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Issuer: China Everbright Water Limited

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Meeting details:

Date: 22 April 2026

Time: 9.30 a.m.

Venue: PARKROYAL on Beach Road, Grand Ballroom 1 & 2, Level 1, 7500 Beach Road, Singapore 199591

Q1. For the financial year ended 31 December 2025, revenue declined by 22% to HK\$5.36 billion from HK\$6.85 billion, while gross profit decreased by 10% to HK\$2.36 billion. Profit attributable to owners of the company fell by 17% to HK\$842 million.

As disclosed in Note 5 (page 215; Revenue), the decline was primarily driven by a significant reduction in construction service revenue, which declined by nearly 60% from HK\$2.65 billion to HK\$1.09 billion, the lowest level in the past few years.

5. REVENUE		5. 收入	
		Year ended 31 December 截至12月31日止年度	
		2025 2025年	2024 2024年
		HK\$'000 千港元	HK\$'000 千港元
Revenue from contracts with customers	客戶合約收入		
Construction service revenue from service concession arrangements	服務特許經營權安排的建造服務收入	1,088,540	2,646,298
Operation income from service concession arrangements	服務特許經營權安排的運營收入	2,967,743	2,820,981
Sales of machineries and technical service income	設備銷售及技術服務收入	195,687	287,628
		4,251,970	5,754,907

(Source: company annual report; emphasis added)

- (i) **Can management explain the key drivers of this decline, including whether it reflects project timing, execution issues or a deliberate strategic shift away from new plant construction?**
- (ii) Separately, the group returned VAT refunds received in 2022 amounting to HK\$77.4 million and incurred late payment charges of HK\$44.8 million. **What was the underlying cause of this reversal and penalty, and could management clarify whether this indicates any gaps in tax compliance processes or judgement?**
- (iii) **How is the group leveraging artificial intelligence to improve operational efficiency, cost control and project execution, and what measurable benefits have been realised to date?**

Q2. In Note 23 (page 250; Trade and other receivables), gross trade receivables increased by 20% to HK\$7.3 billion despite a 20% drop in revenue in FY2025. The ageing profile indicates a material proportion of receivables that are significantly past due.

Collective assessments

集體評估

		Current 即期	Past due within 1 year 逾期一年內	Past due more than 1 year but within 2 years 逾期超過 一年但於 兩年內	Past due more than 2 years but within 3 years 逾期超過 兩年但於 三年內	Past due more than 3 years but within 4 years 逾期超過 三年但於 四年內	Past due over 4 years 逾期四年 以上	Total 總額
31 December 2025:	2025年12月31日							
Expected loss rate	預計虧損率	1.6%	4.0%	8.4%	20.4%	41.8%	100.0%	11.9%
Gross carrying amount (HK\$'000)	賬面總值 (千港元)	1,267,611	3,099,623	1,527,452	728,972	410,603	277,095	7,311,356
Impairment (HK\$'000)	減值 (千港元)	20,694	125,394	128,640	148,746	171,829	277,095	872,398
31 December 2024:	2024年12月31日							
Expected loss rate	預計虧損率	2.4%	3.5%	11.2%	28.6%	79.1%	100.0%	12.8%
Gross carrying amount (HK\$'000)	賬面總值 (千港元)	783,831	3,037,210	1,262,487	581,941	294,863	111,646	6,071,978
Impairment (HK\$'000)	減值 (千港元)	18,679	107,202	140,980	166,386	233,370	111,646	778,263

(Source: company annual report; emphasis added)

At the same time, the expected credit loss rates applied to long-outstanding receivables have been reduced.

- (i) **Can the audit committee explain the rationale for reducing the expected loss rates for receivables past due by more than two years to three years from 28.6% to 20.4%, and for those past due by more than three years to four years from 79.1% to 41.8%?**

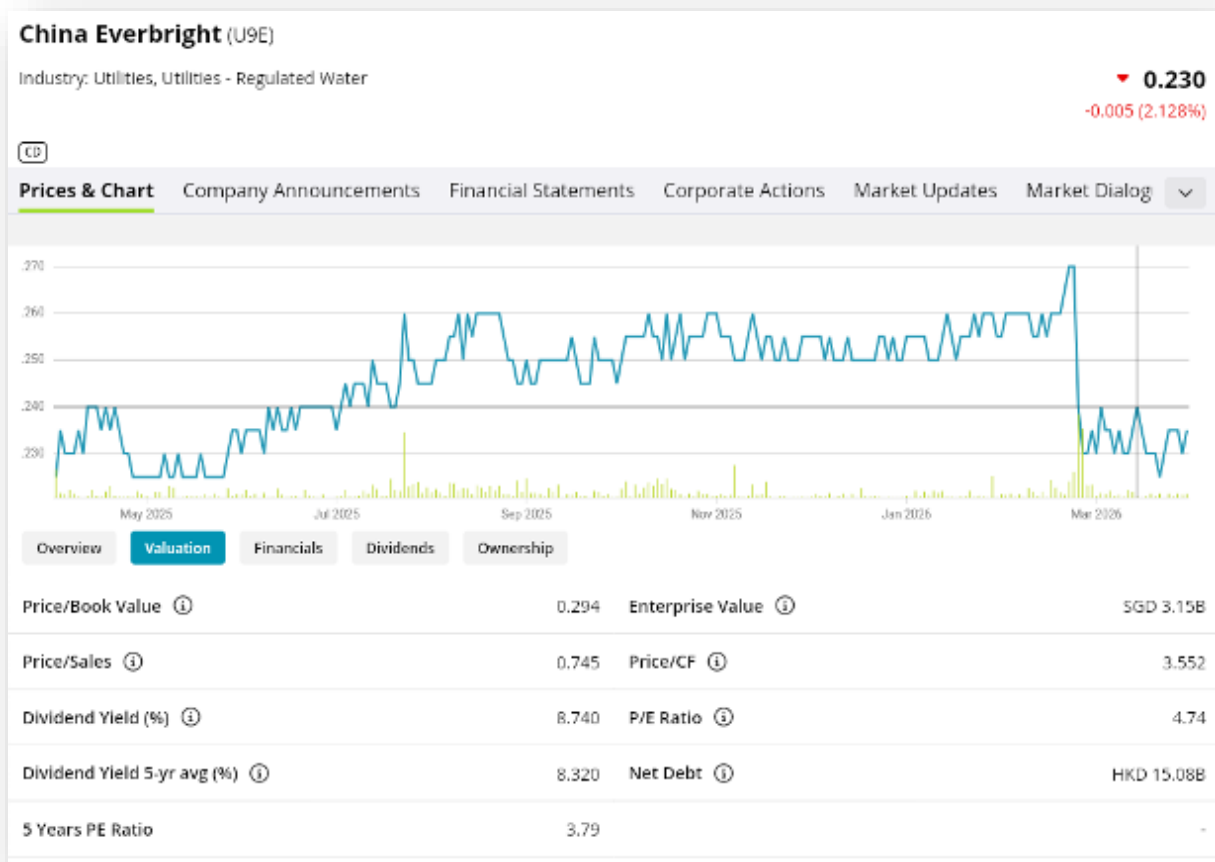
Notwithstanding the measures outlined by management to improve collections, trade receivables have continued to increase. Management's responses include:

- Optimising the management mechanism/完善管理機制
- Categorising trade receivables and implementing measures to maximise collections/分類施策，應收盡收
- Strengthening liquidity management/強化流動性管理
- Incorporating trade receivables into performance assessment mechanism/納入考核
- Adopting multiple measures to broaden payment collection channels/多措並舉拓寬回款渠道

- (ii) **What is the average collection period, and how has this trended over the past three to five years? Are there any signs of structural deterioration in payment behaviour?**

(iii) What additional action is the board considering to address the build-up in receivables, including tighter credit controls, renegotiation of payment terms, or a more disciplined approach to project selection and customer exposure?

Q3. According to SGX StockFacts, the company trades at a price-to-book of less than 0.3 times. The market capitalisation is S\$650 million while the 5-year average dividend yield was 8.3%. The price-earnings ratio is less than 5 times.



(Source: <https://investors.sgx.com/market/securities?code=U9E&type=stocks&lang=en>)

Stock exchanges and regulators worldwide, including Tokyo Stock Exchange (TSE) and Korea’s Financial Services Commission (FSC), have been pushing for improved corporate valuations. The Review Group formed by the Monetary Authority of Singapore (MAS) has introduced measures to strengthen the equity market, focusing on improving liquidity and fair valuation for listed companies.

(i) What has been the total shareholder return (TSR) over the past 5, 10, 15 and 20 years? Has the board tracked the TSR and is it satisfied with the company’s performance?

- (ii) What concrete actions is the board, particularly the independent directors, taking to address the valuation discount? Have options such as share buybacks, special dividends or a broader strategic review been formally evaluated?

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

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