



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

2019 Annual Results Presentation

February 2020

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



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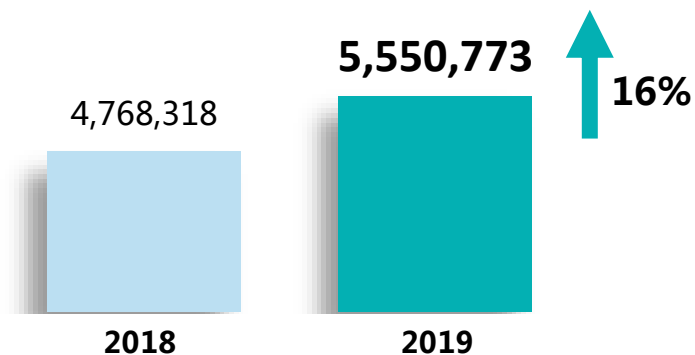
Business Results

Business Results

– Steady Growth of Financial Performance

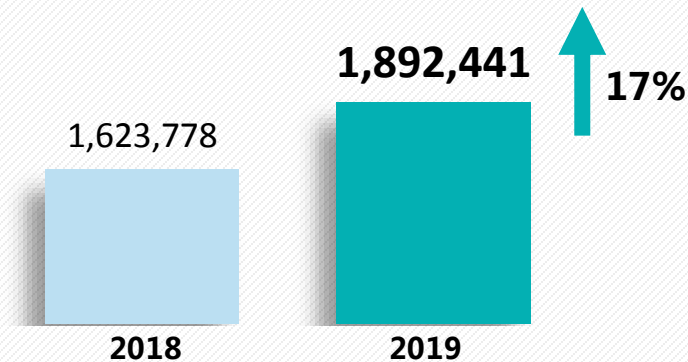
Revenue

HKD'000



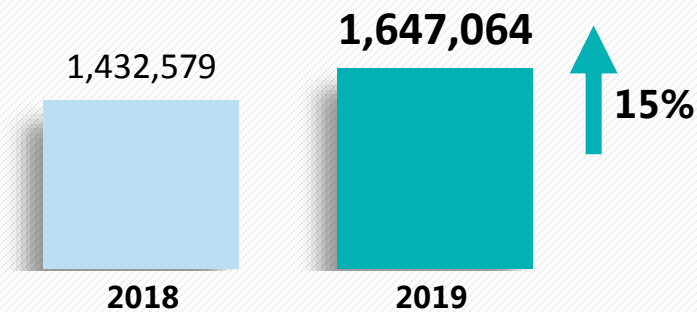
Gross Profit

HKD'000



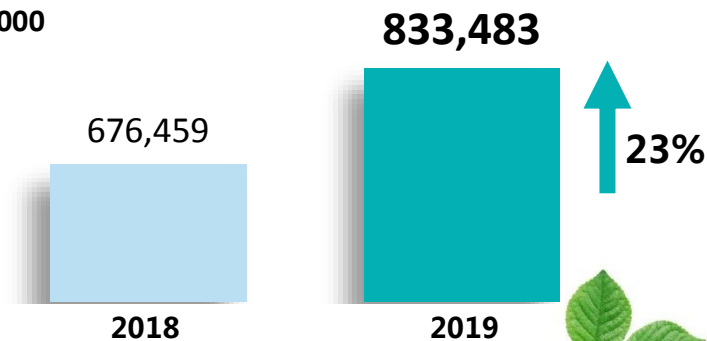
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)

HKD'000



Profit Attributable to Equity Holders of the Company

HKD'000



Business Results

– “Three” Records for Market Expansion

- Secured 18 new projects and signed 1 supplementary agreement for existing project, commanding a total investment of approximately RMB4.743 billion.
- Undertook 2 engineering, procurement and construction (“EPC”) projects and 1 operation and management (“O&M”) project, with a total contract value of approximately RMB146 million.
- The new projects contributed to the increases in daily waste water treatment (“WWT”) and reusable water supply capacity of 740,000 m³, and daily water supply capacity of 600,000 m³.

New Geographical Area

Securing Zhejiang Tongxiang West Area Drinking Water Sources Protection Public-Private Partnership (“PPP”) Project (“Zhejiang Tongxiang Project”) marks the Company’s expansion to Zhejiang Province.

New Business Area

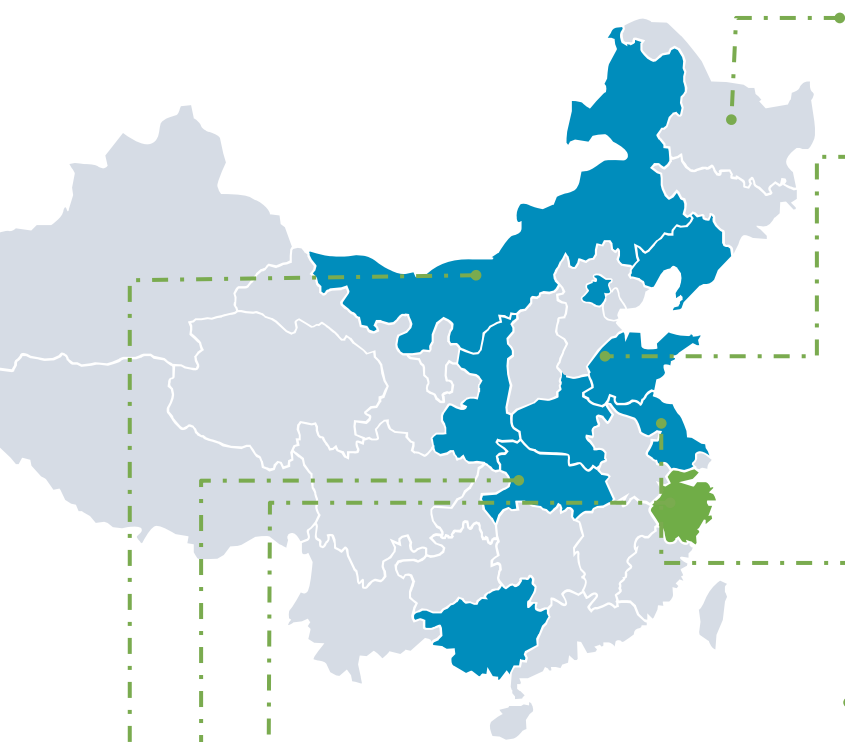
Securing Zhejiang Tongxiang Project marks the Company’s first project in the area of raw water protection and supply, further expanding the Company’s business coverage.

New Business Model

Securing Shandong Zibo Zhangdian East Chemical Industrial Park Industrial WWT Project marks the Company’s first adoption of market-oriented operation model for the industrial park WWT business.

Business Results

– Overview of New Projects in 2019



Liaoning Province

1. Dalian Zhuanghe WWT Project Phase II
2. Dalian Pulandian Reusable Water Project

Shandong Province

1. Ji'nan East Station Area Underground WWT Project
 2. Zibo Zhangdian East Chemical Industrial Park Industrial WWT Project Phase I
 3. Zibo Northern WWT Plant Expansion Project
 4. Ju County Urban WWT Project
 5. Ju County Chengbei WWT Plant Expansion Project Phase I
 6. Ji'nan Tangye New Area WWT PPP Project
 7. Dezhou Lingcheng Waste Water Pipeline ("WWP") Network PPP Project Expansion
- Ji'nan Licheng WWT Project (Plant 3) Sludge Treatment Project (supplementary agreement)
 - Weihai Wendeng Chemical Industrial Park WWT Plant and Ancillary Pipeline Network Project (EPC project)

Jiangsu Province

1. Nanjing Pukou Industrial WWT Project Phase II
 2. Jiangyin Lin'gang Economic Development Zone Xili Center WWT Plant and Ancillary Pipeline Network and Pumping Stations Project
 3. Haimen WWT Project and Upgrading
 4. Yancheng Flood Control Area III Water Environment Treatment PPP Project
 5. Huai'an Huaiyin Eastern District WWT Project
 6. Jiangyin Chengxi WWT Plant Reusable Water Project
 7. Nanjing Pukou Industrial WWT Project Phase II Reusable Water Project
- Zhenjiang Zhengrunzhou WWT Plant O&M Project (O&M project)

Zhejiang Province

(new provincial market)

1. Tongxiang West Area Drinking Water Sources Protection PPP Project

Hubei Province

- Zhongxiang Shuanghe Jiangbei Industrial Park WWT Project (EPC project)

Inner Mongolia

1. Tongliao Development Zone WWT Project Upgrading and Expansion

Note: Areas highlighted in blue and green are provinces, autonomous regions and municipalities where the Company operates business.

Business Results

– Steady Growth of Business Scale

Business footprint spans across 10 provinces, autonomous regions and municipalities

Projects located across 10 provinces, autonomous regions and municipalities, including Beijing, Jiangsu, Zhejiang, Shandong, Shaanxi, Henan, Hubei, Guangxi Zhuang Autonomous Region, Liaoning and Inner Mongolia Autonomous Region, covering 50 locations.

Total project investment of approximately RMB23.5 billion

Total contract value of O&M/EPC projects of approximately RMB146 million



Total daily water treatment capacity of approximately 6,200,000 m³

Invested and held 129 water projects, and undertook 3 EPC/O&M projects

108 WWT projects (including WWP 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

2 EPC projects

1 O&M project

Business Results

– Dual Primary Listing in Singapore and Hong Kong



On 8 May 2019, Everbright Water became listed on the Main Board of The Stock Exchange of Hong Kong Limited, achieving dual primary listing status in Singapore and Hong Kong. Such listing status will help the Company to attract different investors, broaden its shareholders base, and contribute to its business development.

- The Company issued 103,970,000 ordinary shares under the global offering.
- The net proceeds from the global offering (after deducting listing-related fees and expenses) amounted to approximately HKD248.61 million.



Use of Net Proceeds from Global Offering

(HKD'000)		Amount Allocated	Amount Utilised
1	Expanding the Group's market share in China's water industry and diversifying the Group's project portfolio and creating synergies	211,321	211,321
2	Enhancing the Group's core technologies through innovation research and development initiatives and acquisitions of advanced technologies	24,861	24,861
3	Working capital and other general corporate purposes	12,431	12,431
Total		248,613	248,613

Business Results

– Smooth Progress in Construction Works

18 projects commenced construction

- 11 WWT projects, 1 WWP project, 1 leachate treatment project, 2 reusable water projects, 1 sludge treatment and disposal project, and 2 EPC projects.
- A total investment of approximately RMB3 billion, and contract value of approximately RMB146 million for EPC projects.
- A total water treatment capacity of approximately 430,000 m³/day (including EPC projects), and a sludge treatment capacity of 200 tonnes/day.

18 projects completed construction and commenced operation

- 10 WWT projects, 3 WWP projects, 1 leachate treatment project, 1 reusable water project, 2 water supply projects, and 1 sludge treatment and disposal project.
- A total investment of approximately RMB2.7 billion.
- A total water treatment capacity of approximately 630,000 m³/day, and a sludge treatment capacity of 50 tonnes/day.

31 projects under construction

- 17 WWT projects, 3 WWP projects, 1 leachate treatment project, 2 river-basin ecological restoration projects, 2 reusable water projects, 2 water supply projects, 2 sludge treatment and disposal projects, and 2 EPC projects.
- A total investment of approximately RMB7 billion, and contract value of approximately RMB146 million for EPC projects.
- A total water treatment capacity of approximately 790,000 m³/day (including EPC projects), and a total sludge treatment capacity of 250 tonnes/day.

16 projects in preparatory stage

(as at 31 December 2019)

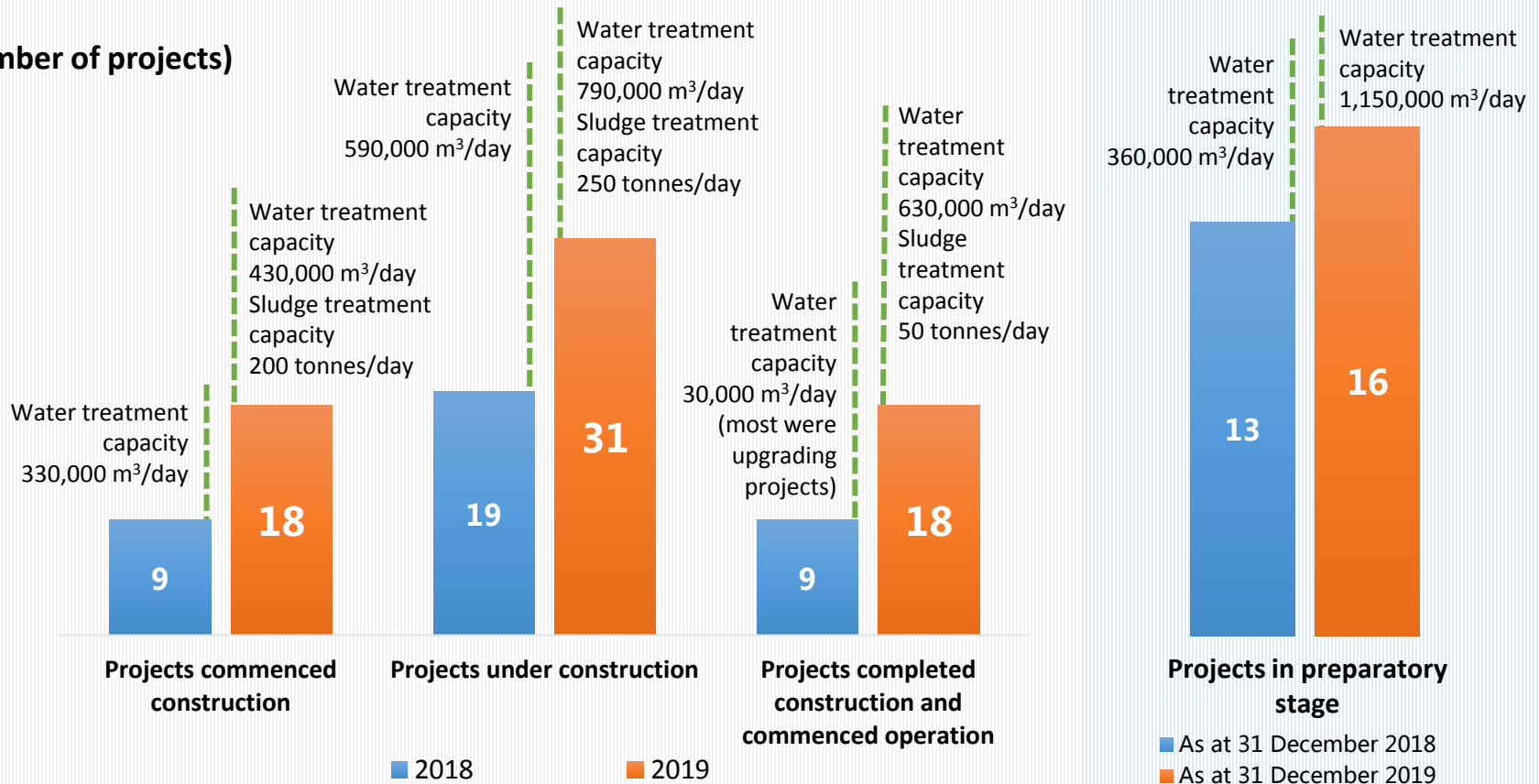
- 9 WWT projects, 3 river-basin ecological restoration projects, 2 reusable water projects, 1 raw water projection project, and 1 water supply project.
- A total investment of approximately RMB5.7 billion.
- A total water treatment capacity of 1,150,000 m³/day.

Business Results

– Smooth Progress in Construction Works

Construction Work Progress for the Full Year

(Number of projects)



Business Results

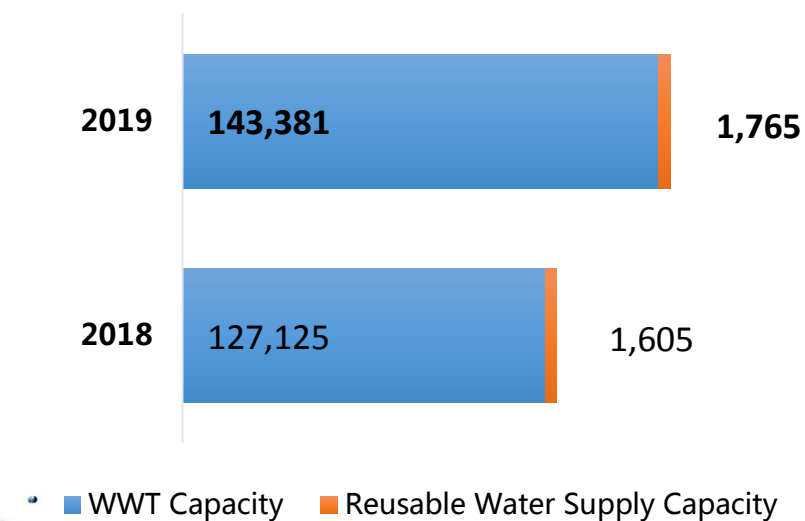
– Stable and Excellent Operations Management

In 2019, Everbright Water's projects treated approximately 1.4 billion m³ of waste water, and supplied 17.65 million m³ of reusable water, representing an increase of 13% and 10% respectively, compared with 2018.

The Company's trade receivables recovery rate increased in 2019.

WWT/Reusable Water Supply Capacity for the Full Year

(10,000 m³)



Trade Receivables Recovery Rate for the Full Year



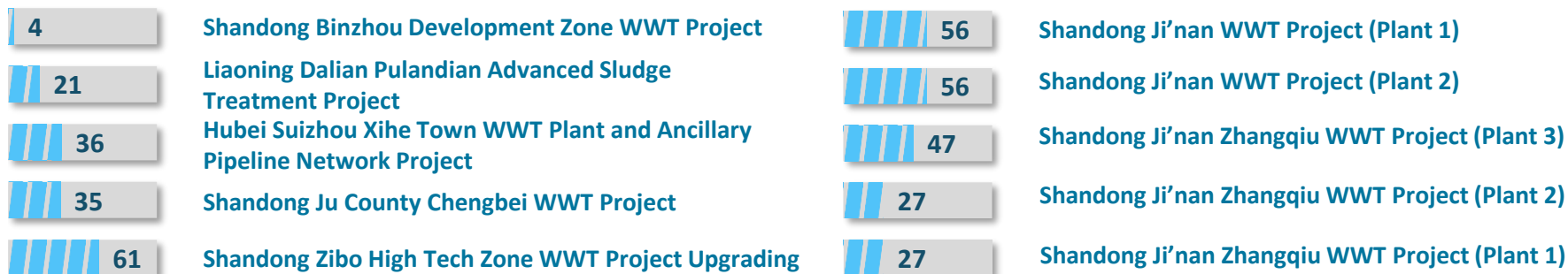
*Trade receivables recovery rate =
$$\frac{\text{Total tariff in cash received for the full year}}{\text{Aggregate domestic tariff income for the full year}} \times 100\%$$

Business Results

– Strong and Reliable Operations Management

- The Company continuously maintained stable daily operation of projects and strict compliance with relevant standards, as well as optimising and adjusting its operational process, to develop a more robust long-term environmental management mechanism.
- It continued improving and enhancing the Environmental, Safety, Health and Social Responsibility (ESHS) Management System and Risk Management System, while continuing the application of the “Intelligent Water” management system.
- In 2019, the Company was granted various subsidies of approximately RMB65.27 million in total.
- A total of 10 WWT plants received approval for tariff hikes, ranging from 4% to 61%.

Tariff Hikes (%)



Business Results

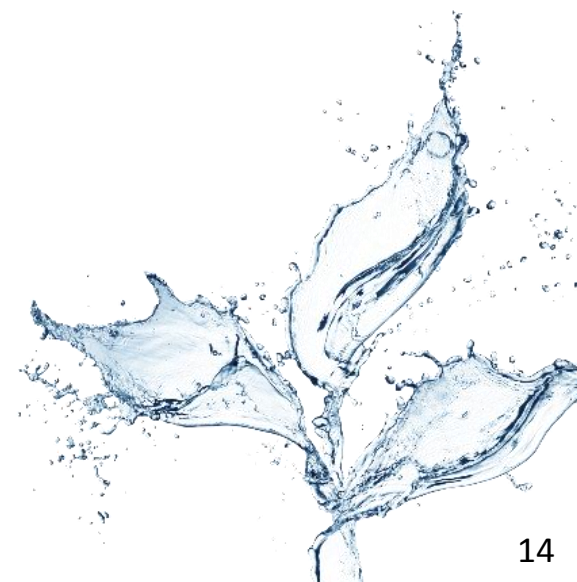
– Technological Innovation Drives Development

The Company focused on technological research and development and acquisition of technologies, in the areas such as advanced WWT, water environment management and sludge treatment and disposal, with the aim of developing technologies and products to meet the market demands.

The Company proactively applied its research results and its in-house technologies and products to its projects, to safeguard stable operation and compliance with relevant discharge standards.

The Company boosted its efforts in upgrading its qualifications and continued industrial-academic collaborations at home and abroad.

In 2019, the Company was granted 25 patents (11 invention patents inclusive) and published 27 scientific papers.

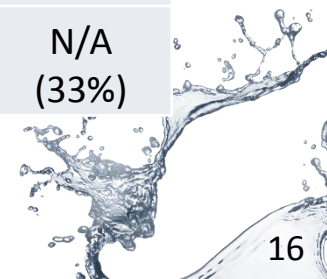




Financial Review

(HKD'000)	Full year ended 31 December		Change
	2019	2018	
Revenue	5,550,773	4,768,318	16%
Gross Profit	1,892,441	1,623,778	17%
Gross Profit Margin (%)	34	34	0ppt*
EBITDA	1,647,064	1,432,579	15%
Profit Attributable to Equity Holders of the Company	833,483	676,459	23%
Basic Earnings per Share (HK cents)	30.07	25.58	18%
Final Dividend per Share (HK cents) (equivalent in Singapore cents)	3.74 (0.67)	N/A (0.50)	N/A (34%)
Total Dividend per Share (HK cents) (equivalent in Singapore cents)	7.48 (1.32)	N/A (0.99)	N/A (33%)

*ppt: percentage point



(HKD'000)	As at 31/12/2019	As at 31/12/2018	As at 31/12/2017	As at 31/12/2016
Total Assets	22,683,031	19,584,389	18,047,919	14,081,232
Total Liabilities	13,134,279	10,920,692	9,506,114	6,889,530
Equity Attributable to Equity Holders of the Company	8,810,069	7,983,190	7,857,183	6,798,187
Gearing Ratio (%) (total liabilities/total assets)	57.9	55.8	52.7	48.9
Return on Shareholders' Equity (%)	9.9	8.5	7.0	5.0
Dividend Payout Ratio (%)	25	23	15	15

- The Company has quality assets and access to diversified financing channels, with reasonable gearing ratio and healthy financial position.
- The continuous increase in the yearly return on shareholders' equity reflects the Company's dedication to creating long-term returns for its shareholders.
- The gradual increase in dividend payout ratio demonstrates the Company's adherence to its philosophy of "sharing the operating results with its shareholders".



(HKD'000)	As at 31/12/2019	As at 31/12/2018	Change
Short-term Borrowings	2,010,556	2,160,400	(7%)
Long-term Borrowings	7,069,140	5,440,376	30%
Total Borrowings [#]	9,079,696	7,600,776	19%
Current Ratio (%)	108	116	(8ppt*)
Unutilised Banking Facilities	4,134,030	3,982,818	4%
Bank Deposit Balance and Cash	2,074,803	1,728,573	20%
Cash/Banking Facilities Available [#]	6,208,833	5,711,391	9%

- As at 31 December 2019, the Company's bank deposit balance and cash was abundant, with the unutilised banking facilities of approximately HKD4.13 billion. These provide solid capital support for the Company's future development.
- As at 31 December 2019, total borrowings of the Company were approximately HKD9.08 billion, with long-term borrowings accounting for 78% of the total, demonstrating a healthy liquidity ratio.
- In January 2019, the Company successfully issued the third tranche of its RMB-denominated bonds, with an aggregate principal amount of RMB700 million, a coupon rate of 3.89% and subscription rate of 2.2 times.

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

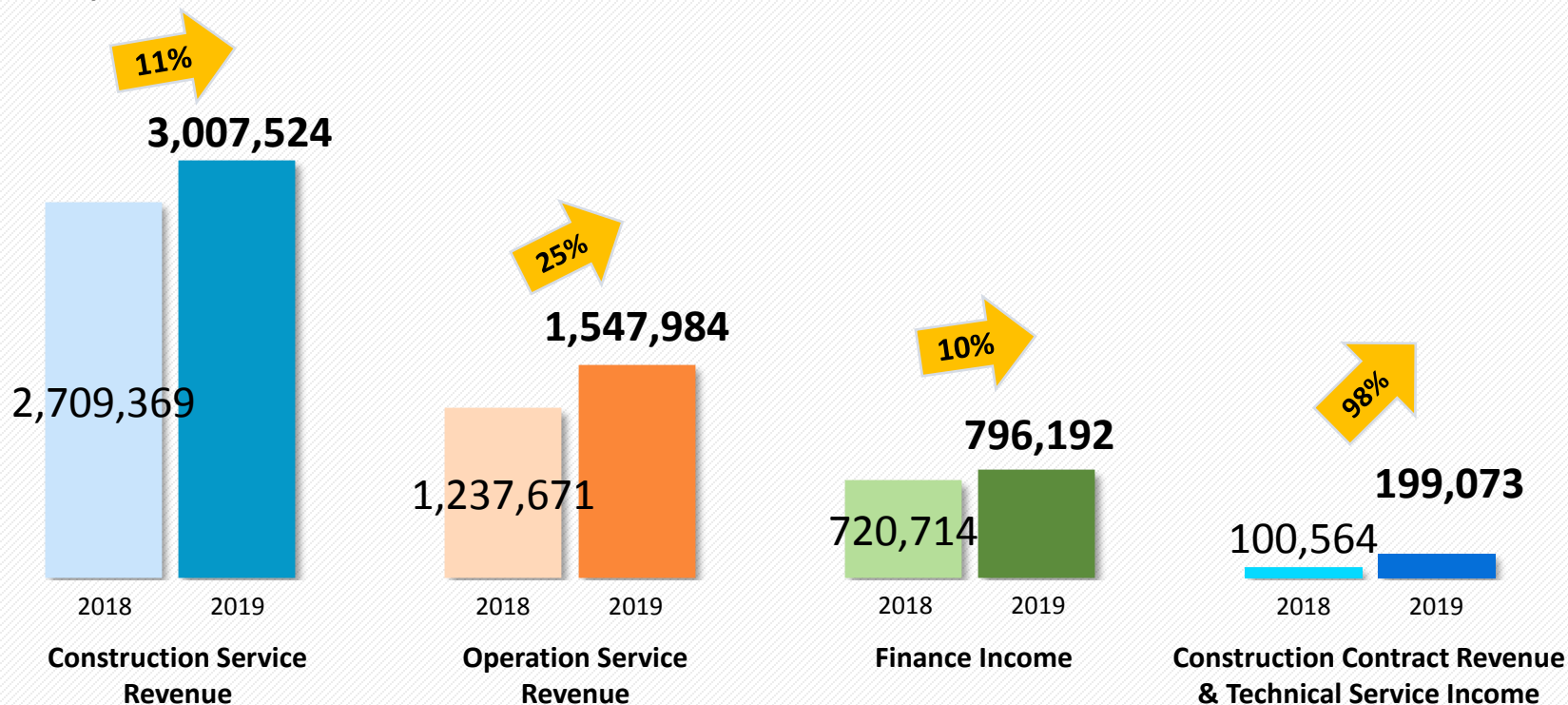
Cash/banking facilities available = unutilised banking facilities + bank deposit balance and cash

*ppt: percentage point



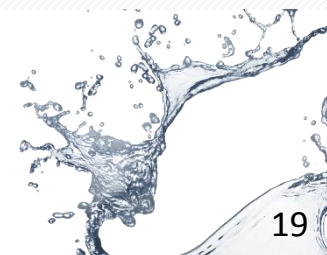
Revenue Analysis by Categories for the Full Year

(HKD'000)

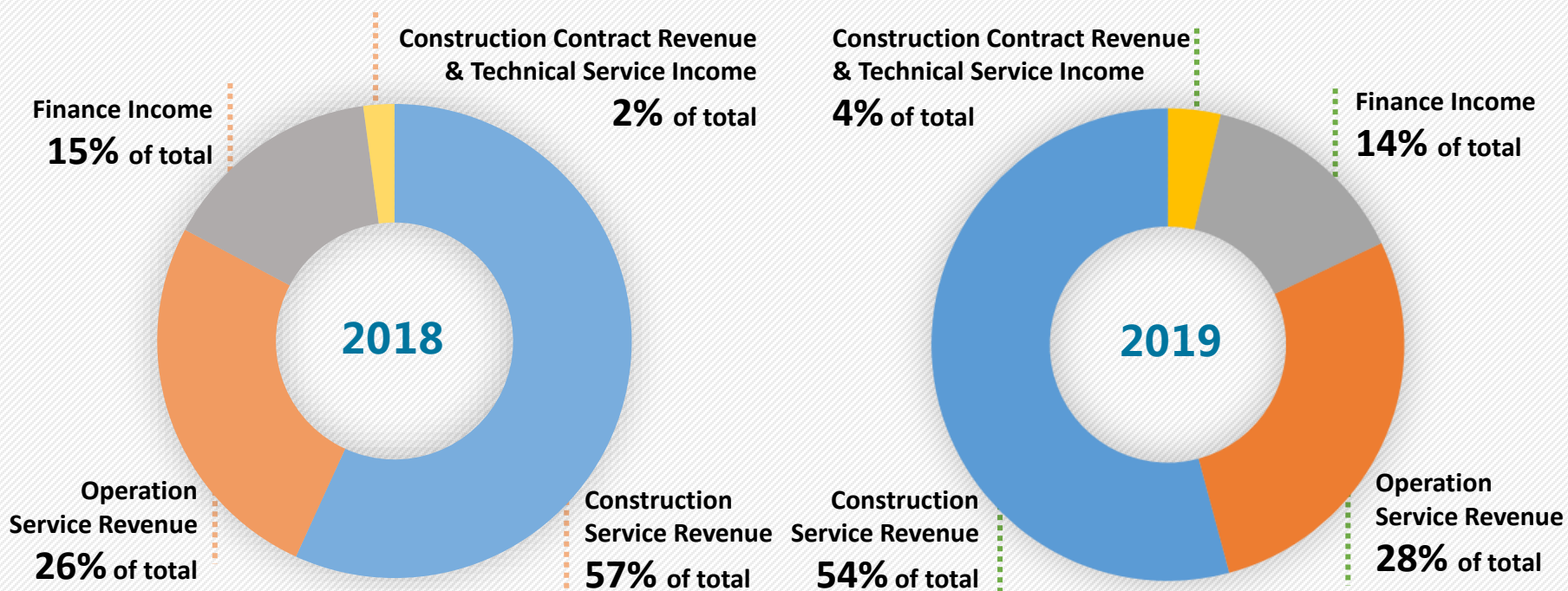


Total revenue in 2019: HKD5,550,773,000 (increased by 16%)

Total revenue in 2018: HKD4,768,318,000



Proportion of Revenue in Each Category for the Full Year



The proportion of operation service revenue against total revenue increased from 26% in 2018 to 28% in 2019. Following the completion of construction and commencement of operation for various projects, which are in preparatory stage or under construction, it is expected that the amount of operation service revenue will further increase.





Subsequent Event

Subsequent Event

– Secured a New Project

Jiangsu Suzhou Wuzhong Chengnan Waste Water Treatment Plant Effluent Upgrading Project

- The project commands an investment of approximately RMB109 million.
- The concession period will expire concurrently with Suzhou Wuzhong Chengnan WWT Plant, which has a total designed WWT capacity of 150,000 m³/day.
- Following the upgrading work, the discharged water will comply with the Discharge Standard of Main Water Pollutants for Municipal Wastewater Treatment Plants and Key Industries of the Taihu Area (DB32/1072-2018) and the “Suzhou Special Discharge Limits”.



Suzhou Wuzhong Chengnan WWT Plant



Business Prospects

Business Prospects

– Response to COVID-19

Before the Lunar New Year 2020, the novel coronavirus (“COVID-19”) spread widely in China. Facing the grim situation of COVID-19 outbreak, the Group:

- has, in a timely manner, put in place numerous precautionary measures and procured essential protective supplies to ensure the health and safety of all its employees in different regions; and it has proactively taken steps in ensuring the stable operations and compliant discharge of all projects, and preventing the secondary transmission of the virus through wastes such as waste water;
- coordinates with different parties and takes swift actions. It actively applies for permission to resume constructions of its construction projects, stores up sufficient operational materials and protective gears for its operating projects, and implements various flexible working arrangements according to the nature and duties of each job position, using its best endeavors to mitigate the adverse impact of the COVID-19 outbreak on the Group;
- and will continue closely monitoring the development of COVID-19 situation and ensure the safety of employees and stable operations of projects; it will also adjust its measures and plans for epidemic prevention and control, project operations and business development accordingly, as and when appropriate; in addition, it will make timely disclosure on any important matters. The Group will also actively carry out capacity building and training programs during the epidemic to be fully prepared for business development after the epidemic.

Business Prospects

– Industry Trends

- The environmental protection enterprises have entered into a crucial stage – a stage that they must strive to provide high-quality ecological services and products to meet the growing demand for a better living environment, and a stage that they must have the capabilities and resources to solve major ecological and environmental problems. In addition, the environmental protection enterprises have entered into a transition period with increasing pressures from receding capital flows and stricter supervision. In view thereof, the environmental protection enterprises must ride through the challenges, keep moving forward, explore directions and seize opportunities, so as to stand out in a crowd and embark a new round of development.
- Due to the economic pressure, policy changes and other factors, the water industry will experience fierce competition. On the other hand, business areas, such as industrial WWT for industrial parks, sludge treatment and disposal, water plant and pipeline integration, and the “mixed-ownership reform” of local state-owned water enterprises, are expected to continue unleashing the industry’s potential for growth.



Business Prospects

– Development Strategies



The water business platform of
China Everbright Group Ltd., a large financial holdings group.

A subsidiary of
China Everbright International Limited,
a leading player in
China's ecological and environmental protection sector.

A listed company
with dual listing status in Singapore and Hong Kong.

Capital-driven Integration
and
Innovation-driven Development

Aiming to become a comprehensive
water enterprise with unique
advantages

Business Prospects

– Development Strategies



Dual Drivers

Investment

- Diversified, smooth and efficient channels for investment and financing.
- Healthy financial indicators and comparatively low financing cost.
- Good and healthy relationship with the government authorities.
- An efficient and professional business development team.

Operation

- A team with core members having an average of more than 10 years' experience in operations management.
- A comprehensive operations management system, with front-line staff accounting for more than 90% of the Company's total employees.
- Good quality projects with safe and stable operation.



Parallel Strategies

Full-industry Chain

- The Company will continue improving its strategic planning on the development of a full-industry chain, which covers planning, design, investment, operation, construction, engineering, management, technology, etc.

Full-fledged Business

- The Company will continue strengthening its full-fledged business relating to water industry, such as raw water protection, water supply, WWT, reusable water, river-basin ecological restoration, etc.



Thank You!

