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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)

ANNOUNCEMENT ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

HIGHLIGHTS

- Revenue increased slightly by 2% to HK\$6,851,918,000 (FY2023: HK\$6,704,684,000)
- EBITDA decreased by 11% to HK\$2,197,255,000 (FY2023: HK\$2,469,511,000)
- Profit before tax decreased by 13% to HK\$1,446,060,000 (FY2023: HK\$1,666,123,000)
- Profit attributable to equity holders of the Company decreased by 14% to HK\$1,019,609,000 (FY2023: HK\$1,187,412,000)
- Final dividend of HK5.81 cents (equivalent to 1.02 Sing cents) per ordinary share (FY2023: HK5.81 cents (equivalent to 0.99 Sing cent) per ordinary share). Total dividend for FY2024 of HK11.90 cents (equivalent to 2.07 Sing cents) per ordinary share (FY2023: HK12.44 cents (equivalent to 2.12 Sing cents) per ordinary share)

ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of China Everbright Water Limited (the “Company”) announces the consolidated annual results of the Company and its subsidiaries (collectively, the “Group”) for the financial year ended 31 December 2024 (“FY2024” or “year under review”) (the “FY2024 Annual Results”), together with the comparative figures for the financial year ended 31 December 2023 (“FY2023”). The consolidated financial statements for FY2024 have been audited by KPMG LLP and KPMG in Singapore and Hong Kong respectively, in accordance with International Standards on Auditing. KPMG LLP and KPMG’s reports on the audit of the consolidated statements do not contain any qualification, disclaimer of opinion, adverse opinion or emphasis of matter. The FY2024 Annual Results have been reviewed by the audit committee of the Company (the “Audit Committee”).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Notes</i>	FY2024 <i>HK\$'000</i>	FY2023 <i>HK\$'000</i>	Increase/ (decrease) %
REVENUE	4	6,851,918	6,704,684	2%
Direct costs and operating expenses		<u>(4,234,456)</u>	<u>(3,882,301)</u>	9%
Gross profit		2,617,462	2,822,383	(7%)
Other income and gains, net	5	65,187	46,007	42%
Administrative and other operating expenses		<u>(702,557)</u>	<u>(641,273)</u>	10%
Finance income	6	13,529	26,658	(49%)
Finance costs	6	(541,076)	(590,921)	(8%)
Share of (losses)/profits of associates		<u>(7,174)</u>	2,008	NM
Share of profit of a joint venture		<u>689</u>	<u>1,261</u>	(45%)
PROFIT BEFORE TAX	7	1,446,060	1,666,123	(13%)
Income tax expense	8	(319,066)	(404,910)	(21%)
PROFIT FOR THE YEAR		<u>1,126,994</u>	<u>1,261,213</u>	(11%)
OTHER COMPREHENSIVE LOSS				
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:				
Exchange differences arising on translation of functional currency to the presentation currency		<u>(270,523)</u>	<u>(445,920)</u>	(39%)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX		<u>(270,523)</u>	<u>(445,920)</u>	(39%)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>856,471</u>	<u>815,293</u>	5%

NM – Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)**For the year ended 31 December 2024*

	<i>Notes</i>	FY2024 HK\$'000	FY2023 HK\$'000	Increase/ (decrease) %
PROFIT ATTRIBUTABLE TO:				
Equity holders of the Company		1,019,609	1,187,412	(14%)
Holders of perpetual capital instruments		25,047	37,578	(33%)
Non-controlling interests		82,338	36,223	127%
		<u>1,126,994</u>	<u>1,261,213</u>	(11%)
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Equity holders of the Company		769,515	774,922	(1%)
Holders of perpetual capital instruments		25,047	37,578	(33%)
Non-controlling interests		61,909	2,793	NM
		<u>856,471</u>	<u>815,293</u>	5%
EARNINGS PER SHARE				
ATTRIBUTABLE TO				
EQUITY HOLDERS				
OF THE COMPANY				
– Basic and diluted	<i>10</i>	<u>HK35.64 cents</u>	<u>HK41.51 cents</u>	(14%)

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2024

	Notes	Group		Company	
		31 December 2024 HK\$'000	31 December 2023 HK\$'000	31 December 2024 HK\$'000	31 December 2023 HK\$'000
NON-CURRENT ASSETS					
Property, plant and equipment		989,156	970,663	-	-
Right-of-use assets		82,310	88,500	-	-
Investment properties		10,918	11,096	-	-
		<u>1,082,384</u>	<u>1,070,259</u>	<u>-</u>	<u>-</u>
Intangible assets		2,318,584	2,156,026	-	-
Goodwill		1,342,426	1,364,093	-	-
Interests in subsidiaries		-	-	10,322,881	10,023,114
Interests in associates		3,540	11,953	-	-
Interest in a joint venture		1,903	1,262	-	-
Other receivables	11	255,498	235,125	-	-
Contract assets	12	20,883,947	19,779,711	-	-
Deferred tax assets		42,954	880	-	-
		<u>25,931,236</u>	<u>24,619,309</u>	<u>10,322,881</u>	<u>10,023,114</u>
Total non-current assets					
CURRENT ASSETS					
Inventories		57,159	58,336	-	-
Trade and other receivables	11	5,846,666	5,382,761	9,381,972	10,505,695
Contract assets	12	2,173,568	2,157,706	-	-
Other financial assets	13	32,928	121,148	-	88,150
Cash and cash equivalents	14	1,847,805	1,881,401	122,815	42,470
		<u>9,958,126</u>	<u>9,601,352</u>	<u>9,504,787</u>	<u>10,636,315</u>
Total current assets					

STATEMENTS OF FINANCIAL POSITION *(continued)*

As at 31 December 2024

	<i>Notes</i>	Group		Company	
		31 December	31 December	31 December	31 December
		2024	2023	2024	2023
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
CURRENT LIABILITIES					
Trade and other payables	15	3,283,728	3,241,736	166,888	183,082
Borrowings		4,181,329	4,606,893	3,002,204	3,624,164
Current tax liabilities		53,013	84,410	–	–
Lease liabilities		3,341	5,412	–	–
		<u>7,521,411</u>	<u>7,938,451</u>	<u>3,169,092</u>	<u>3,807,246</u>
Total current liabilities		7,521,411	7,938,451	3,169,092	3,807,246
NET CURRENT ASSETS					
		<u>2,436,715</u>	<u>1,662,901</u>	<u>6,335,695</u>	<u>6,829,069</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
		<u>28,367,951</u>	<u>26,282,210</u>	<u>16,658,576</u>	<u>16,852,183</u>
NON-CURRENT LIABILITIES					
Other payables	15	61,406	–	–	–
Borrowings		12,208,281	10,798,480	5,833,775	6,049,733
Deferred tax liabilities		2,105,199	2,029,945	–	–
Lease liabilities		1,387	1,443	–	–
		<u>14,376,273</u>	<u>12,829,868</u>	<u>5,833,775</u>	<u>6,049,733</u>
Total non-current liabilities		14,376,273	12,829,868	5,833,775	6,049,733
NET ASSETS					
		<u>13,991,678</u>	<u>13,452,342</u>	<u>10,824,801</u>	<u>10,802,450</u>
EQUITY					
Equity attributable to equity holders					
of the Company					
Share capital	16	2,860,877	2,860,877	2,860,877	2,860,877
Reserves		8,974,243	8,545,244	7,156,942	7,134,591
		<u>11,835,120</u>	<u>11,406,121</u>	<u>10,017,819</u>	<u>9,995,468</u>
Perpetual capital instruments		806,982	806,982	806,982	806,982
Non-controlling interests		1,349,576	1,239,239	–	–
		<u>13,991,678</u>	<u>13,452,342</u>	<u>10,824,801</u>	<u>10,802,450</u>
TOTAL EQUITY		<u>13,991,678</u>	<u>13,452,342</u>	<u>10,824,801</u>	<u>10,802,450</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to equity holders of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Foreign currency translation reserve HK\$'000	Statutory reserve HK\$'000	Contributed surplus reserve HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Perpetual capital instruments HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Group											
At 1 January 2024	2,860,877	1,599,765	(1,375,419)	776,715	1,229,302	8,203	6,306,678	11,406,121	806,982	1,239,239	13,452,342
Profit for the year	-	-	-	-	-	-	1,019,609	1,019,609	25,047	82,338	1,126,994
Other comprehensive loss for the year:											
Foreign currency translation differences	-	-	(250,094)	-	-	-	-	(250,094)	-	(20,429)	(270,523)
Total comprehensive income for the year	-	-	(250,094)	-	-	-	1,019,609	769,515	25,047	61,909	856,471
Transfer to statutory reserve	-	-	-	122,875	-	-	(122,875)	-	-	-	-
Transactions with owners in their capacity as owners:											
2023 final dividend declared	-	-	-	-	-	-	(165,424)	(165,424)	-	-	(165,424)
2024 interim dividend declared	-	-	-	-	-	-	(175,092)	(175,092)	-	-	(175,092)
Distribution to holders of perpetual capital instruments	-	-	-	-	-	-	-	-	(25,047)	-	(25,047)
Capital contributions received by non wholly-owned subsidiaries from non-controlling shareholders	-	-	-	-	-	-	-	-	-	48,428	48,428
At 31 December 2024	<u>2,860,877</u>	<u>1,599,765</u>	<u>(1,625,513)</u>	<u>899,590</u>	<u>1,229,302</u>	<u>8,203</u>	<u>6,862,896</u>	<u>11,835,120</u>	<u>806,982</u>	<u>1,349,576</u>	<u>13,991,678</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

For the year ended 31 December 2024

	Attributable to equity holders of the Company										
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Contributed surplus reserve <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>	Perpetual capital instruments <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Group											
At 1 January 2023	2,860,877	1,599,765	(962,929)	689,734	1,229,302	8,203	5,542,538	10,967,490	806,982	1,226,406	13,000,878
Profit for the year	-	-	-	-	-	-	1,187,412	1,187,412	37,578	36,223	1,261,213
Other comprehensive loss for the year:											
Foreign currency translation differences	-	-	(412,490)	-	-	-	-	(412,490)	-	(33,430)	(445,920)
Total comprehensive income for the year	-	-	(412,490)	-	-	-	1,187,412	774,922	37,578	2,793	815,293
Transfer to statutory reserve	-	-	-	86,981	-	-	(86,981)	-	-	-	-
Transactions with owners in their capacity as owners:											
2022 final dividend declared	-	-	-	-	-	-	(146,390)	(146,390)	-	-	(146,390)
2023 interim dividend declared	-	-	-	-	-	-	(189,901)	(189,901)	-	-	(189,901)
Distribution to holders of perpetual capital instruments	-	-	-	-	-	-	-	-	(37,578)	-	(37,578)
Capital contributions received by non wholly-owned subsidiaries from non-controlling shareholders	-	-	-	-	-	-	-	-	-	47,227	47,227
Dividend declared to a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	(37,187)	(37,187)
At 31 December 2023	<u>2,860,877</u>	<u>1,599,765</u>	<u>(1,375,419)</u>	<u>776,715</u>	<u>1,229,302</u>	<u>8,203</u>	<u>6,306,678</u>	<u>11,406,121</u>	<u>806,982</u>	<u>1,239,239</u>	<u>13,452,342</u>

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to equity holders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Foreign currency translation reserve HK\$'000	Contributed surplus reserve HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Perpetual capital instruments HK\$'000	Total equity HK\$'000
Company									
At 1 January 2024	2,860,877	389,715	(1,338,525)	7,639,082	64,953	379,366	9,995,468	806,982	10,802,450
Profit for the year	-	-	-	-	-	496,955	496,955	25,047	522,002
Other comprehensive loss for the year:									
Foreign currency translation differences	-	-	(134,088)	-	-	-	(134,088)	-	(134,088)
Total comprehensive income for the year	-	-	(134,088)	-	-	496,955	362,867	25,047	387,914
Transactions with owners in their capacity as owners:									
2023 final dividend declared	-	-	-	-	-	(165,424)	(165,424)	-	(165,424)
2024 interim dividend declared	-	-	-	-	-	(175,092)	(175,092)	-	(175,092)
Distribution to holders of perpetual capital instruments	-	-	-	-	-	-	-	(25,047)	(25,047)
At 31 December 2024	<u>2,860,877</u>	<u>389,715</u>	<u>(1,472,613)</u>	<u>7,639,082</u>	<u>64,953</u>	<u>535,805</u>	<u>10,017,819</u>	<u>806,982</u>	<u>10,824,801</u>
At 1 January 2023	2,860,877	389,715	(1,143,689)	7,639,082	64,953	343,666	10,154,604	806,982	10,961,586
Profit for the year	-	-	-	-	-	371,991	371,991	37,578	409,569
Other comprehensive loss for the year:									
Foreign currency translation differences	-	-	(194,836)	-	-	-	(194,836)	-	(194,836)
Total comprehensive income for the year	-	-	(194,836)	-	-	371,991	177,155	37,578	214,733
Transactions with owners in their capacity as owners:									
2022 final dividend declared	-	-	-	-	-	(146,390)	(146,390)	-	(146,390)
2023 interim dividend declared	-	-	-	-	-	(189,901)	(189,901)	-	(189,901)
Distribution to holders of perpetual capital instruments	-	-	-	-	-	-	-	(37,578)	(37,578)
At 31 December 2023	<u>2,860,877</u>	<u>389,715</u>	<u>(1,338,525)</u>	<u>7,639,082</u>	<u>64,953</u>	<u>379,366</u>	<u>9,995,468</u>	<u>806,982</u>	<u>10,802,450</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	<i>Notes</i>	FY2024 HK\$'000	FY2023 HK\$'000
Cash flows from operating activities			
Profit before tax		1,446,060	1,666,123
Adjustments for:			
Depreciation of property, plant and equipment	7	50,502	51,771
Depreciation of right-of-use assets	7	10,873	10,055
Amortisation of intangible assets	7	148,744	150,641
Loss/(gain) on disposals of property, plant and equipment	7	630	(19)
Loss on disposal of intangible assets	7	–	2,853
Finance costs	6	541,076	590,921
Finance income	6	(13,529)	(26,658)
Share of (losses)/profits of associates		7,174	(2,008)
Share of profit of a joint venture		(689)	(1,261)
Fair value changes of other financial assets, net	5	(7,500)	32,804
Allowance for expected credit losses on trade receivables, net	7	164,170	194,487
Allowance for expected credit losses on other receivables, net	7	20,523	466
Allowance for expected credit losses on contract assets	7	1,623	1,282
Effect of foreign exchange rates changes, net		(31,634)	(100,668)
Operating cash flows before working capital changes		2,338,023	2,570,789
Changes in working capital:			
Decrease in inventories		283	26,126
Increase in contract assets		(1,362,547)	(1,433,887)
Increase in trade and other receivables		(865,498)	(1,565,580)
Increase in trade and other payables		113,634	116,264
Cash generated from/(used in) operations		223,895	(286,288)
People's Republic of China ("PRC") income tax paid		(281,834)	(242,495)
Net cash flows used in operating activities		(57,939)	(528,783)

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)**For the year ended 31 December 2024*

	<i>Notes</i>	FY2024 HK\$'000	FY2023 HK\$'000
Cash flows from investing activities			
Capital contribution to an associate		–	(443)
Purchases of items of property, plant and equipment		(85,909)	(54,079)
Proceeds from disposals of property, plant and equipment		314	233
Payment for additions of intangible assets		(295,631)	(1,636)
(Increase)/decrease in amounts due from associates		(9,012)	2,836
Proceeds from redemption of other financial assets		80,278	9,790
Interest received		13,529	26,658
		<hr/>	<hr/>
Net cash flows used in investing activities		(296,431)	(16,641)
Cash flows from financing activities			
Capital contributions from non-controlling shareholders of subsidiaries		48,428	10,040
Proceeds from the issuance of medium-term notes (“MTN”)		1,631,700	3,868,200
Proceeds from issuance of asset-backed securities (“ABS”)		2,065,300	–
Proceeds from the issuance of super and short-term commercial papers (“SCP”)		–	1,152,800
New bank loans		4,502,515	4,262,849
Payment for expenses related to issuance of MTN, ABS and new bank loans		(9,759)	(14,111)
Repayments of corporate bonds		(761,460)	(858,363)
Repayments of MTN		(1,087,800)	(1,089,500)
Repayments of ABS		(147,474)	(152,684)
Repayments of SCP		–	(2,225,800)
Repayments of bank loans		(4,971,167)	(4,393,707)
Interest paid		(536,096)	(550,329)
Principal elements of lease payments		(8,093)	(7,132)
Interest elements of lease payments	6	(381)	(353)
Increase in restricted bank balances		(197)	(18,919)
Dividends paid to the shareholders of the Company (the “Shareholders”)		(342,238)	(336,718)
Distribution to holders of perpetual capital instruments		(25,047)	(25,558)
		<hr/>	<hr/>
Net cash flows generated from/(used in) financing activities		358,231	(379,285)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		1,861,907	2,844,990
Effect of exchange rate fluctuations on cash and cash equivalents, net		(37,340)	(58,374)
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year		1,828,428	1,861,907

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by the International Accounting Standards Board (the “IASB”).

The accounting policies and basis of preparation adopted in the preparation of the financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2023 except for the changes in accounting policies made thereafter in adopting the new and amended IFRSs issued by the IASB, which became effective for the first time for the current year’s financial statements, as further detailed below. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated. These financial statements have been reviewed by the Company’s Audit Committee.

The consolidated results set out in this announcement do not constitute the consolidated financial statements of the Group for the year ended 31 December 2024 but are extracted from those consolidated financial statements.

The Group has adopted the following amended IFRSs for the first time for the current year’s financial statements.

Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>

The adoption of the above amended IFRSs had no significant effects on the results and financial position for the current or prior accounting years which have been prepared and presented.

2. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and amended IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IAS 21	<i>Lack of Exchangeability</i> ¹
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature – dependent Electricity</i> ²
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet but available for adoption

3. OPERATING SEGMENT INFORMATION

Operating segments are identified based on the internal reports about components of the Group that are regularly reviewed by the Company's management (the "Management") and the Board for the purpose of resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Group operates in a single business segment which is the water environment management business. No operating segments have been aggregated to form the following reportable operating segment.

3. OPERATING SEGMENT INFORMATION *(continued)*

Business segment

The Group had only one operating segment for the year ended 31 December 2024 (FY2023: one), namely the water environment management business, the details of which are set out below:

- Water environment management – Engagement in municipal waste water treatment, industrial waste water treatment, water supply, reusable water, sludge treatment and disposal, sponge city construction, river-basin ecological restoration, livestock and poultry manure resources utilisation, leachate treatment, research and development (“R&D”) of water environment technologies and engineering construction.

Geographical information

(a) *Revenue from external customers*

	FY2024 <i>HK\$'000</i>	FY2023 <i>HK\$'000</i>
Mainland China	6,833,305	6,653,554
Germany	18,613	51,130
	<u>6,851,918</u>	<u>6,704,684</u>

The revenue information of continuing operations above is based on the locations at which the services were provided.

(b) *Non-current assets*

	At 31 December 2024 <i>HK\$'000</i>	At 31 December 2023 <i>HK\$'000</i>
Mainland China	25,884,707	24,611,079
Hong Kong	959	3,164
Singapore	583	2,753
Germany	130	171
Mauritius	1,903	1,262
	<u>25,888,282</u>	<u>24,618,429</u>

The non-current assets information of continuing operations above is based on the locations of the assets and excludes deferred tax assets.

3. OPERATING SEGMENT INFORMATION *(continued)*

Major customers

	FY2024 <i>HK\$'000</i>	FY2023 <i>HK\$'000</i>
Customer 1**	941,466	N/A*
Customer 2**	<u>846,890</u>	<u>875,462</u>

* The corresponding revenue from this customer is not disclosed as such revenue alone did not account for 10% or more of the Group's revenue.

** The customers are local government authorities.

4. REVENUE

	FY2024 <i>HK\$'000</i>	FY2023 <i>HK\$'000</i>
Revenue from contracts with customers		
Construction service revenue from service concession arrangements	2,646,298	2,066,019
Operation income from service concession arrangements	2,820,981	3,104,693
Sales of machineries and technical service income	<u>287,628</u>	<u>436,790</u>
	5,754,907	5,607,502
Revenue from other sources		
Finance income from service concession arrangements	<u>1,097,011</u>	<u>1,097,182</u>
	<u>6,851,918</u>	<u>6,704,684</u>
Timing of revenue recognition:		
At a point in time	238,075	384,516
Over time	<u>5,516,832</u>	<u>5,222,986</u>
	5,754,907	5,607,502
Finance income from service concession arrangements	<u>1,097,011</u>	<u>1,097,182</u>
	<u>6,851,918</u>	<u>6,704,684</u>

The aggregated amount of construction service revenue, finance income from service concession arrangements and operation income derived from the local government authorities in the PRC for the year ended 31 December 2024 amounted to HK\$6,427,112,000 (FY2023: HK\$6,179,504,000).

5. OTHER INCOME AND GAINS, NET

	FY2024 <i>HK\$'000</i>	FY2023 <i>HK\$'000</i>
Government grants*	32,442	30,640
Value-added tax (“VAT”) refunds**	2,643	21,786
Fair value gains/(losses), net:		
Other financial assets – unlisted investments	7,036	(31,218)
Other financial assets – unlisted equity investment	464	(1,586)
Sundry income	22,602	26,385
	65,187	46,007

* Government grants of HK\$32,442,000 were granted during the year ended 31 December 2024 (2023: HK\$30,640,000), to subsidise certain waste water treatment plants of the Group in the PRC. The receipt of such grants is unconditional. There is no assurance that the Group will continue to receive such grants in the future.

** VAT refunds of HK\$2,643,000 were received during the year ended 31 December 2024 (2023: HK\$21,786,000), in relation to certain of the Group’s waste water treatment and reusable water projects in operation in the PRC. The receipt of such tax refunds is unconditional. There is no assurance that the Group will continue to receive such tax refunds in the future.

6. NET FINANCE COSTS

	FY2024 <i>HK\$'000</i>	FY2023 <i>HK\$'000</i>
<u>Finance income</u>		
Interest income on:		
Bank deposits	13,204	26,306
Amount due from an associate	325	352
	13,529	26,658
<u>Finance costs</u>		
Interest expense on:		
Bank and other loans	(302,677)	(368,128)
Corporate bonds, ABS, MTN and SCP	(238,018)	(222,440)
Lease liabilities	(381)	(353)
	(541,076)	(590,921)
Net finance costs	(527,547)	(564,263)

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	<i>Notes</i>	FY2024 <i>HK\$'000</i>	FY2023 <i>HK\$'000</i>
Depreciation			
– property, plant and equipment	<i>(a)</i>	50,502	51,771
– right-of-use assets	<i>(a)</i>	10,873	10,055
Amortisation			
– intangible assets	<i>(a)</i>	148,744	150,641
Loss/(gain) on disposals of property, plant and equipment		630	(19)
Loss on disposal of intangible assets		–	2,853
Cost of construction services from service concession arrangements	<i>(b)</i>	2,194,521	1,629,194
R&D costs	<i>(c)</i>	50,060	52,538
Rental expense from short-term leases		1,562	1,258
Allowance for expected credit losses on trade receivables, net		164,170	194,487
Allowance for expected credit losses on other receivables, net		20,523	466
Allowance for expected credit losses on contract assets		1,623	1,282
Foreign exchange differences, net		(14,093)	(67,813)
Employee benefit expenses:	<i>(d)</i>		
Wages, salaries, allowances and benefits in kind		444,290	492,614
Retirement scheme contributions	<i>(e)</i>	47,689	59,154
		491,979	551,768
Fees paid to auditor of the Company and affiliates of auditor of the Company:			
Audit fees		1,668	2,650
Non-audit fees			
– Others		1,139	2,019

Notes:

- (a) Amortisation of intangible assets, and depreciation of property, plant and equipment and right-of-use assets in total of HK\$195,477,000 (FY2023: HK\$194,873,000) for the year ended 31 December 2024 are included in “Direct costs and operating expenses” in the consolidated statement of comprehensive income.
- (b) Included in “Direct costs and operating expenses” in the consolidated statement of comprehensive income.
- (c) During the year ended 31 December 2024, R&D costs include HK\$44,927,000 (2023: HK\$48,697,000) relating to cost of inventories consumed, employee benefit expenses and depreciation expenses.
- (d) During the year ended 31 December 2024, employee benefit expenses include directors' remuneration, employee benefit expenses in cost of construction services and employee benefit expenses in R&D costs.
- (e) As at the end of each financial year, the Group had no forfeited contributions available to reduce its contributions to the retirement schemes in future years.

8. INCOME TAX EXPENSE

No provision for Singapore and Hong Kong income tax was made as the Group did not earn any income subject to Singapore or Hong Kong income tax during the year ended 31 December 2024 (FY2023: nil).

Tax for the PRC operations is charged at the statutory rate of 25% based on the assessable profits in accordance with the tax rules and regulations in the PRC. Certain PRC subsidiaries of the Group were subject to a preferential tax rate of 15% pursuant to the relevant tax rules and regulations, and certain PRC subsidiaries of the Group were subject to tax at half of the foregoing statutory rate or fully exempted from income tax pursuant to the relevant tax rules and regulations.

	FY2024 <i>HK\$'000</i>	FY2023 <i>HK\$'000</i>
Current – PRC:		
Charge for the year	257,271	260,619
(Over)/under-provision in prior years	(5,850)	7,066
Deferred	<u>67,645</u>	<u>137,225</u>
Total tax expense for the year	<u>319,066</u>	<u>404,910</u>

In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion Model Rules (“Pillar Two model rules”) for a new global minimum tax reform applicable to large multinational enterprises. Certain jurisdictions in which the Group operates are in the process of implementing their Pillar Two income tax legislation. Therefore, it is possible that the Group may be subject to additional Pillar Two income taxes in those jurisdictions. In 2024 the Hong Kong SAR Government amended the Inland Revenue Ordinance to introduce a domestic minimum top-up tax which will take effect from the year ended 31 December 2025. Under the management assessment, there may not be significant impact to the Group.

9. DIVIDENDS

	FY2024 <i>HK\$'000</i>	FY2023 <i>HK\$'000</i>
Dividends for the financial year:		
Interim – 6.09 Hong Kong cents (“HK cents”) (equivalent to 1.05 Singapore cents (“Sing cent(s)”) (FY2023: HK6.63 cents (equivalent to 1.13 Sing cents)) per ordinary share	175,092	189,901
Proposed final – HK5.81 cents (equivalent to 1.02 Sing cents) (FY2023: HK5.81 cents (equivalent to 0.99 Sing cent)) per ordinary share	<u>166,217</u>	<u>166,323</u>
	<u>341,309</u>	<u>356,224</u>
Final dividend for the previous financial year which was paid during the financial year – HK5.81 cents (equivalent to 0.99 Sing cent) (FY2023: HK5.14 cents (equivalent to 0.86 Sing cent)) per ordinary share	<u>165,424</u>	<u>146,390</u>

The proposed final dividend for FY2024 is subject to the approval of the Shareholders at the forthcoming annual general meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the Group’s profit attributable to equity holders of the Company for the year divided by the weighted average number of ordinary shares of the Company in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year.

	FY2024 <i>HK\$'000</i>	FY2023 <i>HK\$'000</i>
Profit attributable to equity holders of the Company for the year	<u>1,019,609</u>	<u>1,187,412</u>
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares in issue during the year	<u>2,860,877</u>	<u>2,860,877</u>
	<i>HK cents</i>	<i>HK cents</i>
Basic and diluted earnings per share	<u>35.64</u>	<u>41.51</u>

11. TRADE AND OTHER RECEIVABLES

Group

	At 31 December 2024 <i>HK\$'000</i>	At 31 December 2023 <i>HK\$'000</i>
Non-current		
Other receivables	21,922	22,869
Less: Impairment	<u>(8,573)</u>	<u>(9,782)</u>
	13,349	13,087
Recoverable VAT	162,952	193,824
Prepayments	<u>79,197</u>	<u>28,214</u>
	<u>255,498</u>	<u>235,125</u>
Current		
Trade receivables	6,071,978	5,060,763
Less: Impairment	<u>(778,263)</u>	<u>(626,215)</u>
	5,293,715	4,434,548
Other receivables and sundry deposits	400,325	636,027
Less: Impairment	<u>(50,033)</u>	<u>(29,187)</u>
	350,292	606,840
Recoverable VAT	100,972	121,805
Amounts due from associates	15,124	6,329
Prepayments	<u>86,563</u>	<u>213,239</u>
	<u>5,846,666</u>	<u>5,382,761</u>
Total	<u>6,102,164</u>	<u>5,617,886</u>

11. TRADE AND OTHER RECEIVABLES (continued)

The movements in allowance for expected credit losses on trade receivables are as follows:

Group

	At 31 December 2024 HK\$'000	At 31 December 2023 HK\$'000
At the beginning of the year	626,215	446,835
Impairment losses recognised, net (note 7)	164,170	194,487
Exchange realignment	<u>(12,122)</u>	<u>(15,107)</u>
At the end of the year	<u>778,263</u>	<u>626,215</u>

The movements in allowance for expected credit losses on other receivables are as follows:

Group

	At 31 December 2024 HK\$'000	At 31 December 2023 HK\$'000
At the beginning of the year	38,969	50,870
Impairment losses recognised, net (note 7)	20,523	466
Write-offs	–	(11,200)
Exchange realignment	<u>(886)</u>	<u>(1,167)</u>
At the end of the year	<u>58,606</u>	<u>38,969</u>

11. TRADE AND OTHER RECEIVABLES *(continued)*

The ageing analysis of trade receivables based on the date of invoice (or date of revenue recognition, if earlier) and net of allowance as at the end of the reporting period is as follows:

Group

	At 31 December 2024 HK\$'000	At 31 December 2023 HK\$'000
Within 1 month	557,066	1,012,238
More than 1 month but within 2 months	518,716	352,188
More than 2 months but within 4 months	625,655	556,492
More than 4 months but within 7 months	783,377	636,809
More than 7 months but within 13 months	959,159	605,792
More than 13 months	<u>1,849,742</u>	<u>1,271,029</u>
	<u>5,293,715</u>	<u>4,434,548</u>

Trade receivables are due within 30 to 90 days from the date of billing.

Amounts due from associates of the Group of HK\$15,124,000 (31 December 2023: HK\$6,329,000) as at 31 December 2024 included amount due from an associate of HK\$7,493,000 (31 December 2023: HK\$6,329,000) that was unsecured, repayable on demand and interest-bearing at a rate of 3.35% (31 December 2023: 4.75%) per annum.

All the current portions of trade and other receivables are expected to be recovered or recognised as expenses within one year.

12. CONTRACT ASSETS

Group

		At 31 December 2024 <i>HK\$'000</i>	At 31 December 2023 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current			
Service concession assets	<i>(a)</i>	20,900,262	19,798,284
Less: Impairment	<i>(c)</i>	<u>(16,315)</u>	<u>(18,573)</u>
		<u>20,883,947</u>	<u>19,779,711</u>
Current			
Service concession assets	<i>(a)</i>	2,063,829	2,005,427
Less: Impairment	<i>(c)</i>	<u>(1,611)</u>	<u>(1,881)</u>
		2,062,218	2,003,546
Other contract assets	<i>(b)</i>	115,153	154,160
Less: Impairment	<i>(c)</i>	<u>(3,803)</u>	<u>–</u>
		<u>111,350</u>	<u>154,160</u>
		<u>2,173,568</u>	<u>2,157,706</u>
Total		<u>23,057,515</u>	<u>21,937,417</u>

12. CONTRACT ASSETS (continued)

Notes:

- (a) Service concession assets of HK\$22,964,091,000 (31 December 2023: HK\$21,803,711,000) as at 31 December 2024 bear interest at rates ranging from 3.85% to 7.83% (31 December 2023: 4.20% to 7.83%) per annum. As at 31 December 2024, balances totalling HK\$20,425,618,000 (31 December 2023: HK\$20,181,967,000) are related to the service concession arrangements where operation has commenced. The amounts are not yet due for payment and will be settled by revenue generated during the operating periods of the service concession arrangements. Amounts billed will be transferred to trade receivables (note 11).
- (b) Other contract assets of HK\$115,153,000 (31 December 2023: HK\$154,160,000) as at 31 December 2024 comprised contract assets arising from the performance of construction management service contracts. Such contracts include payment schedules which require stage payments over the service periods once milestones are reached.

- (c) Impairment assessment

As at 31 December 2024, HK\$21,729,000 (31 December 2023: HK\$20,454,000) was recognised as an allowance for expected credit losses on contract assets. The Group's trading terms and credit policy with customers are disclosed in note 11.

The movements in the provision for expected credit losses of contract assets are as follows:

Group

	At 31 December 2024 HK\$'000	At 31 December 2023 HK\$'000
At the beginning of the year	20,454	19,716
Impairment losses recognised (note 7)	1,623	1,282
Exchange realignment	(348)	(544)
	<u>21,729</u>	<u>20,454</u>
At the end of the year	<u>21,729</u>	<u>20,454</u>

As at 31 December 2024, certain of the Group's concession rights of the water environment management projects (comprising concession rights of intangible assets, contract assets and trade receivables) with an aggregate carrying amounts of HK\$8,782,066,000 (31 December 2023: HK\$5,550,547,000) were pledged to secure bank loan facilities granted to the Group and the issuance of ABS (31 December 2023: bank loan facilities).

13. OTHER FINANCIAL ASSETS

Group

	At 31 December 2024 <i>HK\$'000</i>	At 31 December 2023 <i>HK\$'000</i>
Unlisted investments, at fair value	–	88,150
Unlisted equity investment, at fair value	<u>32,928</u>	<u>32,998</u>
	<u>32,928</u>	<u>121,148</u>

As at 31 December 2023, the above unlisted investments were wealth management products issued by a financial institution in Hong Kong which were fully redeemed during the year ended 31 December 2024. The wealth management products were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows were not solely payments of principal and interest.

As at 31 December 2024 and 2023, the above unlisted equity investment represents the 6% equity interest in Yancheng CCCC Shanghai Dredging Water Environment Investment Co., Ltd.

14. CASH AND CASH EQUIVALENTS

Group

	At 31 December 2024 <i>HK\$'000</i>	At 31 December 2023 <i>HK\$'000</i>
Cash on hand and bank balances	1,828,428	1,861,907
Restricted bank balances	<u>19,377</u>	<u>19,494</u>
	<u>1,847,805</u>	<u>1,881,401</u>

Cash and cash equivalents of the Group as at 31 December 2024 included deposits of HK\$66,990,000 (31 December 2023: HK\$84,485,000) placed with a related party bank, which is a fellow subsidiary of the Company.

15. TRADE AND OTHER PAYABLES

Group

	At 31 December 2024 <i>HK\$'000</i>	At 31 December 2023 <i>HK\$'000</i>
Non-current		
Deferred income	<u>61,406</u>	<u>–</u>
Current		
Trade payables	2,414,850	2,335,983
Distribution payable to holders of perpetual capital instruments	24,726	25,128
Dividend payable to a non-controlling shareholder of a non-wholly-owned subsidiary	5,741	5,835
Interest payable	145,362	155,216
Other tax payables	209,855	176,442
Other creditors and accrued expenses	<u>483,194</u>	<u>543,132</u>
	<u>3,283,728</u>	<u>3,241,736</u>
	<u>3,345,134</u>	<u>3,241,736</u>

The ageing analysis of trade payables based on the date of invoice (or date of recognition, if earlier), as at the end of the reporting period is as follows:

Group

	At 31 December 2024 <i>HK\$'000</i>	At 31 December 2023 <i>HK\$'000</i>
Within 6 months	1,543,260	1,514,769
Over 6 months	<u>871,590</u>	<u>821,214</u>
	<u>2,414,850</u>	<u>2,335,983</u>

Trade payables of the Group totalling HK\$1,826,276,000 (31 December 2023: HK\$1,864,144,000) as at 31 December 2024 represent construction payables for the Group's projects under Build-Operate-Transfer and Build-Own-Operate arrangements.

16. SHARE CAPITAL

Group and Company

	At 31 December 2024 <i>HK\$'000</i>	At 31 December 2023 <i>HK\$'000</i>
Authorised: 10,000,000,000 ordinary shares of par value of HK\$1.00 each	<u>10,000,000</u>	<u>10,000,000</u>
Issued and fully paid: 2,860,876,723 ordinary shares of par value of HK\$1.00 each	<u>2,860,877</u>	<u>2,860,877</u>
	No. of shares '000	Amount HK\$'000
Issued and fully paid: At 31 December 2023, 1 January 2024, 30 June 2024 and 31 December 2024	<u>2,860,877</u>	<u>2,860,877</u>

The Group and the Company did not have any treasury shares as at 31 December 2024 and 2023.

17. EVENTS AFTER THE REPORTING PERIOD

On 8 January 2025, the Company announced the completion of issuance of China Everbright Water Limited First Tranche Medium Term Notes 2025 (the “2025 First Tranche MTN”) on 6 January 2025 and 7 January 2025, which was fully subscribed for by institutional investors in the national inter-bank bond market (the “Institutional Investors”) of mainland China. The 2025 First Tranche MTN has a principal amount of RMB1.5 billion, with a maturity period of 5 years (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) and an interest rate of 1.78%. The proceeds from the issuance of the 2025 First Tranche MTN are used to replenish the working capital of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

Operating Results

In 2024, the road to global economic recovery faced substantial challenges, with complex restructuring of supply chains contributing to significant uncertainties in the macroeconomic environment. Despite these challenges and ongoing pressure, the Chinese economy demonstrated remarkable resilience in its development. Amidst these macroeconomic pressures and the need for transformation and upgrading, the Chinese environmental protection industry and its enterprises continued to advance, exploring new paths for growth. As a leading water environment management service provider in China, the Group, with a focus on green, low-carbon, and high-quality development in FY2024, adhered to the principle of “Making Progress with Stability” and concentrated on its primary responsibilities and key business areas. By proactively addressing challenges and advancing with determination, the Group maintained steady operations while actively exploring new opportunities. With a strong momentum for growth, the Group began to harness innovation, further reinforcing its position as an industry leader.

In terms of operating results for FY2024, by prioritising development as its primary task, the Group navigated both internal and external challenges to deliver steady operating performance. It recorded a revenue of HK\$6.85 billion, representing an increase of 2% from HK\$6.70 billion in FY2023; earnings before interest, taxes, depreciation and amortisation (“EBITDA”) were HK\$2.20 billion, representing a decrease of 11% from HK\$2.47 billion in FY2023; profit attributable to equity holders of the Company reached HK\$1.02 billion, representing a decrease of 14% from HK\$1.19 billion in FY2023; basic earnings per share were HK35.64 cents, representing a decrease of 14% or HK5.87 cents from HK41.51 cents in FY2023; overall gross profit margin was 38%, down by 4 percentage points (“ppt”) compared to 42% in FY2023. The Group has ready access to diversified financing channels, holds quality assets, and maintains a healthy financial position.

In relation to market expansion, during the year under review, the Group adopted strategies that focused on strengthening its existing business areas and exploring new business fields while balancing both asset-light and asset-heavy businesses to foster synergistic growth. The Group also reinforced its traditional business strength through investments and implementation of several municipal waste water treatment projects, including Anyang Municipal Waste Water Treatment Centre Phase I Project in Henan Province. Focusing on the industrial waste water treatment sector, the Group secured several asset-light projects including Jiangsu Jiangyin Lingang Industrial Waste Water Treatment Plant and Ancillary Pipeline Network Phase I EPCO (Engineering Design-Procurement-Construction-Operation) Project, as well as Zhengzhou Airport Economy Zone Waste Water Treatment (Plant 4) Construction, Operation and Management (“O&M”) Project in Henan Province. Through the adoption of various business models, these efforts further integrated the Group’s core business capabilities and expanded its business scope to include comprehensive industrial park waste water treatment services. Leveraging its technical service entities such as Xuzhou Municipal Engineering Design Institute Co., Ltd., the Group enhanced its service capability in the asset-light business to deliver high-value services, further improving synergistic development of both asset-light and asset-heavy businesses. Meanwhile, the Group continued exploring opportunities in the “water-related” business sector, gaining valuable experience for future expansion of innovative projects. During the year under review, the Group proactively strengthened its business expansion team for markets outside mainland China and optimised the relevant systems, with a particular focus on identifying expansion opportunities in regions such as Southeast and Central Asia. The Group successfully secured several asset-light projects, including a water supply equipment service project in Bengkalis, Indonesia, and a technological process service for a petrochemical waste water treatment project in Egypt. In addition, a Memorandum of Understanding was signed to explore opportunities for cooperation in the industrial estate of Siak Regency, Riau Province, Indonesia. The signing was supported by a delegation of relevant business representatives, with the aim of fostering business exchanges and collaboration in the water sector.

In FY2024, the Group invested in and implemented 5 new projects and signed 2 supplementary agreements to its existing projects, with a total investment value of approximately RMB896 million. It also undertook various new asset-light businesses externally such as O&M, technical services and technological processes, with a total contract value of approximately RMB1.033 billion, with an additional designed daily municipal waste water treatment capacity of 103,000 m³, designed daily industrial waste water treatment capacity of 80,000 m³, and designed daily reusable water supply capacity of 9,000 m³ (including the treatment and supply capacity of O&M projects).

As at 31 December 2024, the Group invested in and held 171 environmental protection projects, with a total investment of approximately RMB31.675 billion. In addition, it undertook various asset-light business, including 12 O&M services, as well as a range of engineering, procurement and construction (“EPC”) projects, EPCO projects, equipment supply and technical services. The Group has a business presence in more than 60 districts, counties and cities across 13 provinces, municipalities and autonomous regions in China, in addition to an overseas market in Mauritius.

A summary of the number of project(s) and water treatment/supply capacity is set out below:

Project Type⁽¹⁾	Number of Projects	Water Treatment/ Supply Capacity (m³/day)
Municipal waste water treatment projects ⁽²⁾	136	5,873,000
Industrial waste water treatment projects ⁽²⁾⁽³⁾	26	496,000
Reusable water projects ⁽²⁾	8	324,600
River-basin ecological restoration projects	6	115,000
Water supply projects	3	250,000
Raw water protection project	1	600,000
Sludge treatment and disposal projects	2	Not applicable
Livestock and poultry manure resource utilisation project	1	Not applicable
Total	183	7,658,600

Notes:

- ⁽¹⁾ EPC project(s) excluded
- ⁽²⁾ O&M project(s) included
- ⁽³⁾ EPCO project(s) included

In terms of technological innovation, during the year under review, the Group focused on technology empowerment, driving technology research and innovation to address market pain points and challenges, while strengthening the application and commercialisation of technological innovation achievements. Focusing on operational and technical improvements, the Group made progress in areas such as aerator cleaning in waste water treatment projects, in-situ sludge reduction technology, and sulfur-based autotrophic biological denitrification plants pilot testing and research, further promoting cost reduction and efficiency enhancement in project operations. To support industrial waste water treatment advancements, one R&D base was established in Nanjing, Jiangsu Province, and another in Zibo, Shandong Province. These facilities provide experimental support for business development and scientific research. Through follow-up services and systematic analysis of technical issues, the Group actively refined and improved the quality of its self-developed technological processes. In FY2024, the Group delivered a range of technological processes to both internal and external clients, with a total contract value of approximately RMB124 million. Additionally, 48 new patents (including 8 invention patents) were obtained, and 2 key research papers were published.

In terms of operations management, during the year under review, the Group leveraged digitalisation, innovative models, the “Five Innovations” initiative (small inventions, small transformations, small innovations, small designs, and small suggestions), and other key initiatives to enhance project operations management, diversify income streams, and improve efficiency, further exploring an operational service model that integrates operation, technology and data. Some of the Group’s projects implemented energy management contracting, making technological energy-saving improvements to reduce costs and increase efficiency. Some projects of the Group recycled residual oxygen to generate additional profit. The Group further refined evaluation criteria for star-rated factories, continuously improving the quality and efficiency of “intelligent water plant” construction. Based on industry exchanges and in-depth learning, the Group explored the development of a “dark factory” technical framework and an implementation roadmap that meets the Group’s needs. Additionally, the Group further solidified the “Solar Power +” model that integrates new energy with environmental protection business scenarios. As at 31 December 2024, 7 projects of the Group had seen their solar power facilities commence operation, with a total installed capacity of approximately 14 MWp, generating over 13 million kWh of green electricity per annum. In FY2024, 5 waste water treatment plants of the Group received regulatory approval for tariff hike, ranging from 6% to 87%, and secured subsidies of approximately RMB41 million in total. Additionally, in FY2024, the Group treated approximately 1.763 billion m³ of waste water and supplied approximately 48.5 million m³ of reusable water.

In relation to project construction, during the year under review, the Group focused on comprehensive management of projects under construction and in the planning stage, ensuring the orderly progress of all construction activities. This resulted in the Group achieving the “three zeros” goal – zero incident in safety, environment, and occupational health – across all construction projects for the third consecutive year, maintaining high safety standards. A key milestone was that Guangdong Nanxiong Livestock and Poultry Manure Resource Utilisation Project (“Nanxiong Project”), as the Group’s first demonstration project in the area of “rural non-point source pollution management + comprehensive resource utilisation”, was completed and put into operation during the year under review, laying a solid foundation for the Group to create new business growth. In FY2024, the Group had 8 projects that commenced construction, with a designed daily water treatment capacity of 154,000 m³; and 13 projects that either completed construction or commenced operation upon completion, with a total designed daily water treatment capacity of 209,000 m³. Among which, Nanxiong Project, which commenced construction and began operation within the same year, has a daily livestock and poultry manure treatment capacity of 300 tonnes.

In terms of the capital market, during the year under review, the Group continued to actively explore diverse financing channels and enhance the effectiveness of its financing management, providing stable financial support for its development and operations. It further reduced financial costs by optimising the loan tenures, currencies and interest rates, while also enhancing its collection of trade receivables to mitigate liquidity risks. The Group’s major financing arrangements in FY2024 are set out below:

Issuance date	Financing arrangements and uses of proceeds	Issuance size (RMB)
April 2024	Issuance of ABS to qualified investors in mainland China pursuant to an asset-backed products scheme, the proceeds of which were used 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.	2 billion
January 2024	Issuance of the 2024 first tranche medium term notes to the Institutional Investors in mainland China, the proceeds of which were used to replenish the working capital of the Company’s subsidiaries and repay the interest-bearing debts of the Group.	1.5 billion

In terms of social responsibility, during the year under review, the Group actively demonstrated its commitment to social responsibility by organising and participating in various environmental protection public welfare activities. Notably, around key environmental days such as the “World Environment Day” and the “World Water Day”, the Group leveraged its environmental projects across different regions to host a variety of lively and engaging events, such as the “Little Environmental Protection Ambassador” speech contest, combining presentations, art, and educational programmes to promote environmental awareness in an interactive and enjoyable manner. In FY2024, the Group’s projects welcomed approximately 12,000 visitors from all walks of life and attracted approximately 6,000 online viewers. As at 31 December 2024, the Group had 49 projects that were open for public visits.

During the year under review, with its unwavering commitment to corporate governance, social responsibility, and sustainable development, the Group has been honoured with numerous prestigious awards, both domestically and internationally. Key awards and recognitions are listed below:

Award	Awarding Organisation(s)
One of the “Top Ten Influential Enterprises in China’s Water Industry” (for the 7 th consecutive year)	E20 Environment Platform
Singapore Governance and Transparency Index (the 89 th position)	Singapore Institute of Directors, Centre for Governance and Sustainability at the National University of Singapore Business School, CPA Australia
ListCo Excellence Award (for the 5 th consecutive year)	The “ListCo Excellence Awards” (jointly launched by organisations including Hong Kong stock channel of <i>ifeng.com</i> and Hong Kong media <i>am730</i>)
Shandong Zibo Waste Water Treatment Project (Northern Plant), Ji’nan Waste Water Treatment Project (Plant 2), and Jiangsu Lianyungang Dapu Waste Water Treatment Project were honoured as “Double-Hundred Leap” model waste water treatment plants	E20 Environment Platform

Award	Awarding Organisation(s)
Tianjin Beitang Waste Water Treatment Project and Beitang Reusable Water Project were honoured as “Excellent Case on Municipal Waste Water Treatment” and “Excellent Case on Reusable Water”	E20 Environment Platform
Combined Sewer Overflow (CSO) Pollution Control Project along Jinshan Lake, part of the Jiangsu Zhenjiang Sponge City Construction Public-Private Partnership (“PPP”) Project, was awarded the “2024 Jiangsu Province Sponge City Demonstration Project”	2024 Jiangsu Province Sponge City Demonstration Project Selection (jointly issued by the Jiangsu Sponge City Alliance and the Jiangsu Sponge City Technology Research Institute)
Beijing Daxing Tiantanghe Waste Water Treatment Project was recognised as “Practice Teaching Base for ‘Grand Ideological-Political Courses’ across Beijing Schools”	Education Commission of Beijing Municipal Committee of the Communist Party of China, the Beijing Municipal Education Commission

The Company upholds the principle of sharing its operating results with the Shareholders and is committed to creating value for Shareholders through sustainable development. The Board has recommended a final dividend of HK5.81 cents (equivalent to 1.02 Sing cents) per ordinary share to the Shareholders for FY2024 (FY2023: HK5.81 cents (equivalent to 0.99 Sing cent) per ordinary share), which makes the total dividend for FY2024 amounting to HK11.90 cents (equivalent to 2.07 Sing cents) per ordinary share (FY2023: HK12.44 cents (equivalent to 2.12 Sing cents) per ordinary share).

Business Prospects

Looking forward, despite the complex and challenging external situation and increasingly intense market competition, the Chinese environmental protection industry is creating new development opportunities amidst the ongoing deepening of ecological civilisation construction and the steady implementation of green and low-carbon development strategies in China. The Group will continue to uphold the overarching guiding principle of “Making Progress with Stability and Promoting Stability through Progress”, maintaining a strong commitment to the work while upholding accountability, consolidating its strength, and pursuing innovative breakthroughs. Focusing on “water-related” areas, the Group is dedicated to creating a new landscape of green, low-carbon, and high-quality development. The Group is committed to becoming China’s leading operator in “water-related” business, creating values for the Shareholders and other stakeholders of the Group, and working together with all sectors of society to build a green and sustainable beautiful future.

Financial Review

In FY2024, the revenue of the Group increased slightly by 2% to HK\$6,851.92 million compared with the revenue of HK\$6,704.68 million in FY2023, among which the construction service revenue increased to HK\$2,646.30 million (FY2023: HK\$2,066.02 million), the operation income decreased to HK\$2,820.98 million (FY2023: HK\$3,104.69 million) and the finance income remained at a similar level of HK\$1,097.01 million (FY2023: HK\$1,097.18 million). Gross profit of the Group decreased from HK\$2,822.38 million in FY2023 to HK\$2,617.46 million in FY2024, representing a decrease of 7%. The profit of the Group decreased from HK\$1,261.21 million in FY2023 to HK\$1,126.99 million in FY2024, representing a decrease of 11%. The profit attributable to equity holders of the Company in FY2024 amounted to HK\$1,019.61 million, representing a decrease of 14% over FY2023.

	FY2024 HK\$'000 (Unaudited)	FY2023 <i>HK\$'000</i> (Unaudited)	Increase/ (decrease) %
Revenue for the first half year	3,352,595	3,082,000	9%
Profit for the first half year	627,568	674,854	(7%)
Revenue for the second half year	3,499,323	3,622,684	(3%)
Profit for the second half year	499,426	586,359	(15%)

Consolidated Statement of Comprehensive Income

Revenue

Overall, the Group's revenue increased slightly by HK\$147.23 million or 2%, from HK\$6,704.68 million in FY2023 to HK\$6,851.92 million in FY2024.

Construction service revenue increased to HK\$2,646.30 million in FY2024 from HK\$2,066.02 million in FY2023, representing an increase of HK\$580.28 million or 28%. The increase was primarily driven by higher construction activities in FY2024 compared to FY2023.

Operation income was HK\$283.71 million or 9% lower than FY2023. The decline in operation income was primarily due to recognition of a higher amount of one-off lump sum operation income related to past periods, with new tariffs applied retrospectively in FY2023 than FY2024.

Direct costs and operating expenses

Direct costs and operating expenses increased by HK\$352.16 million or 9%, from HK\$3,882.30 million in FY2023 to HK\$4,234.46 million in FY2024. The increase was primarily driven by the increase in cost of construction services, which recorded an increase of HK\$565.33 million or 35%, from HK\$1,629.19 million in FY2023 to HK\$2,194.52 million in FY2024. The increase in cost of construction services is in line with the corresponding increase in construction service revenue.

Gross profit margin

Overall gross profit margin in FY2024 decreased to 38% (FY2023: 42%). Such decrease was primarily attributable to the increase in proportion of the construction service revenue recognised within the total revenue in FY2024 in comparison to FY2023. In general, construction services have a lower gross profit margin than operating services, and thus a larger (smaller) proportion of construction service revenue will reduce (increase) the overall gross margin. In FY2024, construction service revenue accounted for about 39% (FY2023: 31%) of total revenue. Therefore, the overall gross profit margin decreased by 4 ppt compared to FY2023.

Other income and gains, net

Other income and gains, net mainly consisted of government grants, VAT refunds, fair value changes on financial assets at fair value through profit or loss, and other sundry income. Other income and gains, net increased by HK\$19.18 million, from HK\$46.01 million in FY2023 to HK\$65.19 million in FY2024. The increase was attributable to the Group's recognition of fair value gains on financial assets at fair value through profit or loss during FY2024 whereas fair value losses were recognised in FY2023. The breakdown of other income and gains, net is set out below.

	FY2024	FY2023
	HK\$'000	HK\$'000
Government grants	32,442	30,640
VAT refunds	2,643	21,786
Fair value gains/(losses), net:		
Other financial assets – unlisted investments	7,036	(31,218)
Other financial assets – unlisted equity investment	464	(1,586)
Sundry income	22,602	26,385
	<u>65,187</u>	<u>46,007</u>

Administrative and other operating expenses

Administrative and other operating expenses mainly consisted of staff costs, business development expenses, net foreign exchange differences, legal and professional fees, R&D expenses, other taxes, as well as allowance for expected credit losses on trade receivables, other receivables and contract assets.

Other operating expenses for FY2024 included the (a) allowance for expected credit losses on trade receivables amounting to HK\$164.17 million (FY2023: HK\$194.49 million); (b) allowance for expected credit losses on other receivables amounting to HK\$20.52 million (FY2023: HK\$0.47 million); and (c) allowance for expected credit losses on contract assets amounting to HK\$1.62 million (FY2023: HK\$1.28 million). The allowance for expected credit losses on trade receivables in FY2024 was mainly due to the slowdown of payment of water treatment service fees by local governments, and the Group adopted a more prudent approach to assess the allowance for expected credit losses on trade receivables.

Aside from the other operating expenses mentioned above, administrative expenses increased by HK\$71.20 million or 16%, from HK\$445.04 million in FY2023 to HK\$516.24 million in FY2024. The increase in administrative expenses was mainly attributed to a significantly lower net foreign exchange gain recognised in FY2024 compared to FY2023.

Administrative expenses for FY2024 included, *inter alia*, net loss on disposals of property, plant and equipment of HK\$0.63 million (FY2023: net gain of HK\$19,000).

Finance costs

Finance costs decreased to HK\$541.08 million in FY2024 from HK\$590.92 million in FY2023. The decrease was primarily due to a lower average lending rate in FY2024 compared to FY2023, which outweighed the impact of the increase in the average balance of borrowings in FY2024 compared to FY2023. The decrease in average lending rate resulted from the Group's swift and effective strategy of refinancing all foreign currency (e.g. United States Dollars ("USD"), HK\$ and Euro ("EUR")) borrowings with RMB borrowings, which bear significantly lower interest rates.

Income tax expense

Income tax expense decreased by 21%, from HK\$404.91 million in FY2023 to HK\$319.07 million in FY2024, reflecting the decline in profits before tax.

Income tax expense for FY2024 included, *inter alia*, overprovision of income tax in respect of prior years amounting to HK\$5.85 million (FY2023: underprovision of HK\$7.07 million).

Consolidated Statement of Financial Position

As at 31 December 2024, the Group's total assets amounted to approximately HK\$35.89 billion with net assets amounting to HK\$13.99 billion. Net asset value per share attributable to equity holders of the Company was HK\$4.14 per share, representing an increase of 4% as compared to HK\$3.99 per share as at the end of FY2023. As at 31 December 2024, the gearing ratio (total liabilities over total assets) of the Group was 61.0%, which increased slightly by 0.3 ppt from 60.7% at the end of FY2023.

Assets

Total assets of the Group increased by HK\$1.67 billion, from HK\$34.22 billion as at 31 December 2023 to HK\$35.89 billion as at 31 December 2024. The increase in total assets was driven by the net result of the increases in contract assets, intangible assets and trade and other receivables, partially offset by the decreases in other financial assets, as well as cash and cash equivalents.

Investment properties amounted to HK\$10.92 million as at 31 December 2024. Investment properties are stated at fair value, which reflects the market conditions at the end of the year under review. There was no change in fair value during FY2024.

Contract assets (including both current and non-current portions) increased by HK\$1.12 billion, from HK\$21.94 billion as at 31 December 2023 to HK\$23.06 billion as at 31 December 2024 while intangible assets increased by HK\$162.56 million, from HK\$21.56 billion as at 31 December 2023 to HK\$23.19 billion as at 31 December 2024. The increases in both contract assets and intangible assets were primarily attributable to the recognition of construction service revenue for new waste water treatment plants, as well as the expansion and upgrading projects for several existing waste water treatment plants during FY2024.

Trade and other receivables (including both current and non-current portions) of the Group increased from HK\$5.62 billion as at 31 December 2023 to HK\$6.10 billion as at 31 December 2024. Among them, trade receivables increased by HK\$859.17 million, from HK\$4.43 billion as at 31 December 2023 to HK\$5.29 billion as at 31 December 2024, which was mainly due to a slowdown in the payment of water treatment service fees by local governments, despite an improvement in recovery rate of trade receivables in FY2024 compared to FY2023.

Other financial assets as at 31 December 2024 amounted to HK\$32.93 million which represented the 6% unlisted equity interest in Yancheng CCCC Shanghai Dredging Water Environment Investment Co., Ltd. The decrease in other financial assets by HK\$88.22 million was primarily due to redemption of the wealth management products issued by financial institutions in Hong Kong during FY2024.

Liabilities

Total borrowings (including both current and non-current portions) increased by HK\$984.24 million. The increase was mainly due to the issuance of MTN with proceeds amount to HK\$1,631.70 million, issuance of ABS with proceeds amounting to HK\$2,065.30 million, and new bank loans amounting to HK\$4,502.52 million, offset by repayments of corporate bonds of HK\$761.46 million, repayments of MTN of HK\$1,087.80 million, repayments of ABS of HK\$147.47 million, and repayments of bank loans amounting to HK\$4,971.17 million in FY2024.

As at 31 December 2024, the Group was in net current asset position of HK\$2,436.72 million, representing an increase of HK\$773.81 million from HK\$1,662.90 million as at 31 December 2023. The increase was primarily due to refinancing of borrowings due within one year with net proceeds from the issuance of 2024 first tranche MTN and ABS during FY2024. Both instruments have a tenure of 3 years. Accordingly, the current ratio has improved from 1.21 as at 31 December 2023 to 1.32 as at 31 December 2024.

Equity

The Group's total equity amounted to HK\$13.99 billion as at 31 December 2024 (31 December 2023: HK\$13.45 billion). The increase was mainly due to the (i) recognition of profit amounting to HK\$1,126.99 million in FY2024; (ii) recognition of foreign currency translation loss of HK\$270.52 million arising from depreciation of RMB against HK\$; (iii) decrease of HK\$165.42 million in equity due to declaration and payment of 2023 final dividend; (iv) decrease of HK\$175.09 million in equity due to declaration and payment of 2024 interim dividend; (v) decrease of HK\$25.05 million due to distribution to the holders of perpetual capital instruments; and (vi) capital contributions of HK\$48.43 million by non-controlling shareholders of subsidiaries during FY2024.

Consolidated Statement of Cash Flows

Cash and cash equivalents as stated in the consolidated statement of cash flows decreased from HK\$1.86 billion as at 31 December 2023 to HK\$1.83 billion as at 31 December 2024. Cash and cash equivalents included in the consolidated statement of cash flows is reconciled as follows:

	At 31 December 2024 HK\$'000	At 31 December 2023 HK\$'000
Cash and cash equivalents as stated in the consolidated statement of financial position	1,847,805	1,881,401
Less: Restricted bank balances	(19,377)	(19,494)
Cash and cash equivalents as stated in the consolidated statement of cash flows	<u>1,828,428</u>	<u>1,861,907</u>

Cash flows from operating activities

The Group had cash inflow of HK\$2,338.02 million (FY2023: HK\$2,570.79 million) before the changes in working capital during FY2024. The changes in working capital resulted in cash outflow of HK\$2,114.13 million in FY2024, and payment of income tax resulted in cash outflow of HK\$281.83 million in FY2024. As a result, the Group recorded a net cash outflow of HK\$57.94 million from operating activities in FY2024. The changes in working capital in FY2024 arose mainly from:

- (i) the decrease in inventories by HK\$0.28 million;
- (ii) the increase in contract assets by HK\$1,362.55 million;
- (iii) the increase in trade and other receivables by HK\$865.50 million; and
- (iv) the increase in trade and other payables by HK\$113.63 million.

Cash flows from investing activities

In FY2024, the Group recorded a net cash outflow of HK\$296.43 million from investing activities. The net cash outflow mainly arose from:

- (i) the payment of HK\$85.91 million for the purchases of items of property, plant and equipment;
- (ii) the payment of HK\$295.63 million for the additions of intangible assets;
- (iii) the increase in amounts due from an associate by HK\$9.01 million;
- (iv) the receipt of proceeds from redemption of other financial assets amounted to HK\$80.28 million; and
- (v) the receipt of interest of HK\$13.53 million.

Cash flows from financing activities

The Group recorded a net cash inflow of HK\$358.23 million from financing activities in FY2024. The net cash inflow was mainly caused by:

- (i) the capital contributions of HK\$48.43 million from non-controlling shareholders of subsidiaries;
- (ii) the receipt of proceeds of HK\$1,631.70 million from the issuance of MTN;
- (iii) the receipt of proceeds of HK\$2,065.30 million from the issuance of ABS;
- (iv) the repayments of corporate bonds of HK\$761.46 million;
- (v) the repayments of MTN of HK\$1,087.80 million;
- (vi) the repayments of ABS of HK\$147.47 million;
- (vii) the net repayment of bank loans of HK\$468.65 million;
- (viii) the payment of interest of HK\$536.10 million;
- (ix) the payment of expenses related to issuance of MTN and ABS and new bank loans of HK\$9.76 million;
- (x) the payment of principal and interest elements of lease payments of HK\$8.47 million;
- (xi) the increase in restricted bank balances by HK\$0.20 million;
- (xii) the payment of dividends to the Shareholders of HK\$342.24 million; and
- (xiii) the payment of distribution to the holders of perpetual capital instruments of HK\$25.05 million.

Earnings Per Share

The calculation of the basic earnings per share is based on the Group's profit attributable to equity holders of the Company for the year divided by the weighted average number of ordinary shares of the Company in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year.

	FY2024 <i>HK\$'000</i>	FY2023 <i>HK\$'000</i>
Profit attributable to equity holders of the Company for the year	<u>1,019,609</u>	<u>1,187,412</u>
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares in issue during the year	<u>2,860,877</u>	<u>2,860,877</u>
	<i>HK cents</i>	<i>HK cents</i>
Basic and diluted earnings per share	<u>35.64</u>	<u>41.51</u>

Net Asset Value Per Share

	Group		Company	
	At 31 December 2024 <i>HK\$</i>	At 31 December 2023 <i>HK\$</i>	At 31 December 2024 <i>HK\$</i>	At 31 December 2023 <i>HK\$</i>
Net asset value per ordinary share based on the issued share capital as at the end of the respective year	<u>4.14</u>	<u>3.99</u>	<u>3.50</u>	<u>3.49</u>

Net asset value per ordinary share was calculated as dividing the net asset value attributable to equity holders of the Company by the number of ordinary shares outstanding, excluding treasury shares, as at the end of the respective financial year.

Financial Resources

The Group adopts a prudent approach to cash and financial management to ensure proper risk control and minimise cost of funds. Its primary sources of financing for operations include internally-generated cash flows, loan facilities from banks, and proceeds raised from issuance of corporate bonds, ABS, MTN, SCP and perpetual capital instruments. As at 31 December 2024, the Group had cash and bank balances of approximately HK\$1.85 billion, representing a decrease of HK\$33.60 million as compared to HK\$1.88 billion at the end of FY2023. Most of the Group's cash and bank balances were denominated in HK\$ and RMB, representing approximately 97%.

Borrowings and Debt Securities of the Group

Amounts payable within one year or less, or on demand

At 31 December 2024		At 31 December 2023	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
452,917	3,728,412	218,916	4,387,977

Amounts payable after one year

At 31 December 2024		At 31 December 2023	
Secured	Unsecured	Secured	Unsecured
HK\$'000	HK\$'000	HK\$'000	HK\$'000
4,268,921	7,939,360	2,426,280	8,372,200

The Group is dedicated to broadening financing channels and increasing bank loan facility limits to reserve funding for developing water environment management business. As at 31 December 2024, the Group had outstanding borrowings of HK\$16.39 billion, representing an increase of HK\$984.24 million as compared to HK\$15.41 billion as at the end of FY2023. The borrowings included secured interest-bearing borrowings of HK\$4.72 billion and unsecured interest-bearing borrowings of HK\$11.67 billion. The borrowings are all denominated in RMB. Borrowings at fixed rates and at floating rates accounted for 54% and 46% of the total borrowings, respectively. As at 31 December 2024, the Group had bank loan facilities of HK\$11.72 billion, of which HK\$3.63 billion have not been utilised. The remaining terms of the bank loan facilities range from 1 to 18 years. During FY2024, while paying vigilant attention to and monitoring interest rate risks continuously and cautiously, the Group did not adopt any interest rate hedging policy.

Foreign Exchange Risks

The Group mainly operates in the PRC. Currency exposure arises within entities of the Group when transactions are mainly denominated in foreign currencies such as USD, EUR, Singapore dollars (“SGD”), Korean won, HK\$ and RMB. In addition, the Group is exposed to currency translation risk upon translation of the net assets of foreign operations into the Group’s reporting currency of HK\$. During FY2024, the Group was affected by the changes in the exchange rates and did not adopt any formal hedging policies nor use any financial instrument for hedging purposes. Although the Group was exposed to foreign currency exchange risks, the Board believes that the future currency fluctuations will not have any material impact on the Group’s operations.

Pledge of Assets

Certain bank loan facilities and issuance of ABS of the Group as at 31 December 2024 were secured by certain revenue, intangible assets, contract assets and receivables in connection with the Group’s service concession arrangements. As at 31 December 2024, the aggregate net book value of pledged assets amounted to HK\$8.78 billion.

Commitments

As at 31 December 2024, the Group had outstanding purchase commitments of HK\$1.32 billion in connection with the construction contracts and an outstanding capital commitment of HK\$22.35 million in connection with an unlisted equity investment. The Group intends to finance the above commitments using internal resources of funds, external borrowings, or a combination of both.

Contingent Liabilities

As at 31 December 2024, the Company provided financial guarantees to two subsidiaries. The Board does not consider it probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as at 31 December 2024 for the provision of the guarantees was HK\$1,995.22 million. Notwithstanding the above, the Group did not recognise any contingent liabilities at the consolidated level as at 31 December 2024.

Interested Person Transactions Mandate and Aggregate Value of such Transactions

The Group obtained a general mandate (the “IPT Mandate”) from the Shareholders for interested person transactions (the “IPTs”) in its annual general meeting held on 26 April 2023 pursuant to Rule 920 of the listing manual (the “SGX Listing Manual”) of Singapore Exchange Securities Trading Limited (“SGX”). The IPT Mandate was renewed in the Company’s annual general meeting held on 26 April 2024. The aggregate value of the IPTs in excess of SGD100,000 during FY2024 are set out as follows:

Name of interested person	Nature of relationship	Aggregate value of all IPTs during FY2024 (excluding transactions less than SGD100,000 and transactions conducted under the IPT Mandate)	Aggregate value of all IPTs conducted under the IPT Mandate during FY2024 (excluding transactions less than SGD100,000)
China Everbright Environment Group Limited	Controlling shareholder	Nil	HK\$12,187,000 (equivalent to SGD2,087,000)
Sun Life Everbright Life Insurance Co., Ltd.	Associate of the controlling shareholder	Nil	HK\$18,048,000 (equivalent to SGD3,091,000)
Everbright Securities Company Limited	Associate of the controlling shareholder	Nil	HK\$976,000 (equivalent to SGD167,000)
China CYTS Tours Holding Co., Ltd.	Associate of the controlling shareholder	HK\$788,000 (equivalent to SGD135,000)	Nil

INTERNAL MANAGEMENT

Corporate management and risk control are essential for ensuring efficient, healthy and sustainable corporate development. The Group has formed a comprehensive management structure, with four committees under the Board (the “Board Committees”), namely the Audit Committee, the Remuneration Committee, the Nominating Committee and the Strategy Committee. Additionally, the Group has formed the Management Committee, which serves as the decision-making body for its daily operational management. The Management Committee meets at least once a month to discuss current matters related to the Group’s operation and management, ensuring its sustainable development.

The Group has also set up various functional departments, including the Investment & Development Department, the Technology & Development Department, the Operations and Information Management Department, the Safety & Environmental Management Department, the Budget Management Department, the Procurement Management Department, the Finance Management Department, the Human Resources Department, the Supervision Department, the Internal Audit Department, the Legal & Risk Management Department, and the General Management Department. Moreover, in response to business needs, the Group has also set up eight regional management centres, to ensure effective project management by region and foster beneficial synergies.

The Group has continuously improved its internal management by establishing a comprehensive management system and emergency response capabilities. Additionally, the Group has fully implemented the Environmental, Safety, Health and Social Responsibility (“ESHS”) Management System (the “ESHS Management System”) and the Risk Management System at all levels. These systems standardise management processes across project investment, construction and operations, aiming to identify and control risks, and improve the overall operational efficiency and effectiveness.

During the year under review, the Group streamlined its organisational structure and the division of responsibilities among its management team. It also continued to optimise its internal management system, resulting in a significant improvement in operational compliance. The safety and environmental management team continued to maintain a record of zero incident in both safety and environment, ensuring stable project operations while simultaneously enhancing economic benefits.

HUMAN RESOURCE MANAGEMENT

Talent is the most valuable asset of an enterprise and the primary driving force behind its development. The Group highly values its employees, adhering to a “People-Oriented” philosophy. The Group protects the interests and well-being of its employees, enriching their lifestyles and cultivating their values. During the year under review, the Group thoroughly implemented the talent-driven strategy, focusing on the continuous development of various talent teams. By combining both online and offline methods, the Group organised specialised trainings on various topics, such as “Cloud-like Sailing Project - Intelligent Water”, as well as on procurement compliance, budget management, safety and environmental management, operations management, and human resource management. These efforts aimed to empower managers and employees through continuous learning, preparing them to embrace new opportunities and challenges. The Group also made full use of the advantages of business diversification to offer employees with various development opportunities. In addition to facilitating internal transfers between regions or departments, the Group effectively utilised the internal talent pool by giving priority to its existing employees for managerial positions in the functional departments at the headquarters and various project companies. This approach provided diverse development opportunities and unlocked employee potential. Additionally, the Group has continuously enhanced its employee promotion and incentive mechanisms to improve internal development channels and promote outstanding frontline employees and young talent to key positions, thereby ensuring a strong talent foundation for the Group’s high-quality development. The Group has strengthened safety and health awareness, actively improving labour conditions and medical insurance benefits in the workplace. It has also set up “Workers’ Medical Boxes” for employees, supporting their physical and mental well-being.

As at 31 December 2024, the Group had approximately 1,800 employees (including those in Hong Kong and Singapore). Their remunerations are determined based on qualifications, experience, job nature, performance and market conditions. In addition to discretionary bonuses, the Group offers other benefits such as pension schemes, medical insurance as well as other protection schemes in compliance with the local laws and regulations. The Group is also committed to providing equal opportunities for all employees in various aspects and supporting their continuous professional development to enhance their knowledge, skills and professionalism.

PRINCIPAL RISKS AND UNCERTAINTIES

During the year under review, the Group continued to strengthen its risk management initiatives. Based on the requirements set out in its *Risk Management Policy* and *Risk Management Manual*, the Group thoroughly identified and assessed the principal risks faced during the year under review and formulated and implemented targeted control measures, which were generally effective. During the year under review, the Group's principal risks were as follows:

1. Policy Changing Risk

Description: The Group is exposed to various risks associated with changes in regulations and policies relating to waste water treatment, river-basin ecological restoration, sponge city construction, reusable water, water supply, waste water source heat pump, potential new business investment projects and PPP model in the PRC. Failure to take effective measures to address such policy changes could adversely affect the operating results and development prospects of the Group.

Responsive measures: (1) **Closely monitoring changes in laws and policies.** The Group arranged for designated personnel to regularly update and summarise the national laws and policies, and closely monitor significant changes in the industry laws and policies. (2) **Organising teams and engaging experts to conduct research and interpretation.** The Group organised internal teams to conduct research and provide interpretations of new regulations and policies, ensuring timely internal dissemination and implementation of new regulations and policies. External experts were also consulted for explanations when necessary. (3) **Promptly adjusting strategies and business models.** The Group closely monitored laws and policies related to “Peaking Carbon Dioxide Emissions and Achieving Carbon Neutrality” (“Dual Carbons”) and legislative developments concerning PPP model. It also monitored regulatory changes, market dynamics, and emerging business models, promptly adjusting its development direction to adapt to evolving environmental protection policies.

2. New Business Investment and Market Competition Risks

Description: With a large number of capital and competitors entering the water industry, the overall market competition has become increasingly intense. In the event that the Group fails to effectively analyse and forecast market trends and industry developments, deploy existing resources according to its strengths, or explore new business investments that yield reasonable profits, it may result in unsatisfactory investment returns or diminished competitive advantages.

Responsive measures: **(1) Focusing on the main responsibilities and principal businesses and adhering to high-quality development.** The Group reviewed and optimised its development strategies, focusing on its main “water-related” responsibilities and principal businesses. Additionally, the Group enhanced its market competitiveness by actively reducing costs, strengthening its asset-light service capability, improving efficiency, and expanding upstream and downstream operations. **(2) Enhancing research efforts on new business areas.** In addition to solidifying its traditional businesses, the Group, during the year under review, arranged for a professional research team to enhance research efforts on new business opportunities and business expansion. It actively pursued new business models and sought new opportunities within the water industry and the Group’s business development. **(3) Increasing efforts to expand its business outside mainland China.** The Group has been actively expanding its business outside mainland China by strengthening its business development team and enhancing its business expansion system, paying close attention to expansion opportunities in regions such as Southeast and Central Asia, thus steadily expanding its business outside mainland China gradually. **(4) Promoting business development through technological advancement.** The Group actively promoted mature technologies and drove business development through its initiatives such as “Five Innovations” and “Open Competition for the Best Candidate”.

3. Environmental Compliance and Safety Production Management Risks

Description: During the year under review, the PRC government introduced and revised various laws and regulations related to environmental compliance and safety production management, strengthening oversight and enforcement actions. As a result, enterprises now face more severe legal consequences and environmental remediation liabilities for breaches of environmental laws. With an increasing number of under-construction and operating projects, the Group experienced increasingly severe pressure regarding environmental compliance and safety production management.

Responsive measures: **(1) Enhancing process control.** The Group has strengthened its control across various aspects including business development, design, engineering construction and operation, striving to avoid and address the adverse factors and potential risks in the projects during the early stages of such projects. **(2) Emphasising the construction of safety management.** The Group comprehensively promoted and implemented the accountability of safety and environment for all personnel, enhancing their safety and environmental awareness as well as sense of responsibility, strengthening the supervisory assessment of accountability, and supervising the implementation of safety and environmental requirements. **(3) Conducting investigations and specialised rectifications.** During the year under review, the Group continued to conduct investigations and implement remediation measures at all levels for potential accident hazards in both under-construction and operating projects. **(4) Enhancing efforts in education and trainings.** The Group implemented a safety and environmental personnel registration management system and strengthened the training and assessment of registered personnel. Through the safety and environmental management qualification examination, it further enhanced the awareness of environmental risk prevention among the safety and environmental management personnel, and improved the capability of environmental compliance management. **(5) Strengthening monitoring and early warnings.** The Group fully utilised the information sharing platform, environmental protection monitoring platform and inspection platform. These platforms are designed to focus on the precautionary warnings of project operation indicators, provide early warnings and preventive measures, and implement precautionary controls.

4. Trade Receivables Risk

Description: The primary customers of the Group are local PRC governments in the regions where its projects are located. A decline in these customers' financial capacity or delays in their payment of service charges could negatively affect the Group's capital management and profitability. During the year under review, affected by the macroeconomic environment, the Group faced risks related to the collection of trade receivables.

Responsive measures: **(1) Optimising the management mechanism.** During the year under review, the Group placed high emphasis on the collection of trade receivables, treating trade receivables as a top priority. A specialised "Trade Receivable Management Team", led by the Chief Executive Officer, was established to oversee the progress of receivables collection through dedicated personnel and effective communication. The Group also regularly holds specialised meetings to analyse the overall situation of trade receivables, develop specific working plans and collection strategies, and refine the performance evaluation criteria for the collection of trade receivables. Additionally, the "2024 Trade Receivables Incentive and Penalty Management Measures" were introduced. A comprehensive working mechanism consisting of "dedicated teams, detailed accounts, incentives, and assessments" has been established across all levels. **(2) Categorising trade receivables and implementing measures to maximise collections.** For the undisputed arrears, the Group enhanced its oversight and follow-up with project companies, assigned designated personnel to liaise with local governments for collection, and applied timely pressure on local governments to expedite payment; for the arrears where the water price has not been determined due to unsettlement of projects, the Group promptly streamlined and improved the preliminary work and procedures for the recognition of water tariff, ensuring that water tariff would be promptly recognised and collected; for the disputed arrears, the Group strengthened dispute negotiation, actively negotiated and resolved conflicts through governmental visits and other means. **(3) Exploring diversified collection channels.** The Company explored different settlement proposals for the trade receivables, such as "settlement of historical debts by instalments" and other methods to reduce trade receivables. It also fully utilised financial instruments to accelerate cash inflow. **(4) Strengthening liquidity management.** The Group enhanced liquidity management by forecasting cash flows over the entire operating cycle, optimising capital utilisation efficiency to satisfy the liquidity needs for daily operations and business development.

5. Construction Project Management Risk

Description: Construction projects may be affected by various factors, such as design deficiencies, inadequate staffing, tight construction timelines, and insufficient oversight of subcontractors by contractors. These challenges can result in issues such as compromised construction safety, quality shortcomings, schedule delays, and cost overruns, thereby increasing the risk of financial losses and potential breach of contract. During the year under review, the progress and cost control of certain construction projects were affected by incomplete construction procedures and fluctuations in labour and material costs.

Responsive measures: **(1) Strengthening project information management.** The Company implemented a project management information system to oversee the entire project management process and conducted regular data analysis to strengthen its project management capabilities. **(2) Strengthening control over construction progress.** The Company comprehensively tracked the progress of each construction project and organised special meetings in a timely manner to analyse problems and implement targeted measures for projects experiencing delays. **(3) Enhancing control over construction budgets.** The Group strictly controlled engineering budgets and reduced construction costs by enhancing contract negotiation, controlling construction budgets, supervising construction units and subcontractors, conducting on-site supervisions and inspections, and rigorously examining approvals. **(4) Conducting on-site specialised and random inspections.** The Group continued to carry out safety, environmental and quality inspections of construction projects, including both targeted and random checks, which covered various critical areas and work processes. These included safety and technical briefings, reviews of construction plans and supplier inspections.

6. Staff Deployment Risk

Description: Due to business development and increasingly competitive conditions in the water industry, coupled with the time-consuming process of training key personnel, management and technical talents, the Group faces certain difficulties in staff deployment.

Responsive measures: (1) **Cultivating corporate culture.** During the year under review, the Group has been committed to cultivating its corporate culture to create a conducive working environment and ensure the overall stability of its workforce. (2) **Establishing a reserve talent pool and conducting regular employee training.** The Group attached great importance to talent development and employee training by regularly inviting external specialists for professional development in order to enhance the capabilities of reserve talents and young employees. (3) **Optimising the selection and appointment system and streamlining the promotion paths for employees.** The Group identified outstanding talents through internal competitions, which effectively filled vacancies in key roles and addressed the problems of individuals holding multiple positions in key roles across certain projects. This initiative has also created career growth opportunities for reserve talents in key management positions, revitalising both the internal and external talent markets. During the year under review, the Group's workforce remained stable and all relevant works were carried out in an orderly manner.

7. Financing Management Risk

Description: Given the business model of the water industry (such as Build-Operate-Transfer projects), the Group is required to invest a significant amount of capital for construction in the early stage and gradually receive service fees once the project completes construction and enters the operation period. Failure to effectively manage its financing costs or secure financing at an appropriate scale could negatively affect the Group's business development and financial condition.

Responsive measures: (1) Formulating financing plans through scientific methods.

During the year under review, the Group continued to monitor the financing environment within and outside of mainland China as well as the trends in RMB exchange rates. Additionally, the Group made reasonable forecasts of capital needs, coordinated the management of funds within and outside of mainland China, and formulated the financing plans by taking into account the actual financial ratios and loan restrictions, thereby effectively controlling financing costs and risks. **(2) Adjusting the loan structure in a timely manner.** Through various financing channels, the Group adjusted the loan structure as and when appropriate, and strictly controlled the gearing ratio and use of capital to ensure adequate capital reserves and manageable financing costs. **(3) Strengthening liquidity management.** During the year under review, the Group continued to urge various project companies to actively collect waste water treatment service fees, striving to reduce the scale of trade receivables and overdue trade receivable balances.

8. Cost Control Risk

Description: Due to market fluctuations and relevant policies enacted by the PRC government, the prices for raw materials, energy, finance, and labour have increased, leading to higher costs.

Responsive measures: **(1) Maximising operating capabilities.** The Group has consistently focused on energy saving and cost reduction throughout its business operations. It implemented various cost-reduction measures, such as operational standardisation and refined management. Additionally, the Group conducted feasibility studies on topics, such as unmanned factory operations and “Intelligent Water” to enhance operational performance and strengthen cost management. **(2) Leveraging the advantages of centralised procurement.** The Group fully capitalised on the scale and flexibility benefits of centralised and regional procurement. By introducing more qualified suppliers, the Group effectively controlled procurement costs and ensured procurement quality through more robust cooperative relationships with long-term suppliers. **(3) Strengthening budget management and process control.** The Group reinforced strict budget controls for all under-construction and operating projects, rigorously controlling project investments and operating costs through regular assessments. The Group held periodic analysis meetings to review operational conditions and conducted specialised studies on cost control.

ENVIRONMENTAL AND SOCIAL MANAGEMENT

The Group actively reinforces its market position in the water environment sector, consistently expanding its portfolio of high-quality water projects. With its strong business capability, the Group actively promotes the sustainable development of water environment across various regions, contributing to the national ecological civilisation construction. Drawing on its expertise in the water sector, the Group strategically deploys its business operations across the “water-related” management value chain, encouraging value innovation and creation within the industry.

While focusing on the “Dual Carbons” strategic goal, the Group has continuously refined its greenhouse gas information disclosure framework and developed “Low-Carbon Demonstration Projects” that seamlessly integrate various carbon reduction, pollution reduction and resource utilisation measures, promoting low-carbon development within the industry. All of the Group’s projects have either obtained or are actively applying for international management standard certifications, including ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and ISO 45001 Occupational Health and Safety Management System. Moreover, before making any project investments, the Group conducts a comprehensive identification and evaluation of environmental and social risks to ensure effective control over them. The Group also ensures that all construction projects have obtained the necessary approvals and permits, including environmental impact assessment approvals, before commencing construction.

As a leading water environment management service provider in China, the Group prioritises project compliance with utmost diligence. The Group upholds the highest standards of professionalism and strictly adhere to the relevant requirements detailed in the environmental impact assessment reports, ensuring that the discharge indicators of its operational projects meet Grade 1A or higher standards as specified in the *Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants* (GB18918-2002). The Group continues to report on the environmental performance of the projects under its management, including waste water treatment and discharge monitoring, odour control, noise control, waste management, climate change resilience, energy and material usage, and water resource utilisation. Through these efforts, the Group’s projects effectively minimise environmental impact from municipal and industrial waste water discharge, protect public health, and promote the sustainable development of the water environment. Notably, there were no breaches of relevant laws and regulations resulting in significant losses or impacts to the Group recorded in FY2024.

To ensure consistent operational practices and integrate social responsibility into the Group's business operations and daily management, the Group has developed and implemented the ESHS Management System, the Risk Management System, and the "Intelligent Water" Information Management System. These systems were established to standardise internal management, enhance risk control, optimise the management system, and strengthen emergency response capabilities, all with the goal of promoting sustainable development. Throughout FY2024, the Group continued to implement the ESHS Management System across all levels, including employees, on-site third-party contractors, and subcontractors. The Group also takes preventive measures against risks associated with its investments and operations, considering environmental, social, and governance factors, to reduce potential risks' impact on the business. Additionally, the Group is committed to identifying and regularly reviewing relevant climate change risks and opportunities at all levels of its operations. This encompasses factors such as extreme weather events, policy changes, environmental compliance, technological advancements, and innovation.

The Group is dedicated to transparently disclosing reliable and consistent information on its operational performance to the public. To achieve this, the Group proactively publishes information such as environmental impact assessment approvals, annual environmental monitoring plans, environmental emergency preparedness and response plans, as well as monitoring results related to effluent discharge, odour emissions and noise to its corporate website and other government-designated platforms for public scrutiny. Through these actions, the Group demonstrates its commitment to social and environmental responsibility while promoting sustainable development.

The Group is firmly committed to the philosophy of "Development Driven by Technological Innovation". This commitment is reflected in the Group's efforts to enhance technology applications and foster collaboration between industry and academia. Throughout the year under review, the Group has undertaken initiatives in technical management, as well as upgrading and transforming newly developed projects. Additionally, the Group has initiated pilot programmes in critical areas, implementing intelligent and precise control systems in waste water treatment processes.

In line with the national initiatives and the Group's core values, the Group actively promotes environmental science education, enhancing public awareness of water protection and supporting sustainable community development. The Group continues to open its waste water treatment facilities and plants for public visits, transforming them into environmental protection education hubs that integrate visits, hands-on experiences, and science education.

As at 31 December 2024, a total of 49 projects of the Group were officially opened to the public. These projects received 266 batches of visitors, totalling 12,112 visitors. The Group actively provides public visits both virtually and in person. In FY2024, the virtual tours have reached over 6,230 online views. In addition, the Group collaborates with local environmental protection, technology associations, and government organisations to encourage the public to increase awareness towards water conservation and environmental protection.

In recognition of the Group's commitment to environmental education, the Group's projects received multiple accolades in FY2024. A total of 4 projects were honoured with titles such as "Environmental Education Hub", "Science Popularisation and Education Hub" at national, provincial and municipal levels, while 1 project was recognised as an "Open Day Promotion and Education Centre".

CORPORATE GOVERNANCE

With a firm belief that high standards of corporate governance are the cornerstone of the Group, the Board and the Management will continue to uphold robust corporate governance practices to enhance the long-term value of the Company and returns for the Shareholders, and protect the Shareholders' interests.

The Company's corporate governance practices are in line with the (i) principles and provisions under Singapore's Code of Corporate Governance 2018 (the "SG CG Code"); and (ii) principles and code provisions of the Corporate Governance Code (the "HK CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "SEHK Listing Rules"). In the event of any conflicts between the SG CG Code and the HK CG Code, the Company will comply with the more stringent requirements. Throughout FY2024, the Company has complied with the principles and provisions under the SG CG Code and the HK CG Code.

The details of the Company's corporate governance practices will be set out in the FY2024 annual report.

BOARD COMMITTEES

The Board holds meetings on a regular basis (at least four times in a year). As an integral part of good corporate governance, the Board has established four Board Committees, namely the Audit Committee, the Remuneration Committee, the Nominating Committee and the Strategy Committee with the specific terms of reference* which clearly spell out their respective duties and responsibilities. The details of each Board Committee are set out below:

* The terms of reference of each Board Committee are available on the SGXNet (www.sgx.com) and the websites of Hong Kong Exchanges and Clearing Limited ("HKEx") (www.hkexnews.hk) and the Company (www.ebwater.com).

Audit Committee

The Audit Committee currently comprises four independent non-executive Directors, namely Mr. Soh Kok Leong (Chairman), Mr. Zhai Haitao, Ms. Hao Gang and Mr. Ng Joo Hee Peter. The Audit Committee is primarily responsible for reviewing the significant financial reporting issues and judgements and monitoring the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance; reviewing and reporting to the Board the adequacy and effectiveness of the Group's internal controls and risk management systems, comprising financial, operational, compliance and information technology controls (such review can be carried out internally or by third parties); reviewing the adequacy and effectiveness of the Group's internal audit function; reviewing the scope and results of the internal audit; reviewing the independence and objectivity of the external auditor(s) and the effectiveness of the audit process; and making recommendations to the Board on the appointment, re-appointment and removal of the external auditor(s), and approving the remuneration and terms of engagement of the external auditor(s).

During FY2024, the members of the Audit Committee reviewed (a) the audited consolidated financial results of the Group for FY2023; (b) the unaudited consolidated financial results of the Group for the six months ended 30 June 2024; (c) the internal auditor's report and the external auditor's report; (d) the adequacy and effectiveness of the Group's internal controls and risk management systems; and (e) the change of auditors.

Remuneration Committee

The Remuneration Committee currently comprises three independent non-executive Directors, namely Ms. Hao Gang (Chairman), Mr. Zhai Haitao and Mr. Soh Kok Leong. The Remuneration Committee is primarily responsible for implementing a formal, transparent and objective procedure for fixing the remuneration packages of individual Directors and Key Management Personnel (as defined in the SG CG Code) (including senior management), and ensuring that the level and structure of their remuneration are aligned with the long-term interest and risk policies of the Group and should be appropriate to attract, retain and motivate (1) the Directors to provide good stewardship of the Group; and (2) Key Management Personnel (including senior management) to successfully manage the Group for the long term.

During FY2024, the members of the Remuneration Committee reviewed the remuneration payment for FY2023 and remuneration framework for FY2024, for the Directors (including the Directors newly appointed in FY2024) and the Key Management Personnel (including senior management) of the Company.

Nominating Committee

The Nominating Committee currently comprises three independent non-executive Directors, namely Mr. Zhai Haitao (Chairman), Mr. Ng Joo Hee Peter and Mr. Soh Kok Leong, and a non-executive Director and the Chairman of the Board, namely Mr. Luan Zusheng. The Nominating Committee is primarily responsible for implementing a formal and transparent procedure for the appointment and re-appointment of Board members; evaluating the performance of Board members and Board Committee members; and assessing the overall performance of the Board and the Board Committees.

During FY2024, the members of the Nominating Committee reviewed the (i) independence status of independent non-executive Directors; (ii) performance of each individual Director, each individual Board Committee and the Board as a whole; (iii) re-election of the retiring Directors at the annual general meeting of the Company held in FY2024; and (iv) the appointment of members to the Board and the changes to the composition of Board Committees.

Strategy Committee

The Strategy Committee currently comprises a non-executive Director and the Chairman of the Board, namely Mr. Luan Zusheng (Chairman), two executive Directors, namely Mr. Tao Junjie and Mr. Wang Yuexing, and two independent non-executive Directors, namely Ms. Hao Gang and Mr. Ng Joo Hee Peter. The Strategy Committee is primarily responsible for assisting the Board in providing strategic directions to the Group; overseeing the strategic planning of the Group and implementation of such strategies; reviewing the medium-term and long-term strategic objectives proposed by the Management and overseeing the Management's performance in relation to such strategies; and considering sustainability issues in formulating strategies and overseeing the monitoring and management of the environmental, social and governance factors that are material to the business of the Group.

DEALINGS IN THE SECURITIES

The Company has adopted an internal code (the “Internal Code”) governing dealings in securities by Directors, officers and relevant employees of the Group who are likely to be in possession of unpublished price-sensitive information of the Group. The Internal Code is in line with the requirements of the SEHK Listing Rules and the HK CG Code on terms no less exacting than the *Model Code for Securities Transactions by Directors of Listed Issuers* (the “Model Code”) as set out in Appendix C3 to the SEHK Listing Rules, in addition to the requirements of the SGX Listing Manual and the SG CG Code. The Internal Code has been disseminated to all the Directors, officers and relevant employees of the Group.

The Directors, officers and relevant employees of the Group have been informed not to deal in the Company’s securities at all times whilst in possession of unpublished price-sensitive information and during the periods commencing:

- (a) 30 days immediately preceding the publication date of the announcement of the Company’s interim results (and quarterly results, if any) or, if shorter, the period from the end of the relevant half-year (and the relevant quarter, if applicable) up to the publication date of the results; and
- (b) 60 days immediately preceding the publication date of the announcement of the Company’s full-year results or, if shorter, the period from the end of financial year and up to the publication date of the results.

The Directors, officers and relevant employees of the Group are also expected to observe relevant insider trading laws at all times, even when dealing in securities within permitted trading period or while they are in possession of unpublished inside information or price-sensitive information of the Company and they are not to deal in the Company’s securities on short-term considerations.

Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard as set out in the Model Code and the Internal Code throughout FY2024.

DIVIDEND

(a) Current financial year reported on

Any dividend declared for the current financial year reported on? Yes

As part of the Directors' continuing efforts to enhance the Shareholders' return, the Directors have recommended a final dividend of HK5.81 cents (equivalent to 1.02 Sing cents) per ordinary share for FY2024, which is subject to the approval by the Shareholders at the forthcoming annual general meeting to be held on or around 23 April 2025 (Wednesday) (the "AGM").

Name of Dividend	FY2024 Proposed Final Dividend
Dividend Type	Cash
Dividend Amount	HK5.81 cents (equivalent to 1.02 Sing cents) per ordinary share
Tax Rate	One-Tier Tax Exempt

(b) Corresponding period of the immediately preceding financial year

Name of Dividend	FY2023 Final Dividend
Dividend Type	Cash
Dividend Amount	HK5.81 cents (equivalent to 0.99 Sing cent) per ordinary share
Tax Rate	One-Tier Tax Exempt

(c) Date payable

Subject to the Shareholders' approval, the FY2024 Proposed Final Dividend will be paid on or around 23 May 2025 (Friday).

(d) Books closure date

Details on closure of books are set out in the section below entitled "Closure of Register of Transfer and Register of Members – (b) For determining the entitlement to the FY2024 Proposed Final Dividend".

Annual General Meeting

The AGM is expected to be held on or around 23 April 2025 (Wednesday). The notice of the AGM will be published on the SGXNet and the websites of HKEx and the Company and its printed version will be despatched to the relevant Shareholders in due course*.

* *The Company has adopted an electronic communication regime. For details, please refer to the announcement of the Company dated 10 July 2023.*

Closure of Register of Transfer and Register of Members

- (a) For determining the entitlement to attend and vote at the AGM

For Singapore Shareholders

The Register of Transfer and Register of Members of the Company will be closed at 5:00 p.m. (Singapore time) on 15 April 2025 (Tuesday) for the purpose of determining the entitlement of Singapore Shareholders to attend and vote at the AGM. Duly completed registrable transfers of shares received by the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 up to 5:00 p.m. (Singapore time) on 15 April 2025 (Tuesday) will be registered to determine Singapore Shareholders' entitlements to attend and vote at the AGM.

For Hong Kong Shareholders

The Hong Kong branch register of members of the Company will be closed from 16 April 2025 (Wednesday) to 23 April 2025 (Wednesday), both days inclusive, for the purpose of determining the entitlement of Hong Kong Shareholders to attend and vote at the AGM. Duly completed registrable transfers of shares received by the Company's Hong Kong Share Registrar and Transfer Office, Boardroom Share Registrars (HK) Limited, 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, up to 4:30 p.m. (Hong Kong time) on 15 April 2025 (Tuesday), will be registered to determine Hong Kong Shareholders' entitlements to attend and vote at the AGM.

- (b) For determining the entitlement to the FY2024 Proposed Final Dividend

For Singapore Shareholders

The Register of Transfer and Register of Members of the Company will be closed at 5:00 p.m. (Singapore time) on 29 April 2025 (Tuesday), being the Singapore Books Closure Date for the purpose of determining the entitlement of the Singapore Shareholders to the FY2024 Proposed Final Dividend.

Duly completed registrable transfers of shares received by the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 up to 5:00 p.m. (Singapore time) on 29 April 2025 (Tuesday) will be registered before entitlements to the FY2024 Proposed Final Dividend are determined. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5:00 p.m. (Singapore time) on 29 April 2025 (Tuesday) will rank for the FY2024 Proposed Final Dividend.

For Hong Kong Shareholders

The Hong Kong branch register of members of the Company will be closed from 30 April 2025 (Wednesday) to 2 May 2025 (Friday), both days inclusive, during this period no transfer of shares will be registered. Shareholders whose names appear on the Hong Kong branch register of members of the Company as at 4:30 p.m. (Hong Kong time) on 29 April 2025 (Tuesday) will be entitled to the FY2024 Proposed Final Dividend.

Duly completed registrable transfers of shares received by the Company's Hong Kong Share Registrar and Transfer Office, Boardroom Share Registrars (HK) Limited, 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, up to 4:30 p.m. (Hong Kong time) on 29 April 2025 (Tuesday), will be registered before entitlements to the FY2024 Proposed Final Dividend are determined.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities for the year ended 31 December 2024. As at 31 December 2024, the Company did not have any subsidiary holdings.

Convertibles, Preference Shares and Treasury Shares

The Company did not have any outstanding convertibles, preference shares and treasury shares as at 31 December 2024 and 2023. During the year ended 31 December 2024, there were no sales, transfers, disposal, cancellation and/or use of treasury shares.

Disclosure on acquisition or disposal of shares in companies pursuant to Rule 706A of the SGX Listing Manual

During FY2024, there was no acquisition or disposal of shares in subsidiaries ("Subsidiaries"), associated companies ("Associated Companies") of the Company or in any company which became or ceased to be a Subsidiary or Associated Company (as the case may be) resulting from such acquisition or disposal, as required by Rule 706A of the SGX Listing Manual.

Where a forecast, or a prospect statement, has been previously disclosed to Shareholders, any variance between it and the actual results.

None.

Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) of the SGX Listing Manual

There is no person occupying a managerial position in the Company or its principal subsidiaries who is a relative of a Director or chief executive officer or substantial Shareholder of the Company for the years ended 31 December 2024 and 2023.

Publication of Annual Results and Annual Report

The annual results announcement for FY2024 is published on (i) the SGXNet at <https://www.sgx.com>; (ii) the website of HKEx at <https://www.hkexnews.hk>; and (iii) the Company's website at <https://www.ebwater.com> by going to "Investor Relations" and clicking on the hyperlink "Announcements & Circulars – SGX" or "Announcements & Circulars – HKEX". The FY2024 annual report of the Company containing, among others, all the information required by the SEHK Listing Rules and the SGX Listing Manual will be published on the SGXNet and the websites of HKEx and the Company, and its printed version will be despatched to the relevant Shareholders*.

Confirmation that the issuer has procured undertakings from all its Directors and executive officers under Rule 720(1) of the SGX Listing Manual

Pursuant to Rule 720(1) of the SGX Listing Manual, the Company has procured undertakings from all its Directors and executive officers.

* *The Company has adopted an electronic communication regime. For details, please refer to the announcement of the Company dated 10 July 2023.*

Confirmation by the Board pursuant to Rule 705(5) of the SGX Listing Manual

We, the undersigned, do hereby confirm on behalf of the Board that to the best of our knowledge, nothing has come to the attention of the Board which may render the audited financial results of the Group for FY2024 to be false or misleading in any material aspect.

On behalf of the Board
China Everbright Water Limited

Luan Zusheng
Non-Executive Director and Chairman

Tao Junjie
Executive Director and Chief Executive Officer

Hong Kong and Singapore, 25 February 2025

As at the date of this announcement, the Board comprises: (i) a non-executive director, namely Mr. Luan Zusheng (Chairman); (ii) two executive directors, namely Mr. Tao Junjie (Chief Executive Officer) and Mr. Wang Yuexing; and (iii) four independent non-executive directors, namely Mr. Zhai Haitao, Ms. Hao Gang, Mr. Ng Joo Hee Peter and Mr. Soh Kok Leong.

APPENDIX

Independent auditors' report

Members of the Company
China Everbright Water Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of China Everbright Water Limited ('the Company') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 7 to 106.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board ('IFRS Accounting Standard') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessing expected credit loss allowance of trade receivables	
<i>Refer to note 23 to the consolidated financial statements and the accounting policies on page 34.</i>	
The Key Audit Matter	How the matter was addressed in our audit
<p>As at 31 December 2024, the Group’s total gross carrying amount of trade receivables was HK\$6,071,978,000, with an allowance for expected credit losses (“ECLs”) of these assets of HK\$778,263,000.</p> <p>Management measures the loss allowance for trade receivables at an amount equal to the lifetime ECL, based on the historical repayment and loss patterns for different groups of the customers, and ageing of trade receivables.</p> <p>The loss allowance is assessed collectively using a provision matrix, based on factors such as the ageing of trade receivable balances, the repayment history of the Group’s customers and credit risk profile of the customers (including segmentation).</p> <p>We identified the assessment for the loss allowance of trade receivables as a key audit matter because this assessment of ECLs is inherently subjective and involves significant management estimation.</p>	<p>Our audit procedures to assess the ECL allowance for trade receivables included the following:</p> <ul style="list-style-type: none"> • understood and evaluated the Group’s policy and method for estimating the ECL allowance with reference to the requirements of the applicable accounting standard; • assessed the appropriateness of the key assumptions used by management in the ECL assessment, including the basis for segmentation of the trade receivables based on similar credit risk profile of its customers; • assessed the inputs used by the management in the ECL assessment, including whether the trade receivables were categorised in the appropriate ageing bucket by comparing individual items to the relevant underlying billing notice, on a sample basis; and • re-performed the calculation of the ECL allowance as at 31 December 2024 based on the Group’s ECL allowance policies, inputs and assumptions.

Impairment assessment of goodwill	
<i>Refer to note 17 to the consolidated financial statements and the accounting policies on page 29.</i>	
The Key Audit Matter	How the matter was addressed in our audit
<p>As at 31 December 2024, the carrying amount of goodwill of the Group was HK\$1,342,426,000, which had been allocated to the groups of cash generating units (“CGUs”) comprising wastewater treatment plants. Goodwill represented 5% of the Group’s total non-current assets.</p> <p>Management performs impairment test on goodwill annually at the end of each reporting period or whenever there is an indication of impairment. This involves comparing the carrying value of each group of CGUs to which goodwill has been allocated with its respective recoverable amount, determined as the higher of value in use and fair value less costs of disposal, to assess whether an impairment loss should be recognised. Value in use is assessed based on discounted cash flow forecasts.</p> <p>This assessment requires the exercise of significant estimation about the future market conditions and future cash flows including sales growth rates and discount rates, all of which involve inherent uncertainty.</p> <p>We identified the impairment assessment of goodwill as a key audit matter as the goodwill impairment assessments prepared by management involve significant estimation and assumptions which could be subject to management bias.</p>	<p>Our audit procedures to assess the impairment of goodwill included the following:</p> <ul style="list-style-type: none"> • understood and evaluated the design and implementation of key internal controls over the impairment assessment of goodwill; • assessed the appropriateness of management’s identification of groups of CGUs, with reference to the requirements of the prevailing accounting standards; • compared the cashflow forecasts prepared in the previous year with the actual performance of the businesses for the current year and inquired with management about any significant variations identified to assess whether there were any indications of management bias; • evaluated the appropriateness of the valuation methodology with reference to the requirements of the prevailing accounting standards, and evaluated the reasonableness of the discount rates used by the management by benchmarking against those of comparable companies, with the assistance of our internal valuation specialists; • assessed the reasonableness of sales growth rates applied, with reference to our understanding of the business, historical trends and available industry information and market data; • performed sensitivity analyses of the sales growth rates and discount rates, and considered the resulting impact on the impairment assessment for the year and whether there were any indicators of management bias; • re-performed the calculation to assess the mathematical accuracy; and • assessed the reasonableness of the disclosure in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Other matter

The financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on 27 February 2024.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for the Statistics of Shareholdings ('the Report') which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Yeo Lik Khim.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
25 February 2025