

3QFY2018 RESULTS PRESENTATION

CHINA EVERBRIGHT WATER LIMITED

November 2018

MERGE AND

INNOVATE TO LEAD

融合创新 涓滴成河

Forward-looking Statement

This presentation may contain forward-looking statements. Any such forward-looking statements are based on a number of assumptions about the operations of China Everbright Water Limited (the “Company”) and factors beyond the Company’s control and are subject to significant risks and uncertainties, and accordingly, actual results may differ materially from these forward-looking statements. The Company undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such dates.

The information in this presentation should be considered in the context of the circumstances prevailing at the time of its presentation and has not been, and will not be, updated to reflect material developments which may occur after the date of this presentation. The slides forming part of this presentation have been prepared solely as a support for oral discussion about background information about the Company. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of any information or opinion contained herein. It should not be regarded by recipients as a substitute for the exercise of their own judgment. Information and opinion contained in this presentation may be based on or derived from the judgment and opinion of the management of the Company. Such information is not always capable of verification or validation. None of the Company or financial adviser of the Company, or any of their respective directors, officers, employees, agents or advisers shall be in any way responsible for the contents hereof, or shall be liable for any loss arising from use of the information contained in this presentation or otherwise arising in connection therewith. This presentation does not take into consideration the investment objectives, financial situation or particular needs of any particular investor. It shall not to be construed as a solicitation or an offer or invitation to buy or sell any securities or related financial instruments. No part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This presentation may not be copied or otherwise reproduced.

Agenda

- **Financial Review**
- **Business Review**
- **Subsequent Events**
- **Business Outlook**

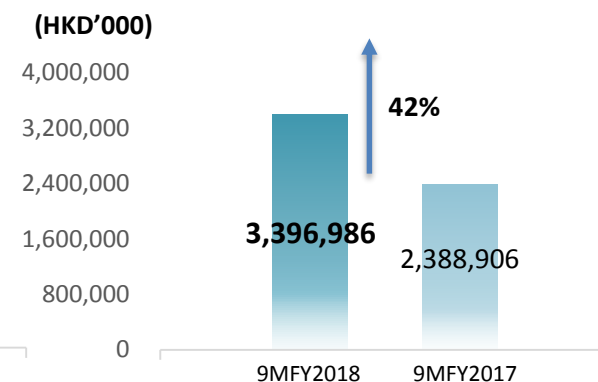
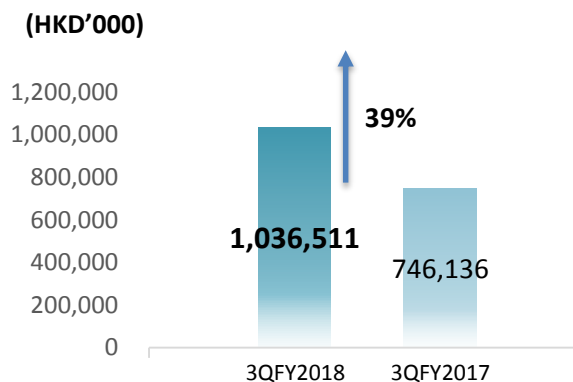
**MERGE AND
INNOVATE TO LEAD**
融合创新 涓滴成河

Financial Review

Financial Review

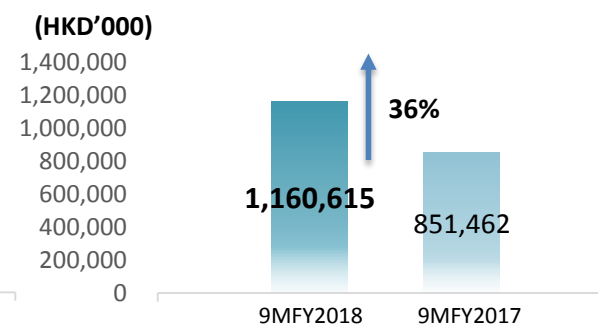
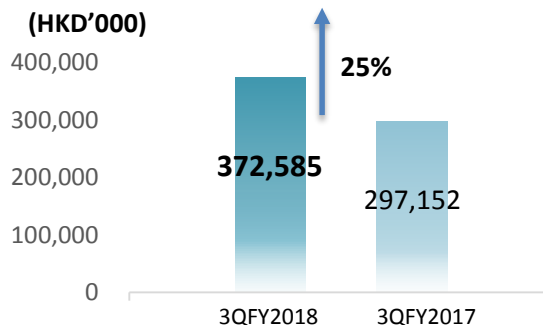
Revenue

Revenue increased by 39% year-on-year (“yoy”) in 3QFY2018, mainly attributable to the increase in construction revenue, operation revenue and finance income. The increase in construction revenue was mainly attributable to the expansion and upgrading of several waste water treatment projects that were under construction, in addition to the construction of the sponge city project and the water supply project. The increase in operation revenue was the result of commencement of operation of new projects, as well as tariff hikes effected for several projects, both during the fourth quarter of FY2017 and the first nine months of FY2018.



Gross Profit

Gross profit increased by 25% yoy in 3QFY2018, mainly attributable to the increase of gross profit for construction and operation services. The increase of gross profit for construction services was mainly attributable to the construction of the above-mentioned projects. Due to the commencement of operations of new projects and tariff hikes for several projects effected during 3QFY2018, the gross profit for operation services increased.

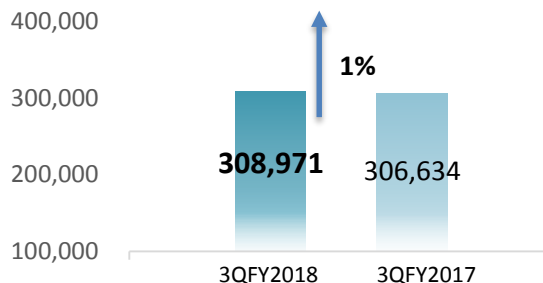


Financial Review

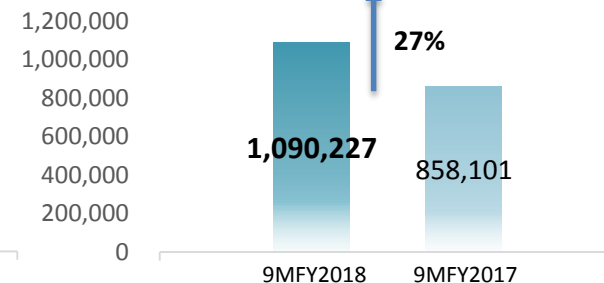
EBITDA

EBITDA stood at a similar level in 3QFY2018 compared with the corresponding period in FY2017.

(HKD'000)



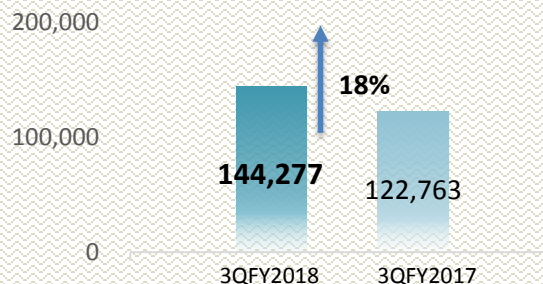
(HKD'000)



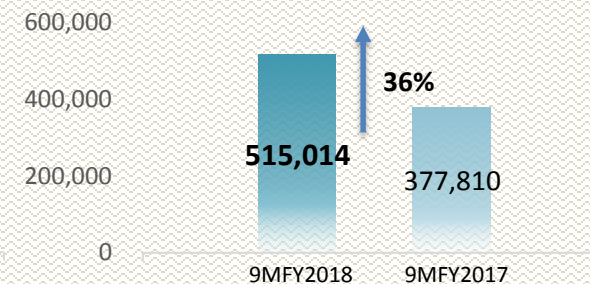
Profit Attributable to Shareholders of the Company

Profit attributable to shareholders of the Company increased by 18% yoy in 3QFY2018, mainly due to the substantial increase in revenue resulting from continued business expansion.

(HKD'000)



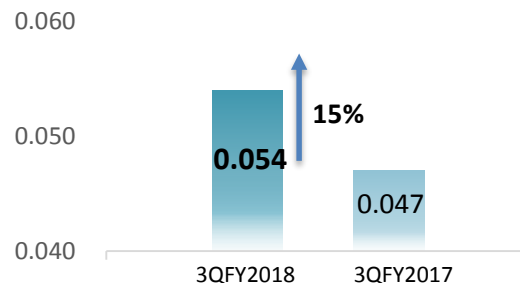
(HKD'000)



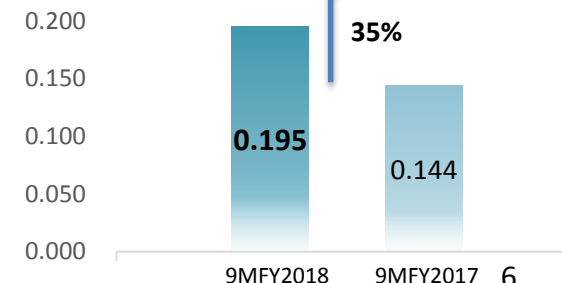
Earnings per Share

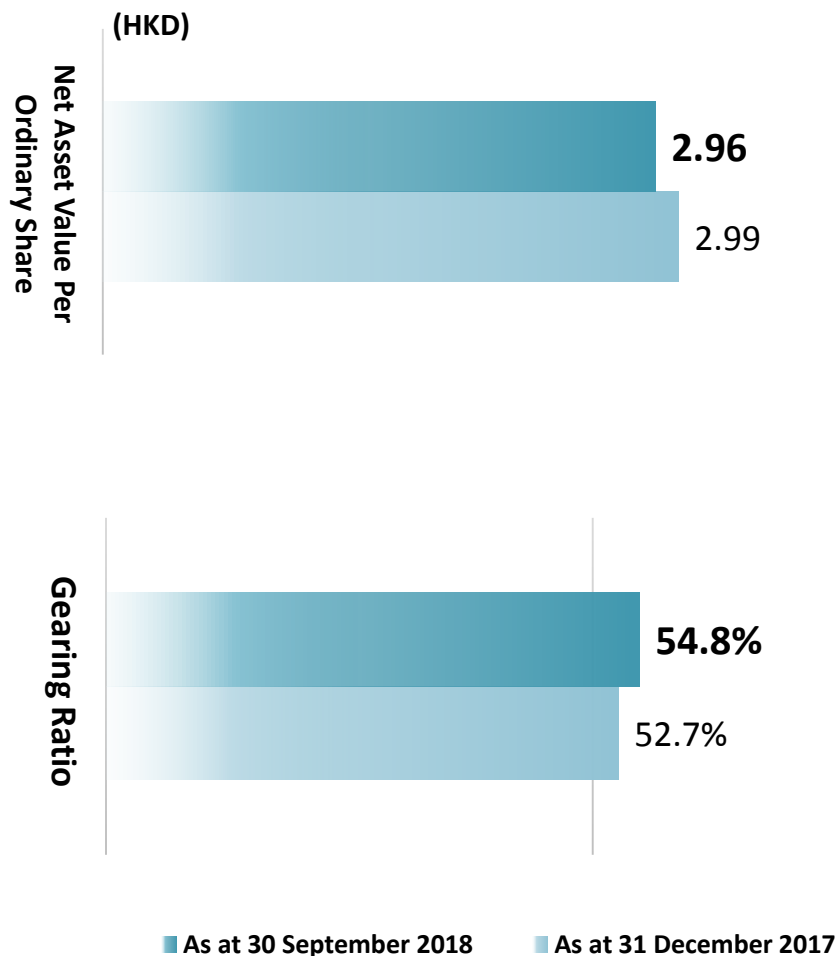
Earnings per share increased by 15% yoy in 3QFY2018 as profit attributable to shareholders of the Company in 3QFY2018 increased substantially.

(HKD)



(HKD)





Net Asset Value Per Ordinary Share

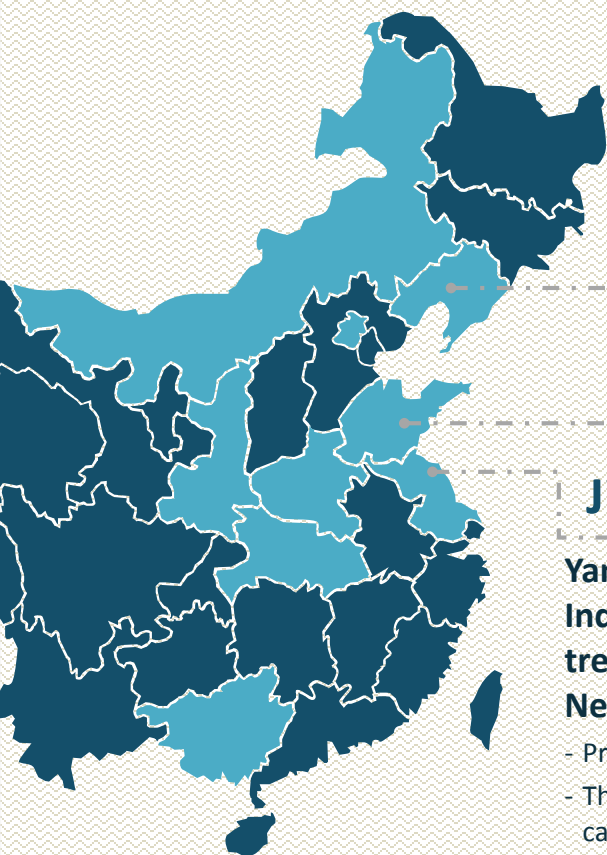
As at the end of 3QFY2018, net asset value per ordinary share slightly decreased by 1% compared with the end of FY2017, due to the depreciation of RMB against HKD in 3QFY2018, which led to the decrease of equity attributable to shareholders of the Company.

Gearing Ratio (total liability/total asset)

Gearing ratio slightly increased at the end of 3QFY2018 compared with the end of FY2017, with the Company maintaining a reasonable debt level and healthy financial position.

Business Review

Steady Progress in Project Expansion



Liaoning Province

Pulandian Sludge Advanced Treatment Project

- Project investment: approximately RMB16.38 million
- The designed daily sludge treatment and disposal capacity: 70 tonnes

Shandong Province

Ji'nan Waste Water Treatment Project (Plant 1) Phase IV Expansion

- Project investment: approximately RMB554 million
- The designed daily waste water treatment capacity: 100,000 m³

Ji'nan Waste Water Treatment Project (Plant 2) Phase III Expansion

- Project investment: approximately RMB489 million
- The designed daily waste water treatment capacity: 100,000 m³

Binzhou Development Zone Waste Water Treatment Project Expansion

- Project investment: approximately RMB66.69 million
- The designed daily waste water treatment capacity: 20,000 m³

Jiangsu Province

Yangzhou Jiangdu Development Zone Industrial Waste Water Centralised Pre-treatment and Ancillary Pipeline Network Project

- Project investment: approximately RMB55 million
- The designed daily waste water treatment capacity: 6,000 tonnes
- Total length of the pipeline network: 4.5 km

Smooth Progress in Construction Works

3 projects commenced construction in 3QFY2018

1. Ji'nan Waste Water Treatment (Plant 1) Phase IV Expansion
2. Ji'nan Waste Water Treatment (Plant 2) Phase III Expansion
3. Xinyi City Waste Water Treatment Project Phase III

4 Projects commenced operations in 3QFY2018

1. Ji'nan Huashan Waste Water Treatment Project
2. Dezhou Ling County Waste Water Treatment Project (Plant 2) Upgrading
3. Jiangyin Waste Water Treatment (Binjiang Plant & Shizhuang Plant) Upgrading Project
4. Ji'nan Sludge Treatment and Disposal Project

11 Projects under construction in 3QFY2018

1. Ji'nan Waste Water Treatment (Plant 1) Phase IV Expansion
2. Ji'nan Waste Water Treatment (Plant 2) Phase III Expansion
3. Xinyi City Waste Water Treatment Project Phase III
4. Jiangyin Chengxi Phase III Pipeline Network Pump Station
5. Pulandian Waste Water Treatment Project Phase II
6. Dezhou Ling County Waste Water Pipeline Network PPP Project
7. Nanjing Municipal Water PPP Project (commenced operation in October)
8. Zhenjiang Sponge City Construction PPP Project
9. Suizhou Xihe County Waste Water Treatment Plant and Pipeline Network Project
10. Nanning Shuitang River Integrated Restoration PPP Project
11. Zhangqiu Yellow River Water Transfer and Water Resource Replenishment Project

Continued Results in Operations Management

□ In 3QFY2018, the Company had 7 waste water treatment plants which effected tariff hikes, ranging from 10% to 54%.

□ In 3QFY2018, the Company received approvals for various subsidies or rewards of over RMB1.5 million in total, for its engineering construction, technology patent and project.

Tariff Hike (%)



Steady Enhancement of Business Strength

(As at 30 September 2018)



Secured 103 projects

- 88 waste water treatment projects
- 6 water environment management projects
- 3 water supply projects
- 4 reusable water projects
- 2 waste water source heat pump projects

Water treatment capacity exceeded 5 million m³/day



Business footprint across 9 provinces and municipalities

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

Total project investment exceeded RMB18 billion



Completion of Second Tranche Corporate Bonds Issuance

The Company issued the second tranche of its RMB-denominated bonds with an aggregate principal amount of RMB800 million to qualified investors in the People's Republic of China. The second tranche of corporate bonds and the Company (as the issuer) had each been given a credit rating of "AAA" by Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.



Type One (Green Bonds)

Five-year maturity and
a fixed interest rate

Principal amount: RMB400 million

Coupon rate: 4.60%

The proceeds will be used for the construction of green projects, which are certified in accordance with the Directory of Green Bonds Supported Projects (2015 Version) composed by Green Finance Committee.



Type Two (Plain Vanilla Bonds)

Five-year maturity and
a fixed interest rate

Principal amount: RMB400 million

Coupon rate: 4.58%

The proceeds will be used for the repayment of the existing indebtedness of the subsidiaries of the Company and replenishment of the general working capital of the subsidiaries.

Subsequent Events

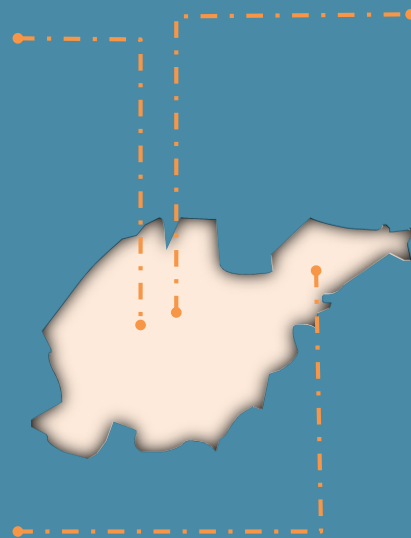
Multiple Water Projects Secured

Ji'nan Zhangqiu Waste Water Treatment (Plant 1, 2 & 3) Upgrading Projects

- The projects command a total investment of approximately RMB22 million.
- Upon completion of upgrading works, the three water plants will comply with more stringent discharge standard than the currently-complied National Grade 1A standard, with respect to certain water discharge indicators.
- The aggregate daily waste water treatment capacity of the water plants will remain unchanged.

Laiyang Economic Development Zone Water Environment Management PPP Project

- The project commands an investment of approximately RMB484 million.
- The project comprises Laiyang Water Environment Management Sub-Project and Laiyang Waste Water Treatment Sub-Project (which has a total designed daily waste water treatment capacity of 60,000 m³. The parties will first invest and develop the plant with a daily waste water treatment capacity of 15,000 m³).



The relocation and expansion of Zibo Waste Water Treatment Project (Northern Plant)

- The project commands an investment of approximately RMB855 million.
- The daily treatment capacity will be increased by 50,000 m³, upon the relocation and expansion of the existing designed daily waste water treatment capacity of 200,000 m³.

The upgrading of Zibo Waste Water Treatment Project (Southern Plant)

- The project commands an investment of approximately RMB109 million.
- Upon completion of upgrading works, some water discharge indicators will comply with the Surface Water Quality Standard for Category IV.

The upgrading of Zibo High-tech Zone Waste Water Treatment Project

- The project commands an investment of approximately RMB83 million.
- Upon completion of upgrading works, some water discharge indicators will comply with the Surface Water Quality Standard for Category IV.

Business Outlook

Develop Core Technologies and Expand R&D Team

- ❑ The Company will continue focusing on water-related technology research and development (“R&D”), technology import and application of technology, in an effort to develop a series of core technologies and reinforce its competitiveness.
- ❑ The Company will continuously promote collaborations with local and overseas tertiary institutions and research institutes, further implement the industrial-academic research collaboration model, and promote the application of R&D results and commercialisation of technology, so as to provide technological forces for the Company’s business development.
- ❑ The Company, while closely following the industrial and R&D trends, will provide useful guidance to its technology R&D through its expert committee formed with industrial leaders and scholars.
- ❑ The Company will actively solidify and expand its R&D team, and target to establish a R&D team with various background and capabilities.



Expand Business Scope and Solidify Market Positions



- ❑ The Company will further explore potential business opportunities that are in line with market demands and policies trends, such as upgrading the existing projects and offering industrial waste water treatment services to new industrial parks.
- ❑ The Company will proactively explore opportunities in relatively new types of projects (such as sponge city construction and river-basin ecological restoration) and business models, in an attempt to expand its business scope and build up relevant experiences.

- ❑ The Company will continue solidifying its market resources and advantageous position in the Bohai Economic Rim and Yangtze River Delta.
- ❑ The Company will actively explore and expand to regional markets with strong growth potential, such as the Pearl River Delta and Guangdong-Hong Kong-Macau Greater Bay Area.
- ❑ The Company will also set eyes on overseas markets, such as Southeast Asia, Central Asia and countries along the “Belt and Road” initiative, and look for suitable green field investment or M&A opportunities.

Enhance Internal Management and Control and Improve Level of Intelligence in Operations

- ❑ The Company will solidify and strengthen its teams that are responsible for different duties, such as the large-scale project management team, engineering team and investment management team.
- ❑ The Company will further improve its Environment, Safety, Health and Social Responsibility (ESHS) management system and risk management system at three major levels, namely the headquarter, regional management centers and project companies, in an effort to constantly improve its operations management proficiency, fully control operational risks, and safeguard the sustainable development of the business.
- ❑ The Company will apply its “Intelligent Water” system in more project companies, in order to enhance the automation level in its projects, boost the safety and reliability of its operations, lower operations maintenance cost, and ultimately enhance the overall profitability of its projects.



Expand Financing Channels and Optimise Financial Structure



- ❑ The Company will actively expand financing channels to provide capital for its project operations.
- ❑ The Company will enhance the traditional financing channels, such as credit facilities from commercial banks and policy banks.
- ❑ The Company will regularly review its borrowing structure to optimise the proportion between its long-term and short-term borrowings, as well as onshore and offshore loan facilities, and to control the financing costs.
- ❑ The Company will also take active measures to prevent forex and financing risks.

Thank You!

MERGE AND
INNOVATE TO LEAD
融合创新 涓滴成河