

# 2024 Interim Results Presentation

August 2024  
China Everbright Water Limited



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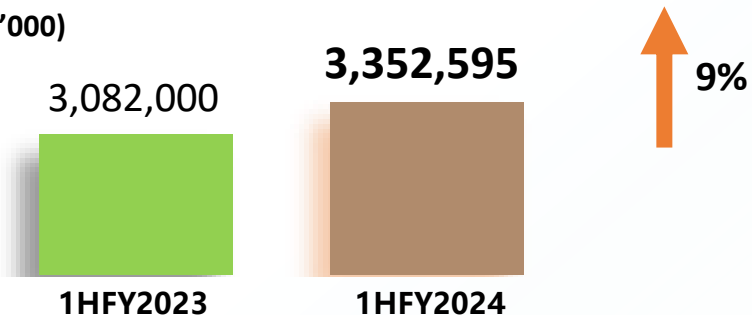
# 01 OPERATING RESULTS



# Stable Operating Indicators

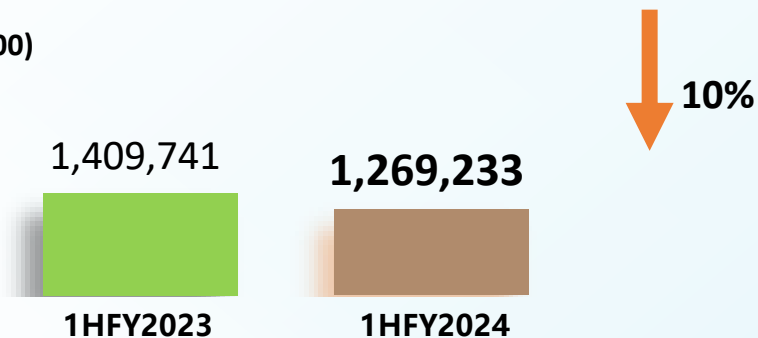
## Revenue

(HK\$'000)



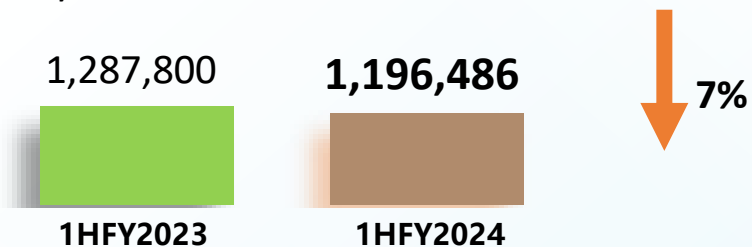
## Gross Profit

(HK\$'000)



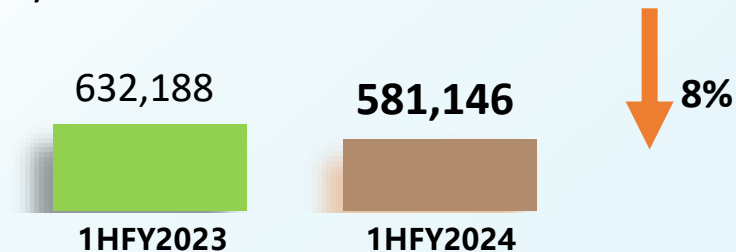
## Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)

(HK\$'000)



## Profit Attributable to Equity Holders of the Company

(HK\$'000)



# Positive Momentum in Market Expansion

In the first half of 2024 (“1HFY2024”), Everbright Water continued to focus on the development of both traditional and new business areas and promote a better synergistic development of asset-light and asset-heavy businesses.

- Securing Anyang Municipal Waste Water Treatment Centre Phase I Project in Henan Province marked a **significant business breakthrough for the Group in Henan’s water market**, following the securing of Sanmenxia Waste Water Treatment Project.
- The signing of multiple asset-light business contracts related to industrial waste water treatment (“WWT”) represented the Group’s transition from focusing solely on end-treatment services to providing comprehensive industrial park WWT services. These efforts have further integrated the Group’s relevant expertise, **deploying a robust industrial WWT business chain that strategically balances asset-heavy and asset-light businesses.**
- In its efforts to expand its business outside China, the Group leveraged its German joint venture company, E+B Umwelttechnik GmbH, to actively pursue business opportunities. It also **strengthened the development of its business development team and optimised its business expansion system**, laying a solid foundation for exploring opportunities in Southeast Asian markets.



Newly-added municipal  
WWT capacity  
**200,000 m<sup>3</sup>/day**



New investment  
approx.  
**RMB1.371 billion**



New contract value  
approx.  
**RMB67 million**

## Business footprint

The Group has a business presence in over 60 districts, counties and cities across **13 provinces, municipalities and autonomous regions** in China, in addition to **1 overseas market**.



## Total number of projects

The Group invested in and held **169 projects** and undertook various asset-light businesses, such as operation and management (“O&M”), engineering, procurement and construction (“EPC”), etc.



## Total project investment

approx.  
**RMB32.15 billion**



## Total designed water treatment and supply capacity\*

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



<sup>#</sup> As at 30 June 2024

\* Including the treatment capacities of O&M and EPCO (Design-Procurement-Construction-Operation) projects

# Continued Enhancement of Operational Efficiency

In 1HFY2024, Everbright Water continued to adopt various approaches, such as the “Five Innovations” initiative\* and digitalisation to improve its refined and intelligent management, and to further enhance its operations management efficiency.

## Cost Control and Efficiency Enhancement

The Group carried out cleaning work on aerators across its WWT projects. This resulted in reduced failure rates, leading to savings in operating costs like energy consumption and maintenance expenses, and improved WWT efficiency.

The Group searched for carbon source alternatives and implemented precise dosing and precise aeration control systems in multiple projects.

## Increase of Revenue Sources and Efficiency Enhancement

As at 30 June 2024, the Group had put solar power facilities into operation at 6 projects, with a total installed capacity of 10.76 MWP, expected to generate approx. 12 million kWh of green electricity to the projects annually.

## Water Treatment/Supply Volume#

The volume of waste water treated was approx. 800 million m<sup>3</sup> of waste water, which remained largely consistent with that in the first half of 2023 (“1HFY2023”).

The volume of reusable water supplied was approx. 22 million m<sup>3</sup> of reusable water, an increase of 4% as compared with 1HFY2023.

## Tariff Hikes/ Subsidies#

Two WWT plants of the Group received regulatory approval for tariff hike, ranging from 11% to 31%.

Subsidies of approx. RMB10 million in total were granted to the Group.

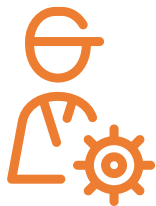
\* The “Five Innovations” initiative refers to small inventions, small transformations, small innovations, small designs, and small suggestions.

# In 1HFY2024



# Smooth Progress in Construction Works

In 1HFY2024, Everbright Water paid close attention to major construction works. It continued to focus on cost control and efficiency enhancement through various aspects, such as: procurement and tender process, construction planning, on-site management, and construction services.



The Group closely monitored the construction of key projects to maximise investment returns. By effectively reducing construction costs through measures such as design optimisation and procurement cost control, it laid a solid foundation for the timely commencement of operation of projects invested by the Group.



The Group intensified its effort to carry out construction work with disciplines to continuously improve its safety management capability. With the goal of achieving “zero safety incidents” by adhering to the “Triple Three” safety and environmental management approach\*, the Group strengthened frontline staff capabilities, resulting in zero safety accidents, zero environment-related incidents, and ensuring the safety of all construction work.

\* The “Triple Three” safety and environmental management approach consists of three “Knows”, three “Understands” and three “Efforts”. Among them, the three “Knows” refer to knowing individual responsibilities, corporate risks, and channels and measures related to safety and environmental management; the three “Understands” involve understanding harmfulness of relevant accidents and incidents, the dynamic nature of such risks, and the exemplary role of safety and environmental management; and the three “Efforts” focus on enhancing the recognition and participation of safety and environmental management practices, improving intrinsic safety and environmental management level, and bolstering response capabilities in relevant emergency situations.

In 1HFY2024, Everbright Water remained dedicated to the philosophy of “Development Driven by Technological Innovation” by focusing on strengthening technology applications and promoting industrial-academic collaboration, to empower the advancement of various development works of the Group.

## Empowerment for development

The Group provided comprehensive technical support, which covered technical management, upgrading and transformation, for projects that were newly developed, constructed and operated by the Group.

Research and development activities were conducted and pilot programs were launched in key areas such as rural non-point source pollution control and intelligent and precise control systems for the entire WWT process, aiming to address limitations and challenges encountered in actual production.

## Technological processes

The Group provided its in-house developed technological processes to internal and external clients, which amounted to a total contract value of approx. RMB40 million.

## Patents

The Group was newly granted 4 patents and published 1 key paper.

## Issuance of 2024 First Tranche Medium Term Notes (“MTN”)

<b>Principal amount</b>	RMB1.5 billion
<b>Maturity period</b>	5 years*
<b>Interest rate</b>	2.80%
<b>Subscription rate</b>	3.07 times
<b>Use of proceeds</b>	To replenish the working capital of the Company’s subsidiaries and repay the interest-bearing debts of the Group
<b>Credit rating</b>	The 2024 first tranche MTN and Everbright Water (as the issuer) had each been given a credit rating of “AAA”.

## Issuance of Asset-backed Securities (“ABS”)

<b>Principal amount</b>	RMB2 billion <ul style="list-style-type: none"><li>• Preference ABS: RMB1.9 billion</li><li>• Subordinate ABS: RMB100 million</li></ul>
<b>Maturity period</b>	The preference ABS is classified into 7 classes, with maturity periods ranging from approx. 1 to 9 years.
<b>Composite interest rate</b>	2.67% (Preference ABS)
<b>Subscription rate</b>	3.04 times
<b>Use of proceeds</b>	To repay the loans borrowed by the Group (in line with its financial management approach of replacing high-interest loans with low-interest ones) and replenish the Group’s working capital
<b>Credit rating</b>	The preference ABS had been given a credit rating of “AAA <sub>sf</sub> ”.

\* With an interest rate adjustment option to be exercised by the Company and a resale option to be exercised by the noteholders at the end of the third interest-bearing year

## 02 FINANCIAL REVIEW



(HK\$'000)	Six months ended 30 June		Year-on-year Change (increase/(decrease))
	2024	2023	
<b>Revenue</b>	<b>3,352,595</b>	3,082,000	9%
<b>Gross Profit</b>	<b>1,269,233</b>	1,409,741	(10%)
<b>Gross Profit Margin (%)</b>	<b>38</b>	46	(8ppt*)
<b>EBITDA</b>	<b>1,196,486</b>	1,287,800	(7%)
<b>Profit Attributable to Equity Holders of the Company</b>	<b>581,146</b>	632,188	(8%)
<b>Basic Earnings per Share (HK cents)</b>	<b>20.31</b>	22.10	(8%)
<b>Interim Dividend per Share</b>	<b>6.09</b>	6.63	(8%)
(HK cents) (equivalent to Singapore cents)	<b>1.05</b>	1.13	(7%)

\*ppt: percentage point

(HK\$'000)	As at 30/6/2024	As at 31/12/2023	As at 31/12/2022	As at 31/12/2021
<b>Total Assets</b>	<b>35,210,411</b>	34,220,661	33,446,151	32,969,256
<b>Total Liabilities</b>	<b>21,417,839</b>	20,768,319	20,445,273	19,806,024
<b>Equity Attributable to Equity Holders of the Company</b>	<b>11,676,607</b>	11,406,121	10,967,490	11,870,083
<b>Gearing Ratio (%)</b> (total liabilities/total assets)	<b>60.8</b>	60.7	61.1	60.1
<b>Return on Shareholders' Equity (%)</b>	<b>10.1*</b>	10.6	8.9	10.7
<b>Dividend Payout Ratio (%)</b>	<b>30</b>	30	30	30

- 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 fruitful operating results with its shareholders".

\* Annualised figure

(HK\$'000)	As at 30/6/2024	As at 31/12/2023	Change (increase/(decrease))
<b>Short-term Borrowings</b>	<b>3,739,206</b>	4,606,893	(19%)
<b>Long-term Borrowings</b>	<b>12,381,023</b>	10,798,480	15%
<b>Total Borrowings<sup>#</sup></b>	<b>16,120,229</b>	15,405,373	5%
<b>Current Ratio (%)</b>	<b>144</b>	121	23ppt <sup>*</sup>
<b>Unutilised Banking Facilities</b>	<b>2,906,019</b>	1,603,579	81%
<b>Bank Deposit Balance and Cash</b>	<b>1,835,044</b>	1,881,401	(2%)
<b>Cash and Banking Facilities Available<sup>#</sup></b>	<b>4,741,063</b>	3,484,980	36%

- As at 30 June 2024, the Group's bank deposit balance and cash were abundant, with the unutilised banking facilities of approx. HK\$2.91 billion, providing solid capital support for the Group's future development.
- As at 30 June 2024, the Group's total borrowings were approx. HK\$16.12 billion, with long-term borrowings accounting for 77% of the total.

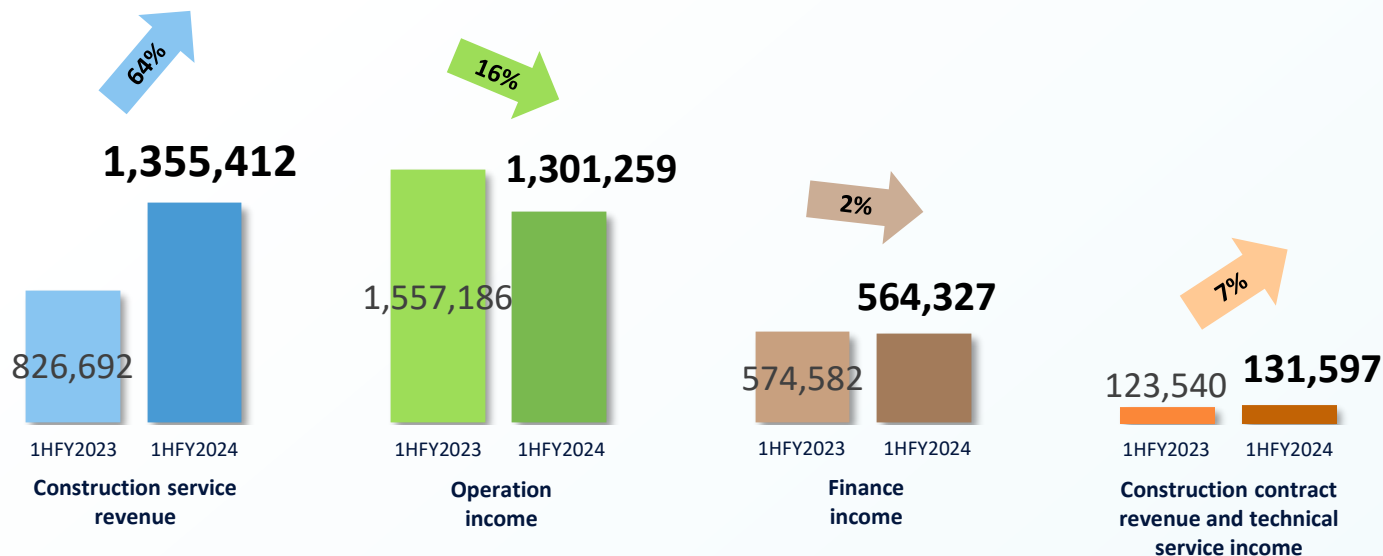
<sup>#</sup> Total borrowings = short-term borrowings + long-term borrowings

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

<sup>\*</sup> ppt: percentage point

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

(HK\$'000)

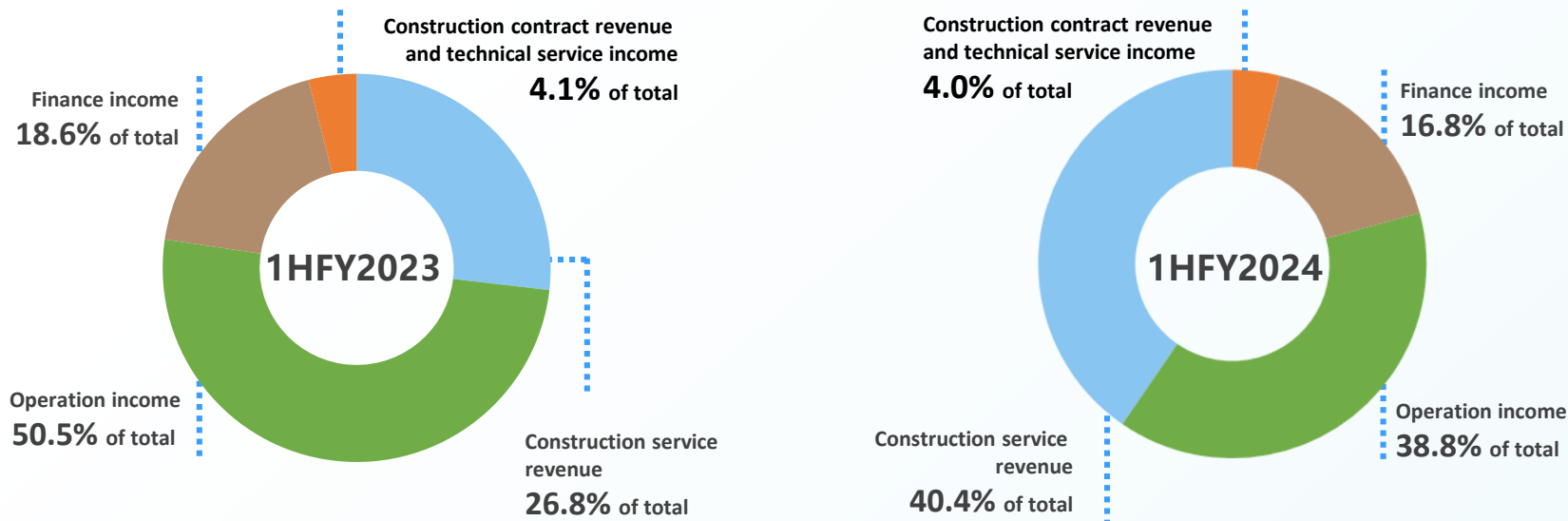


**Total revenue in 1HFY2024: HK\$3,352,595,000**

Total revenue in 1HFY2023: HK\$3,082,000,000



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



- In 1HFY2024, as the Group's projects in preparatory stage gradually commenced construction and the number of projects under construction increased, the proportion of construction service revenue grew compared to 1HFY2023.
- The Group's operation income decreased in its proportion of the total revenue as compared with 1HFY2023, primarily due to the recognition of one-off lump sum operation income in 1HFY2023 as the new tariffs were applied retrospectively.
- As the projects currently in the preparatory or construction stage commence operation upon completion of construction, the operation income of the Group is expected to gradually increase in the future.

# 03 BUSINESS PROSPECTS



EVERBRIGHT WATER



## EXTERNAL TRENDS

Since the beginning of 2024, the global economy has been gradually returning to a state of normalcy, despite facing various uncertainties.

Throughout this process, the Chinese economy has steadily recovered and is on a long-term upward trajectory. China remains a stable force for global economic growth and plays a crucial role in global efforts to combat climate change and achieve sustainable development goals.



## RELEVANT POLICIES

As China's social and economic development enters a phase of accelerated green and low-carbon high-quality development, the environmental protection industry has become a cornerstone in supporting China's green development, with its importance and significance becoming increasingly prominent.

- China's Third Plenary Session of the 20<sup>th</sup> Central Committee proposed enhancing its ecological civilisation system, by synergistically **reducing carbon dioxide emissions, curbing pollution, expanding green development, and pursuing economic growth**. China also aims to improve its ecological and environmental management system, to actively address climate change and to accelerate the improvement of the mechanisms and systems based on the principle that "lucid waters and lush mountains are invaluable assets".
- The Political Bureau of the Central Committee of China emphasised in its meeting the importance of **advancing green and low-carbon development**, and the necessity of implementing the "Ten Actions for Peaking Carbon Dioxide Emissions" and accelerating the development of a waste recycling system.

Everbright Water firmly believes that the global consensus on addressing climate change will remain steadfast, as will China's dedication to "Building a Beautiful China", pursuing high-quality development with a high-quality ecological environment. The Chinese environmental protection industry is embracing a new journey with new opportunities, new concepts, and new directions.

The Group will remain committed to its core mission of providing clear and sustainable water management solutions, maintain unwavering confidence, embrace responsibility, and advance with courage and determination. Adhering to the principle of "Making Progress with Stability and Promoting Stability through Progress", the Group will develop a new growth model with "One Body and Two Wings", continue to strengthen its own advantages and actively pursue development breakthroughs. With the goal of becoming China's leading operational service provider in the "water-related" business, the Group will advance with determination and support China's strategic goals with vigour, while pursuing a new business growth with a focus on greenness, low carbon, and high quality.



## FIRMLY PROMOTING GREEN, LOW-CARBON, HIGH-QUALITY DEVELOPMENT

### Achieving One Goal

The Group's full-year tasks and goals

### Prioritising Four Areas

Collection of trade receivables  
Cost control and efficiency enhancement  
Business expansion  
Engineering construction

### Reinforcing Two Core Areas

Cultivation of corporate culture  
Safety and environmental management

### Ensuring Six Key Pillars

Talent and team development  
Internal and external capital assurance  
Technological innovation as empowering force  
Integrity and discipline cultivation  
Organisational structure optimisation  
Resource integration and synergy





**DEDICATED  
TO  
CLEAN WATER**