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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)

OVERSEAS REGULATORY ANNOUNCEMENT FY2021 ANNUAL GENERAL MEETING PRESENTATION

This overseas regulatory announcement is issued pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Please refer to the attached FY2021 Annual General Meeting Presentation which has been published by China Everbright Water Limited (the “**Company**” or “**Everbright Water**”) on the website of the Singapore Exchange Securities Trading Limited on 25 April 2022.

By Order of the Board
China Everbright Water Limited
Peng Pei
Legal Counsel and Joint Company Secretary

Hong Kong, 25 April 2022

As at the date of this announcement, the board of directors of the Company comprises: (i) three executive directors, namely Mr. Hu Yanguo (Chairman), Mr. Tao Junjie (Chief Executive Officer) and Mr. Luo Junling; and (ii) four independent non-executive directors, namely Mr. Zhai Haitao, Mr. Lim Yu Neng Paul, Ms. Cheng Fong Yee and Ms. Hao Gang.



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(Stock Codes: U9E.SG, 1857.HK)

FY2021 Annual General Meeting

26 April 2022

中国光大水务有限公司
China Everbright Water Limited

Forward-looking Statement

This presentation may contain forward-looking statements. Any such forward-looking statements are based on a number of assumptions about the operations of China Everbright Water Limited ("Everbright Water" or the "Company", together with its subsidiaries, collectively the "Group") and factors beyond the Company's control and are subject to significant risks and uncertainties, and accordingly, actual results may differ materially from these forward-looking statements. The Company undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such dates.

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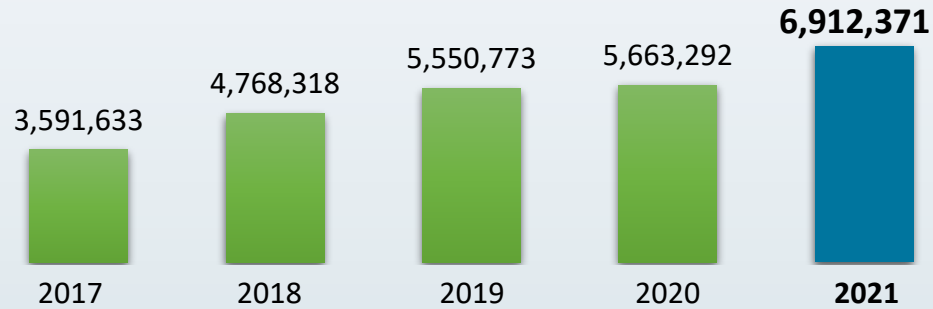
Financial Review

Financial Review

Revenue

(HK\$'000)

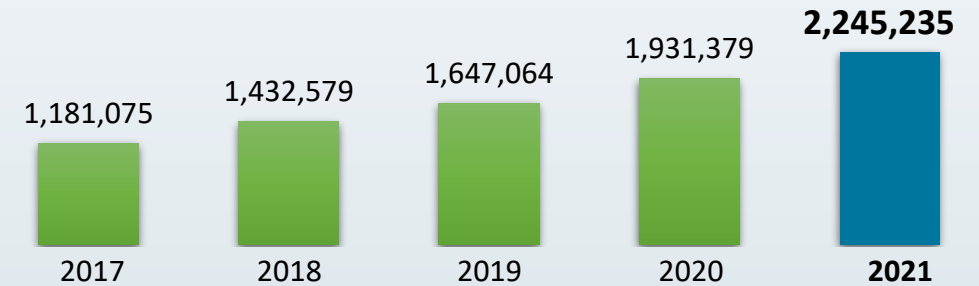
CAGR: 18%



EBITDA

(HK\$'000)

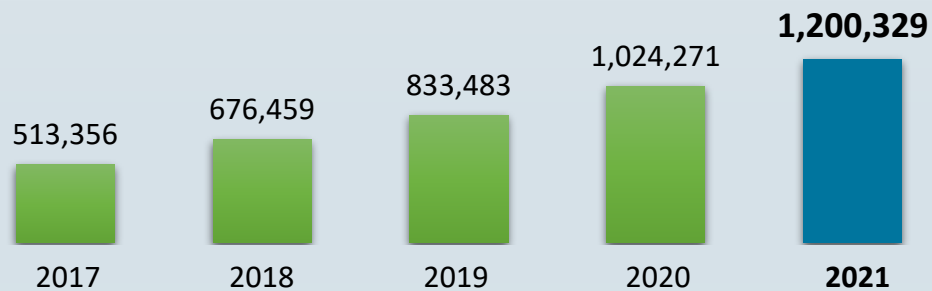
CAGR: 17%



Profit Attributable to Equity Holders of the Company

(HK\$'000)

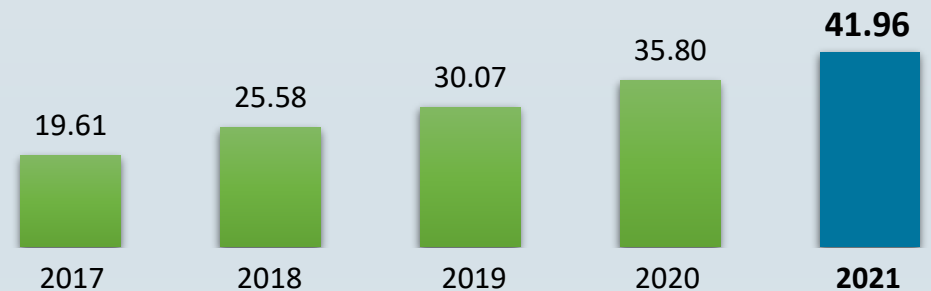
CAGR: 24%



Basic Earnings per Share

(HK cents)

CAGR: 21%



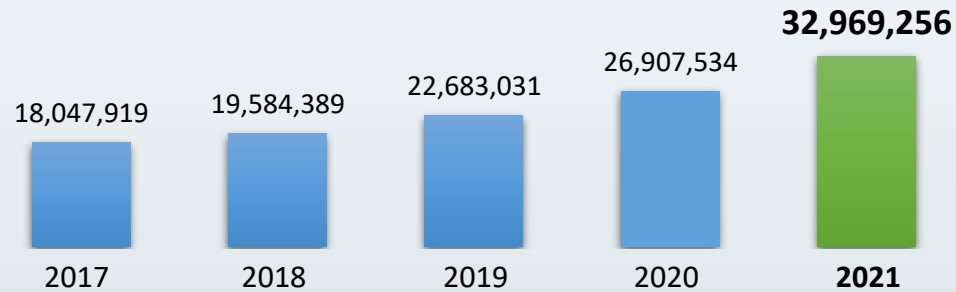
CAGR: Compound Annual Growth Rate

Financial Review

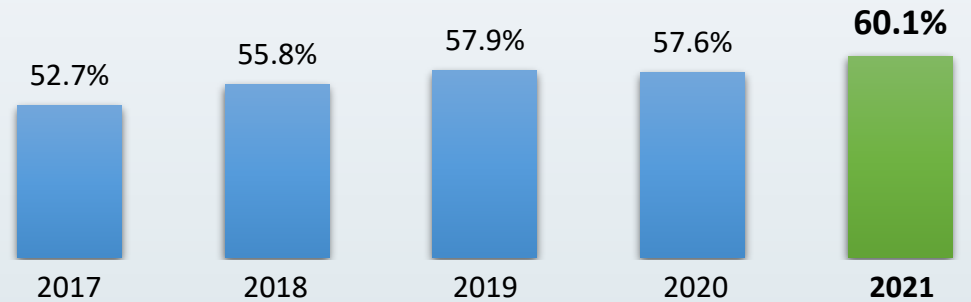
Total Assets

(HK\$'000)

CAGR: 16%



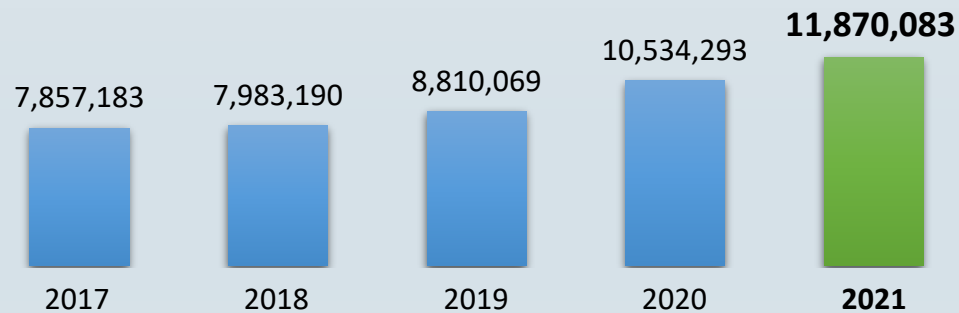
Gearing Ratio



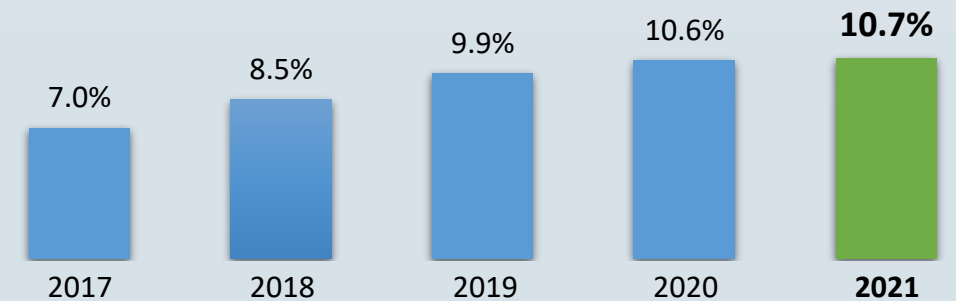
Equity Attributable to Equity Holders of the Company

(HK\$'000)

CAGR: 11%



Return on Shareholders' Equity



Financial Review

| (HK\$'000) | Full year ended 31 December | | Change | |
|--|---------------------------------|-----------|--------|-----|
| | 2021 | 2020 | | |
| Revenue | 6,912,371 | 5,663,292 | 22% | |
| Gross Profit | 2,801,589 | 2,200,536 | 27% | |
| Gross Profit Margin (%) | 41 | 39 | 2ppt* | |
| EBITDA | 2,245,235 | 1,931,379 | 16% | |
| Profit Attributable to Equity Holders of the Company | 1,200,329 | 1,024,271 | 17% | |
| Basic Earnings per Share | (HK cents) | 41.96 | 35.80 | 17% |
| Final Dividend per Share | (HK cents) | 6.83 | 6.07 | 13% |
| | (equivalent to Singapore cents) | 1.19 | 1.04 | 14% |
| Full-Year Dividend per share | (HK cents) | 12.58 | 9.81 | 28% |
| | (equivalent to Singapore cents) | 2.20 | 1.71 | 29% |

*ppt: percentage point

Financial Review

| (HK\$'000) | As at 31/12/2021 | As at 31/12/2020 | Change |
|---|---------------------|---------------------|----------------|
| Total Assets | 32,969,256 | 26,907,534 | 23% |
| Total Liabilities | 19,806,024 | 15,501,675 | 28% |
| Equity Attributable to Equity Holders of the Company | 11,870,083 | 10,534,293 | 13% |
| Gearing Ratio (%) (total liabilities/total assets) | 60.1 | 57.6 | 2.5ppt* |
| Return on Shareholders' Equity (%) | 10.7 | 10.6 | 0.1ppt* |
| Dividend Payout Ratio (%) | 30 | 27 | 3ppt* |

- The Company holds quality assets and has ready access to various financing channels with a reasonable gearing ratio, and is in a healthy financial position.
- The constant and steady dividend payout over the years demonstrates the Company's adherence to its philosophy of "sharing the operating results with its shareholders".

*ppt: percentage point

Financial Review

| (HK\$'000) | As at 31/12/2021 | As at 31/12/2020 | Change |
|--|------------------|------------------|---------|
| Short-term Borrowings | 3,392,028 | 2,246,673 | 51.0% |
| Long-term Borrowings | 11,049,910 | 8,831,460 | 25.1% |
| Total Borrowings [#] | 14,441,938 | 11,078,133 | 30.4% |
| Current Ratio (%) | 111 | 112 | (1ppt*) |
| Unutilised Banking Facilities | 6,263,941 | 5,784,261 | 8.3% |
| Bank Deposit Balance and Cash | 2,281,986 | 1,719,530 | 32.7% |
| Cash/Banking Facilities Available [#] | 8,545,927 | 7,503,791 | 13.9% |

- As at 31 December 2021, the Group's total borrowings were approx. HK\$14.44 billion, with long-term borrowings accounting for 77% of the total, demonstrating a healthy current ratio.
- As at 31 December 2021, the Group's bank deposit balance and cash were abundant, with the unutilised banking facilities of approx. HK\$6.264 billion, providing solid capital support for the Group's future development.

[#]Total borrowings = short-term borrowings + long-term borrowings

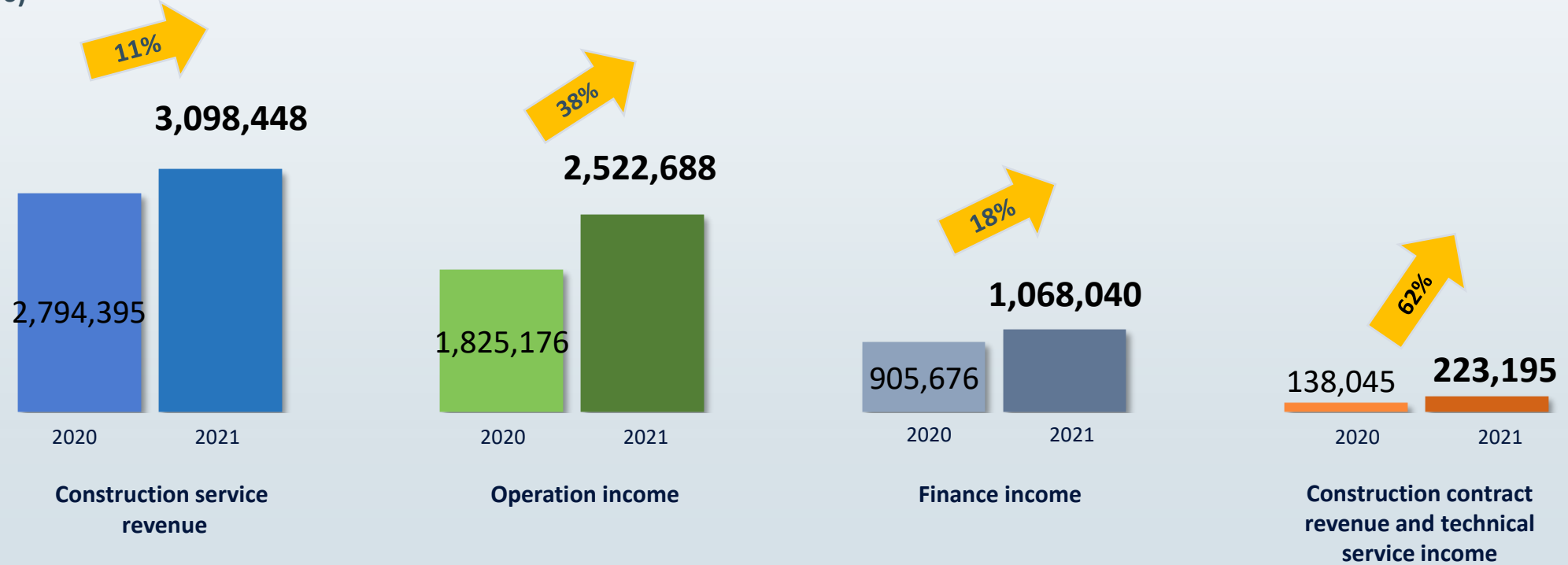
Cash/Banking facilities available = unutilised banking facilities + bank deposit balance and cash

*ppt: percentage point

Financial Review

Revenue Analysis by Categories for the Full-Year Period

(HK\$'000)

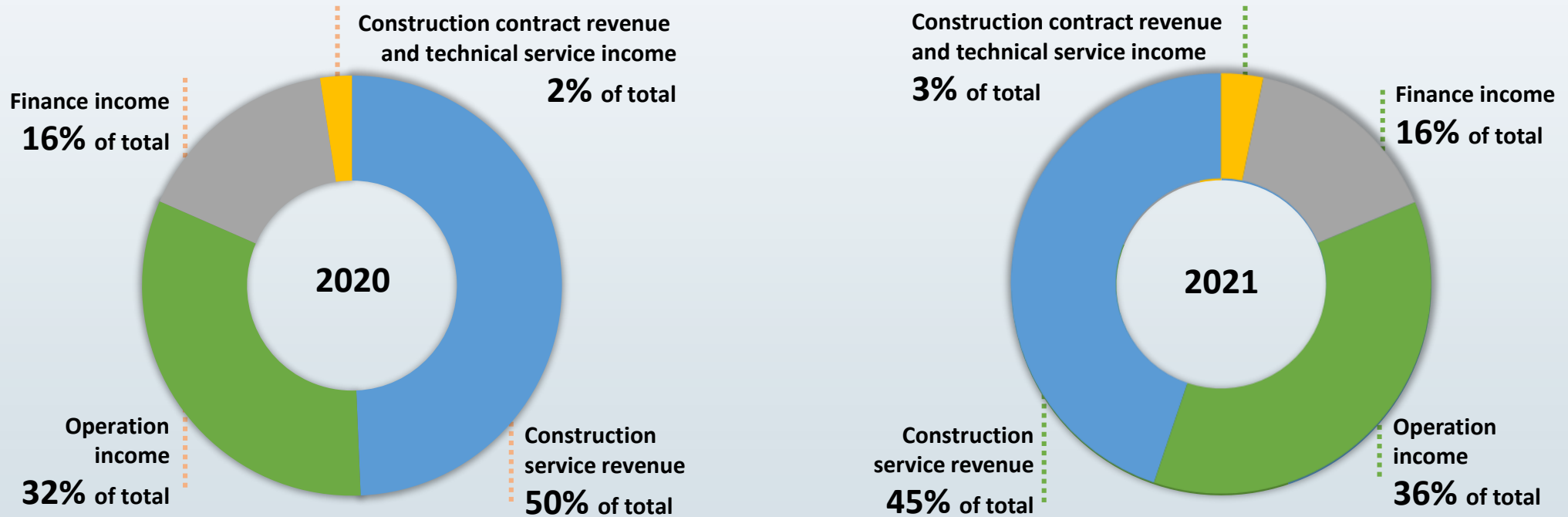


Total revenue in 2021: HK\$6,912,371,000

Total revenue in 2020: HK\$ 5,663,292,000

Financial Review

Proportion of Revenue in Each Category for the Full-Year Period



In 2021, the proportion of operation income out of total revenue increased as compared with the previous year. Following the completion of construction and commencement of operation for the projects which are in preparatory stage or under construction, the amount of the operation income is expected to increase further.



Operating Results

Operating Results – Fruitful Results in Market Expansion in 2021

In 2021, Everbright Water secured 14 waste water treatment (“WWT”) projects and 1 reusable water project, in addition to undertaking 1 engineering, procurement and construction (“EPC”) project and 1 overseas operation and management (“O&M”) project. While solidifying its existing regional markets, the Group entered the water markets in Tianjin Municipality, Hebei Province and Mauritius.

Tianjin

- Beitang WWT Project Phase I and Upgrading (acquired)
- Gangdong WWT Project Phase I and Upgrading and Phase II (acquired)
- Beitang Reusable Water Project (acquired)

Hebei

- Huanghua Tengzhuangzi WWT Project
- Huanghua Town WWT Project
- Huanghua Urban Area WWT Project

Shaanxi

- Xianyang Eastern WWT Plant Upgrading and Advanced Sludge Dewatering Project

Mauritius

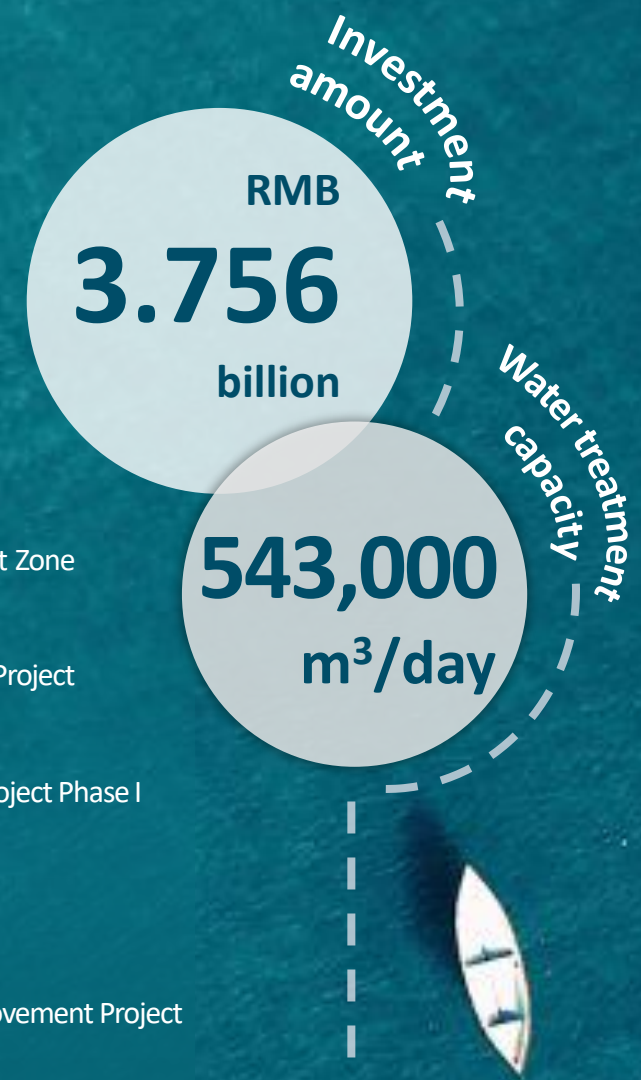
- St. Martin WWT Plant O&M Project

Shandong

- Deodorisation Work of Shandong Binzhou Development Zone WWT Project
- Binzhou Boxing WWT Project Upgrading
- Qingdao Maidaow WWT Plant Expansion and Upgrading Project (framework agreement)
- Zibo Zhoucun WWT Plant Upgrading Project
- Ji'nan International Centre for Medical Sciences WWT Project Phase I

Jiangsu

- Huai'an Huaiyin Eastern District WWT Project Phase II
- Nanjing Pukou Industrial WWT Project Phase I (Stage 2)
- Changzhou Zhenglu Industrial WWT Project Phase I
- Xuzhou Tongshan City WWT Quality and Efficiency Improvement Project (second section) (EPC)



Operating Results – Steady Growth of Business Scale in 2021

Total project investment amount of approx.

RMB28.4 billion

Invested in and held **153** water projects, and undertook **7** O&M/EPC projects

132 WWT projects
(including waste water pipeline network projects)
8 reusable water projects
6 river-basin ecological restoration projects
3 water supply projects

1 raw water protection project
1 leachate treatment project
2 waste water source heat pump projects
3 O&M projects
4 EPC projects

Business footprint spans across **12** provinces, municipalities and autonomous regions in China and **1** overseas market

Projects located in over 50 districts, counties and cities across 12 provinces, municipalities and autonomous regions in China, including Beijing, Tianjin, Hebei, Jiangsu, Zhejiang, Shandong, Shaanxi, Henan, Hubei, Guangxi, Liaoning and Inner Mongolia; and tapped into the overseas market of Mauritius

Total water treatment capacity exceeding **7 million** m³/day

Operating Results – Orderly Progress of Construction Works in 2021

6 projects commenced construction

- 6 WWT projects*
- Aggregate investment approx. RMB913 million
- A total designed water treatment capacity* of 130,000 m³/day

11 projects commenced operation upon completion of construction and 5 projects completed construction

- 13 WWT projects*, 3 reusable water projects*
- Aggregate investment approx. RMB1.927 billion
- A total designed water treatment capacity* of 321,500 m³/day

29 projects under construction

- 22 WWT projects*, 3 reusable water projects*, 3 river-basin ecological restoration projects and 1 raw water protection project
- Aggregate investment approx. RMB8.058 billion
- A total designed water treatment capacity* of 1,316,500 m³/day

13 projects in preparatory stage

As at 31 December 2021,

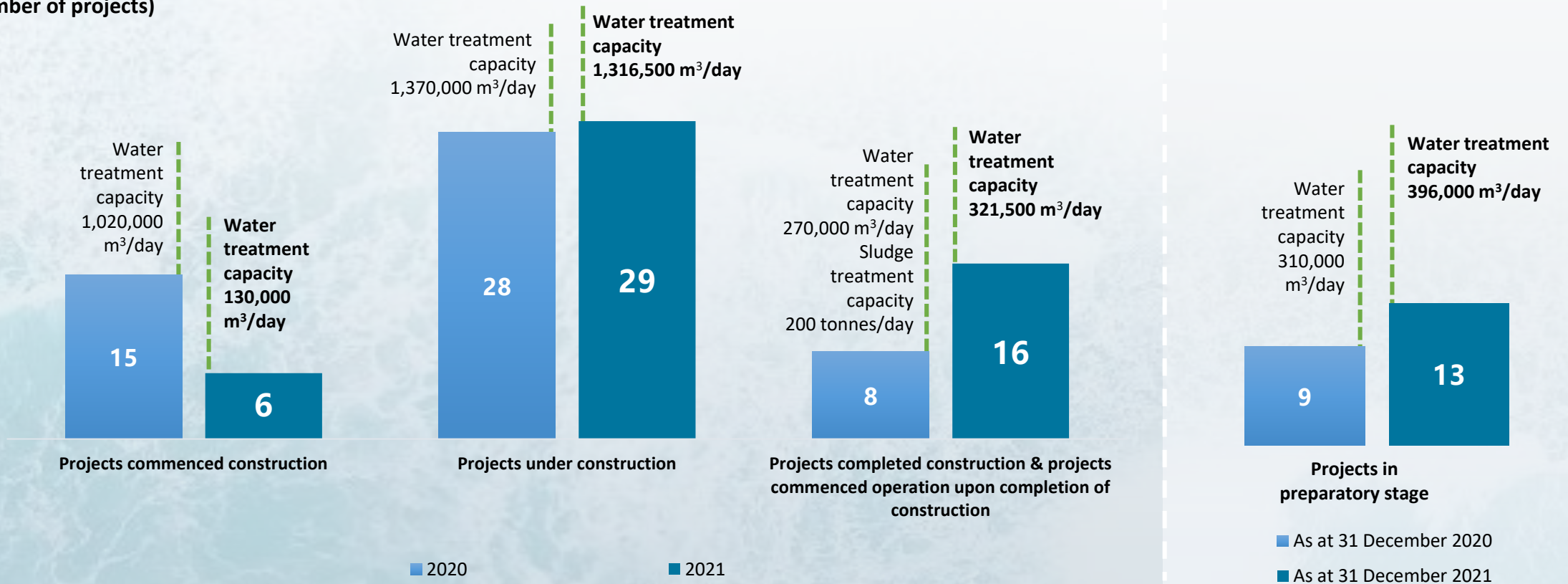
- 9 WWT projects, 1 reusable water project, 2 river-basin ecological restoration projects and 1 water supply project
- Aggregate investment approx. RMB5.051 billion
- A total designed water treatment capacity of 396,000 m³/day

* Including EPC project(s)

Operating Results — Orderly Progress of Construction Works in 2021

Construction Work Progress for the Full-Year Period

(Number of projects)



Operating Results — Stable and Innovative Operations Management in 2021

- In 2021, Everbright Water actively carried out relevant research and pilot projects relating to “Reducing Pollution and Carbon Emission” and “Boosting Synergy and Efficiency”, including:
 - Conducting research in six different areas, such as reusable water, in-plant solar energy and waste water source heat pump.
 - Launching the in-plant solar energy pilot project at its Shandong Zibo WWT Project. The solar energy facilities were successfully connected to the power grid in August 2021.
 - Participating in the first batch of pilot projects for monitoring and evaluation of greenhouse gas emission, which was organised by the Ministry of Ecology and Environment of the PRC, to carry out water sample analysis and data collection for carbon calculation.
 - Co-operating with its partners to participate in market-based electricity transactions in Jiangsu and Shandong Provinces, effectively reducing the electricity cost.
- The Group was granted various subsidies of approx. RMB71.35 million.
- A total of 9 WWT plants received approval for tariff hikes, ranging from 4% to 58%.



Operating Results — Transformation Led by Technological Innovation in 2021

In 2021, in order to improve the intelligence level of its projects, Everbright Water widely applied the operations management system to multiple WWT projects. The application of various systems, such as smart inspection system and smart dosing system, has effectively reduced workload of frontline staff, daily operational risks and project costs.

In 2021, the Group provided its in-house developed technological processes to internal and external clients, which amounted to a total contract value of over RMB100 million.

In 2021, the Group was granted 28 patents and published 28 technical papers.

Operating Results – Diversification of Financing Channels in 2021

In 2021, Everbright Water continued with its flexibility in selecting suitable financing tools to match with its business development plan and keep its finance costs within a reasonable range.

Issuance of Second Tranche of Medium Term Notes (“MTN”)

Principal amount: RMB1 billion

Maturity period: 3 years

Interest rate: 3.75%

Use of proceeds: Replenishment of working capital of Everbright Water’s subsidiaries

Credit rating: The second tranche of MTN and Everbright Water (as the issuer of the second tranche of MTN) had each been given a credit rating of “AAA” by Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.

Issuance of First Tranche of Super & Short-term Commercial Papers (“SCP”)

Principal amount: RMB800 million

Maturity period: 120 days

Interest rate: 2.4%

Use of proceeds: Replenishment of working capital of Everbright Water’s subsidiaries

Credit rating: Everbright Water (as the issuer of the first tranche of SCP) had been given a credit rating of “AAA” by Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.

Corporate Recognition – Continued Enhancement of Brand Value in 2021



One of the Top 10 Influential Enterprises in China's Water Industry (for fourth consecutive year)



Award of Excellence in Corporate Governance & Award of Excellence in Environment, Social and Governance (newly-listed companies)



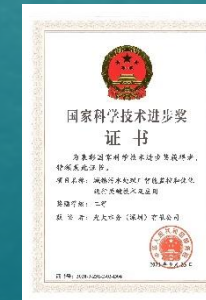
ListCo Excellence Award 2021 (for second consecutive year)



A Special Mention for ESG in the Non-Hang Seng Index (Small Market Capitalisation) Category



Jiangsu Zhenjiang Sponge City Construction Public-Private-Partnership (\"PPP\") Project was shortlisted as Top 5 in the Building Back Better Infrastructure Award of the United Nations Economic Commission for Europe and awarded an Honorary Mention



A technical and application project, in which Everbright Water (Shenzhen) Limited joined as a major participant, received the second prize of the 2020 State Scientific and Technological Progress Award

Operating Results — Business Updates since 2022

Issuance of Second Tranche SCP in January 2022

Principal amount: RMB1 billion

Maturity period: 150 days

Interest rate: 2.5%

Use of proceeds: Replenishment of working capital of Everbright Water's subsidiaries

Credit rating: Everbright Water, as the issuer of the second tranche of SCP, has been given a credit rating of "AAA" by Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.

Issuance of Third Tranche MTN in April 2022

Principal amount: RMB1 billion

Maturity period: 3 years

Interest rate: 3.10%

Use of proceeds: Replenishment of working capital of Everbright Water's subsidiaries

Credit rating: Everbright Water, as the issuer of the third tranche of MTN, has been given a credit rating of "AAA" by Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.



Business Prospects

Business Prospects – External Trends and Industry Policies

As the global sense of crisis and voices on climate change are getting stronger, promotion of green and low-carbon development has also become an important task in China’s tough battle against pollution and climate change. The Chinese government has rolled out a series of plans and guiding opinions to set out clear directions for the industry’s development and transformation.

1. Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035
2. “14th Five-Year Plan” for Urban Waste Water Treatment and Resources Utilisation Development
3. “14th Five-Year Plan” for Water Environment Management of Key River-Basins
4. Implementation Plan for Urban Waste Water and Waste Treatment in the Yellow River Basin for the “14th Five-Year Plan” Period
5. “14th Five-Year Plan” for Protection of Soil, Groundwater and Rural Ecological Environment

Business Prospects – External Trends and Industry Policies

6. Comprehensive Work Plan for Energy Conservation and Emission Reduction for the “14th Five-Year Plan” Period
7. Guiding Opinions on Establishing and Improving an Economic System Featuring Green, Low-Carbon and Circular Development by the State Council of the PRC (“State Council”)
8. Guiding Opinions on Promoting the Utilisation of Waste Water Resources by the Department of Resource Conversation and Environmental Protection of the National Development and Reform Commission of the PRC
9. Circular on Releasing the Action Plan for Peaking Carbon Dioxide Emission Before 2030 by the State Council
10. Working Opinions on Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy by CPC Central Committee and the State Council
11. Opinions on Further Promoting the Nationwide Battle to Prevent and Control Pollution by CPC Central Committee and the State Council
12. Circular for Guiding Opinions on Accelerating Construction of Urban Environmental Infrastructure by the General Office of the State Council

Business Prospects – External Trends and Industry Policies

The above-mentioned plans and guiding opinions have clarified development outlines for China's environmental protection industry during the "14th Five-Year Plan" period and by 2035, as well as relevant targets set for the industry by 2025.

Key development areas for the environmental protection industry during the periods:

- Urban WWT and resources utilisation rates
- Construction and renovation of waste water pipeline and collection systems
- Integrated river-basin restoration
- Upgrading of effluent quality for waste water treatment plants and relevant management for chemical industrial parks in the Yangtze River and Yellow River Basins
- Promotion of intelligent and green upgrading and development of intelligent water systems
- Implementation of energy-saving, green and low-carbon measures and circular economy to achieve "high-quality development", by adhering to China's strategic goals of "Peaking Carbon Dioxide Emission" and "Achieving Carbon Neutrality" ("Dual Carbons")
- Rural ecological and environmental protection
- Emphasis on systematic and comprehensive environmental management, in pursuit of "Reducing Pollution and Carbon Emission" and "Boosting Synergy and Efficiency"

Business Prospects – Industry Development Trends

Reducing Pollution and Carbon Emission, and Boosting Synergy and Efficiency for Existing Projects

For existing projects, the relevant enterprises should fully unleash resource advantages of existing assets to pursue “high-quality development”, by enhancing their operations and increasing efficiency, as well as integrating measures to reduce cost and consumption, expand income sources and enhance efficiency.

- Reducing cost: the relevant enterprises are expected to transform and upgrade from a traditional water business management model into an intelligent water-based model with accurate process control. This will help better reduce relevant cost and consumption.
- Expanding income sources: the relevant enterprises are expected to fully unleash resource advantages of existing assets and adhere to China’s “Dual Carbons” policy, to expand income sources (such as solar energy, reusable water, waste water source heat pump, sludge disposal, etc.) and boost synergy and efficiency.
 - Everbright Water has been exploring models to expand income sources and enhance efficiency in the areas of in-plant solar energy, waste water source heat pump and reusable water at its water projects in the Beitang area of Tianjin Municipality.
 - The Company has also launched pilot programmes about solar energy and synergetic treatment of sludge at its water project in Zibo, Shandong Province.

Business Prospects – Industry Development Trends

Solidification, Transformation and Advancement for New Opportunities

For existing markets, with the traditional water industry becoming increasingly saturated, the competition is becoming more intense. The relevant enterprises have seen increasing demand to pursue transformation and advancement while solidifying their traditional businesses.

- In terms of solidifying the traditional business areas, the relevant enterprises are expected to further expand their industrial chains by exploring on areas such as water plant and pipeline integration, resources utilisation, river-basin ecological restoration and others, while developing their unique advantages in various segments of the traditional water business areas.
 - Everbright Water has made a good attempt in the water plant and pipeline integration management at its Suzhou Wuzhong Chengnan WWT Project in Jiangsu Province.
- In terms of gradually pursuing innovation-driven transformation and advancement, the relevant enterprises are expected to seize the country's "Dual Carbons" policy, boost effort in technological research and development ("R&D"), and coordinate independent R&D, collaborative R&D and technology introduction. Such enterprises should focus on tackling current technical difficulties of the environmental protection industry, providing reliable technical security for their business transformation and "high-quality development" of their existing projects.

Business Prospects – Deployment of Strategic Development

Outlook for existing projects: Everbright Water will adhere to the operational philosophy of “Stability, Progress, Excellence and Innovation” to comprehensively promote “Reducing Pollution and Carbon Emission” and “Boosting Synergy and Efficiency” in pursuit of “high-quality development”.



Business Prospects – Deployment of Strategic Development

Future prospects: Adhering to the five concepts in development, namely green development, coordination, innovation, openness and sharing, Everbright Water will pursue strategic transformation and advancement, as well as sustainable and healthy development, by placing itself in a new development stage, adhering to new development philosophies, building a new development layout, and establishing innovation capabilities from various perspectives.

To enhance efficiency and accelerate development by fostering internal synergy and coordination.

To pursue strategic transformation by promoting market-led, technology-backed, application-oriented innovation from various perspectives such as business, process, engineering and technology.

To seek development by introducing new technologies, exploring new areas and broadening horizons, with open-mindedness.

To reduce pollution and carbon emission, as well as promote green development, by adhering to its business nature and China's "Dual Carbons" strategies.



To grow stronger by seeking mutual benefits through developing open ecospheres and seeking extensive cooperation.



Q&A Session



AGM Resolutions

AGM Resolutions


- **Resolution 1:** To receive and consider the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2021 and the Auditors' Report thereon.
- **Resolution 2:** To declare and pay a final one-tier tax exempt dividend of 6.83 Hong Kong cents (equivalent to 1.19 Singapore cents) per ordinary share for the financial year ended 31 December 2021 as recommended by the board of directors (the "Directors") of the Company.
- **Resolution 3:** To approve the payment of Directors' fees of S\$340,000 for the financial year ended 31 December 2021. (2020: S\$340,000)

AGM Resolutions

- **Resolution 4:** To re-elect the following Directors retiring pursuant to Bye-law 85(6) or Bye-law 86(1) (as the case may be) of the Company's Bye-laws, and who, being eligible, will offer themselves for re-election as the Directors.
 - Resolution 4a:** Mr. Hu Yanguo;
 - Resolution 4b:** Mr. Tao Junjie; and
 - Resolution 4c:** Mr. Luo Junling.
- **Resolution 5:** To re-appoint Ernst & Young LLP as Auditor of the Company, to hold office until the conclusion of the next Annual General Meeting and to authorize the Directors to fix their remuneration.

AGM Resolutions

- **Resolution 6:** Authority to allot and issue shares.
- **Resolution 7:** Authority to allot and issue shares under the China Everbright Water Limited Scrip Dividend Scheme.
- **Resolution 8:** Renewal of the share buy-back mandate.
- **Resolution 9:** Renewal of the interested person transaction mandate.



**Reducing
Carbon Footprint
to Embark
A New Chapter**