

News Release

Everbright Water Announces 2019 Interim Results

Financial Highlights

(HKD'000)	Six months ended 30 June		Change
	2019	2018	
Revenue	2,485,366	2,360,475	5%
Gross Profit	920,085	788,030	17%
Gross Profit Margin (%)	37	33	4ppt*
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	830,769	781,256	6%
Profit Attributable to Equity Holders of the Company	420,487	370,737	13%
Earnings per Share (HK cents)	15.51	14.11	10%
Interim Dividend per Share (Singapore cents) (equivalent in HK cents)	0.65 (3.74)	0.49 (N/A)	33%

(*ppt: percentage point)

Singapore and Hong Kong, 13 August 2019 – China Everbright Water Limited (“Everbright Water” or the “Company”, stock codes: U9E.SG and 1857.HK) (中国光大水务有限公司), an environmental protection company focusing on water environment management, is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2019 (“1HFY2019” or “period under review”).

During the 1HFY2019, Everbright Water’s revenue amounted to HK\$2.49 billion, an increase of 5% from HK\$2.36 billion in the same period of last year. EBITDA amounted to HK\$830.77 million, an increase of 6% from HK\$781.26 million in the same period of last year. Profit attributable to

equity holders of the Company was HK\$420.49 million, an increase of 13% from HK\$370.74 million recorded in the same period of last year. Earnings per share were HK15.51 cents, HK1.40 cents more than HK14.11 cents in the first half of 2018. Overall gross profit margin was 37%, an increase of 4 percentage points compared to the corresponding period of last year. The increase was mainly due to a lower portion of construction revenue and construction contract revenue and technical service income recognised in the mix of the total revenue of 1HFY2019 as compared to the corresponding period of last year. In general, construction services and construction contract and technical services have a lower gross profit margin than operation services.

On 8 May 2019, Everbright Water was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited, achieving dual listing status in Singapore and Hong Kong (the “Dual Primary Listing”). The Dual Primary Listing status will help the Company to attract different investors, broaden its shareholder base, and contribute to its business development.

In terms of market expansion, during the period under review, Everbright Water expanded to Zhejiang Province by securing its first drinking water sources wetland protection project, while strengthening its market presence in Shandong, Jiangsu, Hubei and Liaoning Provinces. During the 1HFY2019, the Company secured 11 environmental projects and signed 1 supplementary agreement for the existing project, commanding a total investment of approximately RMB3.674 billion. In addition, the Company undertook 2 engineering, procurement and construction (EPC) projects and 1 operations and maintenance project, with a total contract value of approximately RMB146 million. The new projects contributed to the increases in waste water treatment capacity by 405,000 m³/day, reusable water supply capacity by 85,000 m³/day, water supply capacity by 600,000 m³/day, and sludge treatment and disposal capacity by 200 tonnes/day.

In relation to project construction, during the period under review, Everbright Water had 16 projects under construction, with all construction works having progressed smoothly. 9 projects completed construction and commenced operation, contributing 240,000 m³ to the aggregated

daily waste water treatment capacity and 150,000 m³ to the aggregated daily water supply capacity. As at 30 June 2019, the Company had 21 projects in preparatory stage, with a total water treatment capacity of over 1,200,000 m³/day.

In terms of engineering design, Xuzhou Municipal Engineering Design Institute Co., Ltd., which is part of the Group, undertook 164 engineering design service projects during the period under review, covering several specialised areas, such as water supply, waste water treatment, leachate treatment, sludge treatment and disposal, reusable water and municipal public engineering consultancy. This helped the Company to build up relevant experience and solidify new sources of profit growth.

As for the operations management, during the 1HFY2019, riding on the effective management, a total of 8 waste water treatment plants of the Company received regulatory approval for tariff hikes, ranging from 4% to 56%.

During the period under review, in light of excellent engineering construction and operations management, the Company's projects received various subsidies exceeding RMB8 million in total.

Everbright Water adheres to the "Innovation-driven Development" ethos and has set "application-oriented research" as its direction. During the period under review, the Company actively promoted and progressed with technological research and development ("R&D") subjects in the areas including waste water and sludge treatment, energy conservation at waste water treatment plants, etc. In the 1HFY2019, the Company was granted 14 patents and published 1 thesis, mainly in the areas of biological aerated filter, high-efficiency sedimentation tank, among others.

Mr. An Xuesong, Executive Director and CEO of Everbright Water, said "In the 1HFY2019, Everbright Water rode through the challenging macro and market environment and achieved steady operating results. As traditional areas in the water industry have become more mature, areas such as industrial waste water treatment, sludge harmless treatment, water plant and

pipeline integration, and the mixed-ownership reform of the local state-owned water enterprises are expected to become new development trends, which are expected to continue unleashing the industry's potential for growth. In the second half of 2019, Everbright Water will boost technological R&D, expand into new business areas and models, and enhance proficiencies in operations management and risk control. It will take a long-term view for its business planning and follow an optimised development path towards sustainability.”

Mr. Wang Tianyi, CEO of China Everbright International Limited and Chairman of Everbright Water, said, “Supported by the implementation of various environmental protection policies and the reinforcement of the regulatory system over the past few years, the water industry has gradually established a policy regime and a regulatory framework that are more comprehensive and mature, laying a solid foundation for the industry's sound and rapid growth. As an enterprise listed in both Singapore and Hong Kong, Everbright Water will leverage on the opportunity arising from the Dual Primary Listing, follow relevant national strategic planning and its ‘Innovation-driven Development’ ethos, and adopt a sustainable operating model that ‘Takes Quality as the Top Mission and Keeps Efficiency as the Priority with Support by Scale’. It will continue pursuing steady operating results, creating sustainable returns for its shareholders and contributing to water environment management.”

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About China Everbright Water Limited

China Everbright Water Limited (“Everbright Water” or the “Company”) is an environmental protection company 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 International Limited (stock code: 257.HK).

The Company is principally engaged in water environment treatment, sponge city construction, river-basin ecological restoration, water supply, waste water treatment, reusable water, waste water source heat pump, sludge treatment and disposal, research and development of water environment management technologies, and engineering construction, etc. The Company’s geographical footprint spans across East, Central, South, North, Northeast and Northwest China, including Beijing, Jiangsu, Zhejiang, Shandong, Shaanxi, Henan, Hubei, Guangxi Zhuang Autonomous Region, Liaoning and Inner Mongolia Autonomous Region, etc.

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

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