

1QFY2017 Results Presentation

China Everbright Water Limited
May 2017



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Agenda

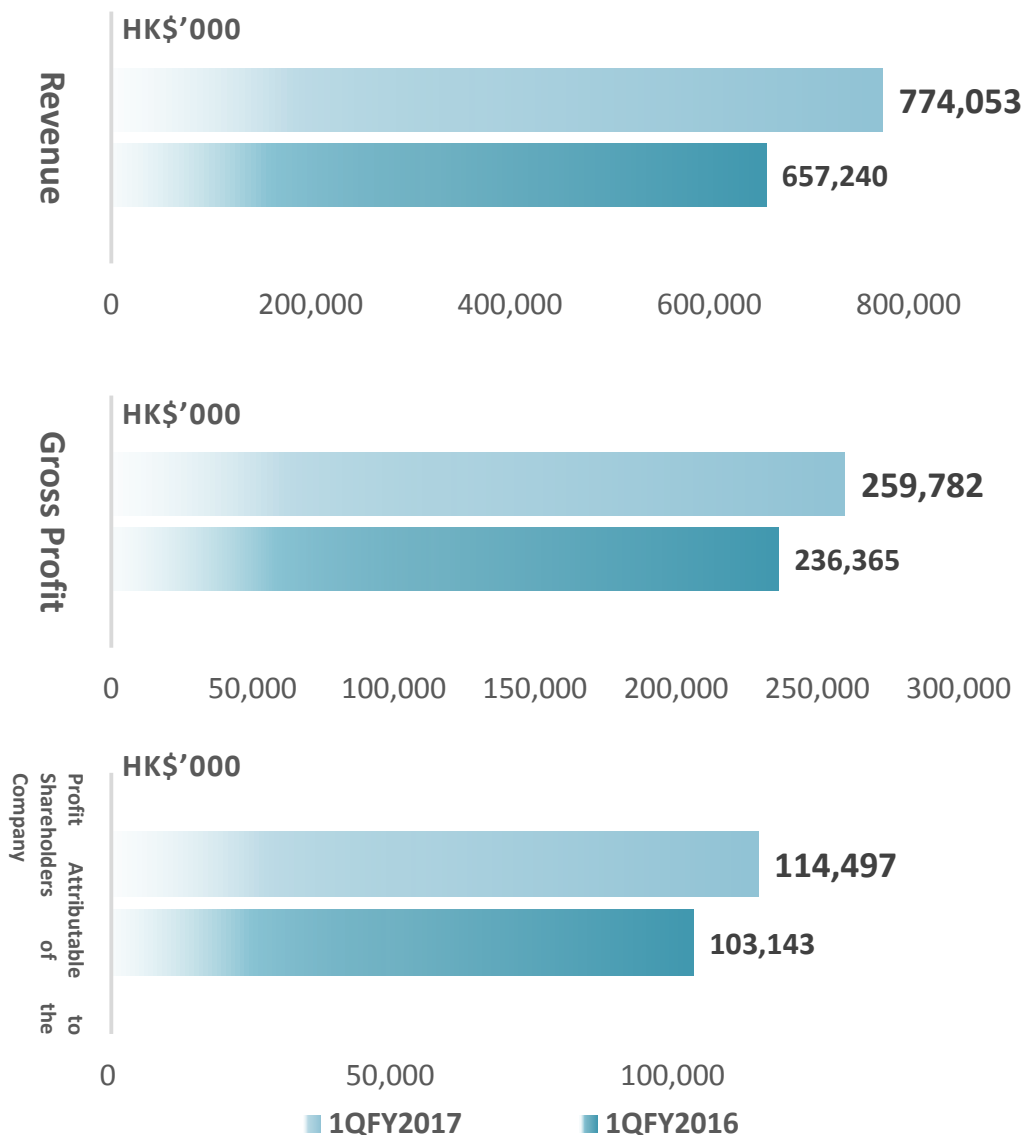
- **Financial Highlights**
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Financial Highlights

Financial Highlights



Revenue

Revenue increased by 18% year-on-year (“yoy”) in 1QFY2017, mainly attributable to the increase in construction revenue. The increase in construction revenue was mainly attributable to the construction of the sponge city construction projects and the river-basin ecological restoration project, in addition to the upgrading of several waste treatment projects in 1QFY2017.

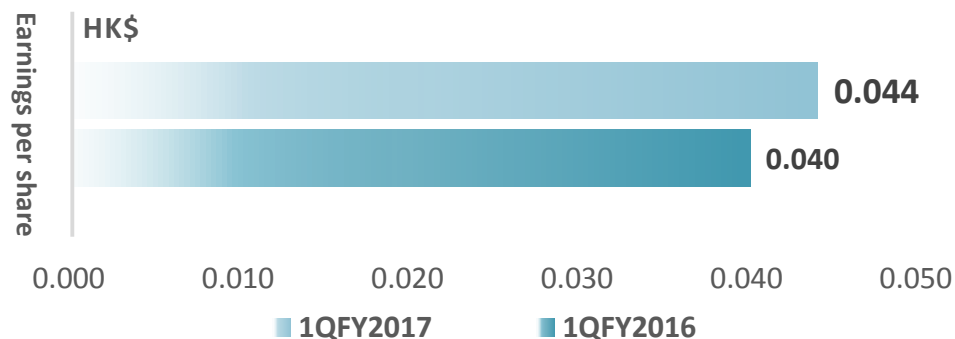
Gross profit

Gross profit increased by 10% yoy in 1QFY2017, mainly attributable to the increase in construction services’ gross profit. The gross profit of construction services grew by 39% yoy in 1QFY2017.

Profit attributable to shareholders of the Company

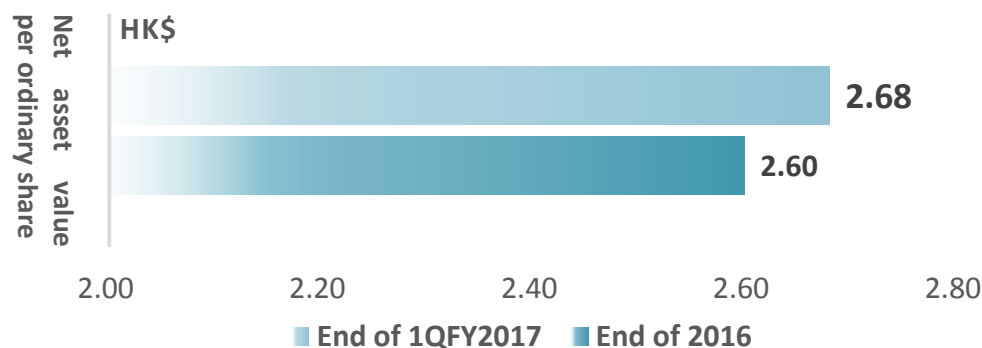
Profit attributable to shareholders of the Company increased by 11% yoy in 1QFY2017, mainly due to the increase in gross profit of construction services.

Financial Highlights



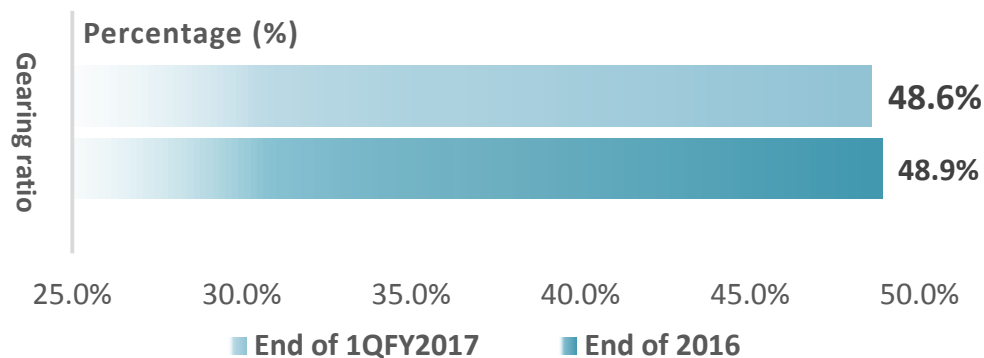
Earnings per share

Earnings per share increased in 1QFY2017 due to the yoy increase in profit attributable to shareholders of the Company in 1QFY2017.



Net asset value per ordinary share

Net asset value per ordinary share increased due to the increase in net assets by the end of 1QFY2017 from the end of 2016.



Gearing ratio

The gearing ratio by the end of 1QFY2017 was similar to that recorded at the end of 2016.



Business Review

Good start to the year in 1QFY2017:

- With a focus on organic growth, the Company secured multiple environmental water projects, the total investment amount of which exceeds RMB4 billion;
- The Company further developed its water environment management business, and broadened the business scope to have included urban-rural integration water supply.

3 Upgrading Projects

- ❑ Shandong Zibo Zhoucun Waste Water Treatment Project Phase I Upgrading
- ❑ Liaoning Dalian Chunliuhe Waste Water Treatment Project Phase II Upgrading
- ❑ Liaoning Dalian Quanshui Waste Water Treatment Project Upgrading

1 Water Environment Management Project

- ❑ Hubei Suizhou High-tech Industrial Park Piaoshui and Fuhe River Basin Integrated Water Environment Restoration PPP (“Public-Private-Partnership”) Project

1 Urban-Rural Integration Water Supply Project

- ❑ Shandong Ji’nan Zhangqiu Urban-Rural Integration Water Supply Project

Hubei Suizhou High-Tech Industrial Park

Piaoshui and Fuhe River Basin Integrated Water Environment Restoration PPP Project



Fuhe River banks Landscaping Design Plan

- Everbright Water's first environmental water project in Hubei Province
- A key ecological project in Suizhou City
- The project will be invested and constructed based on a PPP model
- A project company will be established through a collaboration between the private sector, led by Everbright Water, and the public sector. The project company will be in charge of investment in, and construction, operation and maintenance of the project. Everbright Water will hold a 78.4% stake in the project company
- The project commands a total investment of RMB956 million
- Major features of the project include:
 - Fuhe River banks Landscaping Project will have a concession period of 13 years (including a two-year construction period)
 - Xihe County Industrial Waste Water Treatment Plant and supporting pipeline network project: phase I of the project has a designed daily industrial waste water treatment capacity of 10,000 m³ and the pipeline is 53 km in length; this part of the project has a concession period of 25 years (including a one-year construction period)
 - Piaoshui Park Phase I Construction Project, including landscaping and water environment management, will have a concession period of 13 years (including a three-year construction period)

Shandong Ji'nan Zhangqiu Urban-Rural Integration Water Supply Project

- Everbright Water's first urban-rural integration water supply project
- The project will utilise multiple operating models, including Management Contract ("MC"), Build-Operate-Transfer ("BOT") and Transfer-Operate-Transfer ("TOT")
- Everbright Water and the Public Utility Bureau of Zhangqiu District, Ji'nan City (as authorised by the Zhangqiu District Government) will jointly establish a project company that will be responsible for the investment in, and construction, operation and maintenance of the project. Everbright Water will hold an 80% equity stake in the project company
- The project commands a total investment of approximately RMB3.1 billion, with a concession period of 30 years (construction period included)
- The project will be responsible for a number of construction projects within the administrative areas of the Zhangqiu District, including urban-rural water supplies, reservoir construction, pipeline network construction, and water diversion and reservoir replenishment

Water Treatment Projects Effectuated Tariff Hike

- Henan Sanmenxia Waste Water Treatment Project increased water tariff by approximately 30%
- Jiangsu Nanjing Pukou Waste Water Treatment Project increased water tariff by approximately 60%

Project Update

As at 31 March 2017, the Company had secured 85 water environment management projects

Waste Water Treatment Projects

- 61** projects in operation
- 4** projects already constructed
- 7** projects under construction
- 1** project in preparatory stage

Water Environment Management Projects

- 1** sponge city construction project under construction
- 1** river-basin ecological restoration project under construction
- 1** water environment management project in preparatory stage
- 1** urban-rural integration water supply project won the bid (the contract was signed at the end of April 2017, and the project is in the preparatory stage now)

Reusable Water Projects

- 4** projects in operation
- 1** project already constructed

Waste Water Source Heat Pump Projects

- 2** projects in operation

Build-Transfer Project / Others

- 1** build-transfer surface water project
- 59** kilometers of pipelines
- 10** pump stations



Business Outlook

Remain committed to technology-driven development to establish core technology competitiveness

- The Company will leverage its Water Environment Technology Research Centre as a technology R&D and technological innovation platform, and create a water R&D system. It will also establish its brand in the environmental water services technology sector through in-house R&D, technology imports, academic-industry collaboration, etc.
- Key R&D areas: sponge city construction, river-basin ecological restoration, treatment of black and odorous water bodies, sludge disposal, amongst others

Increase penetration in existing markets, expand into new business areas and develop new models

- The Company will look to further enhance its market development model, which is based on the locational advantages of its existing projects, as well as to tap more business opportunities in existing markets based on the Company's experience and resources
- The Company will closely follow China's water environment management policies at all levels, proactively explore new business areas, and continue to diversify its business areas and models, in order to have new sources of revenue

Enhance the regional management model and improve synergy and economies of scale

- The Company will solidify its four regional management centres in East Shandong, West Shandong, Jiangsu and Liaoning, and continue to optimise the integration and synergy of resources within the regions to improve overall efficiency
- The Company will implement the "Intelligent Water" information management programme to further standardise, refine and enrich project management practices generally, which will improve the operation and management of projects

Strengthen its management system and enhance operation management efficiency

- The Company will continue to implement the Environmental, Safety, Health and Social Responsibility (“ESHS”) management system and risk management system, and pursue the standardisation and refinement of overall management practices throughout the investment, construction and operation phases of all projects, which will improve the Company’s operational and management proficiency.

Explore new investment and financing models to build a solid financial position

- The Company will make the necessary arrangements for a panda bond issuance
- The Company will continue to explore the development of a “water industrial fund” and seek good investment opportunities
- The Company will consolidate its traditional financing channels, such as credit facilities from policy banks

Strengthen corporate culture and ensure the benefits of integration are reflected

- The Company will continue to fully integrate acquired projects, including improving project operation standards and efficiency through upgrading, and spreading the Company’s corporate culture and business ethos to improve the business etiquette of all employees



Industry Policy

The Implementation Plan for Assessing the Implementation of the Strictest Water Resources Management System under the 13th Five-Year Plan

- *Nine PRC government departments including the National Development and Reforms Commission, Ministry of Water Resources of the PRC*
- To assess the implementation of the strictest water resources management system
 - Major assessment criteria include: total water usage, water quality compliance rates of key rivers and lakes in functional regions, reduction of pollutants in key water functional areas

The 2017 Working Priorities of Rural Development Department at the Ministry of Housing and Urban-Rural Development of the PRC

- *The Ministry of Housing and Urban-Rural Development of the PRC*
- To put rural waste water and waste treatment on the agenda; to focus on construction projects that improve overall rural living conditions; to promote coordinated development between urban and rural areas; to push forward the treatment of waste and waste water; to ensure drinking water safety; and etc.
 - With respect to waste water treatment: to comprehensively implement the 13th Five-Year Plan on black and odorous water body treatment in rural areas; to push ahead with the “100 demonstration counties on rural waste water treatment” program; to complete the construction of waste water treatment facilities; to set technical standards on rural household waste water treatment facilities and relevant areas; and etc.

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

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

- 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 the 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 the 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.
- To transform 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



Thank You!