

2017 ANNUAL GENERAL MEETING

CHINA EVERBRIGHT WATER LIMITED

25 APRIL 2018

MERGE AND

INNOVATE TO LEAD

融合创新 涓滴成河

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Agenda

- **Financial Highlights**
- **Business Review**
- **Development Strategies**
- **Q&A**
- **AGM Resolutions**

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Financial Highlights

Financial Highlights

HKD ('000)	FY2017	FY2016	Percentage change FY2017 vs. FY2016
Revenue	3,591,633	2,494,037	44%
Gross profit	1,230,587	905,652	36%
EBITDA	1,181,075	843,975	40%
Net profit for the financial year	580,793	372,615	56%
Profit attributable to shareholders of the Company	513,356	349,343	47%
Earnings per share (HKD)	0.196	0.134	46%
Recommended dividend per ordinary share (SGD)	0.0049	0.0037	32%

	2017/12/31	2016/12/31
Gearing ratio (total liabilities / total assets)	52.7%	48.9%

Business Review

Our Management Philosophy



Integrity, Pragmatism, Innovation and Efficiency

Our Business Strategy

Embark on development driven by technology and innovation, promote business synergy and resource sharing, devote to the water industry, and work on areas such as comprehensive management of water environment, comprehensive utilisation of water resources and comprehensive protection of water ecology, so as to enhance the business scale, strength and excellence.

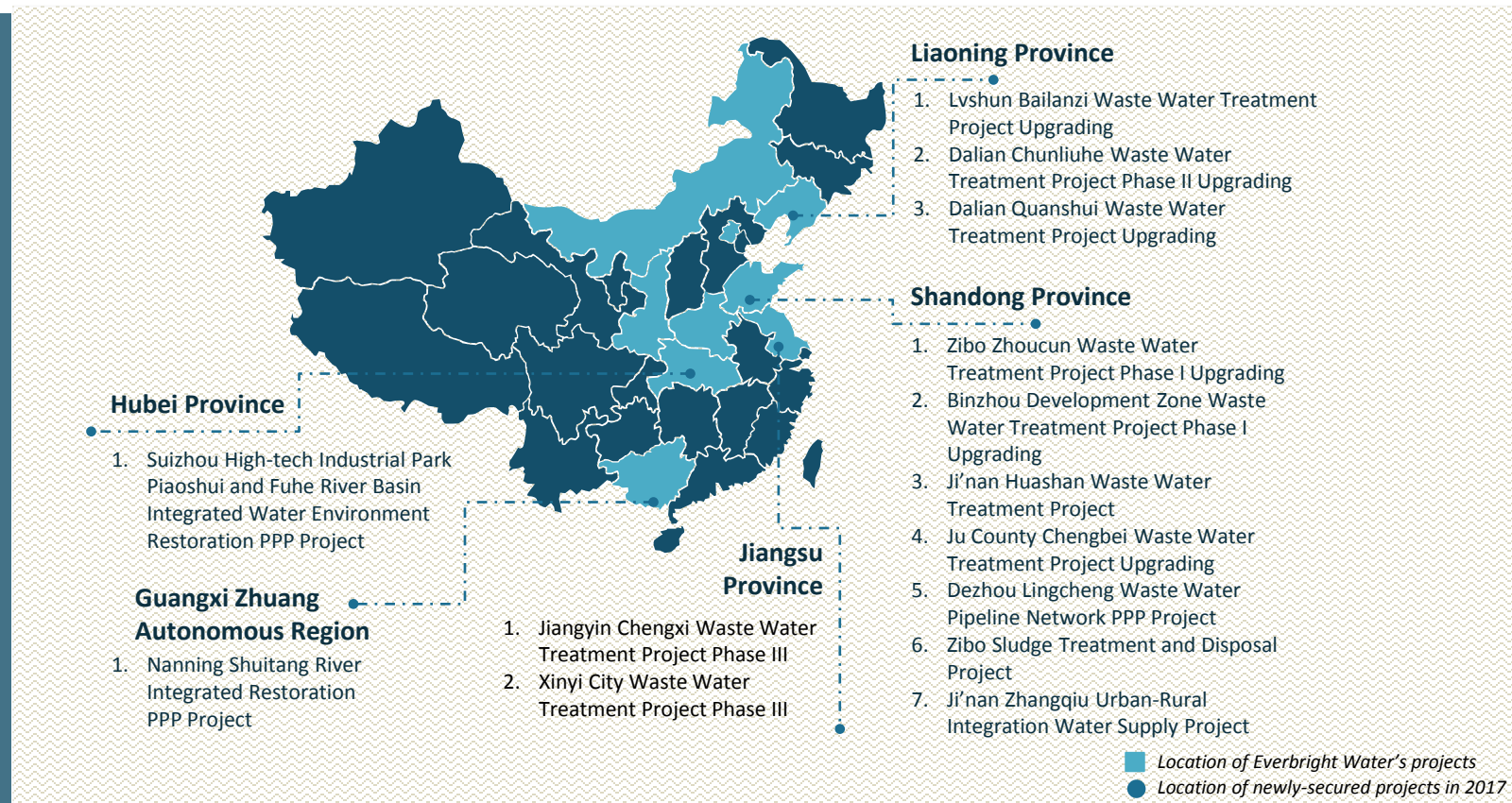
Robust Growth in Technology R&D



-  Adhered to the “Technology Leads Development” ethos, optimised and improved the organisational structure, and boosted efforts in talent recruitment. The Company’s in-house technology platform, which is based in Nanjing, Jiangsu Province, built a fairly comprehensive technology management talent pool with rich experience in different areas, including: water environment technology, water treatment technology, technological equipment, and technology management.
-  Achieved a series of key technological breakthroughs and accomplishments in areas, such as: biological deodorisation system, low-temperature sludge drying, biological aerated filter, high-efficiency sedimentation tank, ozone catalytic oxidation, nonpoint source pollution purification treatment, and rainwater treatment system. Some of the technologies have been successfully applied and installed to the Company’s projects, greatly enhancing the technological proficiency and operation efficiency of projects under construction.
-  Granted 21 patents in 2017, with some other patent applications still under review; the number of patent applications in 2017 exceeded the total sum of the patent applications filed in previous years.
-  The collaborative initiative “Guangdong Urban Water Recycling and Water Environmental Safety Engineering Technology Research Center” included in the “2017 Guangdong Engineering Technology Research Center Recognition List”; and the jointly-developed project “Development and Application of Intelligent Waste Water Treatment Control System” named as a key research project among the “2017 Chongqing Innovation Projects of Key Industrial Generic Technology”.
-  Continued to advance its industrial-academic collaboration model with research institutes and higher education institutes, including: organising technical exchanges with domestic and international higher education institutes, research institutes and business partners, forming expert advisory committee and establishing strategic cooperative relations, in order to promote the application and commercialisation of technological research results.

Steady Progress in Market Expansion

-  Secured 14 new projects, which command a total investment of approximately RMB6.081 billion.
-  Expanded its business scope to new areas, such as water supply and standalone pipeline network.
-  Expanded its geographical presence to Hubei Province and Guangxi Zhuang Autonomous Region, while solidifying its existing markets.
-  Enhanced its practical experiences in adopting different business models such as PPP (Public-Private Partnerships).



Continued Growth in Business Strengths

(As at 31 December 2017)



Secured 94 projects

- 77 municipal waste water treatment projects (including 1 waste water pipeline network project)
- 3 industrial waste water treatment projects
- 4 water environment management projects
 - 1 water supply project
 - 5 reusable water projects
- 2 waste water source heat pump projects
- 2 sludge treatment and disposal projects

Business footprint across 9 provinces, municipalities and autonomous regions

Projects located across 9 provinces, municipalities and autonomous regions including Shandong, Jiangsu, Beijing, Shaanxi, Liaoning, Inner Mongolia, Henan, Hubei and Guangxi, covering 40 locations





Water treatment capacity exceeded 5 million m³/day


Total project investment amounted to approximately RMB16.7 billion



Project Construction Posted a Record High

 Recorded 11 projects that commenced construction and 14 projects that completed construction in 2017, hitting a record high.

 Amended and improved a number of systems and protocols, which tightened the rules and standards of the project construction process, thereby increasing construction efficiency.

 Fully streamlined the Environmental, Safety, Health and Social Responsibility (“ESHS”) construction management system and risk management system, which ensured the safety, quality and efficiency of project construction.

Projects
commenced construction

Liaoning Province

1. Dalian Quanshui Waste Water Treatment Project Upgrading
2. Dalian Chunliuhe Waste Water Treatment Project Phase II Upgrading
3. Lvshun Bailanzi Waste Water Treatment project Upgrading

Shandong Province

4. Zibo Zhoucun Waste Water Treatment Project Phase I Upgrading
5. Binzhou Development Zone Waste Water Treatment Project Phase I Upgrading
6. Ju County Chengbei Waste Water Treatment Project Upgrading

7. Ji'nan Huashan Waste Water Treatment Project

8. Ji'nan Zhangqiu Urban-Rural Integration Water Supply Project

Jiangsu Province

9. Jiangyin Chengxi Waste Water Treatment Project Phase III

Hubei Province

10. Hubei Suizhou High-tech Industrial Park Piaoshui and Fuhe River Basin Integrated Water Environment Restoration PPP Project

Guangxi Zhuang Autonomous Region

11. Guangxi Nanning Shuitang River Integrated Restoration PPP Project

Projects
completed construction

Beijing Municipality

1. Daxing Tiantanghe Waste Water Treatment Phase II and Upgrading

Henan Province

2. Sanmenxia Waste Water Treatment Project Phase I Upgrading

Shandong Province

3. Zibo Zhoucun Waste Water Treatment Project Phase I Upgrading
4. Ju County Shudong Waste Water Treatment Project
5. Binzhou Development Zone Waste Water Treatment Project Phase I Upgrading
6. Zibo Sludge Treatment and Disposal Project

Jiangsu Province

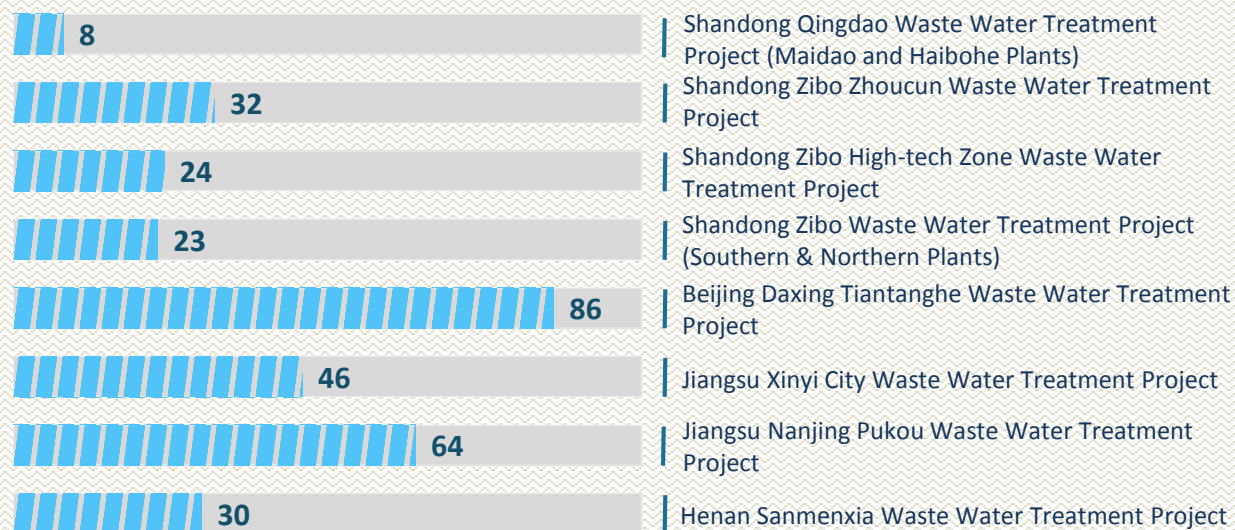
7. Xinyi City Waste Water Treatment Project Upgrading
8. Xinyi Economic Development Zone Waste Water Treatment Project Phase II
9. Nanjing Pukou Industrial Waste Water Treatment Project Phase I
10. Nanjing Pukou Reusable Water Project Phase I

Liaoning Province

11. Pulandian Waste Water Treatment Project Phase I Expansion
12. Lvshun Bailanzi Waste Water Treatment Project Upgrading
13. Dalian Quanshui Waste Water Treatment Project Upgrading
14. Dalian Chunliuhe Waste Water Treatment Project Phase II Upgrading

Remarkable Results in Operations Management

Tariff Hike (%)



- Multiple waste water treatment projects effected tariff hikes in 2017, ranging from 8% to 86%.
- The pilot programme of the “Intelligent Water” information management system, which was tested at several projects, brought positive results.
- Achieved safe operation and met relevant environmental protection standards.
- Received approvals for special subsidy of approximately RMB49.70 million.

Continued Improvement in Financial Management



Explored new investment and financing models: The Company received approvals from the Shanghai Stock Exchange and China Securities Regulatory Commission to issue RMB-denominated corporate bonds of up to RMB2.5 billion in aggregate principal amount in a single or multiple tranches to qualified investors in the People's Republic of China. The initial tranche of the bonds was successfully issued in July 2017, with a principal amount of RMB1 billion and a coupon rate of 4.55% for a five-year maturity.



Replaced short-term borrowings with long-term loans to improve the Company's loan structure and reduce the financing cost, which helped to support the Company's next phase of healthy and rapid growth.



Business expanded and progressed steadily in first quarter of 2018

Smooth progress of multiple sub-projects under Ji'nan Zhangqiu Urban-Rural Integration Water Supply Project in Shandong Province

- Total investment of approximately RMB1.522 billion
- The sub-projects include: Zhangqiu Yellow River Water Transfer and Water Resource Replenishment Project (daily processing capacity of 100,000 m³), Zhangqiu Baiyun Water Plant Water Supply Project Phase I (daily water supply capacity of 100,000 m³), and Zhangqiu Chengdong Industrial Water Supply Project




Successful securing of Dezhou Ling County Waste Water Treatment Project Plant 2 Upgrading in Shandong Province

- Total investment of approximately RMB32.7 million
- Designed daily water treatment capacity of 30,000 m³
- The scope of the Project includes provision of services to treat industrial and municipal waste water within Lingcheng Economic Development Zone in Dezhou City of Shandong Province

Incorporation of a Germany-based Joint Venture



The Company's wholly-owned subsidiary, Joyer International Limited, recently established a joint-venture company known as E+B Umwelttechnik GmbH in Germany, with RBH Reinhold Brenner Holding GmbH, an environmental protection company in Germany.

-  The Company holds an 80% equity stake in the joint-venture company through Joyer International Limited.
-  RBH Reinhold Brenner Holding GmbH has a number of key water technologies and a strong background in water industry.
-  The joint-venture company focuses on: R&D, engineering services, technology transfer, and equipment sale, procurement, installation and commissioning in areas related to water business; acting as an engineering, procurement, and construction contractor for environmental projects; and business expansion in the area of environmental services.
-  The joint-venture company will serve as a key “technology R&D, application and commercialisation” platform, and facilitate the Company to create its overseas business channels, enhance international exchanges and collaborations, acquire world-class talent and technologies from overseas, promote the Company's core technologies globally, and explore more opportunities for growth.



Development Strategies

Boost Investment in Technology R&D Uphold “Technology Leads Development” Ethos



The Company will continue to strengthen and optimise its water environment technology R&D structure, and further improve its in-house R&D capabilities.



The Company will continue to recruit technical talent and enhance the overall strength of its R&D team.



The Company will continue to promote the application and commercialisation of various research projects related to water environment management.



The Company will continue to advance the industrial-academic research collaboration model with research institutes and higher education institutes, and broaden the horizon of its R&D team by participating in various forms of collaborations and exchanges.



The Company will focus on several key research areas, including advanced treatment of waste water and water environment management.

Explore New Business Models Enhance Synergetic Effects



The Company will actively study the industry policies and updates, explore new business models for the sector, diversify business areas, optimise the mechanism to expand its market, so as to boost the diversity and sustainability of its business.



The Company will develop a mechanism to create synergy in market expansion, solidify its existing market position, and explore new geographical areas.



The Company will strengthen the key merits of its business development team, such as the sensitivity to market opportunities, the responsiveness and the ability to execute plans.

Strengthen Efforts in Improving Management Systems Ensure Stable and Safe Operation of Projects



The Company will continue to enhance the ESHS management system and risk management system.



The Company will continue to enhance the proficiency of its project construction management, to ensure the stability of construction works being carried out and the safety of project operation, which would concurrently improve the business in scale and quality; in addition, the Company will build up experiences in managing the construction works for new types of projects, such as: sponge city construction and urban-rural water supply.



The Company will implement the “Intelligent Water” information management system and enhance corporate management proficiency with intelligent and information systems.



The Company will pay close attention and take actions to apply for water tariff hike and special fund support.

Diversify Investment and Financing Channels Enhance Financial Structure and Strength



The Company will diversify its investment and financing models, including pursuing further issuance of RMB-denominated bonds, exploring the development of a “water industrial fund”, the issuance of asset-based securities, and other channels.



The Company will continue to strengthen the traditional financing channels, such as credit facilities from commercial banks and policy banks.



The Company will optimise its funding structure at home and abroad to avoid foreign exchange risks.



The Company will roll-out a complete planning and proper allocation to improve efficient and effective use of funds.



Q&A

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 2017 and the Auditor's Report thereon.
- **Resolution 2:** To declare a final tax exempt 1-Tier dividend of S\$0.0049 per ordinary share for the financial year ended 31 December 2017 as recommended by the Directors.
- **Resolution 3:** To approve the payment of Directors' fees of S\$200,000/- for the financial year ended 31 December 2017. (2016 : S\$200,000/-)
- **Resolution 4:** To re-elect the following Directors retiring pursuant to the following Company's Bye-laws, and who, being eligible, will offer themselves for re-election:
 - a) Mr. Zhai Haitao
 - b) Mr. Lim Yu Neng Paul
 - c) Ms. Cheng Fong Yee
 - d) Ms. Hao Gang

- **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 authorise the Directors to fix their remuneration.
- **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 (the “Scrip Dividend Scheme”). Authority to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the Scrip Dividend Scheme.
- **Resolution 8:** Authority to grant options and issue Shares under the China Everbright Water Limited Employee Share Option Scheme.
- **Resolution 9:** Renewal of the share buy-back mandate.
- **Resolution 10:** Adoption of the interested person transaction mandate.



THANK YOU!