

Press Release

Everbright Water Announces FY2016 Results

Financial Highlights

HKD'000	FY2016	FY2015	Change
Revenue	2,494,037	1,815,150	37%
Gross Profit	905,652	824,224	10%
Gross Profit Margin (%)	36	45	- 9ppt
Net Profit Attributable to Shareholders of the Company	349,343	406,242	-14%
Earnings Per Share (HKD)	0.134	0.158	-15%
Dividend per Ordinary Share (SGD)	0.0037	0.0035	6%

ppt: percentage point

Singapore, 23 February 2017 – China Everbright Water Limited (“Everbright Water” or the “Company”, SGX: U9E) (中国光大水务有限公司), an environmental protection company focusing on integrated environmental water business, announced the unaudited results of the Company for the financial year ended 31 December 2016 (“FY2016” or “Year under review”).

During the year under review, the Company’s revenue rose to HKD2.49 billion, an increase of 37% from 2015. The increase was mainly attributable to the increase of HKD542.07 million in construction revenue, HKD65.94 million in operation services revenue and HKD70.88 million in finance income. The increase in revenue from construction services was mainly attributable to the expansion and upgrading of several Build-Operate-Transfer (“BOT”) projects which were completed or under construction during FY2016. Gross profit grew 10% from 2015 to HKD905.65 million in FY2016, with gross profit margin at 36% (2015: 45%). The decrease in gross profit margin was mainly due to a larger portion of construction revenue recognised in the mix of total revenue during the year under review as compared with 2015. In general, construction services have lower gross profit margin as compared to operation services. Net profit attributable to shareholders of the Company in FY2016 amounted to HKD349.34 million.

Mr. Wang Tianyi, Chairman of Everbright Water, said: “Following a series of acquisition and integrations in 2015, the operation and management scale of the Company further expanded in 2016, and the acquired projects were successfully restructured. Facing fierce industry competition and volatile market conditions, the Company seized market opportunities in 2016, studied and weighed the prevailing situations, and drove an organic growth with the ‘Prudent, Active and Practical’ development approach. In addition to achieving great outcomes in new business areas during the year, the Company has also been proactively capturing and exploring opportunities in new business sectors, including sponge city projects and river-basin ecological restoration projects, etc.”

As at 31 December 2016, Everbright Water held 60 projects in operation, 4 projects completing construction, 5 projects under construction and 1 project in preparatory stage in the area of waste water treatment, with a total designed daily waste water treatment capacity of 3,940,000 m³; 1 sponge city construction project under construction, which involves a series of ecological restoration projects and waste water treatment projects with a total daily waste water treatment capacity of 275,000 m³; 1 river training project under construction; 4 projects in operation and 1 project completing construction in the area of reusable water, with a total designed daily reusable water supply capacity of 81,600 m³; 2 waste water source heat pump projects; 59 kilometers of pipeline network and 10 pump stations; as well as 1 Build-Transfer surface water project. During the year under review, the Company treated an aggregate of 1,148,279,000 m³ waste water, representing an increase of 28% over 2015.

In terms of market development, Everbright Water secured 12 new projects during the year under review, contributing an additional daily waste water treatment capacity of 485,000 m³, with a total investment of RMB2.465 billion; all of which helped to gradually increase Everbright Water’s market share in the waste water treatment sector. Newly secured projects include the Shandong Zhangqiu Waste Water Treatment Project (Plant 1) (50,000 m³/day), Shandong Zhangqiu Waste Water Treatment Project (Plant 2) (40,000 m³/day), Shandong Qingdao Waste Water Treatment Project (Maidao Plant) Upgrading (“Maidao Upgrading Project”), Jiangsu Xinyi City Waste Water Treatment Project (“Xinyi City Project”) (70,000 m³/day) and Upgrading Project, Jiangsu Xinyi Economic Development Zone Waste Water Treatment Project (“Xinyi Economic Development Zone Project”) Phase I (10,000 m³/day) and Expansion Project (10,000 m³/day), Shandong Ju County Shudong Waste Water Treatment Project (“Shudong Project”) (20,000 m³/day), Jiangsu Nanjing Pukou Industrial Waste Water Treatment Project (“Pukou Project”) Phase I (10,000 m³/day) and Henan Sanmenxia Waste Water Treatment Project Phase I Upgrading (“Sanmenxia Project Phase I Upgrading”).

Furthermore, Everbright Water secured new projects in new business sectors, including the Jiangsu Nanjing Municipal Water PPP Project ("Nanjing Municipal Water Project"), which involves a number of river training projects, as well as project operation and maintenance, and Jiangsu Zhenjiang Sponge City PPP Project ("Zhenjiang Sponge City Project"). The Zhenjiang Sponge City Project is one of the 16 sponge city pilot projects which will receive financial support from the central government of the PRC, as jointly announced by the Ministry of Finance, the Ministry of Housing and Urban-Rural Development and the Ministry of Water Resources of the PRC. The launch of the Nanjing Municipal Water Project, Everbright Water's first river training project, marks the Company's further expansion into new business areas.

In terms of project construction, during the year under review, a total of 8 waste water treatment projects completed construction, namely the Shandong Ji'nan Waste Water Treatment Project (Plant 1) Expansion, Shandong Ji'nan Xike Waste Water Treatment Project (Plant 4) Phase II, Jiangsu Wuzhong Chengnan Waste Water Treatment Project Phase II and Upgrading, which have already commenced operations; Liaoning Dalian Liangjiadian Waste Water Treatment Project Phase I which commenced construction; Beijing Daxing Tiantanghe Waste Water Treatment Project Phase II and Upgrading, Liaoning Pulandian Waste Water Treatment Project Phase I Expansion, Sanmenxia Project Phase I Upgrading, which completed construction and are now running in compliance with discharge standard; also, Jiangsu Nanjing Pukou Reusable Water Project Phase I, which is now undergoing a trial run. As at 31 December 2016, there were 7 projects under construction, including Xinyi City Project Upgrading, Xinyi Economic Development Zone Project Expansion, Maidao Upgrading Project, Shudong Project, Pukou Project Phase I, Zhenjiang Sponge City Project and Nanjing Municipal Water Project.

During the year under review, Everbright Water has a strong cash position and healthy gearing level. Looking ahead, the Company is also actively expanding its fund-raising options to drive its next level of business growth. During the year under review, Everbright Water submitted an application to the Shanghai Stock Exchange and the China Securities Regulatory Commission ("CSRC") for a proposed issuance of RMB-denominated corporate bonds of up to RMB2.5 billion (subject to CSRC's approval) in a single or multiple tranches in the PRC to support the Company's sustainable development. Upon the grant of regulator's approvals and the completion of the relevant registration process, Everbright Water expects to gain more financial support to lay a solid foundation for its future business plans.

Mr. Wang Tianyi, said: “2016 marked the start of the 13th Five-Year Plan. Despite the volatile external macro and market environment, the environmental water industry and the entire environmental protection sector continued to benefit from a number of favorable policies, thereby becoming an important external growth driver for Everbright Water’s new round of development. At the same time, the Company adhered to its ‘Prudent, Active and Practical’ development approach, enhanced its regional management model, strengthened its internal management and risk control capabilities, deepened its market penetration in existing markets, actively explored business diversification opportunities and business models, and pursued stable organic growth so as to bring the Company’s business scale to a new level. This enabled the Company to better leverage on key industry development trends such as the public-private partnership (“PPP”) model and make steady strides forward in a year fraught with uncertainties.”

“Looking ahead in 2017, the power of environmental protection policies for the management of environmental water issues are expected to intensify. Therefore, we believe the environmental water industry will continue its rapid growth momentum. Everbright Water is committed to the strategy of ‘Leveraging on Technology’, by continuously strengthening its core competitive advantages in technology and constructing high quality and efficient environmental water services projects, to secure market recognition and more development opportunities. We remain positive about the Company’s business prospects in the coming year, will continue to focus on steadily realising each of our strategic growth objectives, and will strive to be the leader in China’s water business sector, with the aim of delivering sustainable and reasonable returns to our shareholders and driving the continuous improvement of the environmental water quality.”

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About China Everbright Water Limited

China Everbright Water Limited (“Everbright Water” or the “Company”) is an investment and operation company focusing on integrated environmental water services. The Company is listed on the Mainboard of Singapore Exchange Limited (SGX: U9E) with its direct controlling shareholder being China Everbright International Limited (HKSE: 00257). Everbright Water is the sole water business platform of China Everbright Group.

The Company is principally engaged in integrated environmental water services, sponge city construction, waste water treatment, reusable water, waste water source heat pump, sludge treatment, river-basin ecological restoration, research and development of environmental water technologies, and engineering construction, etc. The Company’s geographical footprint spans across East, Central, North, Northeast and Northwest China, including Beijing, Jiangsu, Shandong, Shaanxi, Henan, Liaoning and Inner Mongolia Autonomous Region, etc. Currently, the Company invests in and operates water treatment projects with a designed daily treatment capacity of 5.0 million m³.

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

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23 February 2017