

FY2024 Annual Results Presentation

February 2025
China Everbright Water Limited

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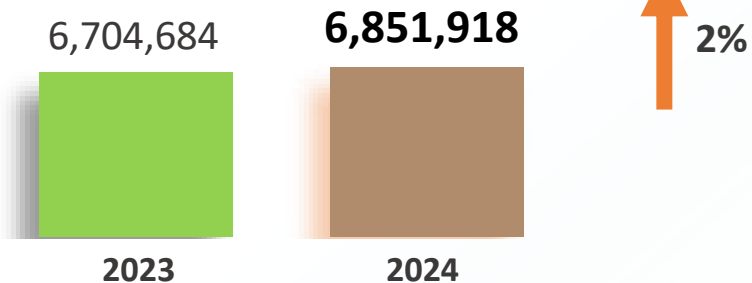
01 Operating Results



Resilient Operating Performance

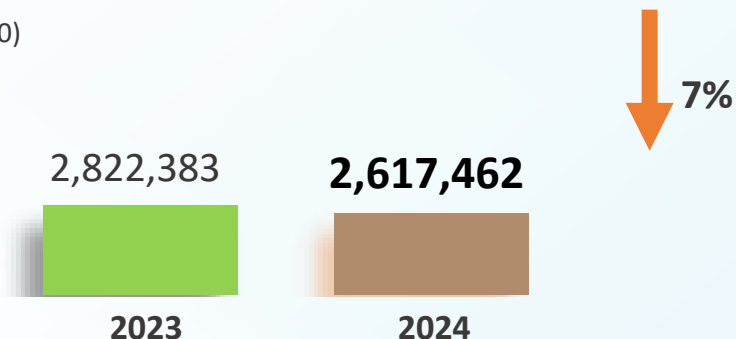
Revenue

(HK\$'000)



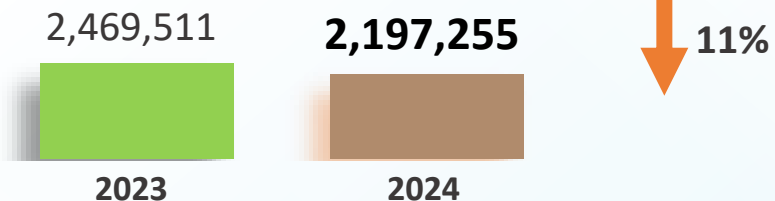
Gross Profit

(HK\$'000)



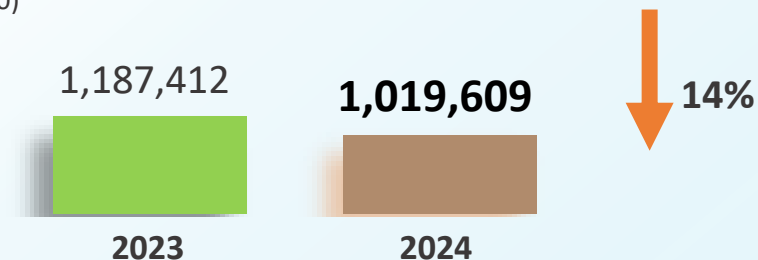
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)

(HK\$'000)



Profit Attributable to Equity Holders of the Company

(HK\$'000)



Positive Momentum in Market Expansion

In 2024, Everbright Water adopted strategies that focused on strengthening its existing business areas and exploring new business fields while balancing both asset-light and asset-heavy businesses to foster synergistic growth.

Market in mainland China:

In terms of project investment, the Group reinforced its traditional business strength through investments and implementation of several municipal waste water treatment (“WWT”) projects, including Anyang Municipal WWT Centre Phase I Project in Henan Province.

In terms of asset-light business, the Group further improved synergistic development of both asset-light and asset-heavy businesses by achieving deeper integration of its technical service entities. Additionally, the Group secured Jiangsu Jiangyin Lingang Industrial WWT Plant and Ancillary Pipeline Network Phase I EPCO (Engineering Design-Procurement-Construction-Operation) Project, as well as Zhengzhou Airport Economy Zone WWT (Plant 4) Construction, Operation and Management (“O&M”) Project in Henan Province, expanding its business scope to include comprehensive industrial park WWT services.

Markets outside mainland China:

The Group strengthened its business expansion team for markets outside mainland China and optimised the relevant systems, with a particular focus on identifying expansion opportunities in regions such as Southeast and Central Asia.

The Group secured several asset-light projects, including a water supply equipment service project in Bengkulu, Indonesia, and a technological process service for a petrochemical WWT project in Egypt.

A Memorandum of Understanding was signed to explore opportunities for cooperation in the industrial estate of Siak Regency, Riau Province, Indonesia. The signing was supported by a delegation of relevant business representatives, with the aim of fostering business exchanges and collaboration in the water sector.



Newly-added WWT
Capacity
192,000 m³/day



New Investment
approx.
RMB896 million



New Contract Value
approx.
RMB1.033 billion

Business Footprint

The Group had a business presence in over 60 districts, counties and cities across **13 provinces, municipalities and autonomous regions** in China, in addition to **1 overseas market**.



Total Project Investment

approx.
RMB31.675 billion



Total Number of Investment Projects

The Group invested in and held **171 projects** and undertook various asset-light businesses, including 12 O&M services.



Total Designed Water Treatment and Supply Capacity*

exceeding
7.60 million m³ /day



[#] As at 31 December 2024

* Including treatment capacities of O&M and EPCO projects

In 2024, Everbright Water leveraged digitalisation, innovative models, the “Five Innovations” initiative*, and other key initiatives to enhance project operations management, diversify income streams, and improve efficiency, further exploring an operational service model that integrates operation, technology and data.

Cost control and efficiency enhancement

Some of the Group’s projects implemented energy management contracting, making technological energy-saving improvements to reduce costs and increase efficiency.

Some projects of the Group recycled residual oxygen to generate additional profit.

The Group further refined evaluation criteria for star-rated factories, continuously improving the quality and efficiency of intelligent water plant construction.

Based on industry exchanges and in-depth learning, the Group explored the development of a “dark factory” technical framework and an implementation roadmap that meets the Group’s needs.

Increase of revenue sources and efficiency enhancement

The Group further solidified the “Solar Power +” model that integrates new energy with environmental protection business scenarios. As at 31 December 2024, 7 projects of the Group had seen their solar power facilities commence operation, with a total installed capacity of approx. 14 MWp, generating over 13 million kWh of green electricity per annum.

Guangdong Nanxiong Livestock and Poultry Manure Resource Utilisation Project, as the Group’s first demonstration project in the area of “rural non-point source pollution management + comprehensive resource utilisation”, was completed and put into operation in 2024, laying a solid foundation for the Group to create new business growth.

Water treatment/supply volume[#]

The volume of waste water treated was approx. 1.763 billion m³, an increase of approx. 1% as compared with 2023.

The volume of reusable water supplied was approx. 48.50 million m³, an increase of approx. 6.5% as compared with 2023.

Tariff hikes/subsidies[#]

Five WWT plants of the Group received regulatory approval for tariff hike, ranging from 6% to 87%.

Subsidies of approx. RMB41 million in total were granted to the Group.

* The “Five Innovations” initiative refers to small inventions, small transformations, small innovations, small designs, and small suggestions

[#] In 2024

In 2024, Everbright Water focused on comprehensive management of projects under construction and in the planning stage, ensuring the orderly progress of all construction activities.



The Group closely monitored the construction of key projects to maximise investment returns.

It prioritised key projects, coordinating various resources, and reasonably advancing the construction of the projects.

It also improved procurement efficiency by optimising equipment selection and centralised purchasing. Construction costs have been effectively reduced through streamlined construction plans and enhanced on-site management.



The Group intensified the “Triple Three” safety and environmental management approach* to enforce accountability for safety and environmental management.

Nearly 60 project general managers and chief commanders of projects under construction passed the annual safety and environmental management qualification exam on the first attempt, further reinforcing their accountability for ensuring safe production.

The Group achieved the “three zeros” goal – zero incident in safety, environment, and occupational health – across all construction projects for the third consecutive year.

* The “Triple Three” safety and environmental management approach consists of three “Knows”, three “Understands” and three “Efforts”. Among them, the three “Knows” refer to knowing individual responsibilities, corporate risks, and channels and measures related to safety and environmental management; the three “Understands” involve understanding harmfulness of relevant accidents and incidents, the dynamic nature of such risks, and the exemplary role of safety and environmental management; and the three “Efforts” focus on enhancing the recognition and participation of safety and environmental management practices, improving intrinsic safety and environmental management level, and bolstering response capabilities in relevant emergency situations.

In 2024, Everbright Water focused on technology empowerment, driving technology research and innovation to address market pain points and challenges, while strengthening the application and commercialisation of technological innovation achievements.

Empowerment for development

Focusing on operational and technical improvements, the Group made progress in areas such as aerator cleaning in WWT projects, insitu sludge reduction technology, and sulfur-based autotrophic biological denitrification plants pilot testing and research, further promoting cost reduction and efficiency enhancement in project operations.

To support industrial WWT advancements, one research and development base was established in Nanjing, Jiangsu Province, and another in Zibo, Shandong Province. These facilities provide experimental support for business development and scientific research.

Technological processes

Through follow-up services and systematic analysis of technical issues, the Group actively refined and improved the quality of its self-developed technological processes. In 2024, it delivered a range of technological processes to both internal and external clients, with a total contract value of approx. RMB124 million.

Patents

The Group was newly granted 48 patents (including 8 invention patents) and published 2 key research papers.

Issuance of 2024 First Tranche Medium Term Notes (“MTN”)

Principal amount	RMB1.5 billion
Maturity period	5 years*
Interest rate	2.80%
Subscription rate	3.07 times
Use of proceeds	To replenish the working capital of the Company’s subsidiaries and repay the interest-bearing debts of the Group
Credit rating	The 2024 first tranche MTN and Everbright Water (as the issuer) had each been given a credit rating of “AAA”

Issuance of Asset-Backed Securities (“ABS”)

Principal amount	RMB2 billion <ul style="list-style-type: none">• Preference ABS: RMB1.9 billion• Subordinate ABS: RMB100 million
Maturity period	The preference ABS is classified into 7 classes, with maturity periods ranging from approx. 1 to 9 years
Composite interest rate	2.67% (Preference ABS)
Subscription rate	3.04 times
Use of proceeds	To repay the loans borrowed by the Group (in line with its financial management approach of replacing high-interest loans with low-interest ones) and replenish the Group’s working capital
Credit rating	The preference ABS had been given a credit rating of “AAAsf”

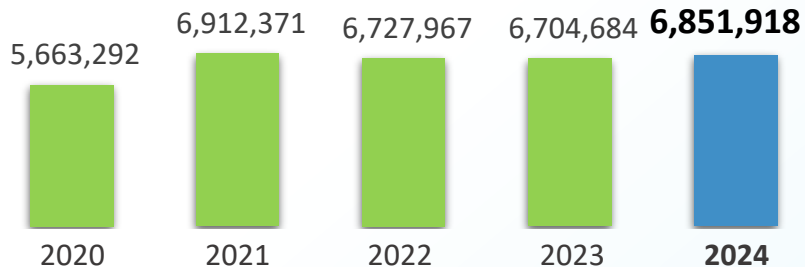
* With an interest rate adjustment option to be exercised by the Company and a resale option to be exercised by the noteholders at the end of the third interest-bearing year

02 Financial Review



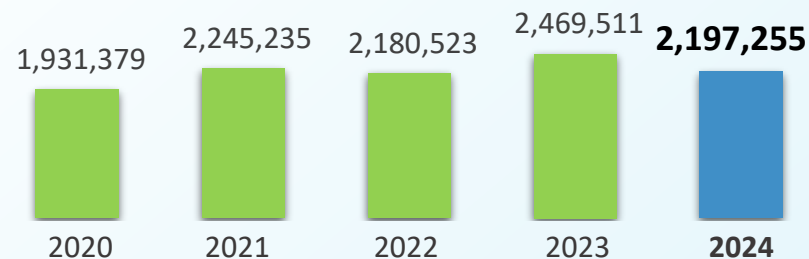
Revenue

(HK\$'000)



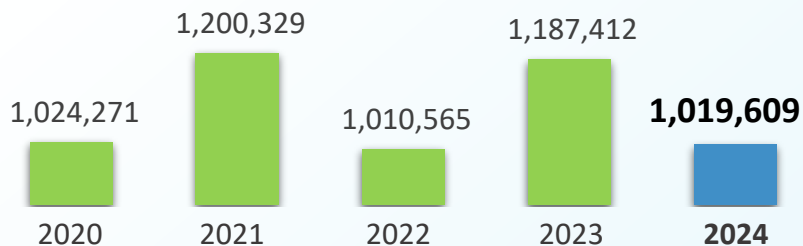
EBITDA

(HK\$'000)



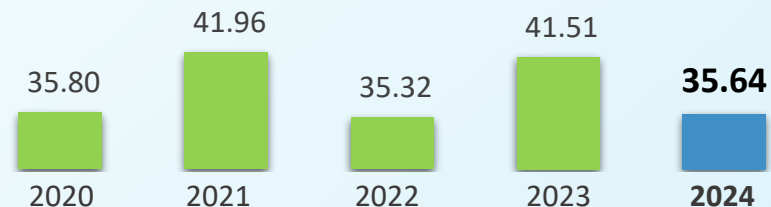
Profit Attributable to Equity Holders of the Company

(HK\$'000)



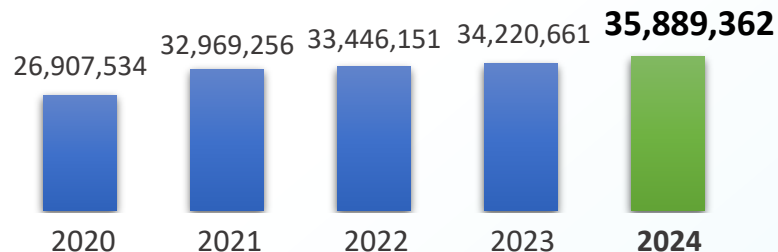
Basic Earnings per Share

(HK cents)

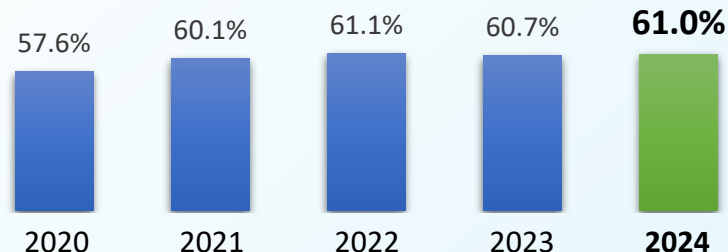


Total Assets

(HK\$'000)

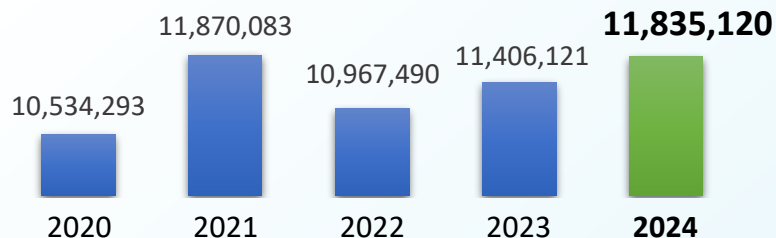


Gearing Ratio

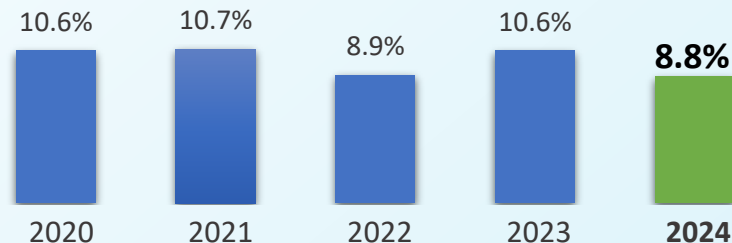


Equity Attributable to Equity Holders of the Company

(HK\$'000)



Return on Shareholders' Equity



(HK\$'000)	Full Year Ended 31 December		Year-on-Year ("YoY") Change (increase/(decrease))
	2024	2023	
Revenue	6,851,918	6,704,684	2%
Gross Profit	2,617,462	2,822,383	(7%)
Gross Profit Margin (%)	38	42	(4ppt*)
EBITDA	2,197,255	2,469,511	(11%)
Profit Attributable to Equity Holders of the Company	1,019,609	1,187,412	(14%)
Basic Earnings per Share (HK cents)	35.64	41.51	(14%)
Final Dividend per Share (HK cents) (equivalent to Singapore cent(s))	5.81 1.02	5.81 0.99	no change 3%
Full-year Dividend per Share (HK cents) (equivalent to Singapore cents)	11.90 2.07	12.44 2.12	(4%) (2%)

*ppt: percentage point

(HK\$'000)	As at 31/12/2024	As at 31/12/2023	YoY Change (increase/(decrease))
Total Assets	35,889,362	34,220,661	5%
Total Liabilities	21,897,684	20,768,319	5%
Equity Attributable to Equity Holders of the Company	11,835,120	11,406,121	4%
Gearing Ratio (%) (total liabilities/total assets)	61.0	60.7	0.3ppt*
Return on Shareholders' Equity (%)	8.8	10.6	(1.8ppt*)
Dividend Payout Ratio (%)	33	30	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 fruitful operating results with its shareholders".

*ppt: percentage point

(HK\$'000)	As at 31/12/2024	As at 31/12/2023	YoY Change (increase/(decrease))
Short-term Borrowings	4,181,329	4,606,893	(9%)
Long-term Borrowings	12,208,281	10,798,480	13%
Total Borrowings [#]	16,389,610	15,405,373	6%
Current Ratio (%)	132	121	11ppt*
Unutilised Banking Facilities	3,627,433	1,603,579	126%
Bank Deposit Balance and Cash	1,847,805	1,881,401	(2%)
Cash and Banking Facilities Available [#]	5,475,238	3,484,980	57%

- As at 31 December 2024, the Group's bank deposit balance and cash were abundant, with the unutilised banking facilities of approx. HK\$ 3.627 billion, providing solid capital support for the Group's future development.
- As at 31 December 2024, the Group's total borrowings were approx. HK\$16.390 billion, with long-term borrowings accounting for 74% of the total.

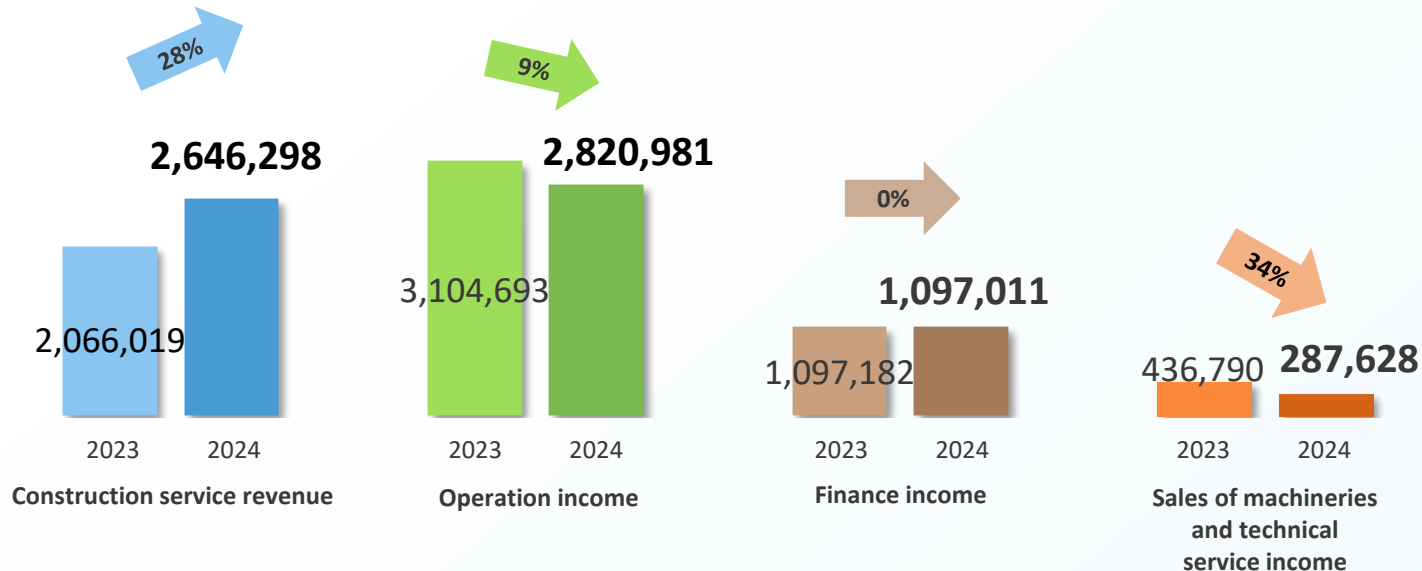
[#]Total borrowings = short-term borrowings + long-term borrowings

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

*ppt: percentage point

Revenue Analysis by Categories for the Full-year Period

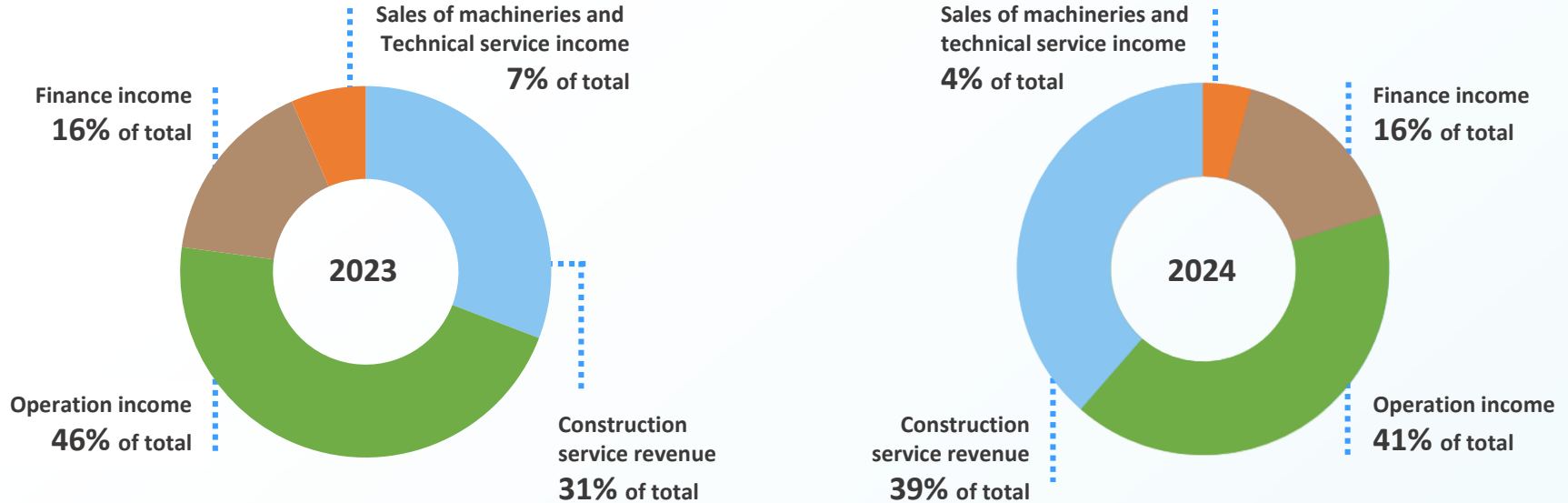
(HK\$'000)



Total revenue in 2024: HK\$6,851,918,000

Total revenue in 2023: HK\$6,704,684,000

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



- In 2024, as the Group's projects in the preparatory stage gradually commenced construction, the number of construction projects increased during the year, and the proportion of construction service revenue increased compared to 2023.
- Following the completion of construction and commencement of operation for projects currently in the preparatory stage or under construction, the operation income of the Group is expected to gradually increase in the future.

03 Subsequent Event



In January 2025, Everbright Water completed the issuance of the 2025 first tranche MTN, which was fully subscribed for by institutional investors in the national inter-bank bond market of mainland China. It has set a record-low interest rate for all the panda bonds with a three-year maturity period issued in the market.

Principal amount	RMB1.5 billion
Maturity period	5 years (with an interest rate adjustment option to be exercised by the Company and a resale option to be exercised by the noteholders at the end of the third interest-bearing year)
Interest rate	1.78%
Subscription rate	3.52 times
Use of proceeds	To replenish the working capital of the Company
Credit rating	The 2025 first tranche MTN and Everbright Water (as the issuer) had each been given a credit rating of “AAA”.



04 Business Prospects



26 September

The *Analysis and Research of Current Economic Situation and Economic Works* by the meeting of the Political Bureau of the CPC Central Committee, PRC

11-12 December

Spirits and guidance from China’s Central Economic Work Conference

21 January

Nine ministries, including the Ministry of Ecology and Environment and the Ministry of Housing and Urban-Rural Development of PRC, jointly issued the *Implementation Plan for the Construction of Beautiful Villages*

2024

2024

2024

2024

2025

2025

15-18 July

Spirits and guidance from the Third Plenary Session of the 20th Communist Party of China (“CPC”) Central Committee, the People’s Republic of China (“PRC”)

8 November

The 12th session of the Standing Committee of the 14th National People’s Congress, PRC, approved the *State Council’s Proposal to Increase the Debt Limit of Local Governments to Replace Existing Hidden Debts*

14-15 January

2025 National Conference on Ecological and Environmental Protection in China

Deepening reform of the ecological civilisation system

Coordinating high-quality development with high-level protection, and supporting high-quality development with a high-quality ecological environment

Achieving low-carbon, low-pollution, and green growth

Implementing zero-carbon industrial parks, circular economy, and collaborative governance

Constructing beautiful villages

Promoting rural non-point source pollution control, livestock and poultry manure resource utilisation, and complying with the discharge standard of aquaculture waste water



Major Trends and Opportunities

Resolving existing debt

Increasing limits for the local government debt (up to RMB6 trillion) to replace existing hidden debt

Improving investment efficiency

Driving social investment through government investment, such as ultra-long-term special treasury bonds, special-purpose bonds for local governments, etc.

High-level opening-up to market outside mainland China

Developing new mechanisms for concession arrangements, and working on “Belt and Road” Initiative

Driving endogenous growth

More efforts to collect trade receivables

- To implement and maintain a robust, long-term management mechanism for trade receivables.
- To closely monitor relevant policy changes and effectively utilise interest rate reductions and debt resolution policies.
- To explore diversified approaches to mitigate risks.

Improvement of quality and efficiency of existing assets

- To further strengthen cost reduction and enhance efficiency through the “Five Innovations” and other initiatives.
- To enhance the application of intelligent management platforms and strengthen refined management capabilities.
- To further develop “dark factory” technical framework to promote unmanned overnight operations.
- To enhance and expand the commercialisation of operational services to increase revenue sources.

Facilitating external development

Precise and effective expansion

- To promote the simultaneous development of both asset-light and asset-heavy businesses.
- To explore diversified business cooperation models.
- To strengthen business expansion in markets outside mainland China, particularly Southeast Asia.
- To explore new business model, and new business growth opportunities.

Technology-driven business

- To transit towards a business model focused on technology and product development.
- To drive technology-driven innovation through forward-looking, proactive, and practical strategies.

Talent Development

To focus on key positions, cultivate innovative talents, and develop training mechanisms

Capital Management

To leverage the more favourable monetary policy environment in reducing financing costs and optimising capital utilisation efficiency

Productivity

To drive technological innovation and industrial upgrading and develop labour workforce aligned with new production methods



Safety and Environmental Management

To strengthen safety and environmental management practices, and enhance their quality and effectiveness

Incentive Mechanism

To optimise long-term incentives and drive organic growth within the Group

Corporate Culture

To cultivate a corporate culture driven by compliance, accountability, and ambition



**DEDICATED TO
CLEAR WATER**

CLEAR WATER
DEDICATED TO