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CHINA EVERBRIGHT WATER LIMITED

中國光大水務有限公司

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 1857)

(Singapore Stock Code: U9E)

OVERSEAS REGULATORY ANNOUNCEMENT 2023 ANNUAL GENERAL MEETING PRESENTATION

This overseas regulatory announcement is issued pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Please refer to the attached 2023 Annual General Meeting Presentation which has been published by China Everbright Water Limited (the “**Company**” or “**Everbright Water**”) on the website of the Singapore Exchange Securities Trading Limited on 25 April 2023.

By Order of the Board

China Everbright Water Limited

Kwan Yun Fui

Legal Counsel and Joint Company Secretary

Hong Kong, 25 April 2023

As at the date of this announcement, the board of directors of the Company comprises: (i) three executive directors, namely Mr. Hu Yanguo (Chairman), Mr. Tao Junjie (Chief Executive Officer) and Mr. Luo Junling; and (ii) four independent non-executive directors, namely Mr. Zhai Haitao, Mr. Lim Yu Neng Paul, Ms. Cheng Fong Yee and Ms. Hao Gang.

2023 Annual General Meeting

26 April 2023

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 (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. Financial Review

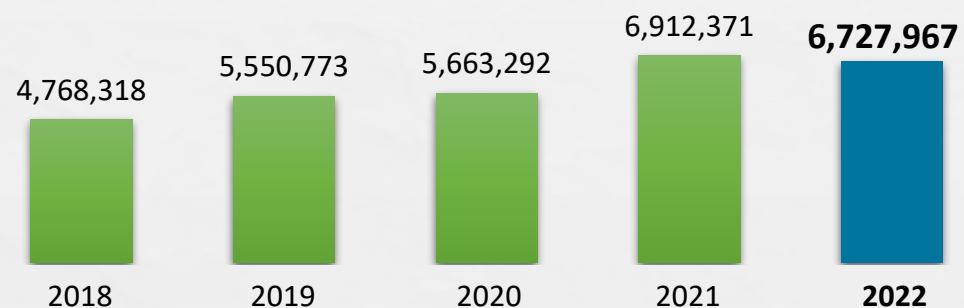


Financial Review

Revenue

(HK\$'000)

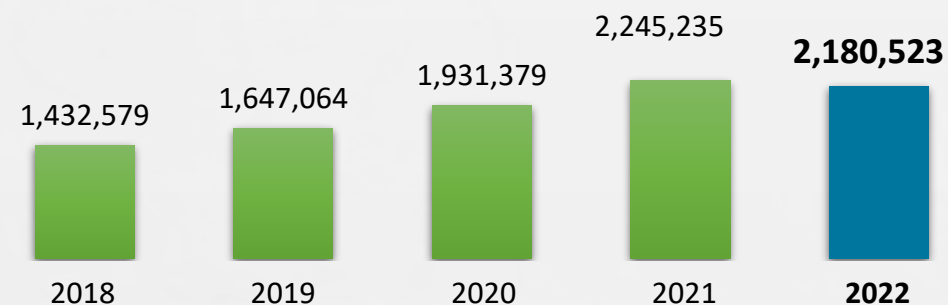
CAGR: 9%



Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)

(HK\$'000)

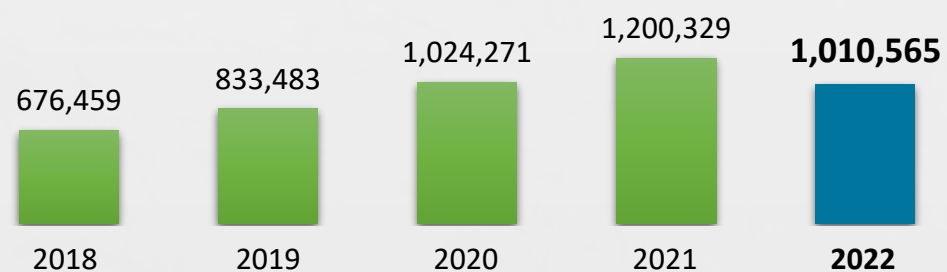
CAGR: 11%



Profit Attributable to Equity Holders of the Company

(HK\$'000)

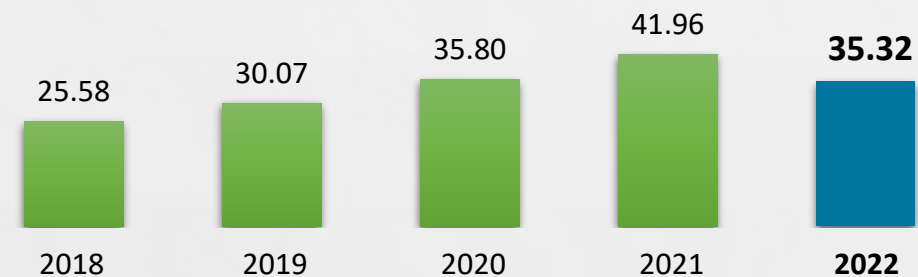
CAGR: 11%



Basic Earnings per Share

(HK cents)

CAGR: 8%

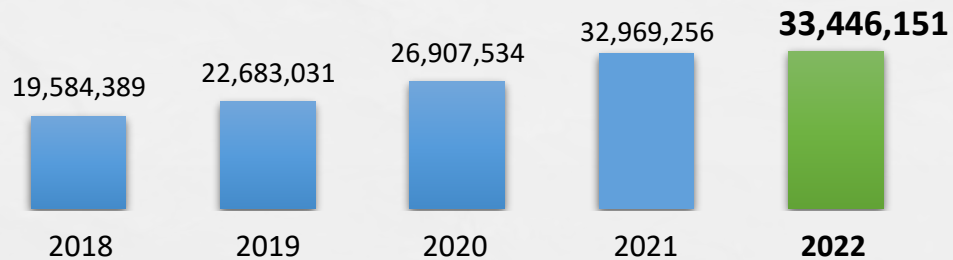


Financial Review

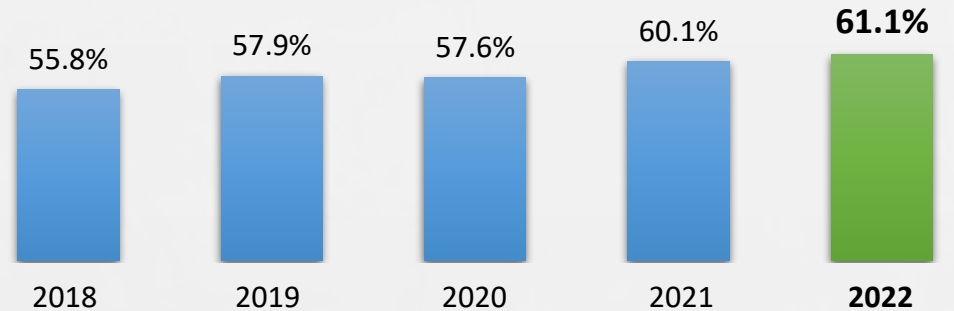
Total Assets

(HK\$'000)

CAGR: 14%



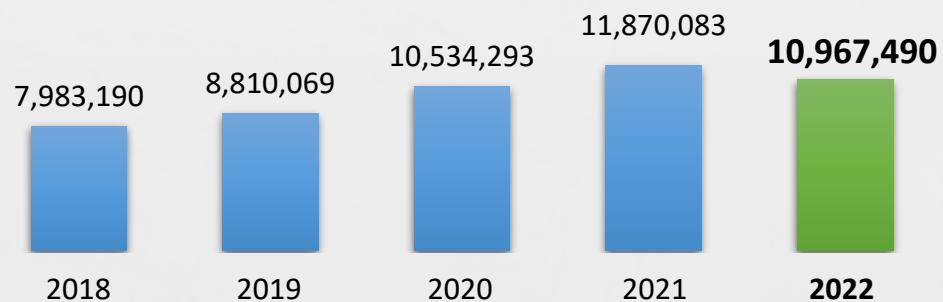
Gearing Ratio



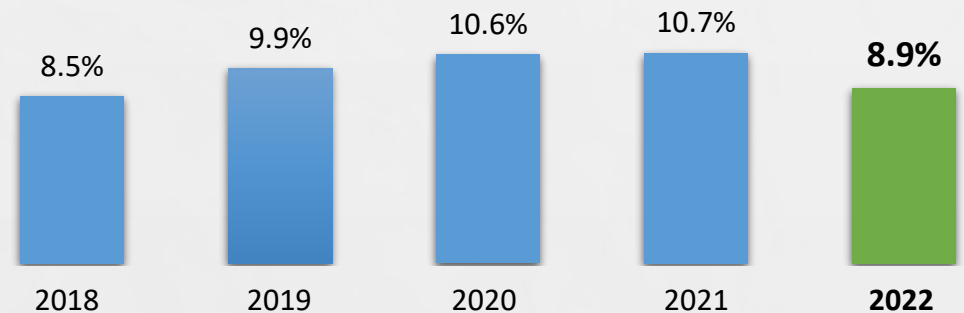
Equity Attributable to Equity Holders of the Company

(HK\$'000)

CAGR: 8%



Return on Shareholders' Equity



Financial Review

(HK\$'000)		Full year ended 31 December		Change (increase/ 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 of the Company		1,010,565	1,200,329	(16%)
Basic Earnings per Share (HK cents)		35.32	41.96	(16%)
Final Dividend per Share	(HK cents)	5.14	6.83	(25%)
	(equivalent to Singapore cents)	0.86	1.19	(28%)
Full-year Dividend per Share	(HK cents)	10.59	12.58	(16%)
	(equivalent to Singapore cents)	1.84	2.20	(16%)

*ppt: percentage point

Financial Review

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

- 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

Financial Review

(HK\$'000)	As at 31/12/2022	As at 31/12/2021	Change (increase/ decrease)
Short-term Borrowings	5,686,435	3,392,028	68%
Long-term Borrowings	9,575,700	11,049,910	(13%)
Total Borrowings [#]	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 [#]	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.

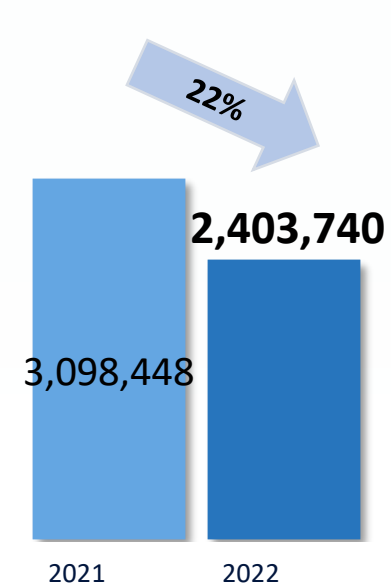
[#]Total borrowings = short-term borrowings + long-term borrowings

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

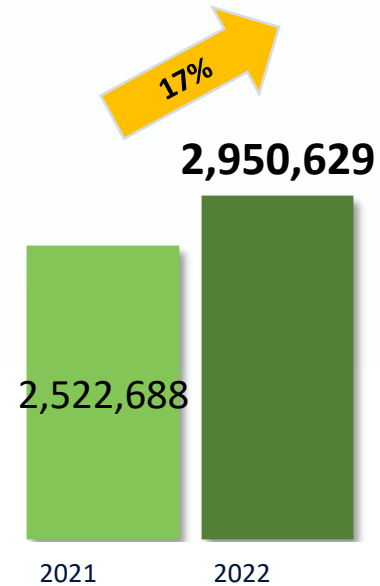
*ppt: percentage point

Revenue Analysis by Categories for the Full-year Period

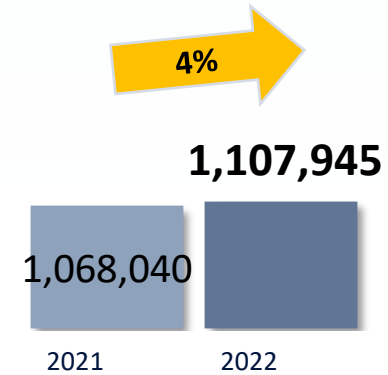
(HK\$'000)



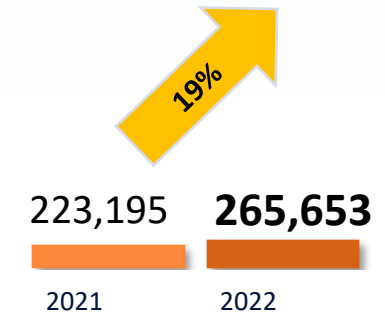
Construction service revenue



Operation income



Finance income

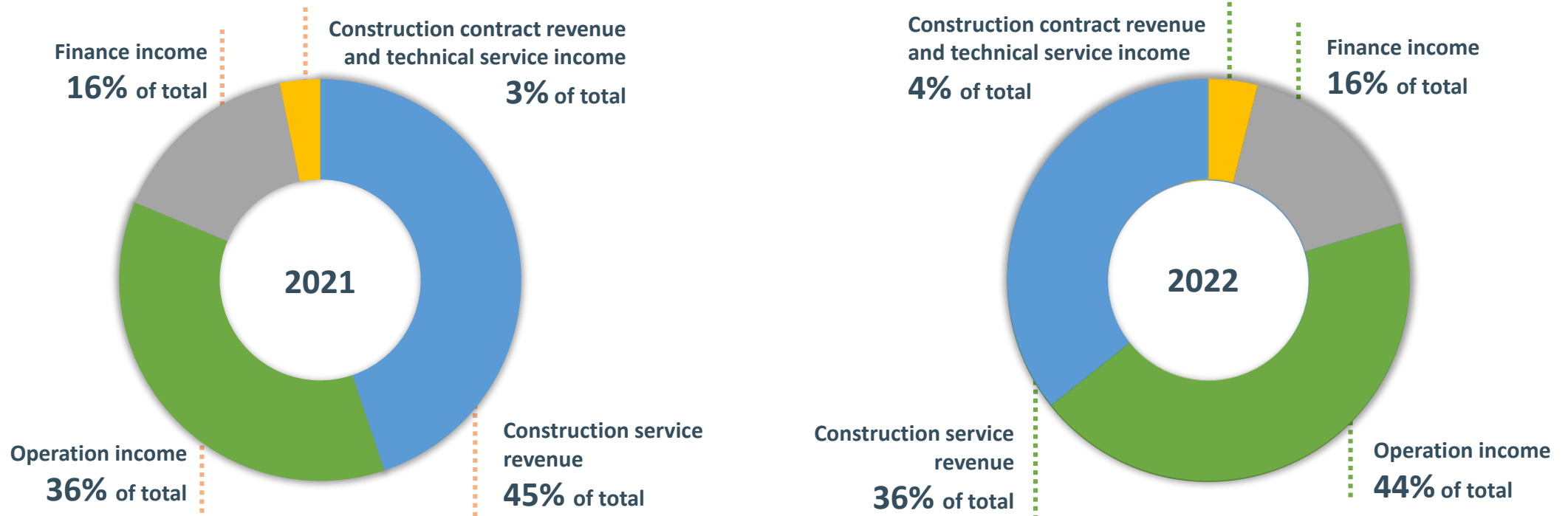


Construction contract revenue and technical service income

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.

02. Operating Results



Operating Results in 2022

– Good Progress of “Water-related” Business Deployment

In 2022, while focusing on the “water-related business” for development, the Group 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^{*} m³/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 in 2022

– 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
m³/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 in 2022

– 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 m³/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 m³/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 m³/day

18

18 projects in preparatory stage[#]

- 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 m³/day and designed sludge treatment and disposal capacity of 625 tonnes/day

* Excluding EPC project(s)

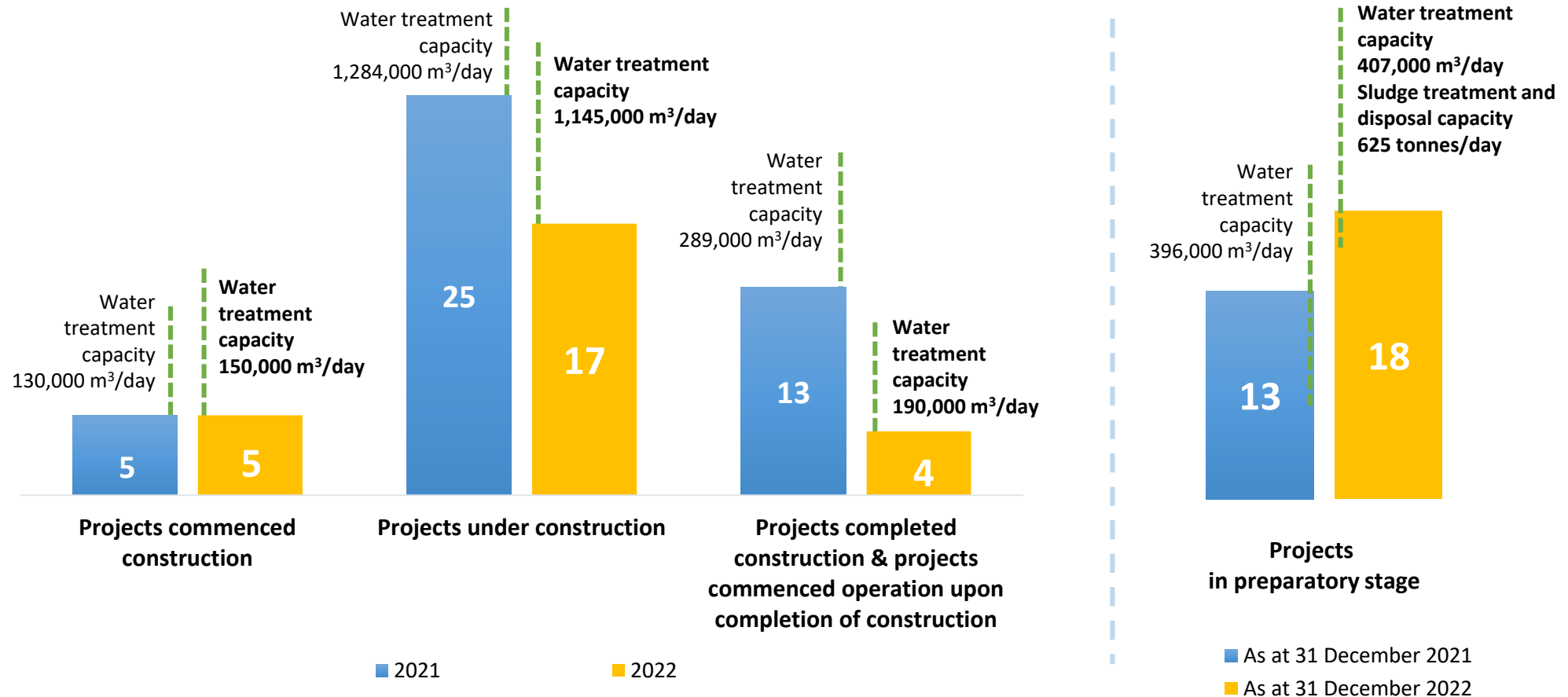
[#] As at 31 December 2022

Operating Results in 2022

– High-Quality and Efficient Construction Works

Construction Work Progress for the Full-year Period *

(Number of projects)



* Excluding EPC project(s)

Operating Results in 2022

– Enhanced Quality and Efficiency in Operations Management

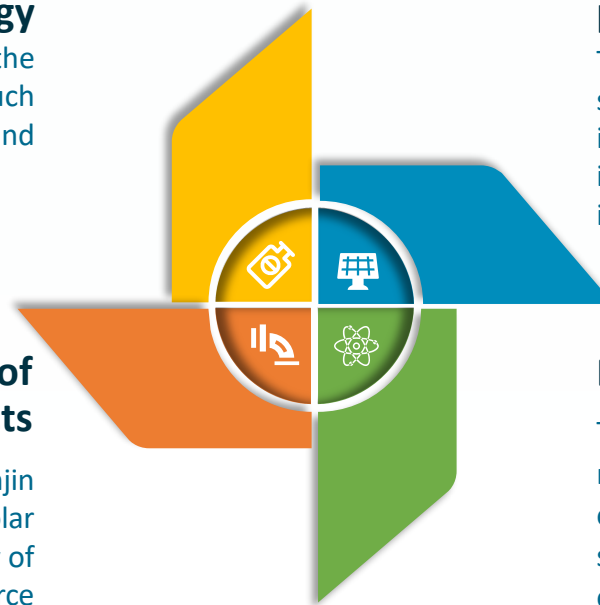
Since 2022, with a focus on “Cost Reduction and Efficiency Enhancement”, the Group has made positive progress in pollution and carbon reduction, energy conservation, cost reduction and efficiency enhancement, achieving a steady reduction in project operating costs and a continuous increase in project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

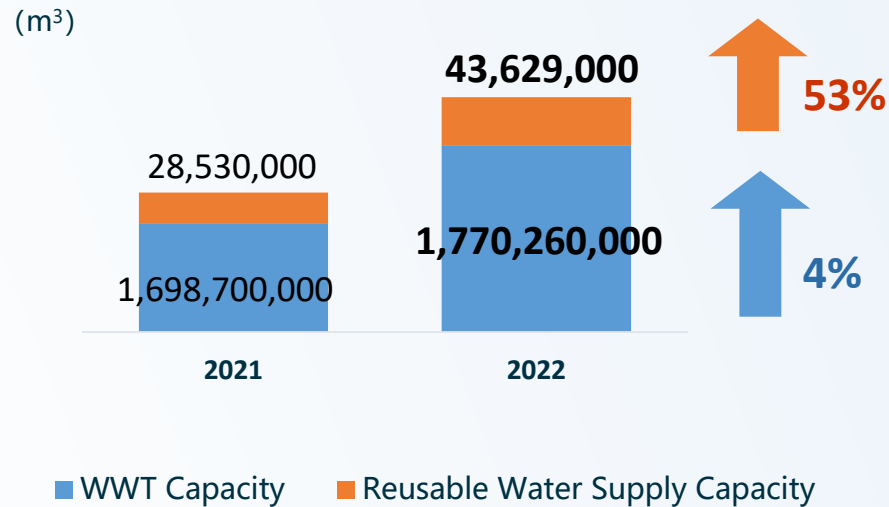
The Group completed the upgrading of its operations management system, and applied the system across its operating projects. It also implemented intelligent water source management and introduced the first intelligent operation means such as sampling by unmanned ships and image analysis of water source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

Operating Results in 2022

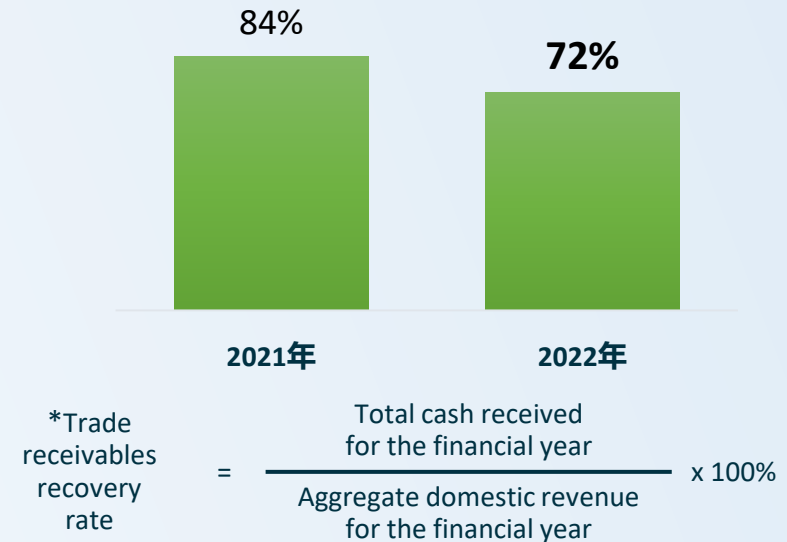
– Enhanced Quality and Efficiency in Operations Management

- In 2022, 8 WWT plants of the Group 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



Trade Receivables Recovery Rate for the Full-year Period*



Operating Results in 2022

– Positive Progress in Technological Innovation

The Group 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 in 2022

– Diverse and Smooth Financing Channels

**RMB
1 Billion**

The second tranche of super and short-term commercial papers (“SCPs”)

Maturity period: 150 days
Interest rate: 2.5%
Subscription rate: 1 time

**RMB
700 Million**

The first tranche of perpetual medium-term notes (“MTNs”)

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 MTNs

Maturity period: 3 years
Interest rate: 3.1%
Subscription rate: 3.13 times

**RMB
1 Billion**

The third tranche of SCPs

Maturity period: 180 days
Interest rate: 1.72%
Subscription rate: 1 time



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 the Group to date.

The project will be constructed in two phases, with a total designed daily industrial WWT capacity of 60,000 m³, 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*.

Operating Results Since 2023

– Continued Diversification of Financing Channels

The Group completed the issuances of the fourth tranche of SCPs and the 2023 first tranche of MTNs in March and April, respectively, both of which were fully subscribed to by institutional investors in the national inter-bank bond market of mainland China, reflecting institutional investors' confidence in the financial position, business strength and growth prospects of the Group.

The fourth tranche of SCPs

- Principal amount: RMB1 billion
- Maturity term: 180 days
- Interest rate: 2.60%
- Use of proceeds: the repayment of the Company's outstanding debts
- Credit rating: the Company, as the issuer of the fourth tranche of SCPs, was given a credit rating of "AAA" by Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.

The 2023 first tranche of MTNs

- Principal amount: RMB1 billion
- Maturity period: 5 years (with interest rate adjustment option and resale option at the third interest-bearing year)
- Interest rate: 3.20%
- Use of proceeds: the replenishment of working capital of the Company's subsidiaries
- Credit rating: the 2023 First Tranche MTNs and the Company, as the issuer of the 2023 First Tranche MTNs, was each given a credit rating of "AAA" by Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.

03. Business Prospects



Policies

In recent years, China's battle against pollution has achieved solid results within mainland China, 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 (particularly after the lifting of the relevant COVID-19 control measures), 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, the Group 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”

Traditional Directions

- The Group will solidify and deepen its traditional business areas, leverage its existing regional advantages, and strive to achieve quality enhancement and a reasonable increase of 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

With technology as the driving force, the Group will provide strong support for new business development and technical services, in a bid to build its competitive edges that fulfill its development needs.

- 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.
- To enhance the promotion of innovation in invention, renovation, transformation, design and consulting.

Digital Empowerment

The Group will leverage digital measures to boost the precise management of its various businesses, continuing the digitalised and intelligent transformation.

- 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, green and low-carbon project operations, by enhancing the operation concepts, emphasising efficiency, continuously reducing costs, and boosting efficiency.

Engineering Management

To boost construction progress, enhance budgeting management, strengthen integrated construction management proficiency, 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 scientific basis, standards and cost-effectiveness 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**

04. Q&A Session



05. AGM Resolutions



- **Resolution 1:** To receive and consider the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2022 and the Auditors' Report thereon.
- **Resolution 2:** To declare and pay a final one-tier tax exempt dividend of 5.14 Hong Kong cents (equivalent to 0.86 Singapore cent) per ordinary share for the financial year ended 31 December 2022 as recommended by the board (the "Board") of directors (the "Directors") of the Company.
- **Resolution 3:** To approve the payment of Directors' fees of S\$340,000 for the financial year ended 31 December 2022 (2021: S\$340,000).

- **Resolution 4:** To re-elect Ms. Hao Gang, a Director retiring pursuant to the Bye-law 86(1) of the Bye-laws of the Company (the “Bye-laws”), and who, being eligible, will offer herself for re-election as a Director.
- **Resolution 5:** To re-appoint Ernst & Young LLP as Auditor of the Company, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix its remuneration.
- **Resolution 6:** Authority to allot and issue shares.
- **Resolution 7:** Authority to allot and issue shares under the China Everbright Water Limited Scrip Dividend Scheme.

- **Resolution 8:** Renewal of the share buy-back mandate.
- **Resolution 9:** Renewal of the interested person transaction mandate.
- **Resolution 10:** Amendments to the Bye-laws and adoption of a new set of Bye-laws.

Green Innovation Leading to Sustainable Growth

