

3QFY2017 RESULTS PRESENTATION

**CHINA EVERBRIGHT WATER LIMITED
NOVEMBER 2017**



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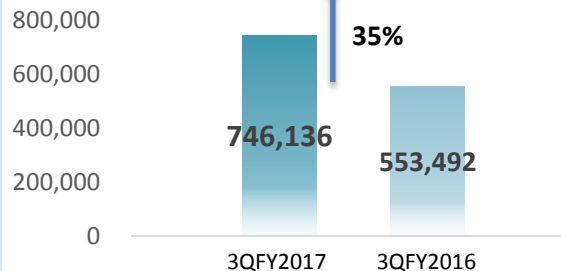
Financial Highlights

Financial Highlights

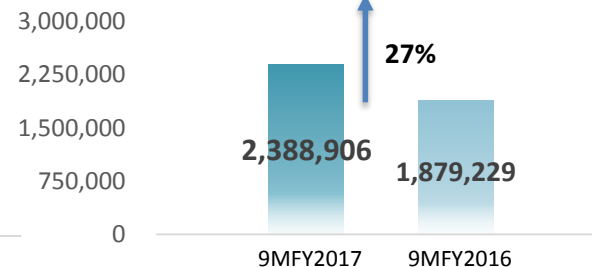
Revenue

Revenue increased by 35% year-on-year (“yoy”) in 3QFY2017, mainly attributable to the increase in construction revenue. The increase in construction revenue was mainly due to construction of the Zhenjiang sponge city construction project and the Nanjing river-basin ecological restoration project, in addition to the expansion and upgrading of several waste water treatment projects in 3QFY2017.

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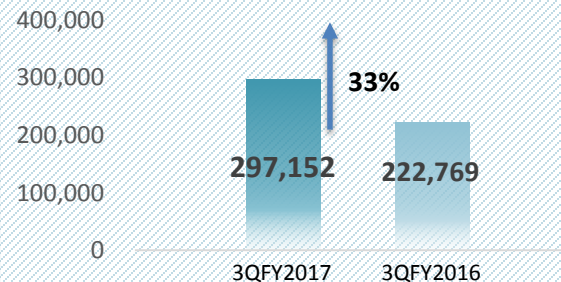
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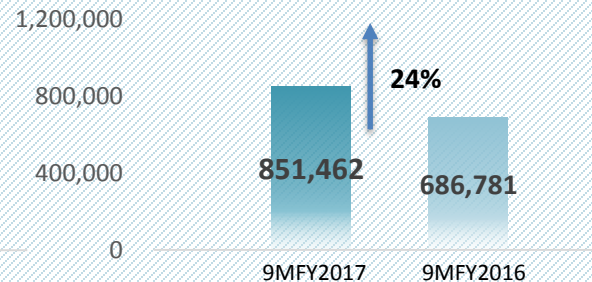
Gross Profit

Gross profit increased by 33% yoy in 3QFY2017, mainly attributable to the increase in gross profit from construction services. The gross profit of construction services increased by 87% yoy in 3QFY2017. In addition, the gross profit of operation services increased by 21% yoy in 3QFY2017, due to water tariff hikes of several projects in 2017.

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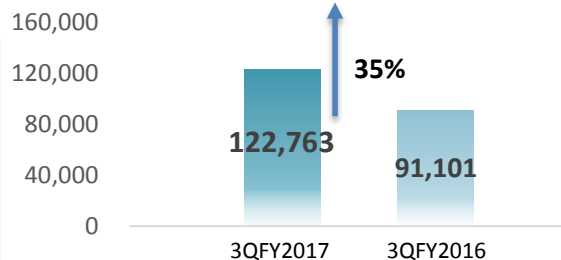
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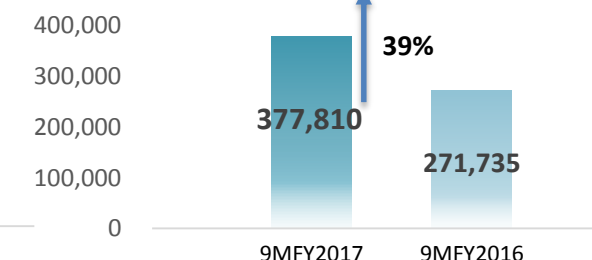
Profit Attributable to Shareholders of the Company

Profit attributable to shareholders of the Company rose by 35% yoy in 3QFY2017, mainly due to the increase in gross profit of construction services.

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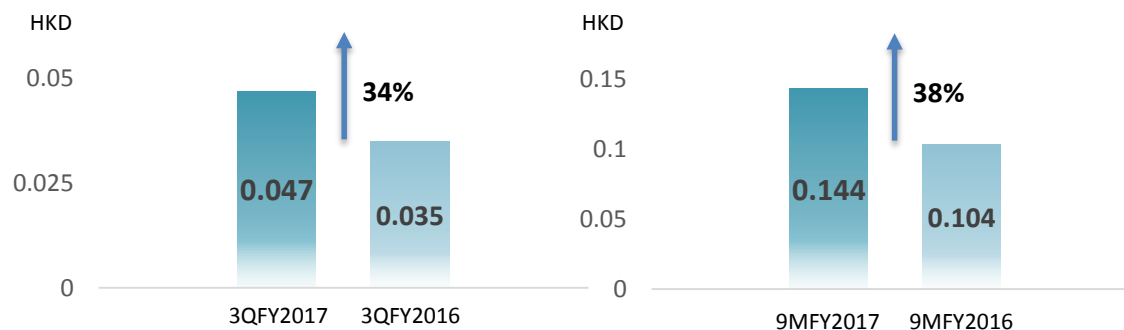
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Financial Highlights

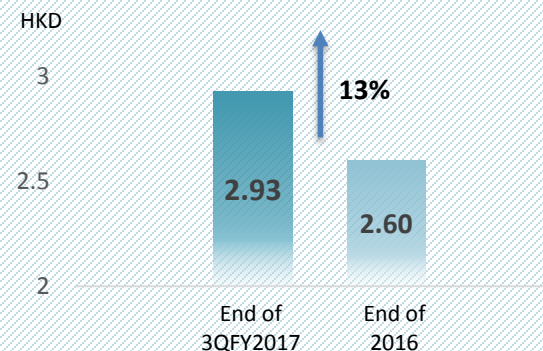
Earnings Per Share (EPS)

Earnings per share increased in 3QFY2017 due to the yoy increase in profit attributable to shareholders of the Company in 3QFY2017.



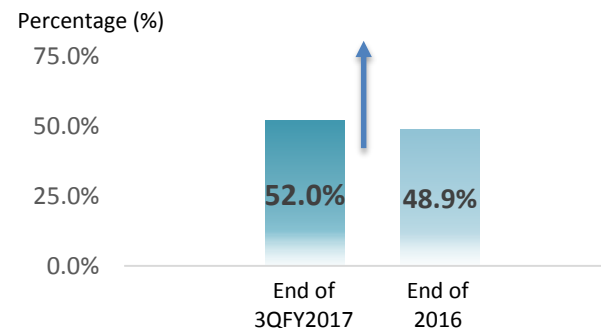
Net Asset Value Per Ordinary Share

Net asset value per ordinary share increased due to the increase in net assets as at the end of 3QFY2017 compared with the end of 2016.



Gearing Ratio

Gearing ratio as at the end of 3QFY2017 slightly increased compared with that recorded at the end of 2016, demonstrating that the Company maintains a reasonable debt level and a good financial position.





Business Review

Nanning Shuitang River Integrated Restoration PPP Project in Guangxi Zhuang Autonomous Region

- The Company's first project in Guangxi, marking a breakthrough in the Southern region of China.
- It will be invested and constructed based on the public-private partnership (PPP) model.
- The project will be surveyed, designed, invested, financed, constructed, operated and maintained by a joint venture established by, *inter alia*, Everbright Water and Nanning Jianning Water Investment Group Co., Ltd. (being the investor representative of the People's Government of the City of Nanning). Everbright Water will hold approximately 79.65% equity stake in the joint venture.
- The project commands a total investment of approximately RMB1.466 billion.
- The project has a concession period of 22 years (a two-year construction period inclusive).
- The project's business scope includes:
 - river training, river interception engineering, river ecological restoration, sponge city construction, environmental landscaping and information management works within the planned red line area at the Shuitang River; and
 - the construction and operation of an underground waste water treatment plant with a designed daily water treatment capacity of 40,000 tonnes.

In 3QFY2017, Everbright Water experienced stable organic growth and continued its strong momentum in market development:

- The Company solidified its market position in areas such as municipal and industrial waste water treatment and integrated water environment restoration.
- Newly-secured projects command a total investment of over RMB1.8 billion, with an additional designed daily water treatment capacity of 130,000 tonnes.

6 New projects

- ❑ Nanning Shuitang River Integrated Restoration PPP Project
- ❑ Jiangyin Chengxi Waste Water Treatment Project Phase III
- ❑ Xinyi City Waste Water Treatment Project Phase III
- ❑ Ji'nan Huashan Waste Water Treatment Project
- ❑ Binzhou Development Zone Waste Water Treatment Project Phase I Upgrading
- ❑ Ju County Chengbei Waste Water Treatment Project Upgrading

4 Projects commenced construction

- ❑ Nanning Shuitang River Integrated Restoration PPP Project
- ❑ Suizhou High-tech Industrial Park Piaoshui and Fuhe River Basin Integrated Water Environment Restoration PPP Project
- ❑ Jiangyin Chengxi Waste Water Treatment Project Phase III
- ❑ Binzhou Development Zone Waste Water Treatment Project Phase I Upgrading

2 Projects commenced operations

- ❑ Xinyi Economic Development Zone Waste Water Treatment Project Phase II
- ❑ Nanjing Pukou Industrial Waste Water Treatment BOT Project Phase I

Business Review

As at 30 September 2017, Everbright Water secured a total of 93 environmental water projects.





Business Outlook



Push forward core technological breakthroughs and remain committed to technology-driven development

- The Company will reinforce Environmental Water Research Institute's position as the Company's core R&D and technological innovation platform, and will improve the framework and system for water environment management R&D.
- The Company will continue increasing technology R&D efforts, focus on the application of technological innovations and promote the use of research outcomes to address practical needs.
- The Company will continue to advance industrial-academic research collaborations with domestic and overseas partners, and enhance the overall strengths and broaden the horizons of the R&D team.
- Key R&D areas: sponge city construction, treatment of black and odorous water bodies, biological deodorisation, integrated water environment restoration, etc.

Solidify current business footprint and seek new development opportunities

- The Company will continue to strengthen existing business areas such as integrated water environment restoration, waste water treatment, as well as sludge harmless treatment.
- The Company will solidify its current market position and explore more business opportunities in these local markets.
- The Company will closely follow water environment management policies issued by the governments at all levels, actively explore new business areas and models, and drive long-term and sustainable business growth through continuous innovation.





Step-up management system construction and enhance engineering, operation and management efficiencies

- The Company will continue its implementation of the Environmental, Safety, Health and Social Responsibility (“ESHS”) management system and risk management system, and establish an efficient review and evaluation system at all levels.
- The Company, notwithstanding various projects on hand and great responsibilities, will continue enhancing its proficiency in its project operation and management through various measures, to ensure smooth operation and safe production.

Undertake integration of corporate culture and boost organic growth drivers



- The Company will continue integrating acquired projects and improving project operation standards through continuous upgrading works.
- The Company will further spread Everbright Water’s business ethos and values to boost the sense of identity and morale of its employees.



Innovate investment and financing channels and enhance financial structure and strengths

- The Company will pursue further issues of panda bonds following the successful issue of the first tranche of panda bonds in July 2017.
- The Company will continue exploring the development of a “water industrial fund”, the issuance of asset-based securities, and other innovative investment and financing channels.
- The Company will proactively consolidate the traditional financing channels, such as credit facilities from commercial banks and policy banks.



Industry Policies

Water Pollution Prevention and Control Plan for Major River Basins (2016-2020)

- It breaks down the targets set by the Action Plan for Prevention and Control of Water Pollution, and defines the directions for river basin pollution control and priorities for water environment protection; it is the first plan targeting water pollution for all the major river basins across China.
- It lays out five key tasks, namely prevention and control of industrial pollution, municipal pollution, agricultural and countryside pollution, ecological conservation of river basins, and environmental security of drinking water sources.
- It also identifies five major categories of projects that focus on tackling water pollution at drinking water sources, prevention and control of industrial pollution, development of municipal waste water treatment infrastructure and relevant facilities, prevention and control of pollution in the countryside, and integrated water environment restoration.

*-- by the Ministry of Environment Protection,
the National Development and Reform Commission and the Ministry of Water Resources of the PRC*

Environmental Protection Plan for the Yangtze River Economic Belt

- Overall objectives: By 2020, to achieve significant progress in improving the ecological environment, enhance the overall ecosystem stability, restore the basic ecological functions of rivers, lakes and wetlands, and further advance the ecological environmental protection mechanism; by 2030, to ensure satisfactory ecological levels in tributaries, comprehensively improve water environmental, air and water ecological qualities, strengthen ecosystem services, and create a better ecological environment.
- It emphasises that water resources, water ecology and water environment are equally important; to implement the concept of "mountains, water, forests, fields and lakes are a living community"; and to engage the overall protection, system restoration, and integrated management of the river, from upstream to downstream.

*-- by the Ministry of Environment Protection,
the National Development and Reform Commission and the Ministry of Water Resources of the PRC*

▶ The Decision on the Amendment to the Water Pollution Prevention and Control Law of the PRC

- The decision supports the construction of rural waste water treatment and waste treatment facilities, and promotes integrated treatment of waste water and solid waste in rural areas.
- It defines responsibilities of local governments on water pollution prevention and control, for example, local governments at all levels will be accountable for water environment in their respective administrative regions, and the river chief mechanism will be applied at provincial, municipal, county and also village levels.
- Local governments are expected to set plans and deadlines for water pollution prevention and control, take proper measures to reach the targets, and disclose the implementation progress and performance to the public on a regular basis.
- The law comes into force on 1 January 2018.

-- by the Standing Committee of the National People's Congress

▶ 13th Five-Year Plan on National Urban Waste Water Treatment and Recycling Facilities Construction

- The investment in the construction of urban waste water treatment and recycling facilities during the 13th Five Year Plan period is expected to reach approximately RMB564.4 billion. By end of 2020, all urban areas are expected to be equipped with waste water treatment and recycling facilities; the waste water treatment rate in cities is expected to reach 95% and in towns to be not lower than 85%; black and odorous water bodies in cities of prefectural level or above are expected to be reduced to less than 10% of total water bodies; in municipalities, provincial capitals and built-up areas of cities specifically designated in the State Plan, the black and odorous water problem is expected to be tackled by end of 2017; the sludge harmless treatment rate in cities of prefectural level and above is expected to reach 90%; the utilisation of reusable water in cities and counties is expected to be further enhanced; and a nationwide monitoring system for water discharge and waste water treatment in urban areas will be preliminarily established.
- The plan suggests transforming urban waste water treatment facilities from "growth in scale" to the "improvement of quality and efficiency", from "prioritising waste water treatment to sludge treatment" to "paying attention to both segments", and from "waste water treatment" to "full recycling".
- The government will take the lead and enhance supervision, and the PPP model will be further strengthened.

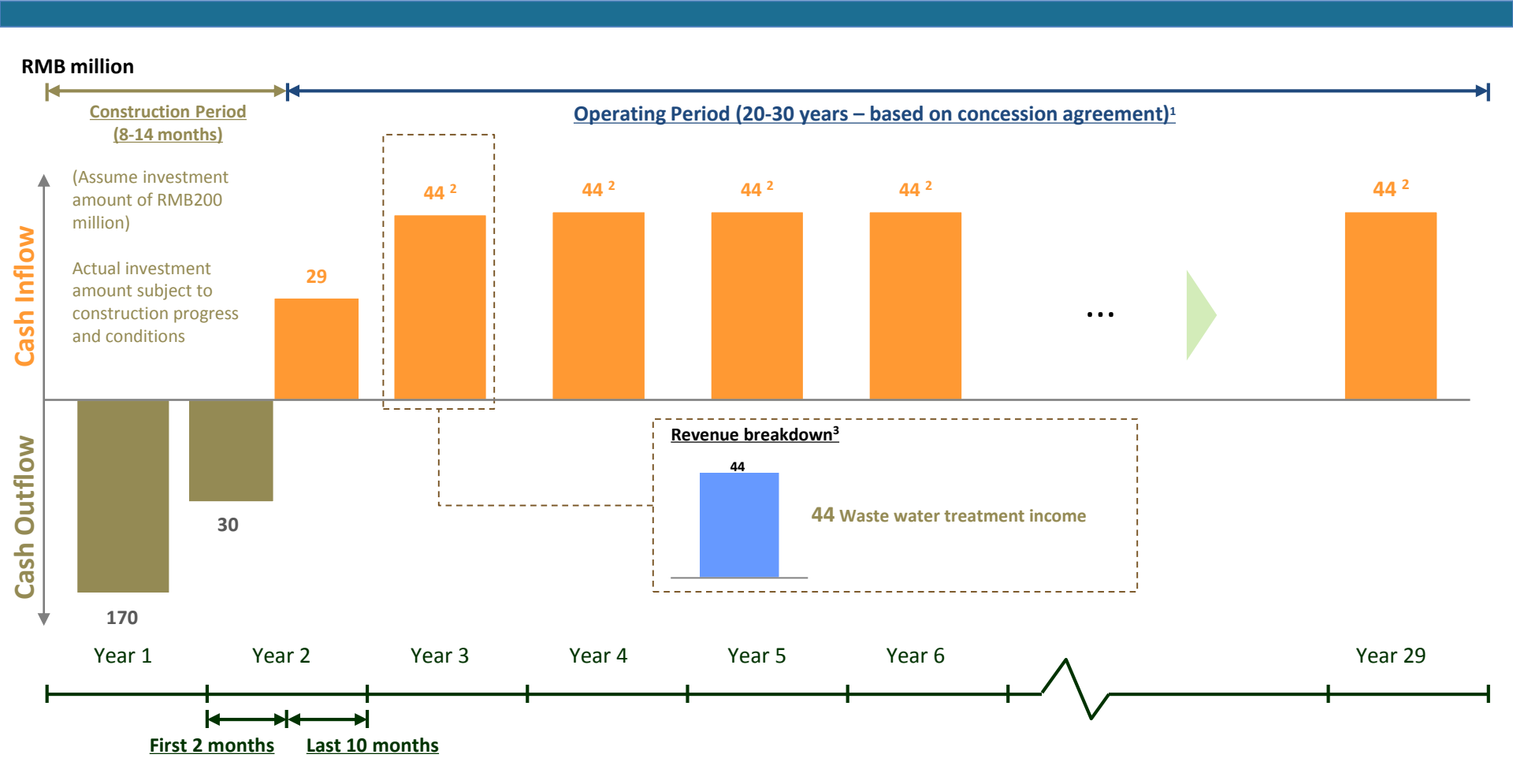
-- by the National Development and Reform Commission and Ministry of Housing and Urban-Rural Development of the PRC



Appendix

Waste Water Treatment Project Cash Flow Illustration

(for reference only)



Capex is typically funded by project financing (2/3) and equity capital (1/3), while the loans are typically long-term (8-12 years) loans.

¹ Operating cash flows indicated above do not take into account operating costs, expenses and taxes.
² Waste water treatment fee may be adjusted in accordance with changes in the consumer price index levels.
³ Assumptions: Daily waste water treatment capacity is 100,000 tonnes; water discharge complies with the National Grade 1A standard; and waste water treatment fee is RMB1.2 per tonne.



Thank you!