

STRICTLY PRIVATE AND CONFIDENTIAL



光大水务
Everbright Water

Investor Presentation

December 2014

DBS Bank Ltd. acted as the Financial Adviser to the Company⁽¹⁾ in relation to the reverse take-over of the Company which was completed on 12 December 2014

(1) China Everbright Water Limited is currently known as HanKore Environment Tech Group Limited

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China Everbright Water Limited (“CEW”) is the largest pure-play wastewater treatment company by market capitalisation listed on the SGX

Company background

- HanKore Environment Tech Group Limited which will soon be renamed China Everbright Water Limited (“CEW” or the “Company”) ⁽¹⁾ is currently the largest pure-play wastewater treatment company by market capitalisation listed on the SGX
- **Market capitalisation: SGD 2.4B** ⁽²⁾

Products and Services

- Principally involved in the environmental water business
- Includes wastewater treatment projects, reusable water projects and wastewater heat pump projects.



Asset Portfolio

BOT/ TOT/ BOO Projects	No.	Capacity
Wastewater treatment plants	32	3.4m tonnes/day
Reusable water projects	4	
Wastewater source heat pump project	2	305,000 m ²
56km pipeline network and 10 pump stations	-	250,000 tonnes/day
Completed BT projects	2	110,000 tonnes/day

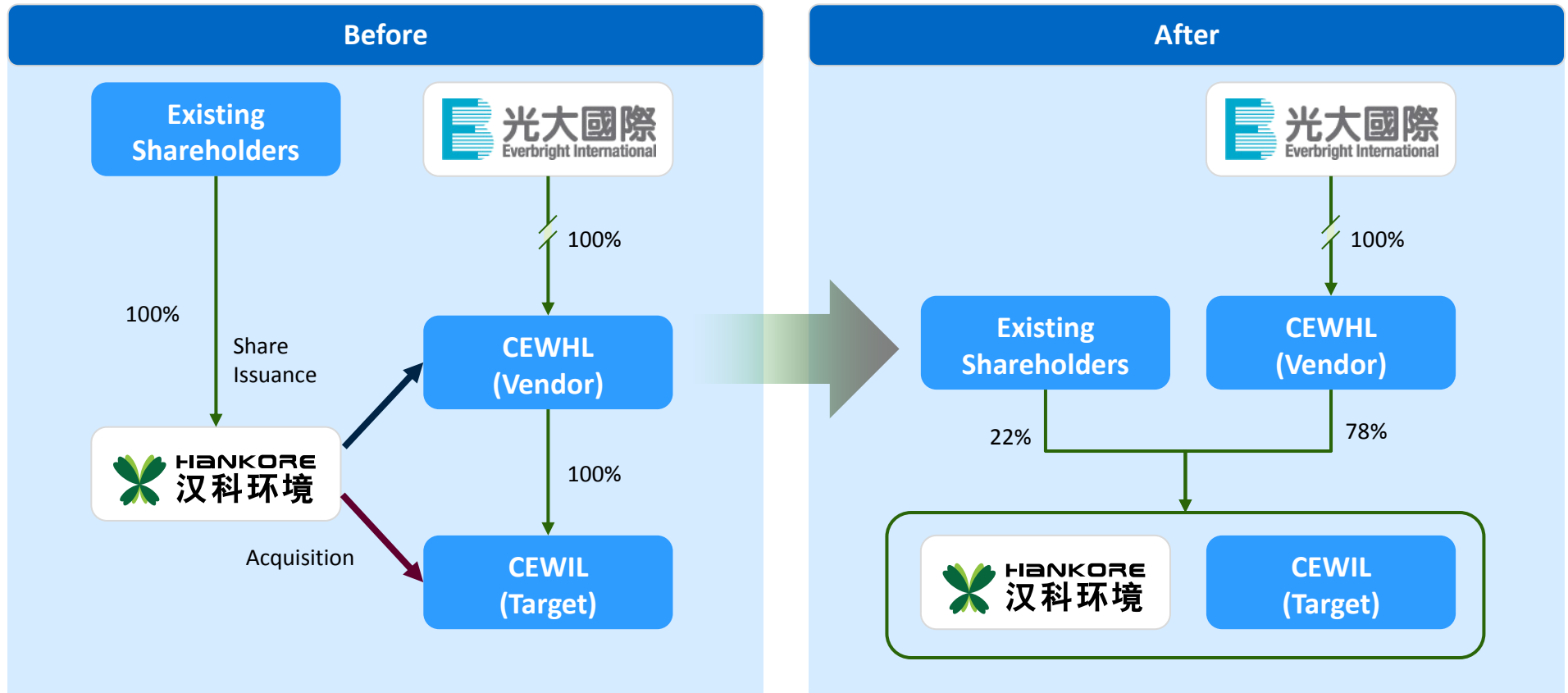
Location of assets North and Central China



1. As approved by Shareholders at the SGM of the Company held on 5 December 2014, the name of the Company will be changed to "China Everbright Water Limited (中国光大水务有限公司). The Company has made the necessary filing and lodgement in respect of the change of name of the Company with the Registrar of Companies of Bermuda and will make further announcements as appropriate in due course

2. Computed based on share price of SGD 0.93 and 2487.3m shares outstanding as at 11th December 2014

CEW was formed following the successful reverse takeover of HanKore by China Everbright International (“CEI”)



Transaction Summary:

- China Everbright Water Holdings Limited (“CEWHL”) as vendor and HanKore as purchaser have entered into a Sale and Purchase Agreement (“SPA”) on 2 June 2014 in respect of the proposed disposal by CEWHL of the entire issued share capital of CEWIL to HanKore in return for issuance of consideration shares by HanKore
 - The consideration is valued at approximately **SGD1.2 billion** (RMB 5,811,267,353)
 - HanKore issued and allotted **1,940,269,305 consideration shares** to the vendor
 - Post the Transaction, CEI holds an approximately **78%** stake in HanKore and HanKore will be renamed as “China Everbright Water Limited”

Vision: To become one of the Top 3 players in China’s water treatment industry

Investment Highlights	Industry Prospects	Strategy	Mid-term Objectives
Backed by China Everbright - One of the largest SOEs in China	Government’s increase of investment in waste water industry	Solidify the Company’s leading position in the industry by expanding its existing project portfolio and extending its geographic footprint	Become one of the top 3 players in China’s water treatment industry
Sole platform for China Everbright International’s Water Treatment Business	Increasing wastewater discharge in China	Continue to pursue selective business acquisitions and strategic alliance opportunities	Create value for all shareholders and investors
Strong Track Record and Financial Strength underpins Sustainable Competitive Advantage	Ramp-up of municipal wastewater treatment capacity in China	Continue to strengthen the Enlarged Group’s technical capabilities and project management to further improve its operational efficiency	
Well-positioned to pursue growth opportunities – both organic and M&A	Increasing wastewater treatment ratio		
Supported by an Experienced and highly successful Management team			

Industry Prospects

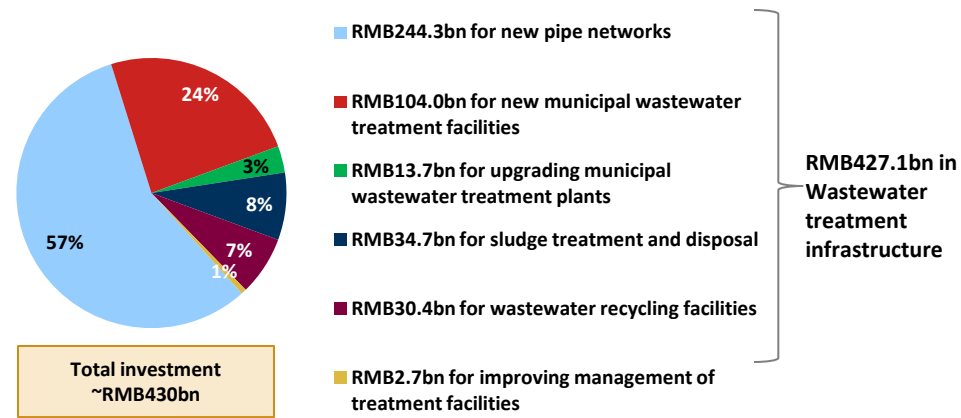


Wastewater treatment businesses typically operate based on the following models

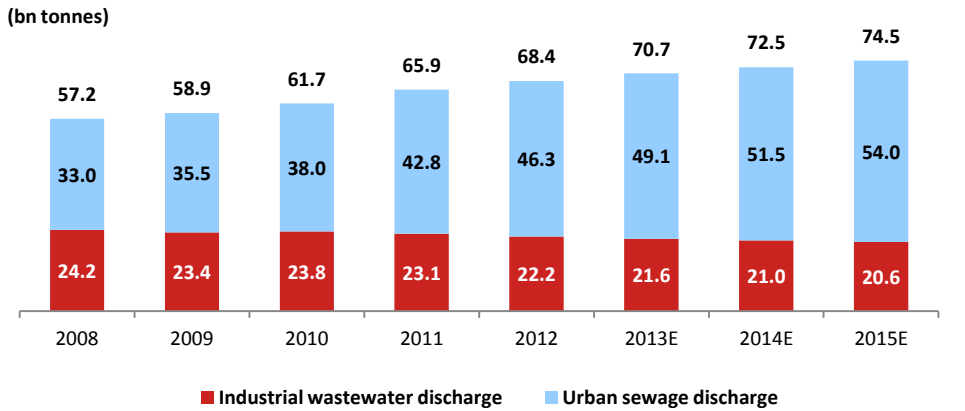
	BOT	TOT	BOO	BT
Definition	Build-Operate-Transfer	Transfer-Operate-Transfer	Build-Own-Operate	Build-Transfer
Process	- Project company is responsible for financing, constructing and operating the project for a specified period - Operational right is granted by the government to the project company - Ownership transfer takes place at the end of the concession period - Project company covers its investment, operational and maintenance costs during the concession period	- Project company purchases the facility and is responsible for financing and operating the project for a specified period - Operational right is granted by the government to the project company - Ownership transfer takes place at the end of the concession period - Project company covers its operational and maintenance costs during the concession period	- Project company is responsible for financing, constructing, operating and managing the project - Project company owns and operates the facility independently and does not need to transfer back to the government after a specified period	- Project Company enters into an agreement with the relevant municipal authority - Following this, project company will construct the relevant wastewater treatment plants on the project land. - Equity and debt financing for the construction will be undertaken by the project company - Post completion, the project company will transfer the BT project to the relevant municipal authority
Client	Wastewater: usually local government			Municipal Government
Key Characteristics	- Wastewater: usually minimum treatment volume guaranteed by the government - Usually include price adjustment mechanism			- Wastewater - Payment will be made to project company as prescribed in the BT agreements

China's wastewater treatment industry is at a stage of rapid development driven by the PRC government's commitment to continuous improvement of infrastructure

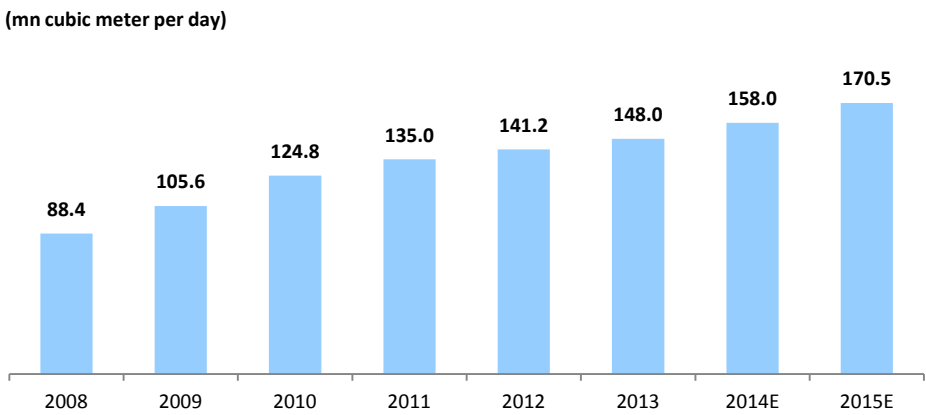
PRC Government's Plan to Invest in Wastewater Industry



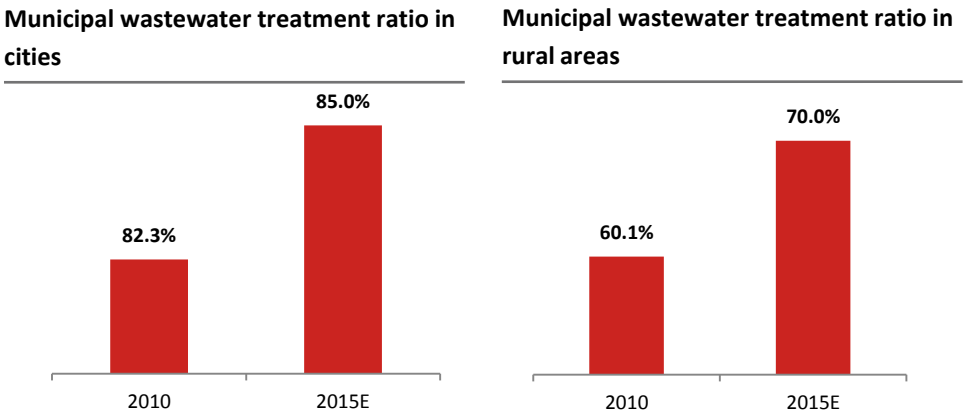
Increasing Wastewater Discharge in China



Ramp-up of Municipal Wastewater Treatment Capacity in China



Increasing Wastewater Treatment Ratio



The industry is likely to continue to experience rapid expansion in demand and consumption

1

Serious Water Pollution and Water Scarcity

- Water is becoming increasingly scarce in the PRC due to the aggravated pollution problems brought about by rapid economic progression, industrialization and urbanization
- In response to the water pollution situation, the country's environmental bodies are taking urgent steps to control water pollution and ensure the safety of drinking water

2

Government Focus on Municipal and Industrial Water and Wastewater Treatment

- The PRC government has indicated that there will be significant investment in the wastewater treatment sector in its 12th Five-Year Plan
- The PRC government plans to invest an aggregate amount of approximately RMB 430.0 billion in wastewater treatment, recycling and reuse, including RMB 427.1 billion in the construction of wastewater treatment infrastructure and RMB 2.7 billion in improving management of treatment facilities

3

More Stringent Environmental Standards and Greater Legislative Enforcement

- Under the Wastewater Plan, the total municipal wastewater treatment capacity of counties is expected to expand by about 50.0% during the 12th Five-Year Plan period
- With possible upgrade of the discharge standard of pollutants for municipal wastewater treatment plants from Class I Standard B or lower to Class I Standard A, the upgrading and renovation of existing wastewater treatment plants is predicted to be a major driver of the industry

Investment Highlights



Investment Highlights

1

Sole platform for China Everbright International's Water Treatment Business

2

Backed by China Everbright - One of the largest SOEs in China

3

**Strong Track Record and Financial Strength underpins
Sustainable Competitive Advantage**

4

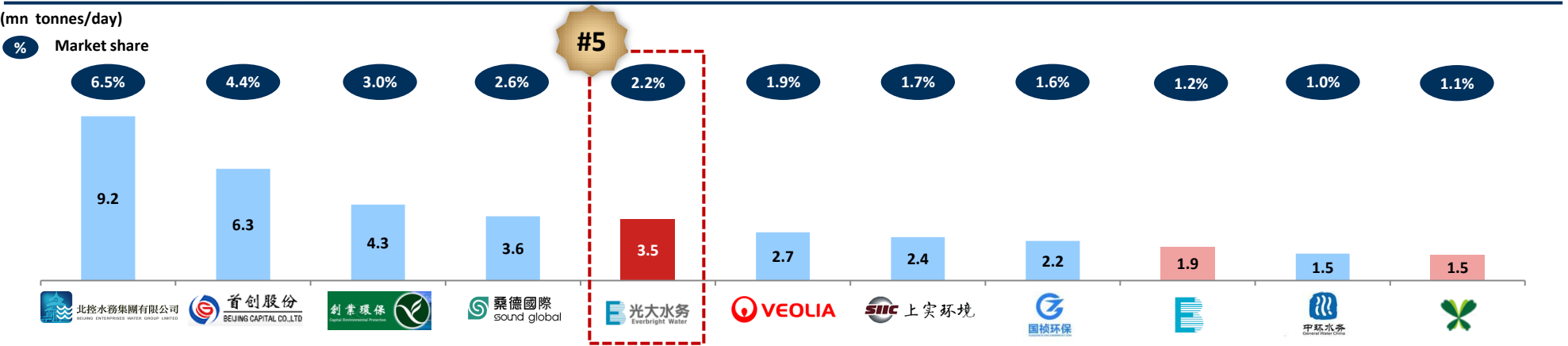
Well-positioned to pursue growth opportunities – both organic and M&A

5

Supported by an Experienced and highly successful Management team

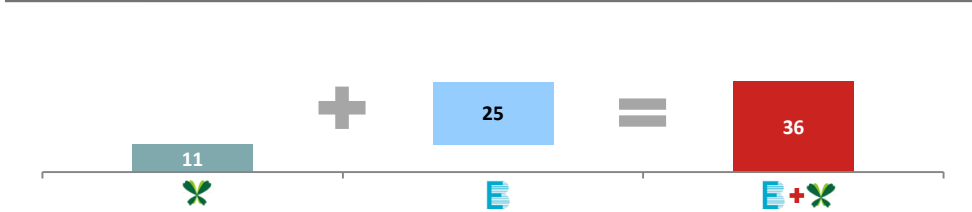
CEW is the sole platform for China Everbright International's ("CEI") water treatment business and is estimated to be the 5th largest wastewater treatment company in the PRC

Leading Market Position

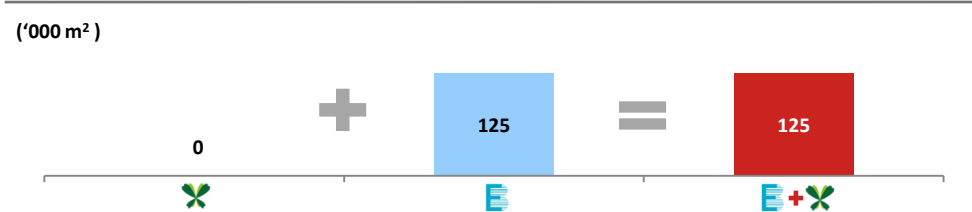


Enhanced operation capacity post transaction ⁽¹⁾

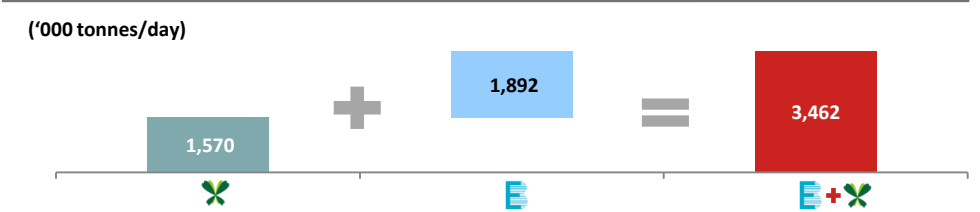
Number of plants



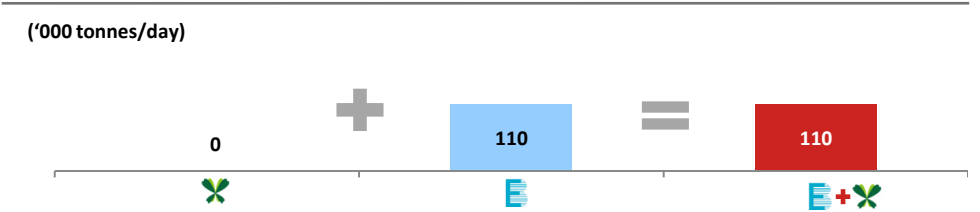
Wastewater source heat pump service area



Designed capacity



Completed build-transfer projects



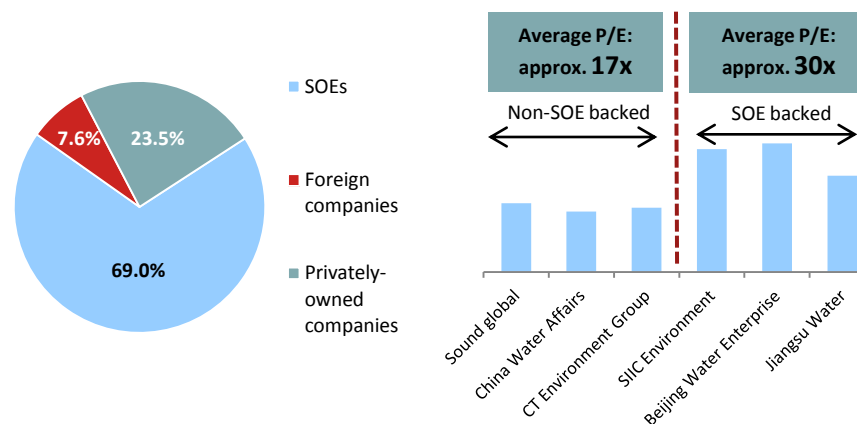
Source: China Water Industry Report; HanKore Environment Tech Group Circular dated 12 Nov 2014
(1) Reverse takeover of HanKore by China Everbright International

Backed by China Everbright Group, one of the largest SOEs in China

China Everbright International is part of the China Everbright Group of Companies

- The Company is an approximately 78% owned subsidiary of CEI
- CEI is one of the China Everbright group companies. China Everbright Group is 1 of the 4 Super Large Scale PRC SOEs which report directly to the PRC State Council
- CEI business segments includes (i) environmental water; (ii) environmental energy and; (iii) alternative energy industry
- CEI has the aim of becoming the leading player in China's environmental protection industry

SOE-backed companies treat close to 70% of all waste water in China and trade at higher valuation multiples



SOEs dominate the PRC wastewater treatment industry because of their inherent natural advantages over foreign and privately owned companies

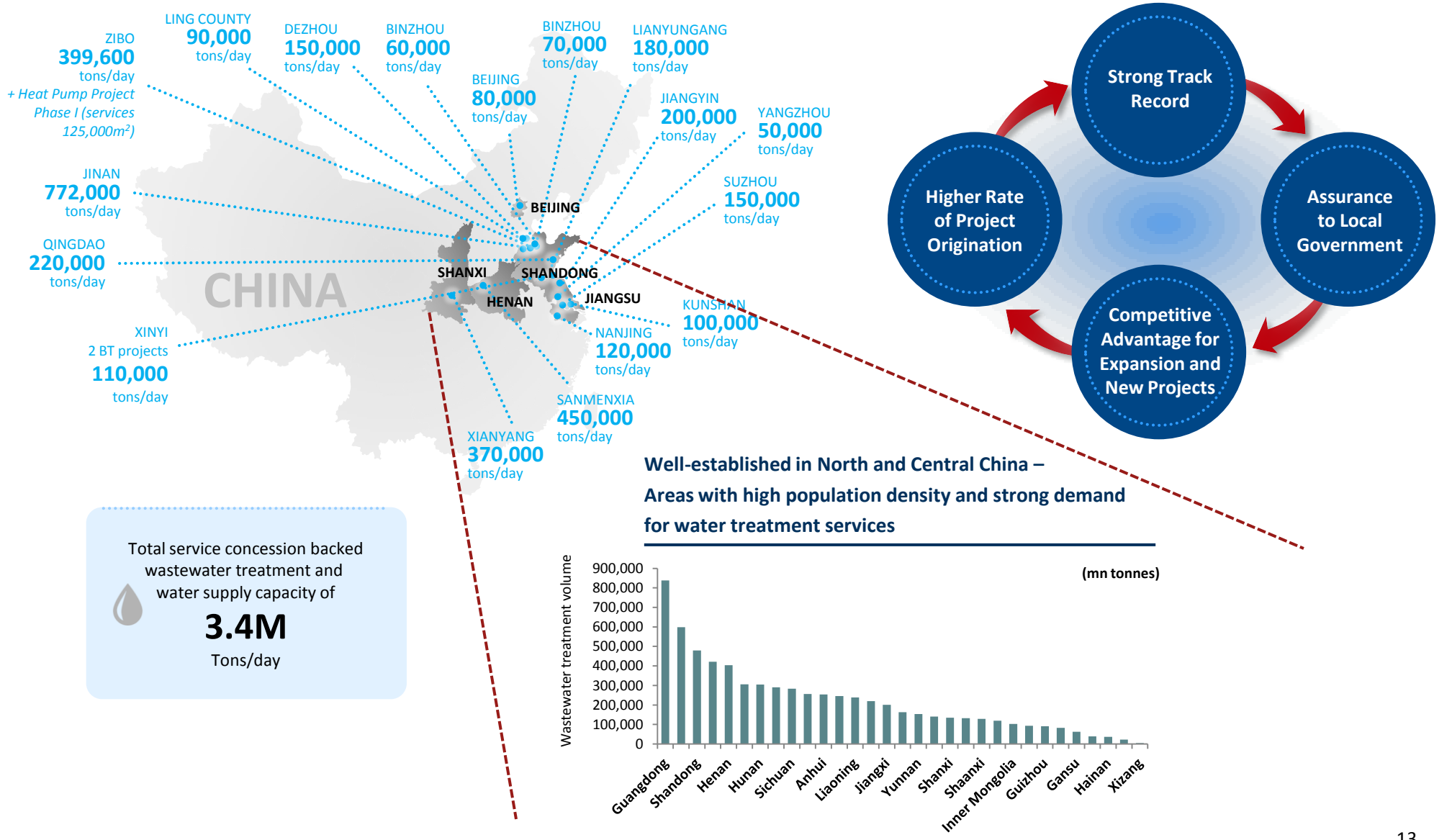
Access to lower-cost capital

- The wastewater treatment industry is capital intensive and hence the ability to raise cheap capital is integral to both expansion and enhancing returns. SOEs have an advantage in raising both equity and debt capital
- Equity: As evident from the higher valuations, investors generally favour SOE-linked companies
- Debt: SOEs generally enjoy lower borrowing costs because banks in China favor lending to SOEs vs. privately owned companies

Stronger relationships with the government

- By virtue of their government links, SOE-linked water treatment companies are naturally better placed to secure new water treatment projects and assets and negotiate better terms with municipal governments as compared to foreign and privately owned companies
- A consistent advantage in being able to secure new projects allows SOEs to also build and enhance their operating track records which in turn makes SOEs more competitive vs. the rest of the companies
- Hence, SOEs typically grow to become the largest companies in a sector, in terms of asset size and market capitalisation

Strong financial strength and track record gives assurance to the local government which in turn gives CEW a competitive advantage in obtaining new projects



Source: Broker reports, company filings, National Bureau of Statistics of the PRC.

Well-positioned to pursue growth opportunities – both organic and M&A

Benefit from its strong credibility and operational capabilities to secure future contracts and further consolidate the industry

High Industry Entry Barriers

1 Industry performance and design & operational capabilities

- Wastewater treatment industry is highly regulated and certification only granted to operators with strong design and operational capabilities
 - Improper operation of a wastewater treatment plant will have significant consequences to public health
 - Project owners are more likely to choose a project developer with the required certificates, broader experience, a better track record and stronger market reputation in order to mitigate the risks
 - New entrants have trouble competing with existing operators due to the lack of both experience and required capabilities to obtain operating certificates

2 Availability of capital

- Wastewater treatment business requires large amount of capital for initial investment and substantial maintenance cost
- Due to the capital intensive nature of the business, new entrants may have trouble obtaining the necessary financing to support the project origination and operation

Benefit from Stronger Credibility and Operational Capability

1 Strengthen the track record and financial strength

- CEI has a proven track record of success and great financing capacity and is one of the leading players in this industry
- The Company will have a stronger combined track record, enhanced financial strength and better access to capital at lower cost

2 Superior position to pursue attractive business growth opportunities

- As the output of wastewater treatment projects directly impacts the living standards of the local population, companies with strong track record of success tend to win most of the bids
- With a strong track record, the Company is in a superior position to pursue attractive business opportunities and attract more strategic partners in new deals and/or joint ventures

Supported by an experienced and highly successful management team



Mr. Xiaoping Chen

Non-Executive Director, Chairman

- Mr. Chen is the CEO of CEI and also the Vice-chairman of China Everbright Holdings and a Standing Director of China Environmental Culture Promotion Association
- Prior to joining CEI, Mr. Chen had been a department head in the Bureau of Investigation & Supervision of The People's Bank of China, the Assistant Governor of China Everbright Bank and the President of the Bank's Guangzhou Branch
- He finished the MBA class in Sichuan University and holds a Master's Degree from China Research Institute of Social Science
- Mr. Chen has rich experience and extensive knowledge in banking, capital market and management



Mr. David Chen

Executive Director, Vice-Chairman

- Mr Chen was the Executive Chairman of HanKore Environment since December 2011, where he is currently responsible for the Group's strategic planning and business development
- From May 2011 to December 2011, he was Chief Executive Officer of the Company before relinquishing his role in Dec 2011
- Prior to that, Mr Chen was the CEO of China Media Development Group and was responsible for its operations in China
- Mr Chen has over 17 years of experience in business operations, mergers & acquisitions in China, of which 10 years were spent in the wastewater treatment industry



Mr. Tianyi Wang

Executive Director, Vice-Chairman & CEO

- Mr. Wang is the General Manager of CEI
- Prior to joining the CEI, he was the President of Shandong Academy of Science. He was formerly the Deputy Mayor of Jinan City of Shandong Province. He had been the Vice President, Dean and Professor of Economic Management Faculty of Yantai University of Shandong Province
- Mr. Wang holds a Doctorate's Degree in Engineering, a Master's Degree in Management and a Bachelor's Degree in Electronics from Tsinghua University
- Mr. Wang has rich management experience in government and administrative sectors; he is also extensively experienced in corporate business strategies and market development



Mr. Xuesong An

Executive Director and Standing Vice-President

- Mr. An is the Assistant General Manager of CEI and the General Manager of its Investment Management Department
- He holds a Master of Business Administration Degree of Jinan University. Mr. An holds the title of Certified Public Accountant in the PRC and International Internal Auditor
- He has comprehensive experience and knowledge in project management, accounting management and risk management
- Mr. An joined CEI in May 2002

CEW's future plans and strategy

1

Solidify the Company's leading position in the industry by expanding its existing project portfolio and extending its geographic footprint

- The Company intends to continue to focus on providing integrated, customized and high-quality wastewater treatment services and expand its operations organically to increase its recurring earnings stream through its service concession arrangement projects
- It also intends to continue to secure additional BOT, BOO, TOT and BT projects in cities where it has existing projects and in nearby cities, leveraging on its familiarity with the region, the participants in the local market and our brand recognition

2

Continue to pursue selective business acquisition and strategic alliance opportunities

- The Company will focus on opportunities with potential to increase its aggregate wastewater treatment capacity, and give it access to new markets and customer relationships
- It is also well positioned to quickly implement its systematic project management approach and effectively integrate companies it acquires in the future to enhance its overall operational efficiency

3

Selectively expand into other business ancillary to wastewater treatment to become a large-scale integrated water environmental service provider

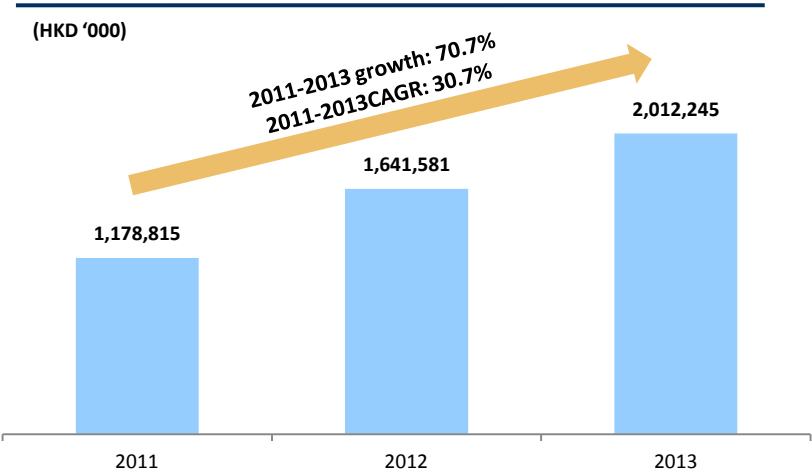
- Leveraging on its experience and profile in the wastewater treatment industry, the Company intends to expand its operations into other business activities that are ancillary to wastewater treatment, such as tap water supply, reusable water, seawater desalination and comprehensive water environmental treatment
- Furthermore, the Company believes providing other water environmental treatment will add value to the Enlarged Group's existing services and diversify its revenue streams from selected wastewater treatment projects

Financial Highlights

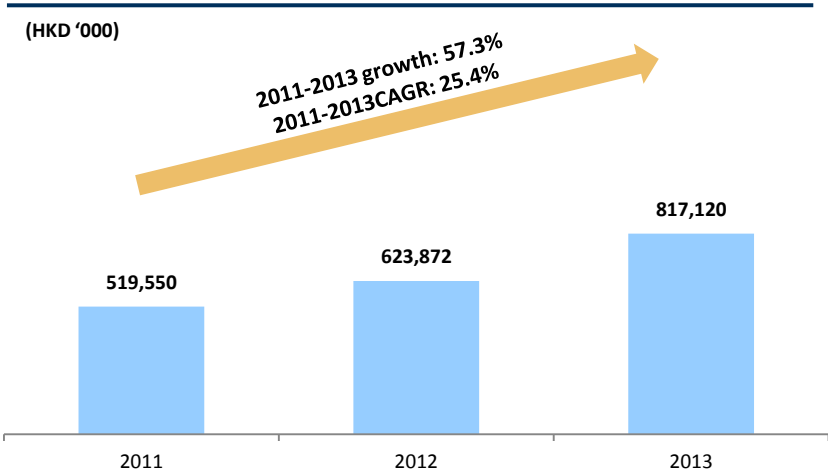


Strong earnings growth

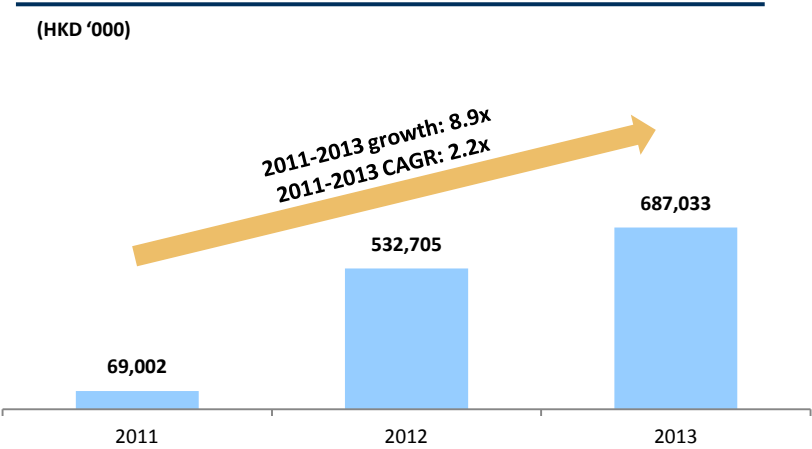
Revenue



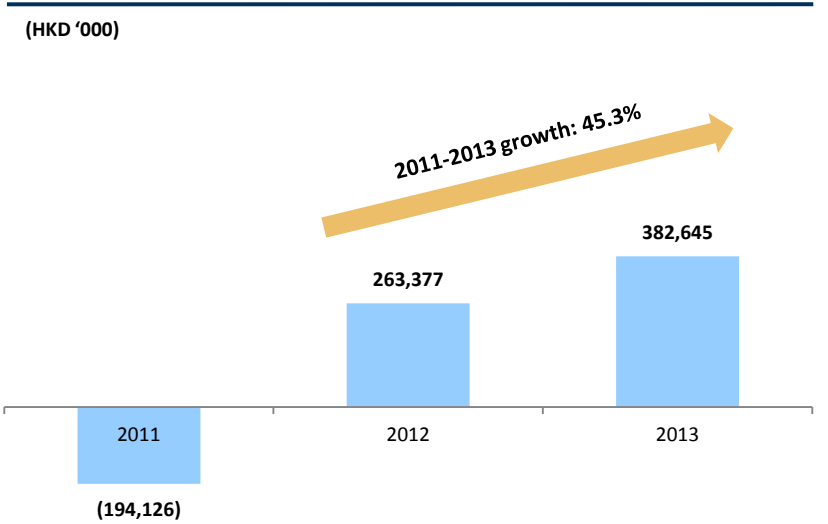
Gross Profit



Operating Income

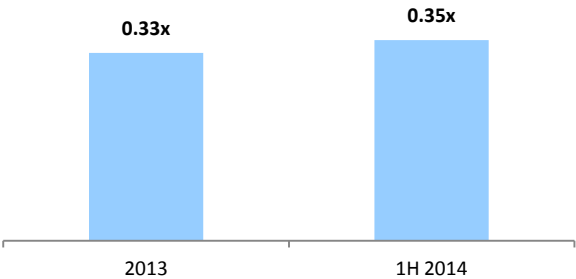


Net Income Attributable to Owners of the Company

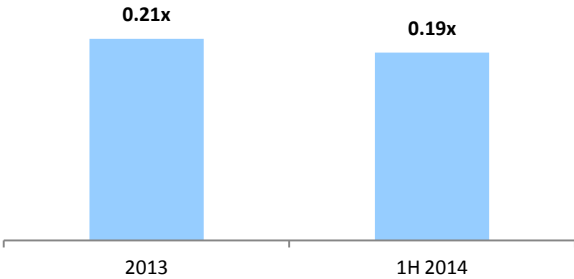


Low financial leverage with room for further capacity for debt capital to fund growth

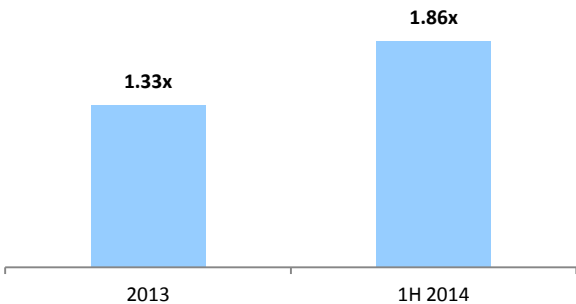
Debt ⁽¹⁾ / Equity ⁽²⁾



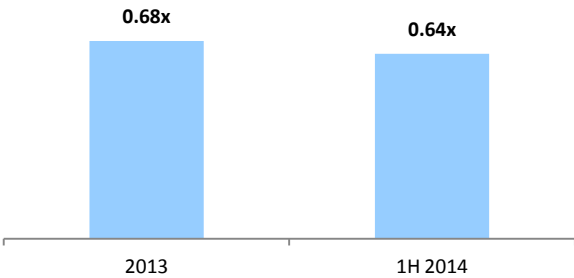
Net Debt ⁽³⁾ / Equity



Current Assets / Current Liabilities



Total Liabilities / Shareholders Equity



Source: HanKore Environment Tech Group Circular dated 12 Nov 2014 - Unaudited Pro forma Consolidated Statements of Enlarged Group

(1) Debt: Total borrowings
(2) Inclusive of equity attributable to non-controlling interests
(3) Net Debt: Total borrowings less cash and cash equivalents