



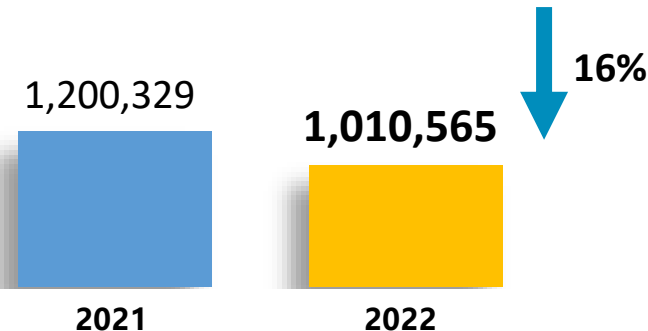
## Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)

(HK\$'000)



## Profit Attributable to Equity Holders of the Company

(HK\$'000)



# Operating Results

## – Good Progress of “Water-related” Business Deployment

In 2022, while focusing on the “water-related business” for development, Everbright Water solidified and deepened its footprints in its traditional business areas and continued its asset-light business development in both domestic and overseas markets. It also tapped on its specialised teams to explore new business directions and successfully implemented new projects in the fields of industrial waste water treatment (“WWT”) and sludge treatment and disposal. During the year under review, the Group invested in and secured 10 projects. It also undertook various asset-light projects and services, such as engineering, procurement and construction (“EPC”), operation and management (“O&M”), equipment supply and technical services.

### New Investment

RMB **1.309** billion

### New Contract Value

RMB **595** million

### Additional

### Treatment Capacity

**187,500**<sup>\*</sup> m<sup>3</sup>/day

### New projects in 2022 (including O&M projects)

|   |   |
|---|---|
| Shandong Ji’nan Prior Zone Detonation Area WWT Plant Public-Private Partnership (“PPP”) Project             | Inner Mongolia Autonomous Region Tongliao Development Zone WWT Plant Advanced Treatment Project     |
| Shandong Zibo Zhangdian East Chemical Industry Park Industrial WWT Plant Upgrading and Expansion Project    | Jiangsu Jiangyin WWT Project (Shizhuang Plant) Upgrading  |
| Shandong Dezhou Lingcheng WWT Project (Plant 1) Upgrading II  | Liaoning Anshan Municipal Sludge Disposal Project Phase I   |
| Shandong Linyi Luozhuang Economic Development Zone WWT Plant and Ancillary Pipeline Network Project Phase I | Liaoning Dandong WWT Plant Sludge Dewatering Project  |
| Shandong Ji’nan Zhangqiu WWT (Plant 5) PPP Project  | Jiangsu Yixing Economic Development Zone Industrial WWT O&M Project                                 |
| Shandong Binzhou Boxing WWT Project Upgrading   | Jiangsu Xuzhou Yanqun Household Waste Landfill Leachate Full-Volume Emergency Treatment O&M Project |

\* Including the treatment capacity of O&M projects

# Operating Results

– Steady Growth of Business Scale

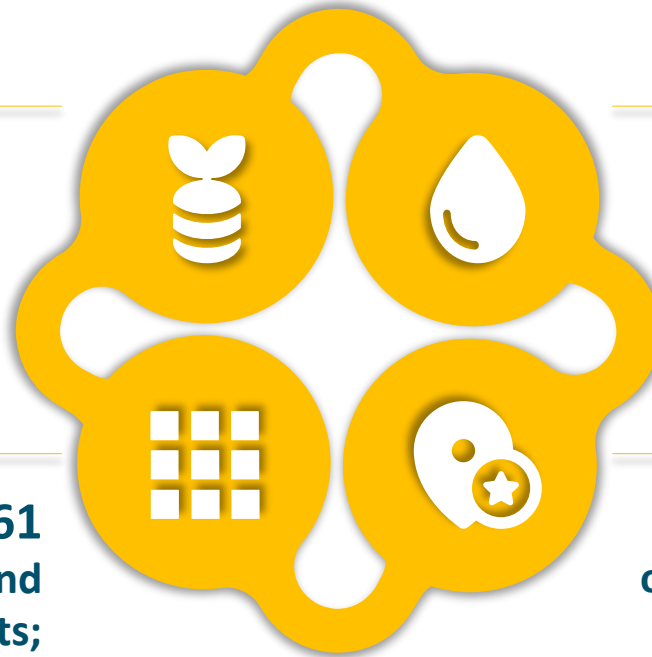
Total project investment

approx.

**RMB29.6 billion**

Total number of projects

Invested in and held **161** water projects and undertook **5** O&M projects; also undertook various asset-light services of other types, such as EPC, technical services, equipment supply and technological processes, amongst others.



Total water treatment capacity

approx.

**7.25 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, in addition to **1** overseas market

# Operating Results

## – High-Quality and Efficient Construction Works\*

5

### 5 projects commenced construction

- 5 WWT projects
- Total investment of approx. RMB2.327 billion
- Aggregate designed water treatment capacity of 150,000 m<sup>3</sup>/day

4

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

- 3 WWT projects and 1 river-basin ecological restoration project
- Total investment of approx. RMB1.981 billion
- Aggregate designed water treatment capacity of 190,000 m<sup>3</sup>/day

17

### 17 projects under construction

- 13 WWT projects, 3 river-basin ecological restoration projects and 1 raw water protection project
- Total investment of approx. RMB8.485 billion
- Aggregate designed water treatment capacity of 1,145,000 m<sup>3</sup>/day

18

### 18 projects in preparatory stage<sup>#</sup>

- 12 WWT projects, 2 river-basin ecological restoration projects, 2 sludge treatment and disposal projects, 1 water supply project and 1 reusable water project
- Total investment of approx. RMB4.033 billion
- Aggregate designed water treatment capacity of 407,000 m<sup>3</sup>/day and designed sludge treatment and disposal capacity of 625 tonnes/day

\* Excluding EPC project(s)

<sup>#</sup> As at 31 December 2022

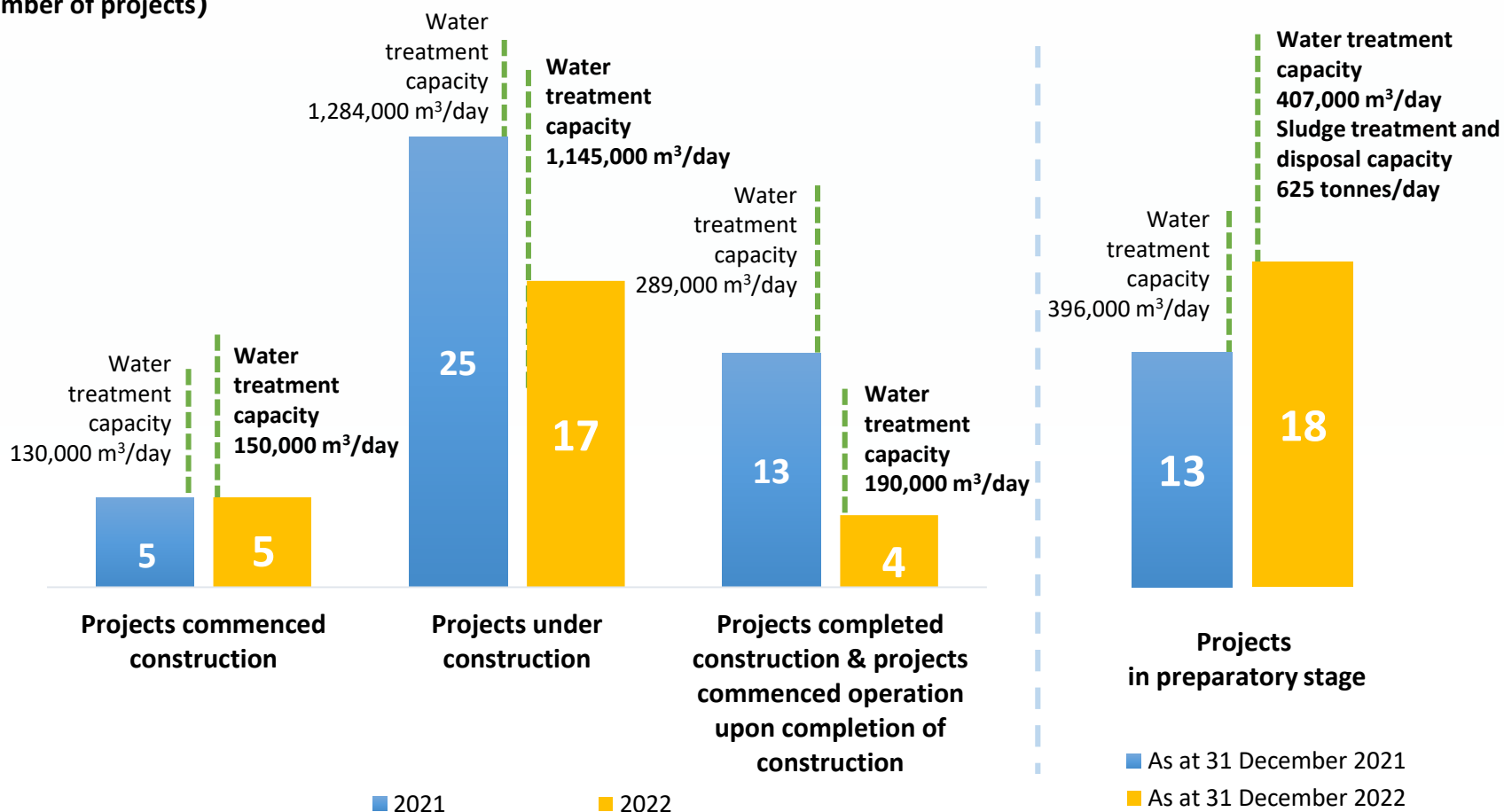


# Operating Results

## – High-Quality and Efficient Construction Works

### Construction Work Progress for the Full-year Period \*

(Number of projects)



\* Excluding EPC project(s)

# Operating Results

## – Enhanced Quality and Efficiency in Operations Management

Since 2022, with a focus on “Cost Reduction and Efficiency Enhancement”, Everbright Water has made positive progress in pollution and carbon reduction, energy conservation, cost reduction and efficiency enhancement, achieving a steady reduction in project operating costs and a continuous increase in project operating income.

### Carbon source substitution technology

Through collaboration with local enterprises, a number of the Group’s projects introduced alternative carbon sources, such as expired beverages, to reduce chemical consumption and project operating costs.

### Development of low-carbon demonstration projects

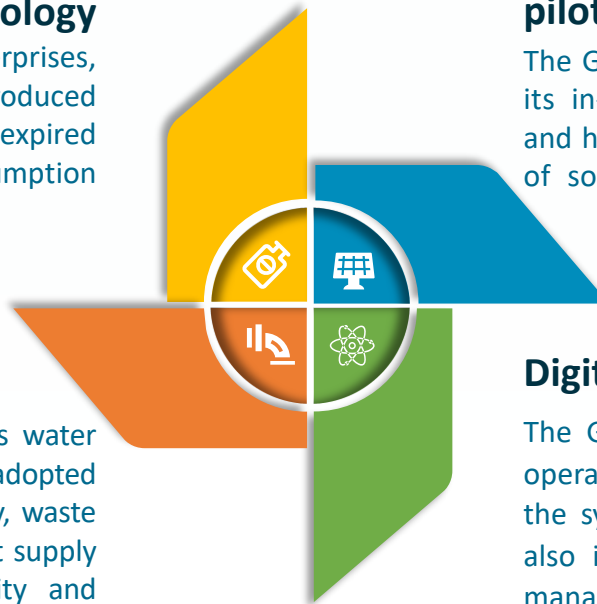
The Group tapped the potential of its water projects in Tianjin Municipality, and adopted measures such as in-plant solar energy, waste water thermal energy extraction, direct supply of reusable water to the community and sludge resource utilisation, which improved the recycling level of water resources and their by-products and facilitated the development of low-carbon demonstration projects.

### In-plant solar energy pilot programme

The Group enhanced the implementation of its in-plant solar energy pilot programme and had completed the installation of 6 sets of solar power generation facilities at its projects, with the total capacity of such facilities installed in the pilot project plant areas exceeding 8 MW.

### Digital transformation

The Group completed the upgrading of its operations management system, and applied the system across its operating projects. It also implemented intelligent water source management and introduced the first intelligent operation means such as sampling by unmanned ships and image analysis of water source scenes.



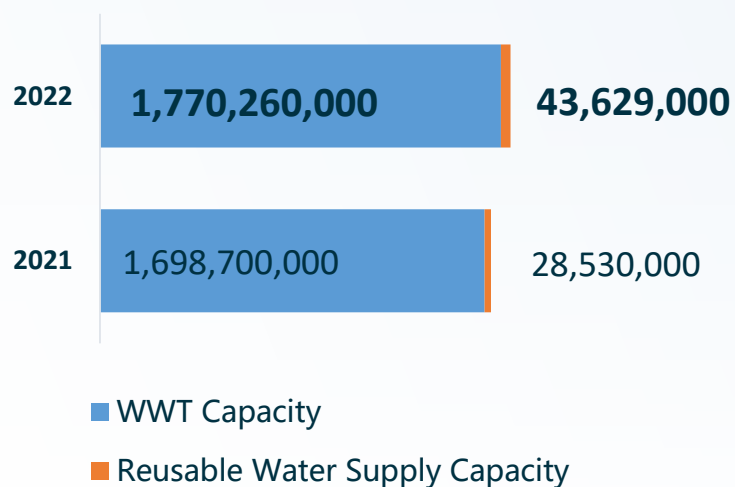
# Operating Results

## – Enhanced Quality and Efficiency in Operations Management

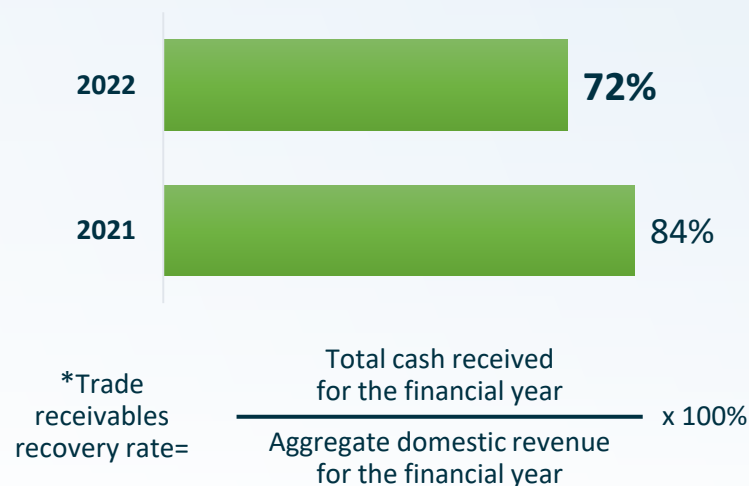
- In 2022, 8 WWT plants of Everbright Water received regulatory approval for tariff hikes, ranging from 3% to 39%.
- Subsidies of approximately RMB45 million in total were granted to the Group.

### WWT/Reusable Water Supply Capacity for the Full-year Period

(m<sup>3</sup>)



### Trade Receivables Recovery Rate for the Full-year Period\*



# Operating Results

## – Positive Progress in Technological Innovation

Everbright Water emphasised on “Development Driven by Technological Innovation”, made clear direction on the principle of “Taking a Market-Oriented Approach, Facilitating Project Needs, and Creating Value”, and boosted its efforts in the implementation of relevant works.

### Technology research and development

The Group focused on its technological areas including the synergy between pollution and carbon reduction, monitoring and calculation of carbon emissions, ozone-oxygen separation, freeze-drying crystallisation and concentration.

The scientific research projects, in which the Group participated, received several important awards including 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 a number of projects.

In 2022, the Group provided its in-house developed technological processes to internal and external clients, which amounted to a total contract value of approx. RMB326 million.

### Patents

In 2022, the Group was newly granted 33 patents and published 4 technical papers.

# Operating Results

## – Diverse and Smooth Financing Channels

**RMB  
1 Billion**

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

Maturity period: 150 days

Interest rate: 2.5%

Subscription rate: 1 time

**RMB  
700 Million**

**The first tranche of  
perpetual medium-term notes**

Maturity period: 3+N years

Interest rate: 3.3%

Subscription rate: 2.36 times

This represents the Group's active exploration of equity-based financing arrangements.

**RMB  
1 Billion**

**The third tranche of  
medium-term notes**

Maturity period: 3 years

Interest rate: 3.1%

Subscription rate: 3.13 times

**RMB  
1 Billion**

**The third tranche  
of super and short-term  
commercial papers**

Maturity period: 180 days

Interest rate: 1.72%

Subscription rate: 1 time

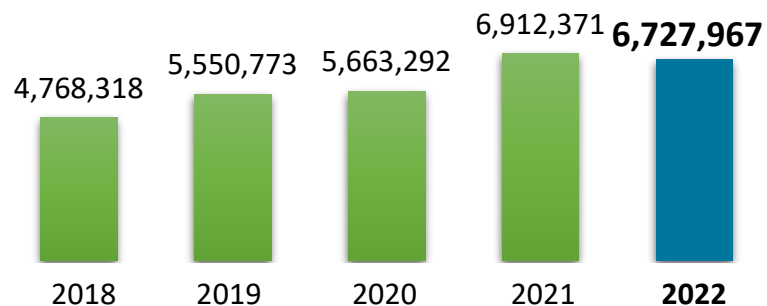
# 02. Financial Review



## Revenue

(HK\$'000)

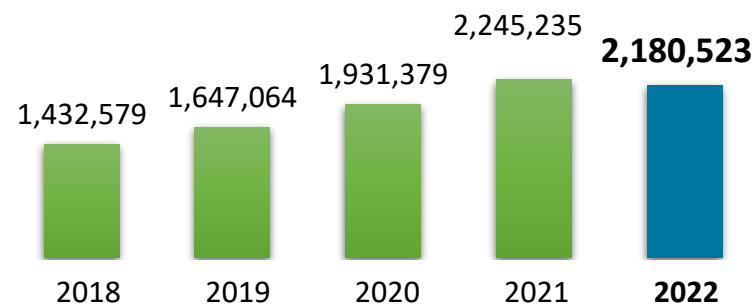
CAGR: 9%



## EBITDA

(HK\$'000)

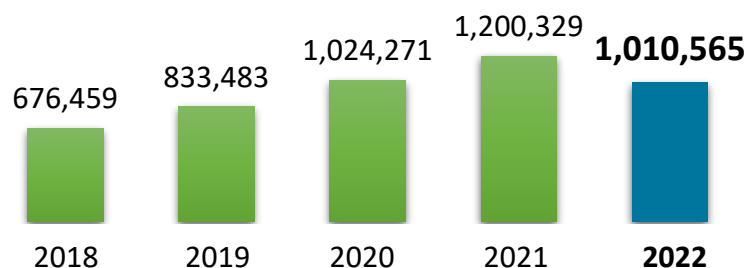
CAGR: 11%



## Profit Attributable to Equity Holders of the Company

(HK\$'000)

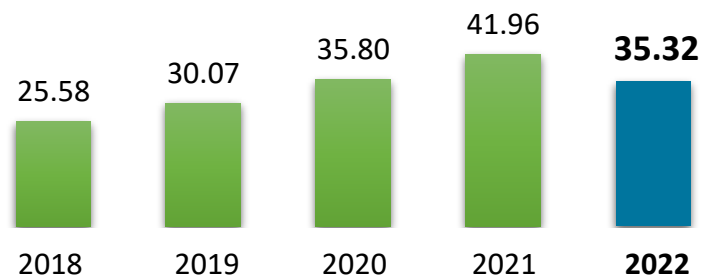
CAGR: 11%



## Basic Earnings per Share

(HK cents)

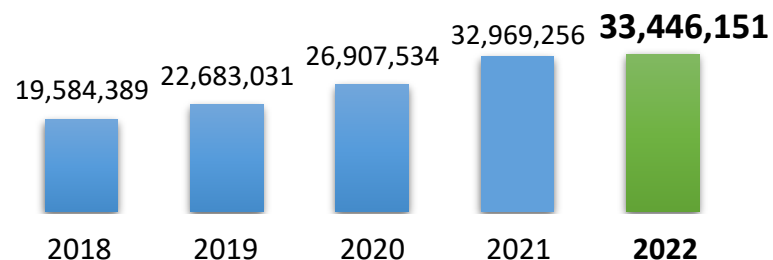
CAGR: 8%



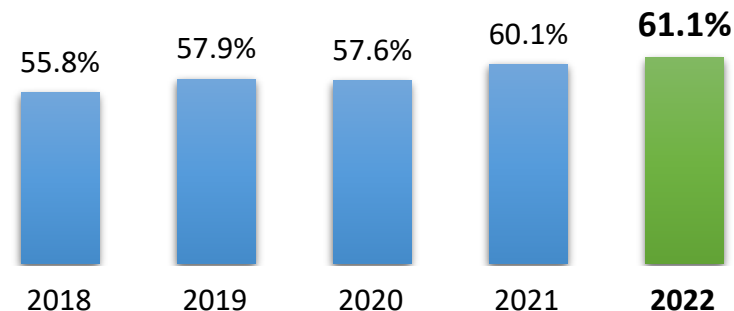
## Total Assets

(HK\$'000)

CAGR: 14%



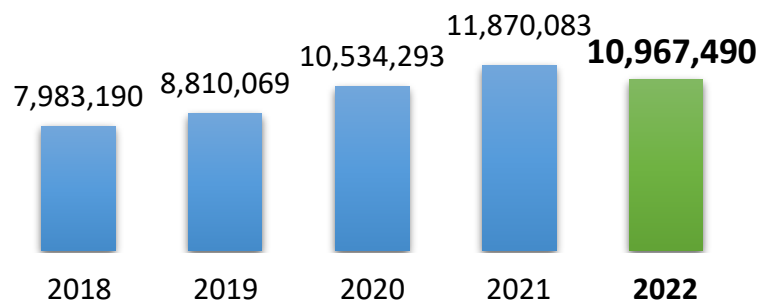
## Gearing Ratio



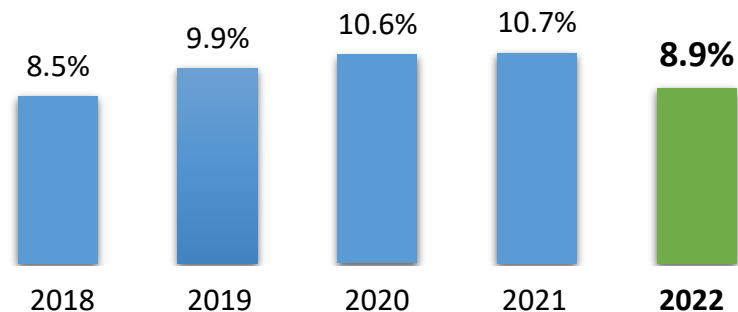
## Equity Attributable to Equity Holders of the Company

(HK\$'000)

CAGR: 8%



## Return on Shareholders' Equity





| (HK\$'000)  |                                 | Full year ended 31 December |           | Change<br>(increase/<br>decrease) |
|---|---------------------------------|-----------------------------|-----------|-----------------------------------|
|   |                                 | 2022                        | 2021      |                                   |
| Revenue   |                                 | 6,727,967                   | 6,912,371 | (3%)                              |
| Gross Profit  |                                 | 2,563,987                   | 2,801,589 | (8%)                              |
| Gross Profit Margin (%)                                 |                                 | 38                          | 41        | (3ppt*)                           |
| EBITDA  |                                 | 2,180,523                   | 2,245,235 | (3%)                              |
| Profit Attributable to Equity Holders<br>of the Company |                                 | 1,010,565                   | 1,200,329 | (16%)                             |
| Basic Earnings per Share (HK cents)                     |                                 | 35.32                       | 41.96     | (16%)                             |
| Final Dividend<br>per Share                             | (HK cents)                      | 5.14                        | 6.83      | (25%)                             |
|   | (equivalent to Singapore cents) | 0.86                        | 1.19      | (28%)                             |
| Full-year Dividend<br>per Share                         | (HK cents)                      | 10.59                       | 12.58     | (16%)                             |
|   | (equivalent to Singapore cents) | 1.84                        | 2.20      | (16%)                             |

\*ppt: percentage point

| (HK\$'000)  | As at<br>31/12/2022 | As at<br>31/12/2021 | Change<br>(increase/<br>decrease) |
|---|---------------------|---------------------|-----------------------------------|
| <b>Total Assets</b>   | <b>33,446,151</b>   | <b>32,969,256</b>   | <b>1%</b>                         |
| <b>Total Liabilities</b>  | <b>20,445,273</b>   | <b>19,806,024</b>   | <b>3%</b>                         |
| <b>Equity Attributable to Equity Holders<br/>of the Company</b> | <b>10,967,490</b>   | <b>11,870,083</b>   | <b>(8%)</b>                       |
| <b>Gearing Ratio (%)</b><br>(total liabilities/total assets)    | <b>61.1</b>         | <b>60.1</b>         | <b>1ppt*</b>                      |
| <b>Return on Shareholders' Equity (%)</b>                       | <b>8.9</b>          | <b>10.7</b>         | <b>(1.8ppt*)</b>                  |
| <b>Dividend Payout Ratio (%)</b>                                | <b>30</b>           | <b>30</b>           | <b>No change</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".

\*ppt: percentage point

| (HK\$'000)                                     | As at<br>31/12/2022 | As at<br>31/12/2021 | Change<br>(increase/<br>decrease) |
|--|---------------------|---------------------|-----------------------------------|
| Short-term Borrowings                          | 5,686,435           | 3,392,028           | 68%                               |
| Long-term Borrowings                           | 9,575,700           | 11,049,910          | (13%)                             |
| Total Borrowings <sup>#</sup>                  | 15,262,135          | 14,441,938          | 6%                                |
| Current Ratio (%)                              | 100                 | 111                 | (11ppt*)                          |
| Unutilised Banking Facilities                  | 3,893,924           | 6,263,941           | (38%)                             |
| Bank Deposit Balance and Cash                  | 2,845,907           | 2,281,986           | 25%                               |
| Cash/Banking Facilities Available <sup>#</sup> | 6,739,831           | 8,545,927           | (21%)                             |

- As at 31 December 2022, the Group's bank deposit balance and cash were abundant, with the unutilised banking facilities of approx. HK\$3.89 billion, providing solid capital support for the Group's future development.
- As at 31 December 2022, the Group's total borrowings were approx. HK\$15.26 billion, with long-term borrowings accounting for 63% of the total, demonstrating a healthy current ratio.

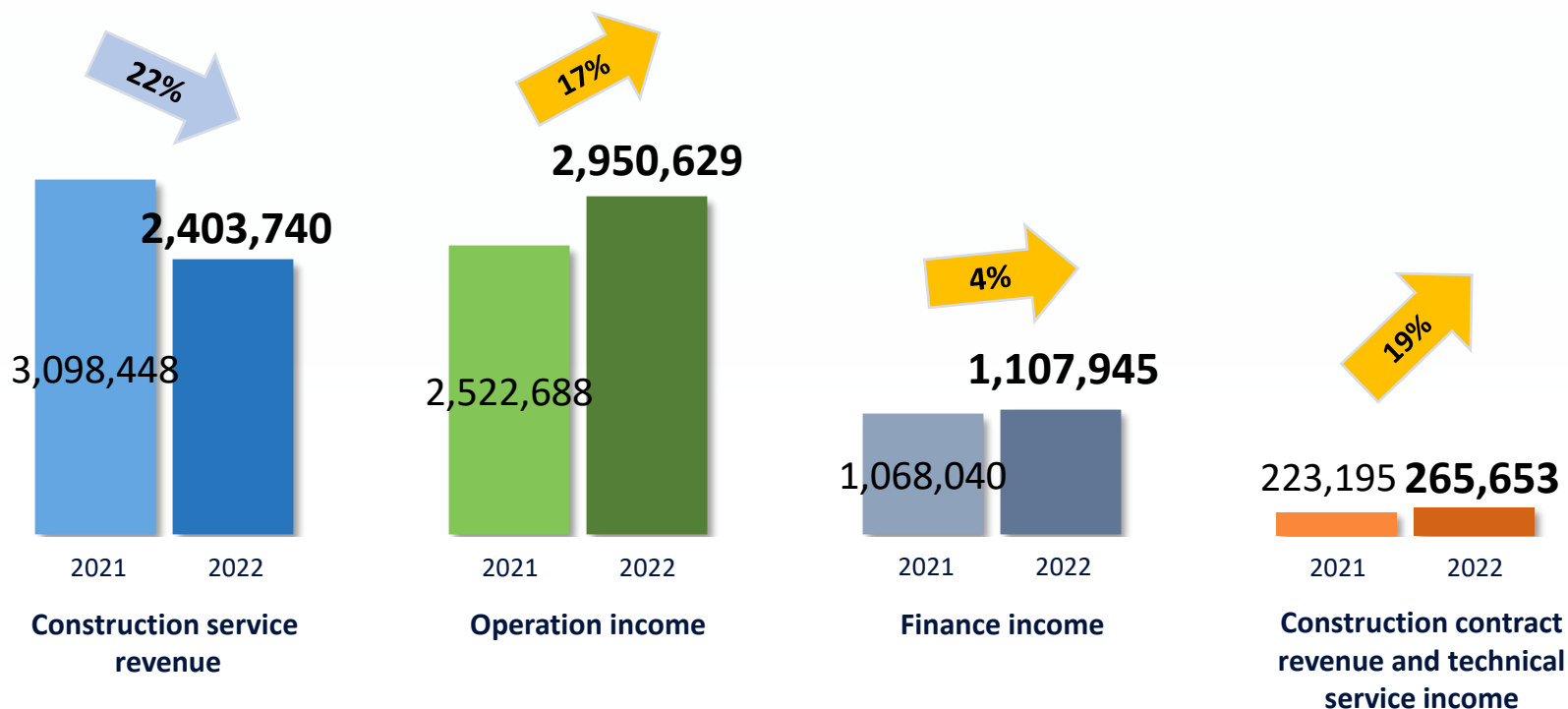
<sup>#</sup>Total borrowings = short-term borrowings + long-term borrowings

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

\*ppt: percentage point

## Revenue Analysis by Categories for the Full-year Period

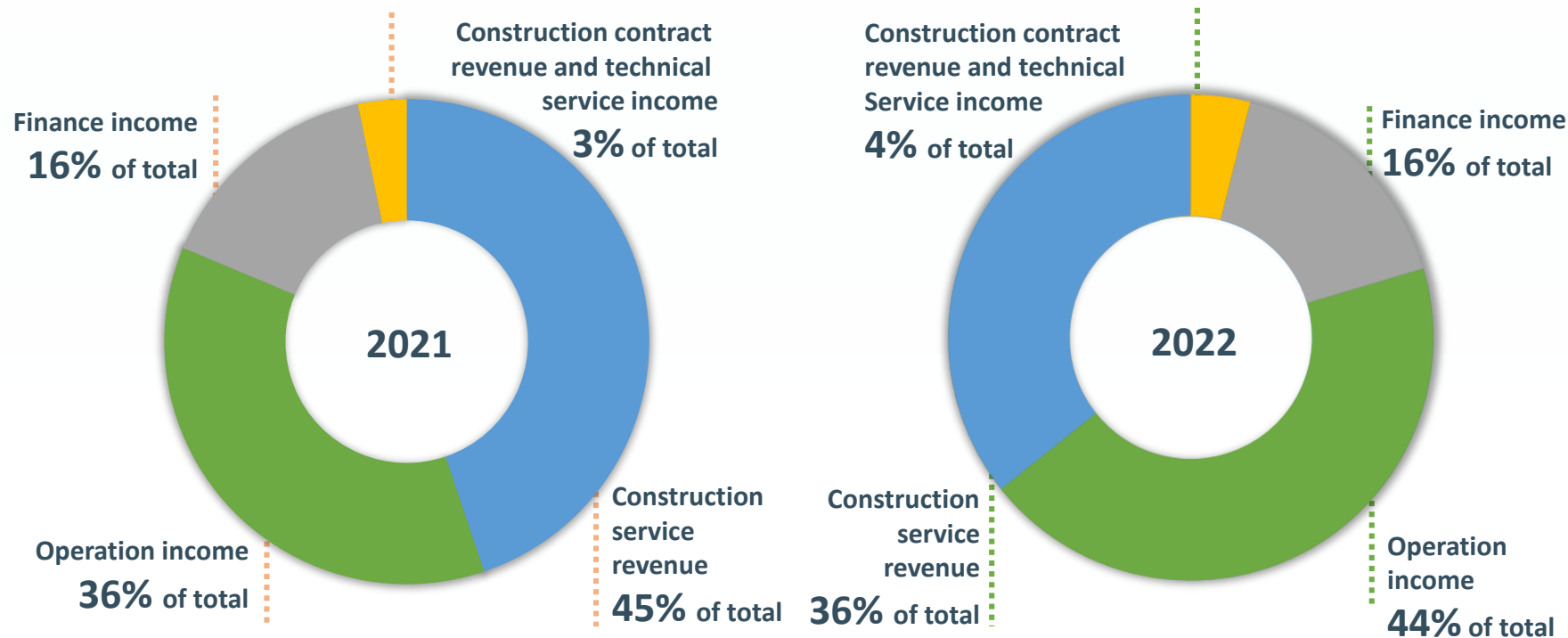
(HK\$'000)



**Total revenue in 2022: HK\$6,727,967,000**

**Total revenue in 2021: HK\$6,912,371,000**

## Proportion of Revenue in Each Category for the Full-year Period



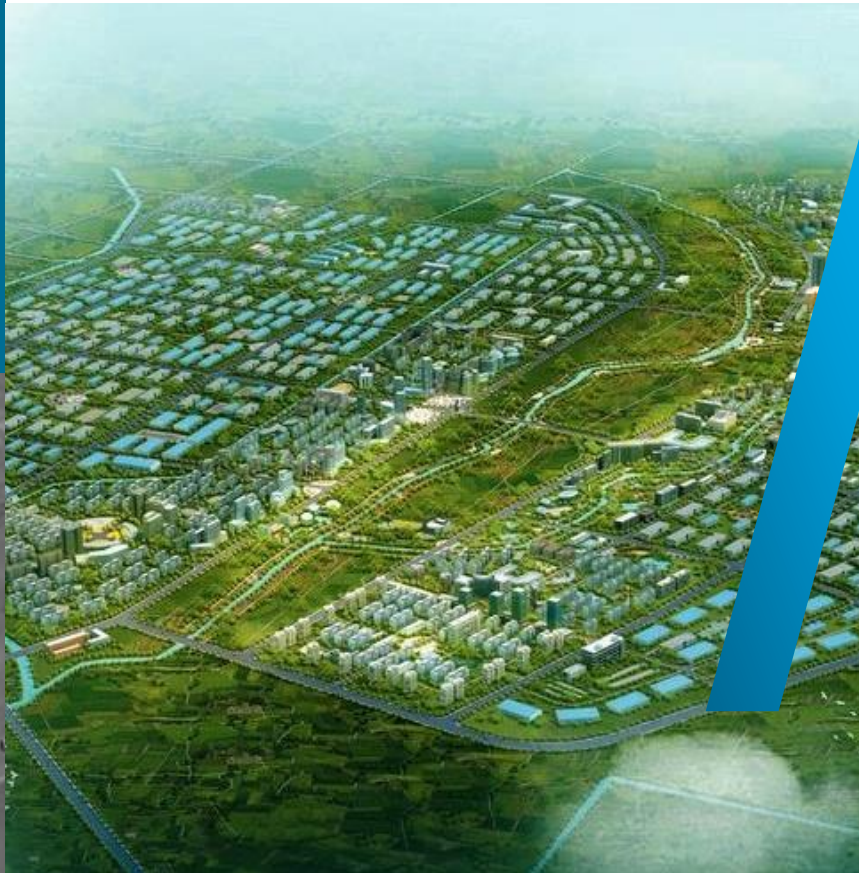
In 2022, the proportion of operation income out of total revenue increased as compared with 2021. Following the completion of construction and commencement of operation for the projects which are in preparatory stage or under construction, the amount of the operation income is expected to increase further.

# 03. Subsequent Event



# Subsequent Event

## – Securing a New Project



An illustration of Shandong Liaocheng Shen County Western Shandong Economic Development Zone

### Shandong Liaocheng Shen County Waste Water Treatment (Plant 3) and Ancillary Pipeline Network PPP Project

The project, with an estimated investment of approximately RMB668 million, will be invested in, constructed, operated and maintained based on a BOT (Build-Operate-Transfer) model. It is a water plant and pipeline integration project that has the largest industrial WWT capacity and the highest discharge standard among those projects secured by Everbright Water to date.

The project will be constructed in two phases, with a total designed daily industrial WWT capacity of 60,000 m<sup>3</sup>, for a cooperation period of 30 years. Key indicators of the discharged water from the project will comply with *the Environmental Quality Standards for Surface Water (GB3838-2002) for Category Quasi-IV*.

# 04. Business Prospects





### Policies

In recent years, China's battle against pollution has achieved solid results nationwide, while China's strategic goals for "Peaking Carbon Dioxide Emissions" and "Achieving Carbon Neutrality" ("Dual Carbons") have been carried out continuously. China has proposed to promote green development and the harmonious coexistence of man and nature in the fourth quarter of 2022, emphasising the concept that "lucid waters and lush mountains are invaluable assets", and advocating integrated protection, systematic treatment and coordinated development. Therefore, it served as a guidance to the future development of the environmental protection industry.

### Industry Trends

The industry adjustments guide and inspire relevant enterprises to explore and discover new development paths, apart from their traditional development models that are driven by investments.

Moving forward, China's strategic deployments, such as the "Dual Carbons" commitment and the "Belt and Road" green development initiative, will facilitate the environmental protection enterprises in "seeking innovation and transformation". The environmental protection enterprises shall create their "second growth curves" based on their own characteristics and needs, and by relying on new businesses, new models, new technologies, and new products and services. This will drive the next round of high-quality and sustainable development.

# Business Prospects

## – Strategic Development Deployment

Looking forward, Everbright Water will maintain its strategic stability despite internal and external difficulties and transformation challenges, and insist on seeking steady progress. The Group will solidify its traditional businesses and explore new business areas to seize “water-related” business opportunities; focus on technology and digital empowerment to enhance the power of endogenous development; and strengthen the foundations of operation, engineering, finance, procurement, and safety and environmental management, to enhance the cornerstone for high-quality development. In 2023, the Group will set “development” as the top priority, actively serve and engage in the new development paradigm, and strive to create its “second growth curve”, in a bid to serve the national strategies with a higher status, bigger picture, longer vision and more practical actions.

- Adhering to the development vision of **“Creating Value to Industries through Various Water-related Businesses”**
- Upholding the corporate value of **“Creating Better Investment Value and Undertaking More Social Responsibility”**
- Implementing the five development concepts of **“Innovation, Coordination, Green, Openness and Sharing”**

# Business Prospects

## – Strategic Development Deployment: Focusing on Two Directions

### Traditional Directions

- Everbright Water will solidify and deepen its traditional business areas, leverage its existing advantages, and steadily promote the growth of its business scale.
- It will actively expand industry chains relating to its traditional businesses and explore new directions towards carbon reduction by tapping the potential of its existing businesses, such as pipeline network testing and renovation, solar power, reusable water utilisation, sludge synergistic disposal, thermal energy utilisation, and resource recycling.

### New Directions

- Relying on the advantages from its traditional businesses, the Group will explore new directions via various channels, approaches, areas and models, to deploy the “water-related business” industrial chain.
  - To further leverage results of the exploration in the industrial WWT field and strengthen business expansion.
  - To actively explore the integration and synergy of the environmental protection and eco-agriculture sectors, so as to tap into new directions relating to the “water-related business plus” concept.



**Solidifying Strengths and Exploring New Areas  
to Unveil a New Development Paradigm**

### Technological Empowerment

Leveraging the power of science and technology, Everbright Water will provide strong technical support for new business development and technical services.

- To further enhance efforts in technological innovation relating to water treatment to reduce costs and boost efficiency, by adhering to a market-oriented mindset and leveraging the existing projects.
- To strengthen the development, application and conversion of technological processes.
- To explore and conduct research on new technologies and processes relating to “water-related business” and continuously optimise the “industrial-academic” collaboration.

### Digital Empowerment

The Group will leverage digital measures to boost the precise management of its various businesses.

- To continuously build its intelligent management platform and make solid progress in building sub-systems for finance, budgeting, engineering, etc.
- To deepen research on intelligent water plants and promote the application of various functions, such as intelligent inspection, intelligent dosing and precise aeration in its projects.

 **Promoting Conversion of Driving Forces to Enhance Endogenous Power**

# Business Prospects

## – Strategic Development Deployment: Managing Five Foundations

### Operations Management

To maintain high-quality project operations, by enhancing the operation concepts, emphasising efficiency, continuously reducing costs, and boosting efficiency.

### Engineering Management

To improve construction and related budgeting management skills, in a bid to meet all construction work targets and develop key demonstration projects.

### Finance Management

To further diversify its financing channels, continuously strive to reduce loan balances and financing costs, and improve the efficiency of capital utilisation and management.

### Procurement Management

To strengthen the management and control of procurement costs and integrity risks; and to improve the standards and rationality of all procurement works.

### Safety and Environmental Management

To continuously enhance the leadership of safety and environmental management, and develop a new paradigm that helps to avoid risks ahead of time and proactively create a safe environment.



**Solidifying Management Fundamentals  
to Enhance Cornerstone for Development**

# Green Innovation Leading to Sustainable Growth

