

# 2016 Annual General Meeting

25 April 2017

CHINA EVERBRIGHT WATER LIMITED



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# Agenda

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



# Financial Highlights



# Financial Highlights

HKD('000)	FY2016	FY2015	Increase / Decrease
Revenue	2,494,037	1,815,150	37%
Gross Profit	905,652	824,224	10%
Net Profit for the Financial Year	372,615	423,668	-12%
Net Profit Attributable to Owners of the Company	349,343	406,242	-14%
Earnings Per Share (HKD)	0.134	0.158	-15%
Dividend per ordinary share (SGD)	0.0037	0.0035	6%

	2016/12/31	2015/12/31
Gearing Ratio (Total Liabilities / Total Assets)	49%	48%

# Business Review



## Our Business Approach

Pursued organic growth and M&A integration through a  
“prudent, active and practical” development approach

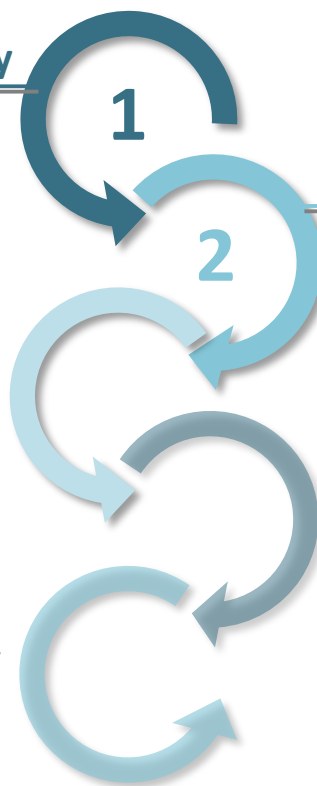
## Our Business Strategy

Pushed forward our sustainable development strategy, featuring  
“business diversification, technology driven development and  
structural optimization for efficiency enhancement”



## Business expanded steadily

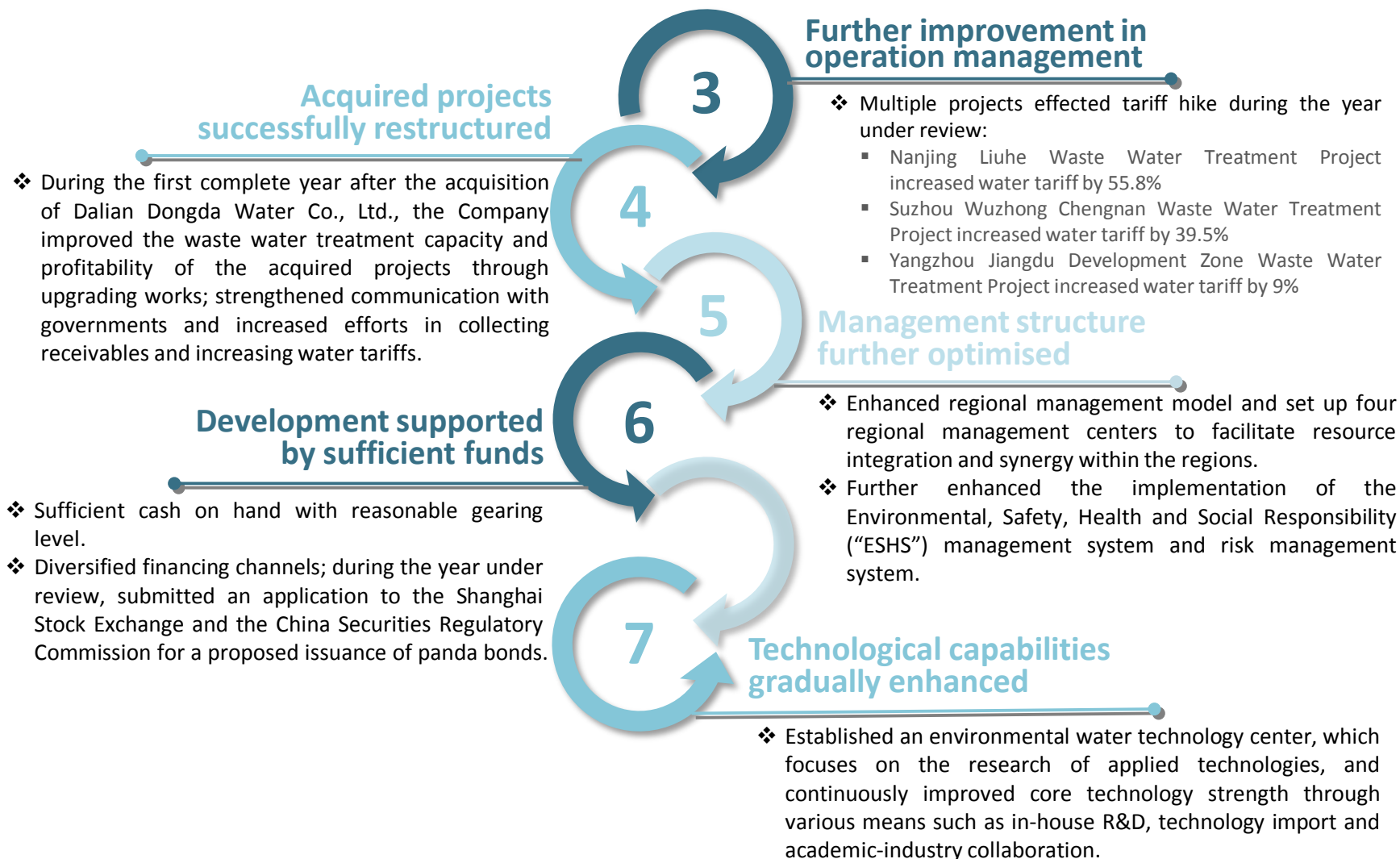
- ❖ Secured **12** new projects for the financial year ended 31 December 2016 (“Year under review”), with a total investment of **RMB2.465 billion**.
  - Shandong: Zhangqiu Waste Water Treatment Project (Plant 1), Zhangqiu Waste Water Treatment Project (Plant 2), Qingdao Waste Water Treatment Project (Maidao Plant) Upgrading and Ju County Shudong Waste Water Treatment Project
  - Jiangsu: Xinyi City Waste Water Treatment Project and Upgrading Project, Xinyi Economic Development Zone Waste Water Treatment Project Phase I and Expansion Project, Nanjing Pukou Industrial Waste Water Treatment Project Phase I, Zhenjiang Sponge City Construction PPP Project and Nanjing Municipal Water PPP Project
  - Henan: Sanmenxia Waste Water Treatment Project Phase I Upgrading
- ❖ Broadened business scope to include industrial waste water treatment, sponge city construction, river-basin ecological restoration amongst others.
- ❖ Executed multiple public-private partnership (“PPP”) projects and gained rich experience in this area.
- ❖ Enhanced our leading position in markets like Jiangsu and Shandong provinces, where Everbright Water’s existing projects are located.



## Construction progressed smoothly

- ❖ **8** projects completed construction during the year under review.
  - **Projects which commenced operation:** Shandong Ji’nan Waste Water Treatment (Plant 1) Expansion, Shandong Ji’nan Xike Waste Water Treatment Project (Plant 4) Phase II and Jiangsu Wuzhong Chengnan Waste Water Treatment Project Phase II and Upgrading
  - **Projects which completed construction:** Liaoning Dalian Liangjiadian Waste Water Treatment Project Phase I, Beijing Daxing Tiantanghe Waste Water Treatment Project Phase II and Upgrading, Liaoning Pulandian Waste Water Treatment Project Phase I Expansion, Sanmenxia Waste Water Treatment Project Phase I Upgrading and Jiangsu Nanjing Pukou Reusable Water Project Phase I
- ❖ **7** projects were under construction during the year under review.
  - Jiangsu Xinyi City Waste Water Treatment Project Upgrading, Jiangsu Xinyi Economic Development Zone Waste Water Treatment Project Expansion, Shandong Qingdao Waste Water Treatment Project (Maidao Plant) Upgrading, Shandong Ju County Shudong Waste Water Treatment Project, Jiangsu Nanjing Pukou Industrial Waste Water Treatment Project Phase I, Jiangsu Zhenjiang Sponge City Construction PPP Project and Jiangsu Nanjing Municipal Water PPP Project





## Project Update

As at 31 December 2016, Everbright Water secured 80 environmental water projects.

### Waste Water Treatment Projects

- **60** Projects in Operation
- **4** Projects Completing Construction
- **5** Projects Under Construction
- **1** Project in Preparatory Stage
- Total designed daily waste water treatment capacity of **3,940,000 m<sup>3</sup>**

### Integrated Water Environment Management Project

- **1** Sponge City Construction Project under Construction (including waste water treatment projects with a daily waste water treatment capacity of 275,000 m<sup>3</sup>)
- **1** River-Basin Ecological Restoration Project under Construction

### Reusable Water Project

- **4** Projects in Operation
- **1** Project Completing Construction
- Total designed daily reusable water supply capacity of 81,600 m<sup>3</sup>

### Waste Water Source Heat Pump Projects

- **2** Projects in Operation

### Build-Transfer Project / Others

- **1** Build-Transfer Surface Water Project
- **59** km Pipeline Network
- **10** Pump Stations

## Market Coverage

Secured projects in **over 30** districts, counties and cities across **7** provinces and municipalities in China, such as Shandong, Jiangsu, Beijing, Liaoning and Inner Mongolia

Daily Reusable Water Supply Capacity

**81,600 m<sup>3</sup>**

Daily Waste Water Treatment Capacity

**4,215,000m<sup>3</sup>**

Aggregate Investment

**RMB 10.99 billion**

## Secured projects worth over RMB4 billion in first quarter of 2017

- **Three Waste Water Treatment Upgrading Projects**
  - ❖ **Total value of RMB210 million**, with two projects originally from Dalian Dongda
  - ❖ Project names: Shandong Zibo Zhoucun Waste Water Treatment Project Phase I Upgrading, Liaoning Dalian Chunliuhe Waste Water Treatment Project Phase II Upgrading, and Liaoning Dalian Quanshui Waste Water Treatment Project Upgrading
- **Hubei Suizhou Integrated Water Environment Restoration PPP Project**
  - ❖ **Total investment of approximately RMB956 million**
  - ❖ **Everbright Water holds a 78.4% stake in the project company**
  - ❖ The project company will be mainly responsible for 1) the Fuhe Riverbanks Landscaping Project; 2) the Xihe County Waste Water Treatment Plant and Pipeline Network Project; and 3) the Piaoshui Park Phase I Construction Project
- **Shandong Ji'nan Zhangqiu Urban-Rural Integration Water Supply Project**
  - ❖ **Total investment of RMB3.1 billion**
  - ❖ **Everbright Water's first urban-rural water supply project**
  - ❖ **Everbright Water holds a 80% stake in the project company**
  - ❖ The project company will be responsible for a number of construction projects within the administrative areas of the Zhangqiu District, including water source expansion, upgrading and construction of booster pump stations, upgrading and construction of rural water supply facilities, construction of reservoirs and water plants, construction of pipeline networks and reusable water projects.

# Development Strategies



1

## Leveraging technology for development to enhance core competitiveness

- ◆ To leverage the environmental water technology center as the R&D and technological innovation platform to build Everbright Water's water R&D system; to focus on research of applied technologies and enhance core technological competitiveness via in-house R&D, technology import, academic-industry collaboration, and so on.
- ◆ Key R&D areas: Sponge city construction, river-basin restoration, advanced treatment of municipal and industrial waste water, harmless treatment, resource recovery and utilisation of sludge, and comprehensive treatment of nuisance odor.

## Actively exploring new business areas and models

- ◆ To leverage on experience in areas like waste water treatment, watershed management and sponge city construction to explore new opportunities as a way to enhance business diversification and boost growth.
- ◆ To adopt different types of investment and operation models as appropriate; to collaborate with local governments and project partners to maximise the economic and social benefits of the projects.

2

3

## Further optimising regional management model to enhance economies of scale

- ◆ To further optimise the regional management model, enhance four regional management centers, namely East Shandong, West Shandong, Jiangsu and Liaoning, and encourage resource integration and synergy within the regions to boost economies of scale.
- ◆ To carry out categorized management of projects in a synchronized manner to constantly improve the quality of project operation and management.
- ◆ To implement "Intelligent Water" information management to boost efficiency and proficiency of project operation and management.

4

## Continuing exploration of new investment and financing models

- ◆ To push forward the development of a “water industrial fund” and to seek good investment opportunities.
- ◆ To make necessary arrangements for panda bond issuance.
- ◆ To enhance cooperation with financial institutions including domestic and foreign banks.
- ◆ To explore emerging financing channels, such as asset securitization, so as to lay the foundation for the next round of development.

## Further integrating acquired projects

- ◆ To further push forward the comprehensive integration of the acquired projects and improve the project quality and profitability through project upgrading, improving operation and management efficiency, enhancing awareness of risk prevention, incorporating the corporate culture and business ethos of Everbright Water.

5

6

## Enhancing risk management and control

- ◆ To drive Everbright Water’s organic growth and bring out its full potential by further enhancing the implementation of the ESHS and risk management systems, via field research, internal rearrangement, trainings at all levels, periodic inspections and development of systems and guidelines.



## Q&A



# 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 2016 and the Auditors' Report thereon.
- **Resolution 2:** To declare a final tax exempt 1-Tier dividend of S\$0.0037 per ordinary share for the financial year ended 31 December 2016 as recommended by the Directors.
- **Resolution 3:** To approve the payment of Directors' fees of S\$200,000/- for the financial year ended 31 December 2016. (2015 : S\$207,500/-)
- **Resolution 4:** To re-elect the following Directors retiring pursuant to the following Company's Bye-laws, and who, being eligible, will offer themselves for re-election:
  - a) Mr. Wang Tianyi
  - b) Mr. An Xuesong
  - c) Mr. Cai Shuguang
  - d) Ms. Xu Nailing

- **Resolution 5:** To appoint Ernst & Young LLP as Auditor of the Company in place of the retiring Auditor, KPMG LLP, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their 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 (the “Scrip Dividend Scheme”). That authority be and is hereby given to the Directors to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the Scrip Dividend Scheme.
- **Resolution 8:** Authority to grant options and issue Shares under the China Everbright Water Limited Employee Share Option Scheme.
- **Resolution 9:** Renewal of the share buy-back mandate.

**Thank You!**

