

Press Release

Everbright Water Announces 2021 Interim Results

Financial Summary

(HK\$'000)	Six months ended 30 June		Change
	2021	2020	
Revenue	3,112,935	2,120,086	47%
Gross profit	1,239,551	881,648	41%
Gross profit margin (%)	40	42	(2ppt*)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	1,059,125	813,116	30%
Profit attributable to equity holders of the Company	548,178	404,473	36%
Basic earnings per share	(HK cents) 19.16	14.14	36%
Interim dividend per share	(HK cents) 5.75 (equivalent to Singapore cents) 1.01	3.74 0.67	54% 51%

(*ppt: percentage point)

Singapore and Hong Kong, 11 August 2021 – China Everbright Water Limited (“Everbright Water” or the “Company”, stock codes: U9E.SG and 1857.HK) (中國光大水務有限公司), 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 2021 (“1HFY2021” or the “Review Period”).

In 1HFY2021, with its steady operation, the Group’s revenue amounted to HK\$3.11 billion, representing an increase of 47% from the corresponding period last year (“1HFY2020”). EBITDA increased by 30% from 1HFY2020 to HK\$1.06 billion in 1HFY2021. Profit attributable to equity holders of the Company for 1HFY2021 was HK\$548.18 million, representing an increase of 36% from 1HFY2020. Basic earnings per share for 1HFY2021 were HK19.16 cents, indicating an increase of HK5.02 cents or 36% from 1HFY2020. The Group has ready access to diverse financing channels,

holds quality assets and sufficient funds with a reasonable gearing ratio, and is in a healthy financial position.

In relation to market expansion, the Group, during the Review Period, continued solidifying the market position in regions such as the Bohai Economic Rim, the Yangtze River Economic Belt and the Guangdong-Hong Kong-Macau Greater Bay Area, striving for high-quality business development, and making breakthroughs in market expansion and business model. In early 2021, the Group purchased a 65% equity interest in Tianjin Binhai New Area Huantang Sewage Treatment Co., Ltd., marking an entry into Tianjin's water market. Moreover, the Group has actively established several working teams which specialised in different areas, such as in-plant solar photovoltaic, waste water source heat pump and reusable water, to provide necessary support for its future strategic development. In 1HFY2021, the Group secured four waste water treatment projects and one reusable water project, commanding a total investment of approximately RMB1.069 billion. Such projects contribute an additional designed daily waste water treatment capacity of 225,000 m³ and an additional designed daily reusable water supply capacity of 45,000 m³. In addition, the Group undertook one engineering, procurement and construction ("EPC") project, with a contract value of approximately RMB30.82 million.

As at 30 June 2021, the Group invested in and held 143 environmental protection projects, with a total investment of approximately RMB25.75 billion. In addition, it undertook four EPC projects and two operation and management ("O&M") projects. The Group has a total designed daily water treatment capacity of approximately 6,800,000 m³ (including treatment capacity of the O&M projects).

In terms of project construction, the Group, during the Review Period, strictly complied with the relevant requirements arising from the new normal of the COVID-19 pandemic prevention and control measures, and carried out construction works in an orderly manner. By stringently controlling the safety and quality of project constructions, the Group had zero work safety accident and achieved all the safe production targets. In 1HFY2021, the Group had two projects that commenced construction, which have an aggregate designed daily waste water treatment capacity of 40,000 m³. A total of two projects completed construction and commenced operation, which

have an aggregate designed daily waste water treatment capacity of 65,000 m³; and four projects completed construction (including an EPC project), which have an aggregate designed daily waste treatment capacity of 48,500 m³. As at 30 June 2021, the Group had nine projects in the preparatory stage, with an aggregate designed daily water treatment capacity of 322,000 m³.

In relation to operations management, following the country's goals of "Peaking Carbon Dioxide Emissions" and "Achieving Carbon Neutrality", the Group, during the Review Period, rolled out a pilot programme at its projects to optimise waste water treatment plants' energy structure. In addition, the Group participated in the pilot programme which was launched by the Ministry of Ecology and Environment of the People's Republic of China in relation to monitoring of greenhouse gas emissions. This is expected to facilitate the Group's exploration of energy optimisation and carbon emissions reduction for waste water treatment plants. Additionally, the Group co-operated with its partners to participate in market-based electricity transactions in Jiangsu and Shandong Provinces, which has significantly reduced the electricity cost. During the Review Period, four waste water treatment plants of the Group received regulatory approval for tariff hikes ranging from 8% to 58%, and subsidies of approximately RMB31 million in total were granted to the Group.

As for technological innovation, the Group, during the Review Period, continued focusing on improvement and implementation of the "Intelligent Water" management system, and actively fostered commercialisation of research results. In order to improve the intelligence level of its water plants, the Group has applied the operational management system to a number of projects. Furthermore, the Group has completed the installation and testing of the accurate aeration equipment, trials of the smart dosing system, and application of the smart inspection system at selected projects. All these measures have effectively reduced workload of frontline staff, daily operational risks and project costs. In 1HFY2021, the Group provided its in-house developed technological processes to its internal and external clients, which amounted to a total contract value of approximately RMB69 million. Eight patents were granted to the Group.

In relation to the capital market, the Group, during the Review Period, continued closely aligning with its pace of business development and carried out appropriate financing activities in a timely

manner. At the beginning of 2021, the Company issued the second tranche of medium term notes (“MTNs”) with a principal amount of RMB1 billion, a maturity term of three years and an interest rate of 3.75%. The proceeds from the MTNs issuance were used to replenish the working capital of the Company’s subsidiaries. In addition, the Company received a notice of registration acceptance from the regulatory authorities in March 2021 to issue RMB-denominated super & short-term commercial papers (“SCPs”), with a registered principal amount of RMB2.5 billion, to investors in the national inter-bank bond market in mainland China. The Company completed the issuance of first tranche of SCPs in early August 2021, with a principal amount of RMB800 million, an interest rate of 2.4% and a maturity period of 120 days. The proceeds from the SCPs issuance will be used to replenish the working capital of the Company’s subsidiaries.

Mr. An Xuesong, Executive Director and CEO of Everbright Water, said, “In 1HFY2021, Everbright Water steadily and orderly carried out the relevant work relating to market expansion, project construction, operations management, safety and environmental management, and technological innovation. In addition, the Group made good progress in achieving a balance between asset-light and asset-heavy businesses, refinement of management and expansion of financing channels. With its stable operating conditions, the Group recorded a good operating result, in terms of major financial indicators, and strengthened its business strategy and competitive advantages in the field of water environment management. In the future, the Group will continue identifying excellent business opportunities, strive to improve its intelligence and digitalisation level, ensure project construction quality, enhance project operations management, and continuously drive its technological innovation. By integrating the industrial and financial strengths for development and adjusting to the new normal arising from the COVID-19 pandemic prevention and control measures, the Group aims to drive its business development to a new level.”

Mr. Wang Tianyi, Chairman of Everbright Water, said, “Marching into the second half of 2021, China’s economy and market are expected to grow steadily with a good momentum and pursuit of high-quality development, as required by the ‘14th Five-Year Plan’. ‘Peaking Carbon Dioxide Emissions’ and ‘Achieving Carbon Neutrality’ have become important aspects in China’s transition to high-quality development. As the topic of ‘carbon reduction’ has become the headline from all



China Everbright Water Limited
(Incorporated in Bermuda with limited liability)
(Stock Codes: U9E.SG, 1857.HK)

around the world, governments across the world have demonstrated their determination to tackle climate change. As such, new development opportunities are expected to arise for the relevant industries and enterprises. In China's water environment management industry, the rolling-out of relevant policies and requirements demonstrates the government's firm determination in tackling pollution with consistently high standards. This will further unleash the development potential of the industry while maintaining strict industrial requirements. Given that the world is actively addressing climate change and China is accelerating the development of ecological conservation, Everbright Water will uphold a sustainability mindset with high-quality development, continually focus on the water environment management industry, and forge ahead towards the goal of evolving into a top developer and service provider dedicated to urban water environment systems."

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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 Environment Group 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 in 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 East, Central, South, North, Northeast and Northwest China, including Beijing, Tianjin, Jiangsu, Zhejiang, Shandong, Shaanxi, Henan, Hubei, Guangxi Zhuang Autonomous Region, Liaoning and Inner Mongolia Autonomous Region.

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

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