

2018

# ANNUAL GENERAL MEETING

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CHINA EVERBRIGHT WATER LIMITED

April 2019

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# Agenda

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



# Financial Highlights



# Financial Highlights

HKD ('000)	FY2018	FY2017	Percentage change FY2018 vs. FY2017
Revenue	<b>4,768,318</b>	3,591,633	33%
Gross profit	<b>1,623,778</b>	1,230,587	32%
EBITDA	<b>1,432,579</b>	1,181,075	21%
Net profit for the financial year	<b>736,755</b>	580,793	27%
Profit attributable to shareholders of the Company	<b>676,459</b>	513,356	32%
Earnings per share (HKD)	<b>0.256</b>	0.196	31%
Interim and final dividend per ordinary share* (SGD)	<b>0.0099</b>	0.0049	102%

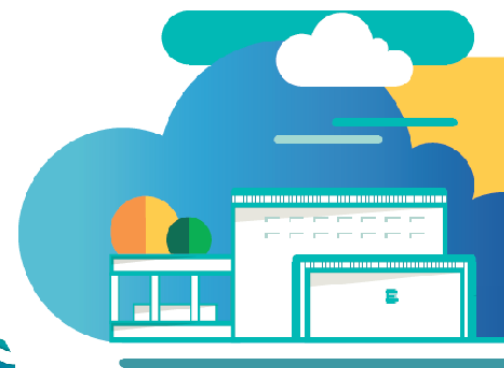
*\*Final dividend is subject to approval at the 2018 Annual General Meeting*

	As at 31 December 2018	As at 31 December 2017
Gearing ratio (total liabilities / total assets)	<b>55.8%</b>	52.7%



# Business Review

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## Smooth progress in business expansion

- In 2018, the Company secured 15 new projects and signed 4 supplementary agreements for existing projects, which command a total investment of approximately RMB3.579 billion.
- The Company ventured into new area, i.e. leachate treatment, and solidified its market position in the areas of waste water treatment, water environment management, reusable water and sludge treatment and disposal.
- The Company further strengthened its market position in Shandong, Jiangsu and Liaoning provinces.

### Jiangsu Province

1. Nanjing Pukou WWT and Reusable Water Plant Project Phase II
2. Xuzhou Yanqun Household Waste Landfill Leachate Treatment Project
3. Yangzhou Jiangdu Development Zone Industrial Waste Water Centralised Pre-treatment and Ancillary Pipeline Network Project
4. Jiangyin WWT Project (Binjiang Plant 2) and Ancillary Pipeline Project
  - Supplementary agreement for Jiangyin WWT (Binjiang Plant and Shizhuang Plant) Upgrading Project

### Shandong Province

1. Dezhou Ling County WWT Project Plant 2 Upgrading
2. Dezhou Nanyunhe WWT Project Phase II (including effluent defluoridation facility)
3. Zibo WWT Project (Northern Plant) Relocation and Expansion
4. Zibo WWT Project (Southern Plant) Upgrading
5. Zibo High-tech Zone WWT Project Upgrading
6. Binzhou Development Zone WWT Project Phase II
7. Laiyang Water Environment Management Sub-Project
8. Laiyang WWT Sub-Project
9. Ji'nan WWT Project (Plant 1) Phase IV Expansion
10. Ji'nan WWT Project (Plant 2) Phase III Expansion
  - Supplementary agreement for Ji'nan Sludge Treatment Project
  - Supplementary agreement for Ji'nan Zhangqiu WWT (Plant 1, 2 & 3) Upgrading Projects

### Liaoning Province

1. Dalian Pulandian WWT Project Phase II
  - Supplementary agreement for Dalian Pulandian Sludge Advanced Treatment Project

## As at 31 December 2018

### Secured **111** projects

- 94 WWT projects
- 1 leachate treatment project
- 6 water environment management projects
- 3 water supply projects
- 5 reusable water projects
- 2 waste water source heat pump projects

Total project investment amounted to approximately **RMB18.7** billion



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 over 40 districts, counties and cities

Water treatment capacity exceeded **5 million** m<sup>3</sup>/day



## Improvement in quality and quantity of project construction works

- In terms of its project construction, 2018 was an eventful year. The Company recorded a total of 19 projects under construction throughout the year. 9 projects commenced construction and 9 projects completed construction and commenced operation.
- Several projects received various construction subsidies of more than RMB56 million in total.
- A number of construction works received awards and recognitions at provincial and municipal levels.

## 19 projects under construction throughout 2018

Ji'nan WWT (Plant 1) Phase IV Expansion	Xinyi City WWT Project Phase III
Ji'nan WWT (Plant 2) Phase III Expansion	Jiangyin Chengxi Phase III Pipeline Network Pump Station
Ji'nan Huashan WWT Project	Dalian Pulandian WWT Project Phase II
Zibo High-tech Zone WWT Project Upgrading	Dalian Lvshun Bailanzi WWT Project Upgrading
Binzhou Development Zone WWT Project Phase II	Zhenjiang Sponge City Construction PPP Project
Binzhou Development Zone WWT Project Phase I Upgrading	Nanjing Municipal Water PPP Project
Dezhou Ling County WWT Project Plant 2 Upgrading	Suizhou Xihe County WWT Plant and Pipeline Network Project
Dezhou Ling County Waste Water Pipeline Network PPP Project	Nanning Shuitang River Integrated Restoration PPP Project
Ju County Chengbei WWT Project Upgrading	Ji'nan Zhangqiu Yellow River Water Transfer and Water Resources Replenishment Project
	Ji'nan Zhangqiu Chengdong Industrial Water Supply Project

## 9 projects commenced construction in 2018

Dalian Pulandian WWT Project Phase II  
Xinyi City WWT Project Phase III  
Ji'nan WWT (Plant 1) Phase IV Expansion  
Ji'nan WWT (Plant 2) Phase III Expansion  
Binzhou Development Zone WWT Project Phase II  
Zibo High-tech Zone WWT Project Upgrading  
Ji'nan Zhangqiu Chengdong Industrial Water Supply Project  
Dezhou Ling County WWT Project Plant 2 Upgrading  
Dezhou Ling County Waste Water Pipeline Network PPP Project

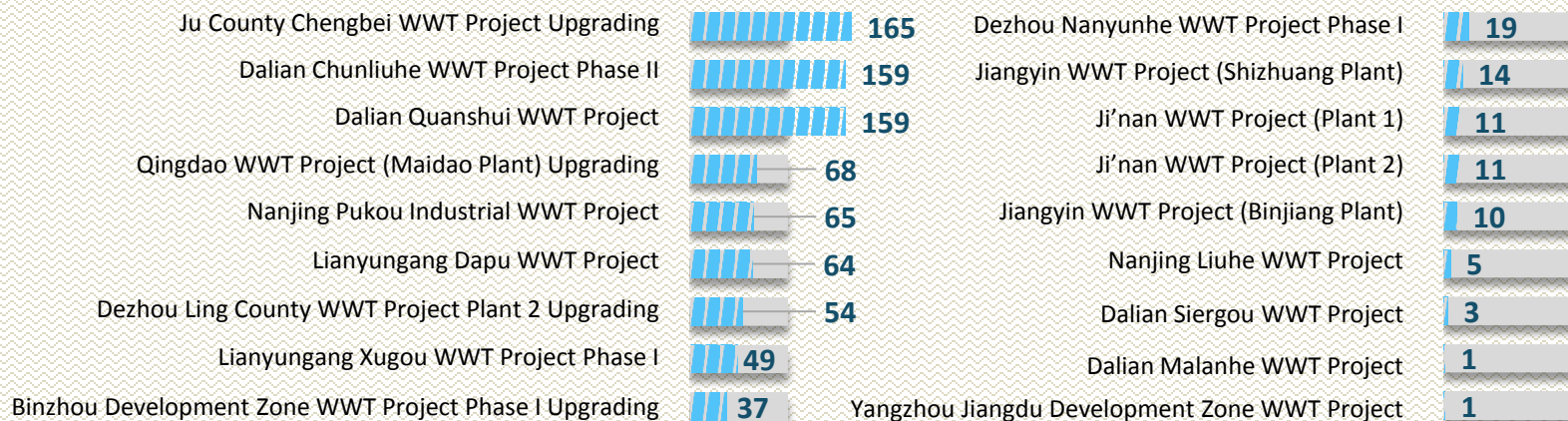
## 9 projects completed construction and commenced operation in 2018 (including projects in trial run)

Dalian Quanshui WWT Project Upgrading  
Dalian Chunliuhe WWT Project Phase II Upgrading  
Dalian Lvshun Bailanzi WWT Project Upgrading  
Nanjing Municipal Water PPP Project  
Ji'nan Huashan WWT Project  
Qingdao WWT Project (Maidao Plant) Upgrading  
Dezhou Ling County WWT Project Plant 2 Upgrading  
Binzhou Development Zone WWT Project Phase I Upgrading  
Ju County Chengbei WWT Project Upgrading

## Effective operations management

- In 2018, 18 WWT plants were approved for tariff hikes, ranging from 1% to 165%.
- The Company promoted the “Intelligent Water” management system and established a large data analysis system, with an aim of improving level of intelligence in project management.
- The Company continued promoting environmental, safety, health and social responsibility (“ESHS”) management system and risk management system through a series of measures, such as “Safe Operation Month” activities, formulation of relevant standards, launch of trainings on relevant laws and regulations, etc.
- The Company further improved the rules and policies on operations management and standardised the practices of environmental information disclosure, so as to enhance the standards and transparency of operations management for its projects.

### Tariff Hike (%)



- The Company improved its technology industrial chain, by taking various steps including: the establishment of a German joint-venture company E+B Umwelttechnik GmbH, the acquisition of Xuzhou Municipal Engineering Design Institute Co., Ltd. (“Xuzhou Design Institute”), and the incorporation of Hebei Xiong’an Huashen Water Engineering Technology Limited with partners.
- The Company actively promoted commercialisation and application of technological research results. It has applied some research results to its projects in the areas of biological deodorisation, high-efficiency sedimentation tank, biological aerated filter, ozone catalytic oxidation, among others.
- The Company made efforts and substantial progress in applying for various technical qualifications.
- In 2018, the Company was granted a total of 27 patents.



**Significant  
progress in  
technology R&D**

## Continued expansion of financing channels

In August 2018, the Company submitted its application for proposed dual primary listing on the Main Board of The Stock Exchange of Hong Kong Limited, with an aim of attracting different investors, expanding its shareholder base and promoting the long-term business development.

On 20 August 2018, the Company completed the issuance of the second tranche of its RMB-denominated bonds (“Panda Bonds”), with an aggregate principal amount of RMB800 million. Some portion of the proceeds was used for the development of green projects, which were certified in accordance with the Directory of Green Bonds Supported Projects (2015 Version) composed by Green Finance Committee. This enabled the Company to gain valuable experience in green bond issuance. The remaining proceeds was used for the repayment of the existing indebtedness of the subsidiaries of the Company and replenishment of the general working capital of the subsidiaries.



### Completion of issuance of third tranche of Panda Bonds

- Aggregate principal amount of RMB700 million with a five-year maturity period and a coupon rate of 3.89%. The subscription rate was 2.2 times.
- The proceeds from the bond issue will be used for the replenishment of general working capital of the Company's subsidiaries.



### Acquisition of remaining 10% equity interest in Dongda Water

Following the acquisition of 90% equity interest in Dalian Dongda Water Co., Ltd. ("Dongda Water") in 2015, the Company acquired the remaining 10% equity interest in Dongda Water in January 2019. Accordingly, Dongda Water has become a wholly-owned subsidiary of the Company. The acquisition facilitates the Company to carry out a comprehensive and in-depth integration to further boost efficiency and profitability of Dongda Water's projects.

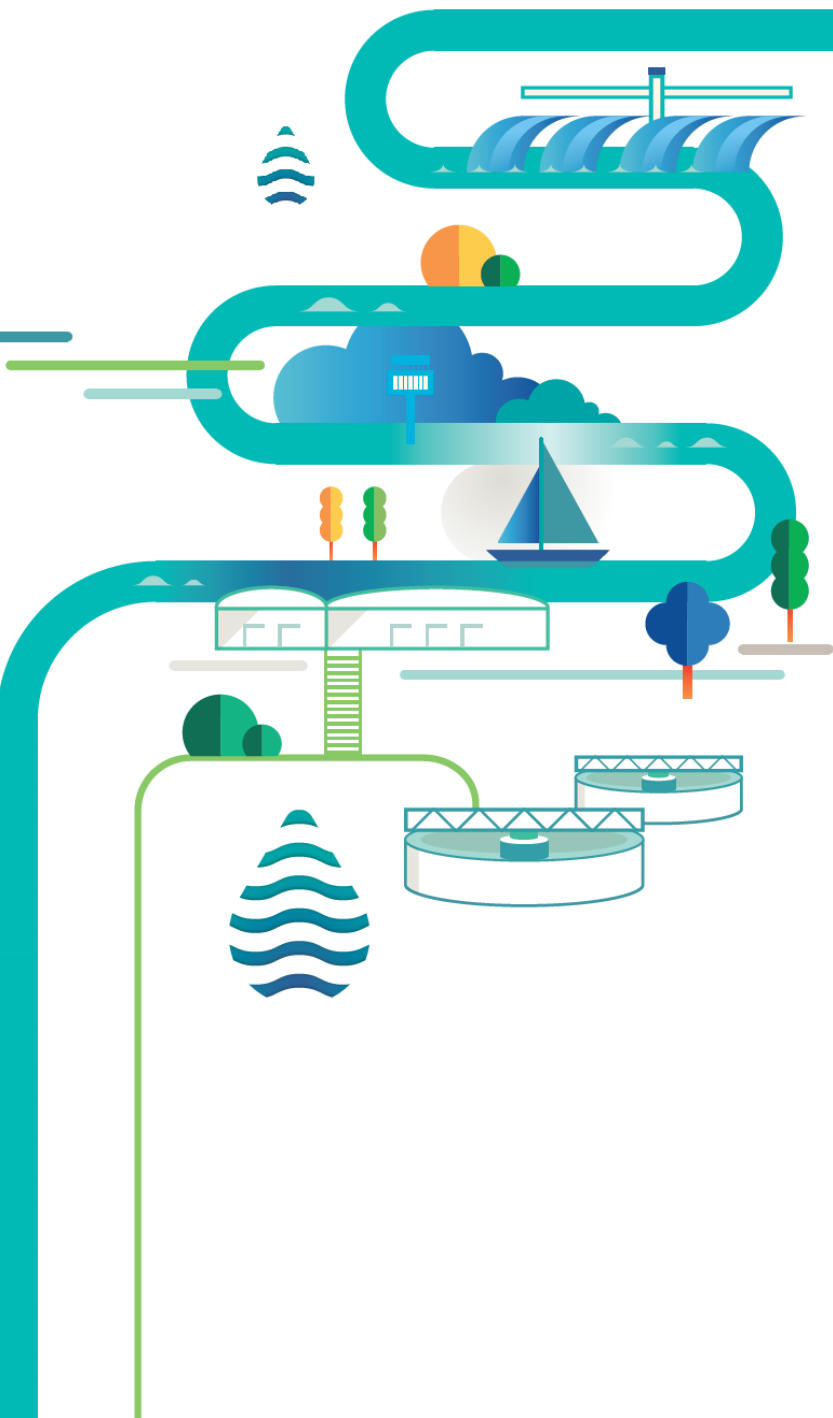


### Securing new projects in Jiangsu and Shandong provinces

- Jiangsu Zhenjiang Zhengrunzhou Waste Water Treatment Plant Operation and Management Project, which helps to unify the operations management so as to improve the environmental and economic benefits of the plant.
- Shandong Ji'nan Licheng Waste Water Treatment Project (Plant 3) Sludge Treatment Project, with an investment of approximately RMB37.5 million.

# Development Strategies

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## Develop new market & new model

- Riding on the macroeconomic and industry trends, the Company will continuously explore potential business opportunities in the areas of upgrading of existing projects, industrial waste water treatment services, water environment management, among others.
- The Company will solidify its position in the Bohai Economic Rim and Yangtze River Delta, and actively expand to regional markets with strong growth potential, such as the Pearl River Delta and Guangdong-Hong Kong-Macao Greater Bay Area.
- By leveraging on the integration of Xuzhou Design Institute, the Company will continue exploring asset-light business models such as municipal engineering design and technical consultancy, with an aim of properly synchronising its light- and heavy-assets with its businesses.

## Enhance efforts in technology R&D

- The Company has set “application-oriented research” as its technology research and development (“R&D”) direction, and will promote the commercialisation of research results to improve the Company’s competitiveness in its core businesses.
- The Company will integrate its new technology R&D resources and platforms, such as Everbright Water Research Centre, the German joint-venture company and Xuzhou Design Institute, so as to encourage resource sharing and synergy effects, with an aim of enhancing the Company’s overall technological advantages and competitiveness.
- The Company will bring in management and technical talents in the area of R&D, and improve the development and training system for the technical team.
- The Company will continue promoting the industrial-academic research collaboration model, and encourage the commercialisation of research results, so as to widen the horizon of its employees.
- The Company will develop new business-customised technologies, with a focus on a number of areas, such as advanced waste water treatment, water environment management, sludge treatment and disposal, intelligent water, among others.

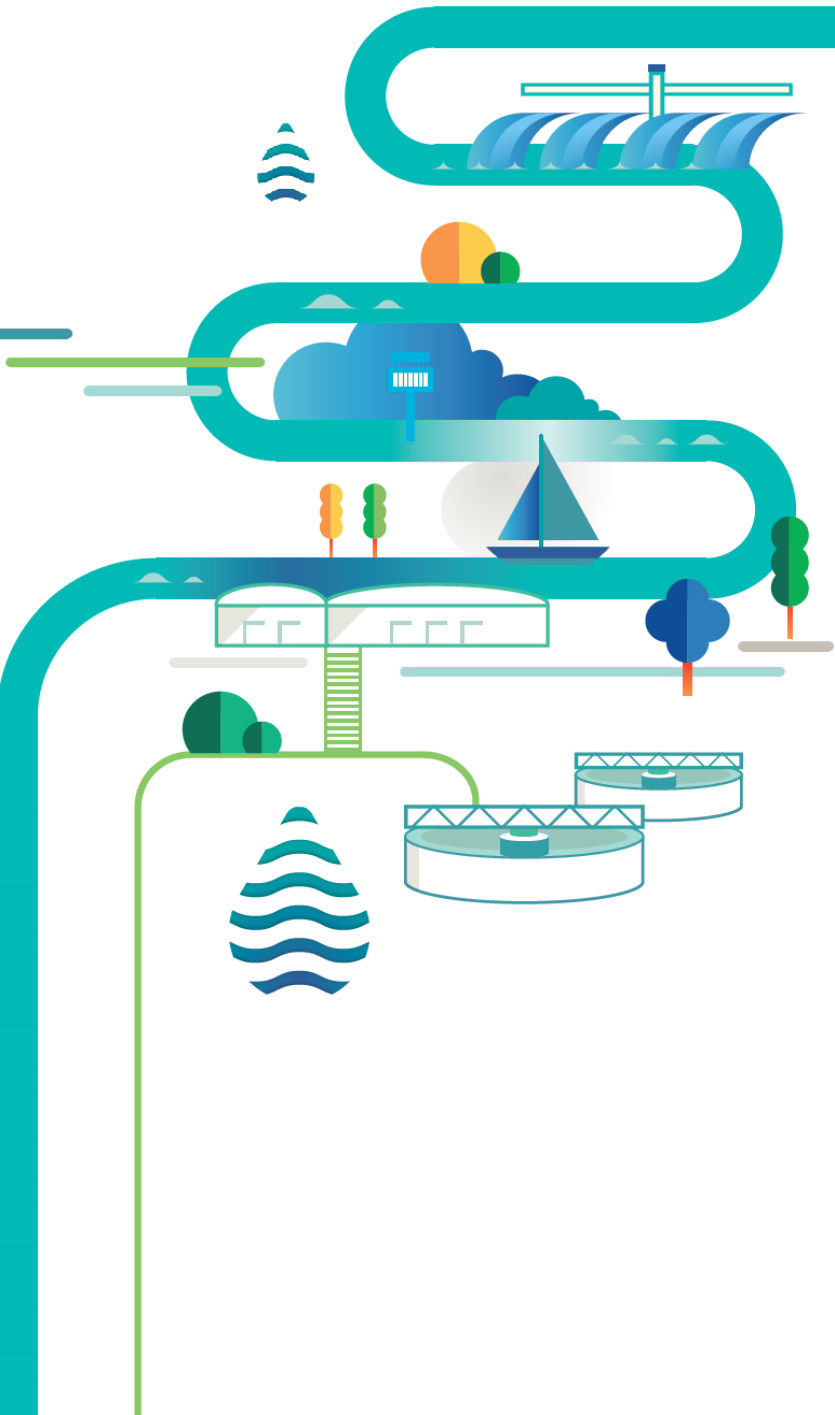


## Continue improvement in management systems

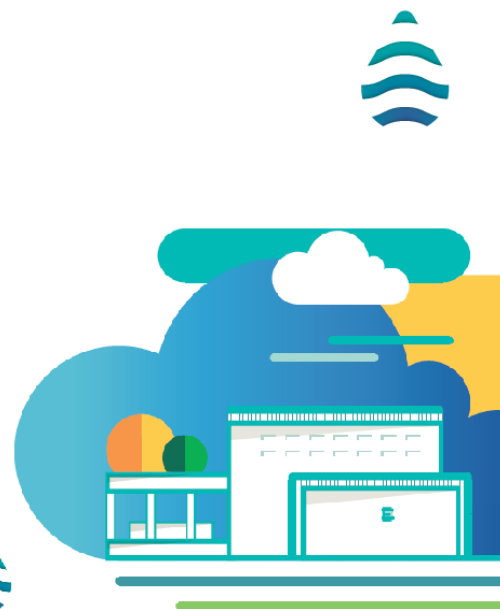
- The Company will reinforce the ESHS management system and risk management system, so as to keep all operational risks under control and improve management proficiency.
- The Company will adopt the “Intelligent Water” management system to improve the level of intelligence in business management, to reduce operational and maintenance costs and to improve efficiency and proficiency.
- The Company will enhance the entire management process for project construction, to ensure all construction works being carried out in accordance with relevant rules and regulations and in a safe and orderly manner, with effective engineering risk prevention measures.

## Diversify investment & financing channels

- The Company will continue strengthening the traditional financing channels, such as credit facilities from commercial banks and policy banks.
- The Company will leverage on the experience gained from the Panda Bonds issuance, and continue diversifying the investment and financing channels.
- Given the downward economic trend and cooling down of market, the Company will take active measures to prevent forex and financing risks, and further optimise its financing structure at home and abroad.
- The Company will comply with regulatory requirements and seek a suitable timing to proceed with the listing in Hong Kong with full strength.



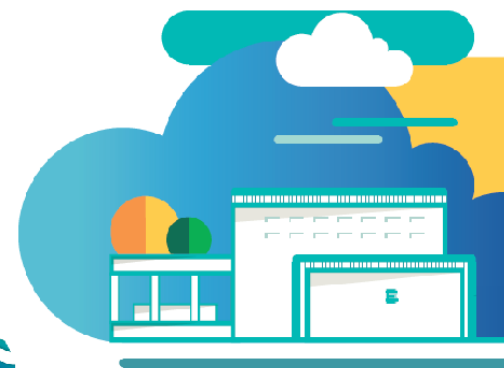
# Q&A





# AGM Resolutions

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# 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 2018 and the Auditor's Report thereon.
- **Resolution 2:** To declare a final tax exempt 1-Tier dividend of SGD0.0050 per ordinary share for the financial year ended 31 December 2018 as recommended by the Directors.
- **Resolution 3:** To approve the payment of Directors' fees of SGD323,556 for the financial year ended 31 December 2018. (2017 : SGD200,000/-)
- **Resolution 4:** To re-elect Mr. Luo Junling, a Director retiring pursuant to the Bye-law 85(6) of the Bye-laws of the Company, and who, being eligible, will offer himself for the re-election of a Director of the Company.

# AGM Resolutions

- **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 its 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.
- **Resolution 8:** Renewal of the share buy-back mandate.
- **Resolution 9:** Renewal of the interested person transaction mandate.

**Thank you!**



CHINA EVERBRIGHT WATER LIMITED