



1QFY2016 Results Presentation

CHINA EVERBRIGHT WATER LIMITED

中国光大水务有限公司

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- **Financial Highlights**
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- **Appendix – Project Summary**



Financial Highlights

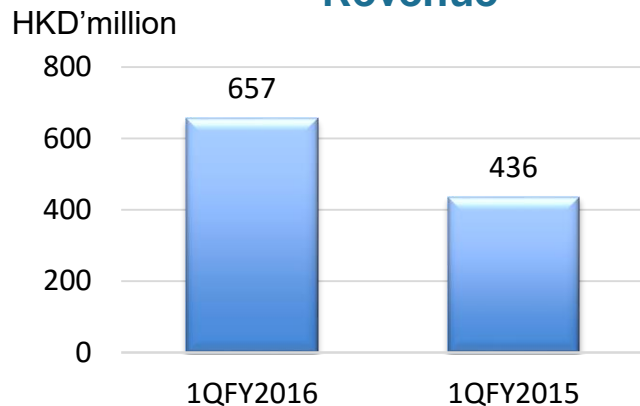


HKD ('000)	1QFY2016	1QFY2015	Increase/Decrease
Revenue	657,240	436,326	51%
Gross Profit	236,365	217,639	9%
Net Profit	106,099	104,647	1%
Net Profit Attributable to Shareholders	103,143	100,861	2%
Earnings Per Share (HKD)	0.040	0.041	(2)%

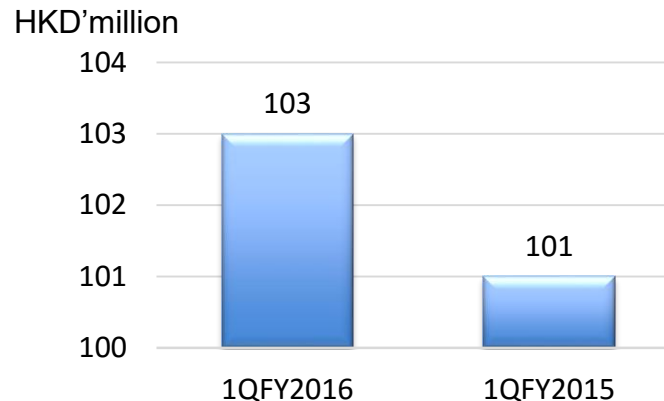
	2016/3/31	2015/12/31
Gearing Ratio (Total Liabilities/Total Assets)	47.7%	47.9%

Financial Highlights

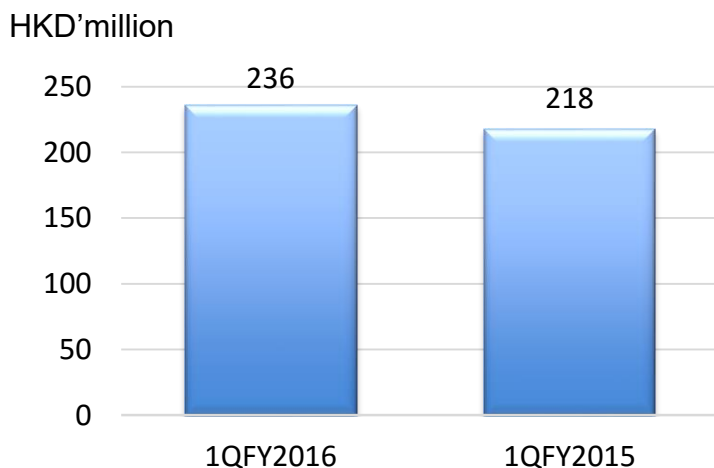
Revenue



Net Profit Attributable to Shareholders



Gross Profit



- Increase in construction revenue led to higher revenue
- Increase in revenue from construction was mainly attributable to expansion and upgrading projects of several Build-Operate-Transfer projects which were under construction during 1QFY2016
- The lower increase of percentage growth of gross profit as compared to the percentage growth of revenue was mainly due to larger portion of construction revenue in the mix of the total revenue of 1QFY2016 as compared to 1QFY2015. Construction services have lower gross profit margin as compared to operation services in general.

Business Review



Project Progress

Projects	Daily Waste Water Treatment Capacity (m ³)	Progress
Suzhou Wuzhong Chengnan WWT Project Phase II and upgrade	75,000	Construction completed; in trial run
Ji'nan WWT (Plant 1) Expansion Project	50,000	Under construction
Dalian Liangjiadian WWT Project Phase I	20,000	Under construction
Daxing Tiantanghe WWT Project Phase II and upgrade	40,000	Under construction
Ji'nan Xike WWT Project (Plant 4) Phase II	70,000	Under construction
Pulandian WWT Project Phase II	20,000	Under construction (commerce in April 2016)

Geographic Coverage



Waste Water Treatment Projects

- Shandong
- Beijing
- Jiangsu
- Shaanxi
- Henan
- Liaoning
- Inner Mongolia

Reusable Water Projects

- Shandong
- Jiangsu

Waste Water Source Heat Pump Projects

- Shandong

Sponge City Project

- Jiangsu



- In the first quarter of 2016, the Group secured 2 water projects (i.e. Zhenjiang Sponge City Project and Zhangqiu Waste Water Treatment Project), contributing an additional total daily contracted water treatment capacity of 365,000 m³/day, involving a total investment of RMB1.545 billion (including Zhenjiang Sponge City Project).
- Currently, the Company's total daily designed water treatment capacity is approximately 5,000,000 m³.

Zhenjiang Sponge City Project

- It is also known as “low impact development rainwater system”, referring to a city with a water system which operates like a sponge to absorb, store, infiltrate and purify rainwater and to release the same for reuse when necessary.
- On 24 March 2016, the Group won the tender for the public-private partnership (“PPP”) project for the construction of the “sponge city” of Zhenjiang with a leading score in the overall bidding process.
- The Group and Zhenjiang Waterworks Corporation will establish a joint venture (the “Project Company”), holding 70% and 30% equity stake respectively.
- The total investment amount for the Project is estimated to be approximately RMB2.585 billion, which comprises a RMB1.2 billion subsidy from the PRC central government and a RMB1.385 billion investment to be contributed by the Project Company.
- Project includes (i) the ecological restoration, repair, low impact development and renovation of pipeline networks, flooding and waterlogged areas, (ii) the construction and operation of the waste water treatment plant (including (a) a waste water treatment expansion project with a daily designed capacity of 75,000 m³ and (b) an advanced waste water treatment facility with a daily designed capacity of 200,000 m³) and (iii) a series of rainwater pump stations, drainage networks, rainwater storage tanks and the ecological restoration and repair of certain rivers.

Zhangqiu Waste Water Treatment Project

- The Group has entered into an agreement with Zhangqiu municipal government to establish a joint venture (the “Project Company”) based on the Public-Private Partnership (“PPP”) model.
- The Group and the municipal government will hold equity stake of 95% and 5% respectively in the Project Company which will operate Zhangqiu No.1 Waste Water Treatment Plant and Zhangqiu No.2 Waste Water Treatment Plant.
- The total designed daily waste water treatment capacity of both plants will reach 90,000 m³. The total investment is approximately RMB160 million with a concession term of 30 years.

Development Strategy

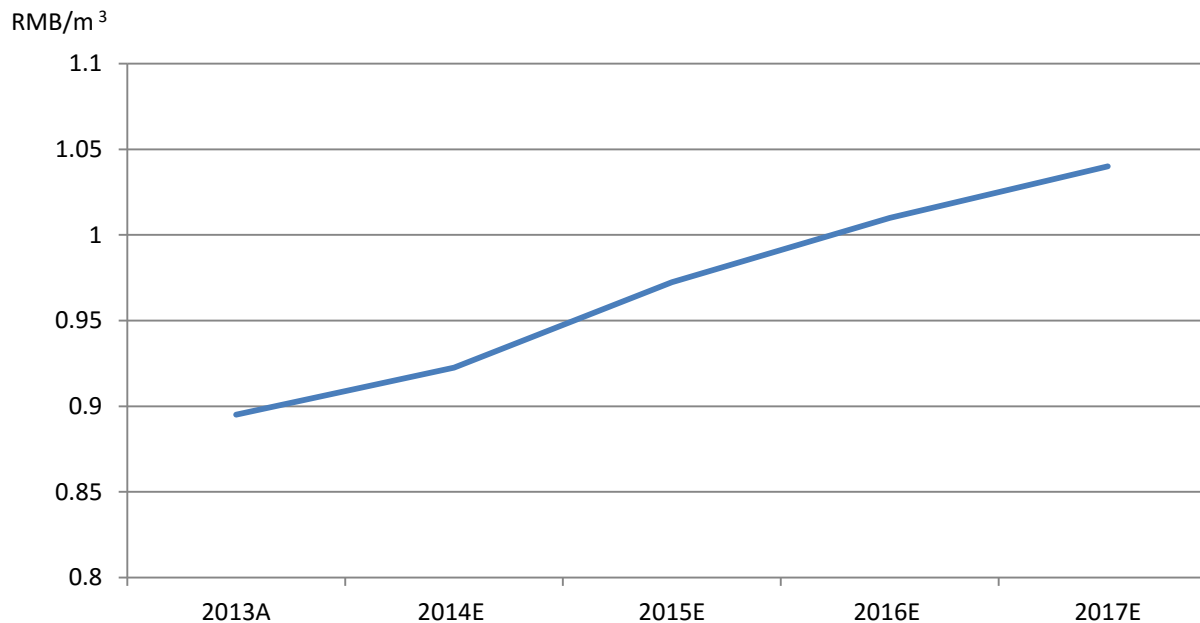
- Increase our market share and influence through new projects and organic growth
- Strengthen the integration of M&A to achieve simultaneous growth of scale and benefits
- Solidify our position in our main business sectors, enhance our business chains and expand into integrated environmental water business (construction of sponge cities and integrated watershed management etc.)
- Increase operating efficiency and reduce operating cost through improvement of technical and management skills
- Set up “Water Environment Technology Research Centre” to strengthen technical capabilities and enhance the Group’s overall competitiveness
- Strengthen our financing capabilities and explore new financing modes such as development funds for water industry to promote the growth of our business
- Strengthen human resources development strategy and endeavour to attract international talents to form a strong team

Industry Outlook



Steadily Increasing Water Price and Anticipated Increase in Revenue from Water Charges

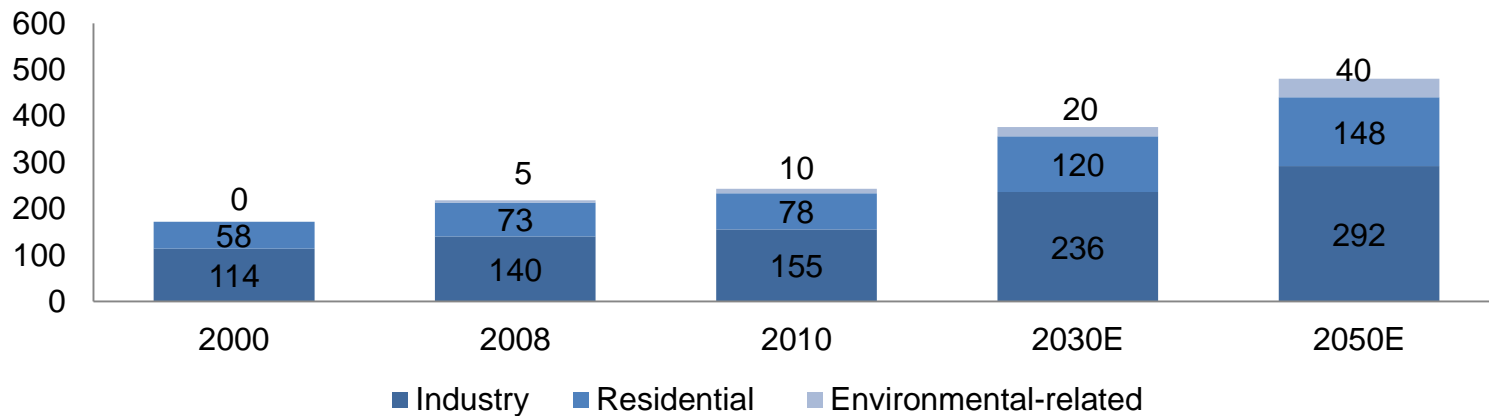
Expected Increase of Waste Water Tariffs* in China



*Source: Credit Suisse estimates on average company data

Long-Term Growth Momentum in Our Industry

(billion cubic meter)



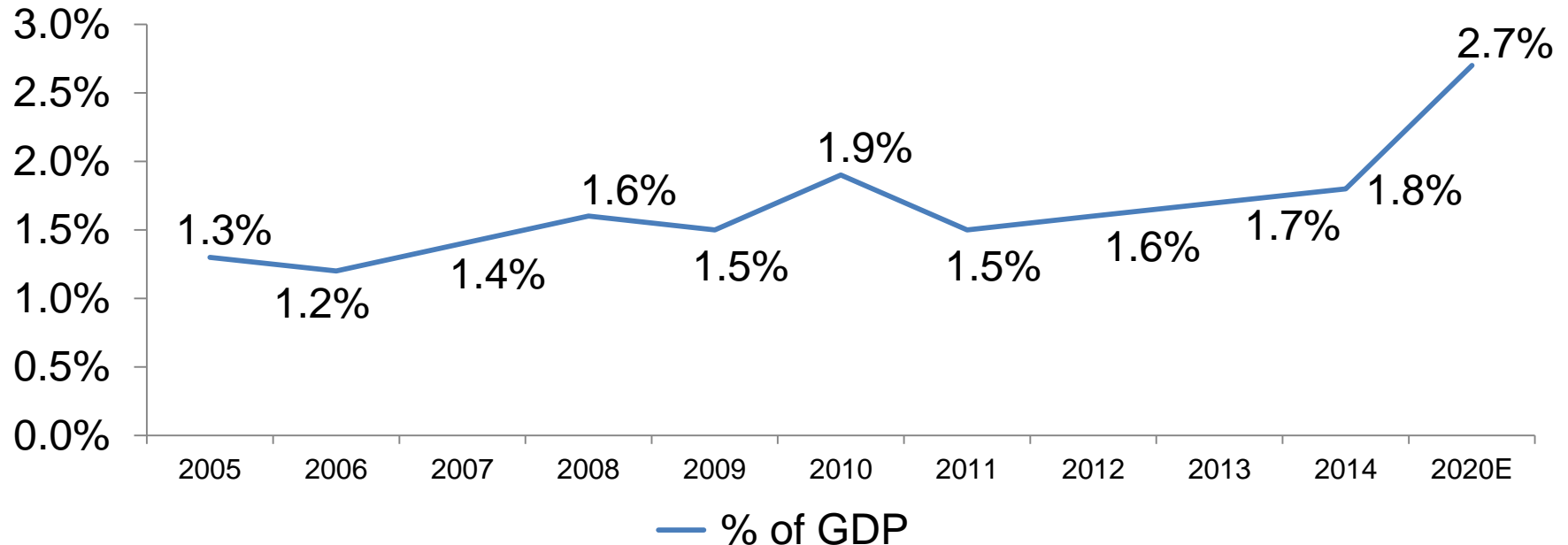
Highly fragmented industry prone for consolidation

- Municipal WWT is fragmented with Top Ten players accounting for approximately 25% of market share
- 50% of the assets are still owned by municipal governments



Investment in environment protection would double in the 13th Five-Year Plan

% of GDP



*Source: Credit Suisse estimates

Favorable Government Policies for the Water Treatment Industry

Government's policy	Status
<p>Work Guidance on Urban Black and Odorous Water Body Treatment</p>	<ul style="list-style-type: none"> • Cities of prefecture level and above should complete investigation of water body and publish the name of black-odour water body, the accountable parties and compliance deadline before the end of 2015 • The black-odour water body in cities of prefecture level and above to be controlled within 10% before the end of 2020
<p>Guiding Opinions of the General Office of the State Council on Advancing the Construction of Sponge Cities</p>	<ul style="list-style-type: none"> • Government aims to strengthen urban planning and construction management to mitigate the impact of urban development and construction to the ecosystem through the construction of sponge cities, which adopts the “infiltrate, stagnate, restore, clean, use and discharge’ techniques • From 2015 onwards, all new urban areas, districts and parks must comply with the sponge city construction requirements

Favorable Government Policies for the Water Treatment Industry

Government's policy	Status
<p>Water Pollution Prevention and Control Plan on the Key Drainage Basins during the 13th Five-Year Plan Period</p>	<ul style="list-style-type: none"> • All provinces, autonomous regions, municipalities and cities started to prepare the water pollution prevention working plan for their respective administrative areas, setting out a list of rivers to be improved and treated during the 13th Five-Year Plan period
<p>The Implementation Opinions on Cooperation between Government and Social Capital on Water Pollution Prevention and Treatment</p>	<ul style="list-style-type: none"> • Provides the policy framework for the full opening up of the water industry to social capital • Encourages the adoption of the PPP model in the water pollution prevention and treatment sector

Favorable Government Policies for the Water Treatment Industry

Government's policy	Status
The Water Pollution Prevention & Control Plan ("Clean Water Action Plan")	<ul style="list-style-type: none"> • Introduced more stringent regulations and set new targets for water supply, waste water treatment and sludge treatment • Local governments to accelerate the reform of water-pricing mechanisms and all cities must adopt a tiered pricing system by 2015
Opinions on the Implementation of the Third-Party Control of Environmental Pollution	<ul style="list-style-type: none"> • Government to develop innovative ways of financing & related credit services • Promote market mechanisms to support third party environmental services
Public-Private Partnership Model	<ul style="list-style-type: none"> • Aims to provide better public services through a wide range of social capital and using the expertise of private enterprises

It is generally expected that investment in the PRC water sector will increase significantly

Appendix



Waste Water Treatment Operating Projects

Project	Type of Investment	Date of Operation	Daily Waste Water Treatment Capacity (m ³)
Qingdao Waste Water Treatment (WWT) Project (Haibohe & Maidao Plants) <i>Shandong Province</i>	BOT/TOT	January 2005	220,000
Zibo WWT Project (Southern & Northern Plants) <i>Shandong Province</i>	TOT	November 2005	250,000 (Upgrading completed in May 2008)
Jinan WWT Project (Plant 1 & Plant 2) <i>Shandong Province</i>	TOT	November 2006	500,000
Zibo High-tech Zone WWT Project <i>Shandong Province</i>	BOT	September 2007	100,000

Waste Water Treatment Operating Projects

Project	Type of Investment	Date of Operation	Daily Waste Water Treatment Capacity (m ³)
Jiangyin WWT Project (Chengxi, Binjiang & Shizhuang Plants) (Acquisition and Upgrade) <i>Jiangsu Province</i>	TOT	January 2008	190,000
Binzhou Boxing WWT Project <i>Shandong Province</i>	TOT/BOT	Phase I – April 2008 Upgrading work – December 2008 Phase II – June 2009 Phase II expansion and upgrading work: April 2015	80,000
Jinan Licheng WWT Project (Plant 3) Phase I <i>Shandong Province</i>	BOT	October 2009	100,000
Zibo Zhoucun WWT Project <i>Shandong Province</i>	BOT	November 2009	40,000
Jinan Xike WWT Project (Plant 4) <i>Shandong Province</i>	BOT	June 2010	30,000

Waste Water Treatment Operating Projects

Project	Type of Investment	Date of Operation	Daily Waste Water Treatment Capacity (m ³)
Ling County WWT Project (Plant 1) <i>Shandong Province</i>	TOT	June 2010	30,000
Ling County WWT Project (Plant 2) <i>Shandong Province</i>	BOT	June 2010	30,000
Dezhou Nanyunhe WWT Project Phase I <i>Shandong Province</i>	BOT	September 2013	75,000
Jinan Licheng WWT Project (Plant 3) Phase II <i>Shandong Province</i>	Same as Jinan Licheng WWT (Plant 3) Phase I	November 2013	100,000
Zhangqiu No. 3 WWT Plant Project <i>Shandong Province</i>	BOT	May 2014	30,000
Ling County WWT Project (Plant 1) Upgrading <i>Shandong Province</i>	N/A	May 2014	N/A

Waste Water Treatment Operating Projects

Project	Type of Investment	Date of Operation	Daily Waste Water Treatment Capacity (m ³)
Lianyungang Dapu WWT Project <i>Jiangsu Province</i>	TOT	December 2001	100,000
Kunshan Development Zone WWT Project Phase I <i>Jiangsu Province</i>	BOT	June 2006	25,000
Xianyang WWT Project Phase I <i>Shaanxi Province</i>	BOT	October 2006	100,000
Yangzhou Jiangdu Development Zone WWT Project Phase I <i>Jiangsu Province</i>	BOT	May 2008	12,500
Kunshan Development Zone WWT Project Phase II <i>Jiangsu Province</i>	BOT	September 2008	25,000
Daxing Tiantanghe WWT Project Phase I <i>Beijing</i>	BOT	December 2008	40,000

Waste Water Treatment Operating Projects

Project	Type of Investment	Date of Operation	Daily Waste Water Treatment Capacity (m ³)
Suzhou Wuzhong Chengnan WWT Project Phase I <i>Jiangsu Province</i>	BOT	January 2009	75,000
Lianyungang Xugou WWT Project Phase I <i>Jiangsu Province</i>	BOT	December 2009	40,000
Nanjing Pukou WWT Project Phase I <i>Jiangsu Province</i>	BOT	January 2010	40,000
Nanjing Pukou WWT Project Phase II and upgrade <i>Jiangsu Province</i>	BOT	January 2016	40,000
Nanjing Liuhe WWT Project Phase I <i>Jiangsu Province</i>	BOT	June 2011	20,000
Binzhou Development Zone WWT Project Phase I <i>Shandong Province</i>	BOT	January 2012	40,000

Waste Water Treatment Operating Projects

Project	Type of Investment	Date of Operation	Daily Waste Water Treatment Capacity (m ³)
Nanjing Liuhe WWT Project Phase II <i>Jiangsu Province</i>	BOT	September 2013	20,000
Xianyang WWT Project Phase II <i>Shaanxi Province</i>	BOT	December 2014	100,000
Yangzhou Jiangdu Development Zone WWT Project Phase II and upgrade <i>Jiangsu Province</i>	BOT	January 2015	12,500
Sanmenxia Industry Cluster Area WWT Project Phase I <i>Henan Province</i>	BOT	February 2015	30,000
Ju County WWT Project <i>Shandong Province</i>	TOT	July 2015 (Transfer date)	40,000
Zhangqiu No.1 WWT Plant Project <i>Shandong Province</i>	TOT	May 2016 (Transfer date)	50,000
Zhangqiu No.2 WWT Plant Project <i>Shandong Province</i>	TOT	May 2016 (Transfer date)	40,000

Waste Water Treatment Operating Projects

Project	Type of Investment	Date of operation	Daily Waste Water Treatment Capacity (m ³)
Dalian Quanshui WWT Project <i>Liaoning Province</i>	BOT	June 2007	35,000
Dalian Malanhe WWT Project Phase II <i>Liaoning Province</i>	BOT	December 2009	80,000
Dalian Chunliuhe WWT Project Phase II <i>Liaoning Province</i>	BOT	April 2009	120,000
Dalian Siergou WWT Project <i>Liaoning Province</i>	TOT	July 2013	100,000
Lvshun Bailanzi WWT Project Phase I <i>Liaoning Province</i>	TOT	October 2003	30,000
Lvshun Bailanzi WWT Project Phase II <i>Liaoning Province</i>	BOT	July 2008	30,000
Lvshun Sanjianpu WWT Project <i>Liaoning Province</i>	BOT	July 2012	10,000
Pulandian WWT Project Phase I <i>Liaoning Province</i>	BOT	November 2007	20,000

Waste Water Treatment Operating Projects

Project	Type of Investment	Date of operation	Daily Waste Water Treatment Capacity (m ³)
Zhuanghe WWT Project Phase I <i>Liaoning Province</i>	BOT	July 2009	30,000
Panjin 1 st WWT Project <i>Liaoning Province</i>	TOT	June 2004	100,000
Panjin 1 st WWT Project (upgrading) <i>Liaoning Province</i>	TOT	May 2015	100,000
Anshan West 2 nd WWT Project <i>Liaoning Province</i>	TOT	June 2006	100,000
Shenyang Hunnan New District WWT Project <i>Liaoning Province</i>	TOT	July 2010	40,000
Dandong WWT Project <i>Liaoning Province</i>	BOT	December 2010	100,000
Inner Mongolia Tongliao Development Zone WWT Project	TOT	January 2009	50,000

Reusable Water Operating Projects

Project	Type of Investment	Date of Operation	Daily Water Supply Capacity (m ³)
Zibo Reusable Water Project Phase I <i>Shandong Province</i>	BOO	September 2011	4,800
Jinan Licheng Reusable Water Project <i>Shandong Province</i>	BOO	September 2011	42,000
Jiangyin Reusable Water Project <i>Jiangsu Province</i>	BOO	January 2013	10,000
Zibo Reusable Water Project Phase II <i>Shandong Province</i>	Same as Zibo Reusable Water Project Phase I	September 2015	4,800

Waste Water Source Heat Pump Operating Projects

Project	Type of Investment	Date of Operation	Daily Waste Water Treatment Capacity (m ³)
Zibo Waste Water Source Heat Pump Project Phase I <i>Shandong Province</i>	BOO	December 2011	N/A
Zibo Ceramic Technology Development Park Heat Pump Project <i>Shandong Province</i>	BOO	November 2013	N/A

Projects Under Construction

Project	Type of Investment	Date of Operation	Daily Waste Water Treatment Capacity (m ³)
Suzhou Wuzhong Chengnan WWT Project Phase II and upgrade <i>Jiangsu Province</i>	BOT	1H2016 (Completed construction, under trial run)	75,000
Jinan WWT Project (Plant 1) Expansion <i>Shandong Province</i>	BOT	1H2016	50,000
Dalian Liangjiadian WWT Project Phase I <i>Liaoning Province</i>	BOT	2016	20,000
Daxing Tiantanghe WWT Project Phase II and upgrade <i>Beijing</i>	BOT	2H2016	40,000
Pulandian WWT Project Phase II <i>Liaoning Province</i>	BOT	2H2016	20,000
Jinan Xike WWT Project (Plant 4) Phase II <i>Shandong Province</i>	BOT	2H2016	70,000

Transferred Projects

Project	Type of Investment	Date of Operation	Daily Waste Water Treatment Capacity (m ³)
Xinyi Surface Water Project <i>Jiangsu Province</i>	BT	January 2013	100,000

Projects in Preparation – Waste Water Treatments Projects

Project	Type of Investment	Daily Waste Water Treatment Capacity (m ³)
Dalian Liangjiadian WWT Project Phase I <i>Liaoning Province</i>	BOT	100,000
Pulandian WWT Project <i>Liaoning Province</i>	BOT	40,000

Projects in Preparation – Waste Water Projects/Reusable Water Projects

Projects	Type of Investment	Daily Waste Water Treatment Capacity (m ³)
Dezhou Nanyunhe WWT Project Phase II <i>Shandong Province</i>	BOT	75,000
Kunshan Development Zone WWT Project Phase III <i>Jiangsu Province</i>	BOT	50,000
Lianyungang Xugou WWT Project Phase II <i>Jiangsu Province</i>	BOT	40,000
Yangzhou Jiangdu Development Zone WWT Project Phase III <i>Jiangsu Province</i>	BOT	25,000
Sanmenxia Industry Cluster Area WWT Project Phase II <i>Henan Province</i>	BOT	120,000

Projects in Preparation – Waste Water Projects/Reusable Water Projects

Projects	Type of Investment	Daily Waste Water Treatment Capacity (m ³)
Binzhou Development Zone Reusable Water Project <i>Shandong Province</i>	BOT	30,000
Sanmenxia Industry Cluster Area Reusable Water Project <i>Henan Province</i>	BOT	100,000
Xianyang Reusable Water Project <i>Shaanxi Province</i>	BOT	170,000
Nanjing Pukou Reusable Project Phase I <i>Jiangsu Province</i>	BOT	20,000

Projects in Preparation – Sponge City Construction Projects

Projects	Type of Investment	Daily Waste Water Treatment Capacity (m ³)
Zhenjiang Sponge City PPP Project <i>Jiangsu Province</i>	PPP	construction of WWT projects (including (a) a waste water treatment expansion project with a daily designed capacity of 75,000 m ³ and (b) an advanced waste water treatment facility with a daily designed capacity of 200,000 m ³), a series of rainwater pump stations, drainage networks, rainwater storage tanks and the ecological restoration and repair of certain rivers

Thank you!

