

Press Release
Everbright Water Announces 2020 Interim Results

(HK\$'000)	Six months ended 30 June		Change
	2020	2019	
Revenue	2,120,086	2,485,366	(14.7%)
Gross profit	881,648	920,085	(4.2%)
Gross profit margin (%)	42	37	5ppt*
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	813,116	830,769	(2.1%)
Profit attributable to equity holders of the Company	404,473	420,487	(3.8%)
Basic earnings per share (HK cents)	14.14	15.51	(8.8%)
Interim dividend per share	(HK cents)	3.74	–
	(equivalent in Singapore cent)	0.65	3.1%

(*ppt: percentage point(s))

Singapore and Hong Kong, 12 August 2020 – China Everbright Water Limited (“Everbright Water” or the “Company”, stock codes: U9E.SG and 1857.HK) (中国光大水务有限公司), an environmental protection company focusing on water environment management, is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2020 (“1HFY2020” or the “Review Period”).

During the Review Period, the novel coronavirus (“COVID-19”) spread quickly in China and over the world. In order to control the COVID-19 pandemic, local governments in China issued temporary measures regarding postponement of resumption of work and production and travel restrictions, which slowed down the construction progress of the Group’s construction projects and caused a decline in the construction service revenue, and thus, the revenue and profit of the Group were affected adversely. Following the effective containment of the pandemic in China, the local governments in China had lifted the relevant temporary measures, and the Group’s construction projects had all resumed constructions as at mid-April 2020. In relation to operations management,

a few of the Group's industrial waste water treatment projects, which experienced decrease in water volume during the control period, had already seen the water volume return to normal as at the end of March 2020; in all the other respects, the COVID-19 pandemic had little impact on the operations of the Group's operating projects, and both the operation income and the finance income of the Group recorded steady year-on-year growth during the Review Period.

During the Review Period, the Group's revenue amounted to HK\$2.12 billion, representing a decrease of 14.7% from HK\$2.49 billion in the corresponding period of last year ("1HFY2019"). EBITDA decreased by 2.1% to HK\$813.12 million in 1HFY2020 from HK\$830.77 million in 1HFY2019. Profit attributable to equity holders of the Company for 1HFY2020 was HK\$404.47 million, down by 3.8% from HK\$420.49 million in 1HFY2019. Basic earnings per share for 1HFY2020 were HK14.14 cents, indicating a decrease of HK1.37 cents over HK15.51 cents in 1HFY2019. Gross profit margin in 1HFY2020 increased to 42%, an increase of 5 ppt compared to 1HFY2019.

In relation to market expansion, during the Review Period, while focusing on developing its traditional businesses like waste water treatment, the Group bolstered its market position in several regions, such as the Yangtze River Economic Belt and the Bohai Bay Rim Economic Zone. In 1HFY2020, the Group secured 6 waste water treatment projects (with 1 project equipped with a reusable water facility), commanding a total investment of approximately RMB805 million, in addition to 1 operation and management ("O&M") project. Such projects contribute an additional designed daily waste water treatment capacity of 170,000 m³ (inclusive of treatment capacity of the O&M project) and an additional designed daily reusable water supply capacity of 30,000 m³.

In relation to project construction, during the Review Period, the Group strengthened both pandemic prevention and business operation to protect the staff's health and safety. As a result, it managed to resume work in an orderly manner, and all its construction works progressed smoothly. In 1HFY2020, the Group had 6 projects that commenced construction, which in aggregate had a designed daily waste water treatment capacity of 115,000 m³, a designed daily reusable water supply capacity of 33,000 m³ and a designed daily water supply capacity of 600,000 m³. In 1HFY2020, a total of 6 projects completed construction and commenced operation, which in aggregate had a designed daily waste water treatment capacity of 80,000 m³, a designed daily reusable water supply

capacity of 40,000 m³ and a designed daily sludge treatment capacity of 200 tonnes. In 1HFY2020, a total of 19 projects were under construction in succession, with an aggregate designed daily water treatment capacity of 1,077,000 m³. As at 30 June 2020, the Group had 14 projects in the preparatory stage for construction, with an aggregate designed daily water treatment capacity of 467,000 m³.

In relation to operations management, during the Review Period, the Group, according to the industry's development needs, continued improving its safety and environmental management system at all levels; enhanced efforts in the further application of management platforms such as the "Intelligent Water" system; and provided trainings on various topics such as safety management and standardised operations, with the aim of enhancing its employees' awareness of safe operation and standardising the relevant practices. During the COVID-19 pandemic, the Group quickly deployed prevention measures. Under the premise of ensuring the health and safety of its employees at various locations, the Group operated its projects stably with compliant discharge, helping the local communities prevent secondary virus transmission through waste water and other types of waste. During the Review Period, the Group was granted various subsidies of approximately RMB29.59 million in total.

In relation to technological research and development ("R&D"), the Group adheres to its "Innovation-driven Development" ethos, sets "application-oriented research" as its direction, and further increases investment in technological R&D. During 1HFY2020, the Group continued actively exploring new research areas relating to technological innovation, making good progress in areas of industrial waste water treatment, precision control system and intelligent inspection system. The Group also provided technical services and products externally, which amounted to a total contract value of approximately RMB45 million; and it was granted 9 patents (including 1 invention patent, 6 practical new model patents, 1 software copyright and 1 design patent) and published 1 academic paper.

In relation to the capital market, during the Review Period, the Company issued asset-backed securities ("ABS") to qualified investors in mainland China for the first time, with a size of issue of RMB300 million. The proceeds from the ABS issuance is expected to be used to replenish working

capital of the Group. In addition, in early August 2020, the Company issued the first tranche of medium term notes (“MTNs”) in mainland China, with a principal amount of RMB1 billion, a maturity period of 3 years and an interest rate of 3.60%. The proceeds from the MTNs issuance will be used to replenish working capital of the Company’s subsidiaries. The issuance of the ABS and the MTNs helps optimise the Group’s financing structure and maintain its finance costs within a reasonable range; it also marks important progress achieved by the Group in diversifying its financing channels.

Mr. An Xuesong, Executive Director and CEO of Everbright Water, said, “In 1HFY2020, the Group overcame various difficulties and strived to progress ahead, despite pressure from the macro environment and the COVID-19 pandemic. As a result, it had steady progress in market expansion, project construction, operations management and technological R&D, achieving stable operating results. Looking forward, the Group will continue pursuing stability with good progress and change for advancement. It will seize development opportunities brought by key national strategies and policies, and adopt a synergistic approach for market expansion, with a focus on new geographical areas and business models. It will explore digitalisation of management processes in the water sector, so as to promote an urban water business development model that is led by digitalisation. The Group will strive to strengthen its core competitiveness for the long-term development.”

Mr. Wang Tianyi, Chairman of Everbright Water, said, “The year 2020 not only represents the final year of the ‘13th Five-Year Plan’ by when the country targets to build a moderately prosperous society in all respects, but it is also a crucial year towards laying a solid foundation for the country’s ‘14th Five-Year Plan’. Benefitting from relevant national support and policies, the environmental protection industry is likely to continue embracing growth opportunities, in spite of pressure on the macro environment. In view of the continued spread of COVID-19, the Chinese government puts forth more stringent requirements for water treatment and other environmental protection areas, given the needs to ensure a healthy and safe living environment. This helps improve industry standards as a result. Within the water industry, business trends have emerged in areas such as the development of intelligent water management systems, upgrading of water safety protection measures, construction of sludge treatment and disposal facilities, and improvement of the urban waste water pipeline network. These are expected to continue unleashing the industry’s growth potential. In the future, the Group will uphold the ‘Innovation-driven Development’ ethos, respond

to various challenges in a calm manner, build up strengths for innovation, and forge ahead for development. It will steadily move towards the goal of becoming a comprehensive water enterprise with unique advantages.”

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About China Everbright Water Limited

China Everbright Water Limited (“Everbright Water” or the “Company”) is an environmental protection company focusing on water environment management. The Company is listed on the Mainboard of the Singapore Exchange Securities Trading Limited and the Main Board of The Stock Exchange of Hong Kong Limited (stock codes: U9E.SG and 1857.HK) with its direct controlling shareholder being China Everbright International Limited (stock code: 257.HK).

The Company has developed a full-fledged business coverage, which includes raw water protection, water supply, municipal waste water treatment, industrial waste water treatment, reusable water, river-basin ecological restoration, and sludge treatment and disposal. Meanwhile, the Company has also formed a full industry chain on the water business, including project investment, planning and design, technological research and development, engineering and construction, operations management, among others. The Company’s geographical footprint spans across East, Central, South, North, Northeast and Northwest China, including Beijing, Jiangsu, Zhejiang, Shandong, Shaanxi, Henan, Hubei, Guangxi Zhuang Autonomous Region, Liaoning and Inner Mongolia Autonomous Region, etc.

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

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