

1HFY2018 RESULTS PRESENTATION

CHINA EVERBRIGHT WATER LIMITED

August 2018

MERGE AND

INNOVATE TO LEAD

融合创新 涓滴成河

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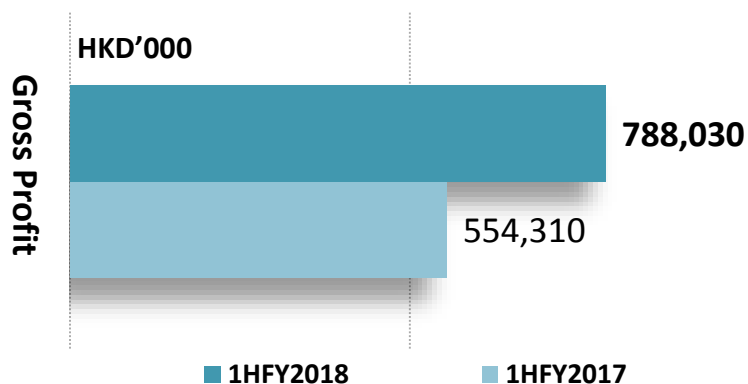
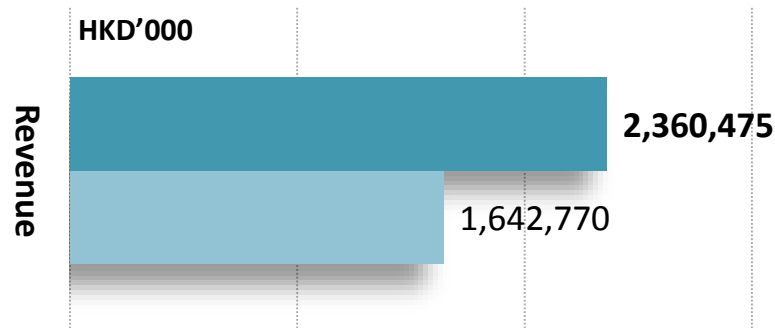
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Financial Review

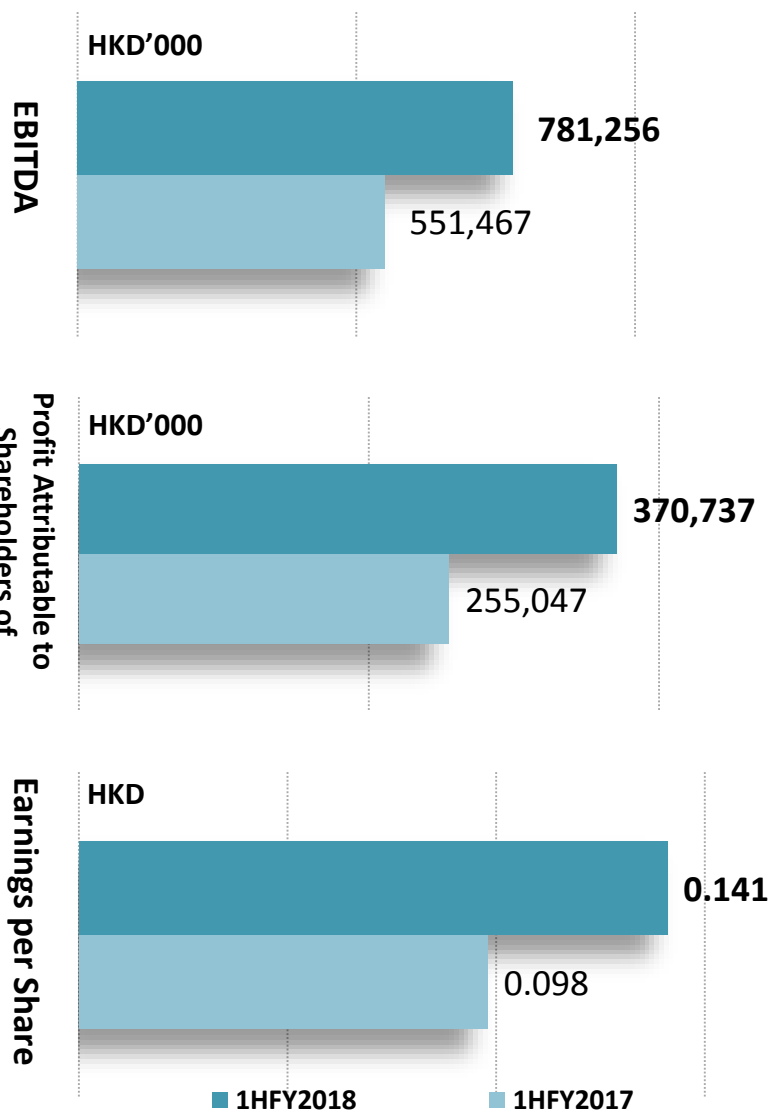


Revenue

Revenue increased by 44% year-on-year (“yoy”) in 1HFY2018, 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, construction of the water supply project, the sponge city construction project and the river-basin ecological restoration project, during 1HFY2018. The increase in operation revenue was the result of commencement of operation of new projects during the remaining period of FY2017 and 1HFY2018, as well as tariff hikes for several projects and one-off income arising from retrospective tariff adjustment in relation to two waste water treatment projects during 1HFY2018.

Gross Profit

Gross profit increased by 42% yoy in 1HFY2018, mainly attributable to the increase of gross profit for operation services. Due to commencement of operation of new projects during the remaining period of FY2017 and 1HFY2018 and tariff hikes for several projects effected during 1HFY2018, the gross profit for operation services increased by 52%.



EBITDA

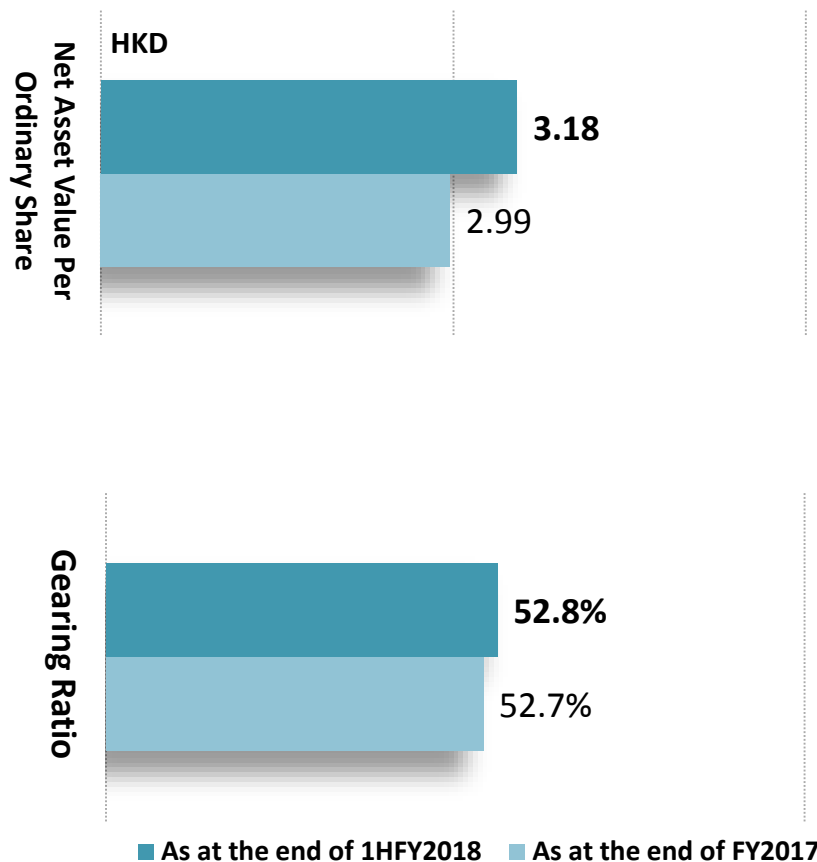
EBITDA rose by 42% yoy in 1HFY2018, mainly due to the substantial increase in revenue resulting from business expansion.

Profit Attributable to Shareholders of the Company

Profit attributable to shareholders of the Company rose by 45% yoy in 1HFY2018, mainly due to the substantial increase in revenue resulting from business expansion.

Earnings per Share

Earnings per share increased by 44% yoy in 1HFY2018 as profit attributable to shareholders of the Company in 1HFY2018 increased substantially.



Net Asset Value Per Ordinary Share

As at the end of 1HFY2018, net asset value per ordinary share increased by 6% compared with the end of FY2017, due to the increase in net asset as at the end of 1HFY2018 compared with the end of FY2017.

Gearing Ratio (total liability/total asset)

Gearing ratio stood at a similar level at the end of 1HFY2018 compared with the end of FY2017, indicating the Company's reasonable debt level and healthy financial position.

Business Review

Rapid Expansion of Technology Industrial Chain



Overseas Channel

The Company's wholly-owned subsidiary, Joyer International Limited, established a joint-venture company known as E+B Umwelttechnik GmbH in Germany, with RBH Reinhold Brenner Holding GmbH, an environmental protection company in Germany, with an aim of creating overseas business channels and promoting the Company's core technologies globally.



Domestic Platform

The Company incorporated a joint venture known as Hebei Xiong'an Huashen Water Engineering Technology Limited with its partners, with a focus on research and development of wading and hydraulic engineering technologies, equipment, new materials, among others.



Engineering Qualification

The Company acquired Xuzhou Municipal Engineering Design Institute Co., Ltd. to strengthen the Company's capabilities and experience in municipal engineering design, enhance the efficiency of the engineering design and reduce relevant costs through the Company's own design institute, and create a new source of profit growth by undertaking design projects relating to water services.

Steady Progress in Project Expansion

The Company further solidified its strategic planning in Shandong, Jiangsu and Liaoning provinces.



Shandong Province

Dezhou Ling County Waste Water Treatment Project Plant 2 Upgrading

- Approximately RMB32.70 million in investment.
- Water discharge indicators will be more stable, with some even better than the national Grade 1A standard.

Dezhou Nanyunhe Waste Water Treatment Project Phase II and Nanyunhe Waste Water Treatment Plant Effluent Defluoridation Project

- Approximately RMB158 million in investment.
- Designed waste water treatment capacity of 75,000 m³/day and designed effluent treatment capacity of 20,000 m³/day.

Ji'nan Sludge Treatment Project

- Approximately RMB64.73 million in investment.
- Designed sludge dehydration treatment capacity of 430 tonnes/day.

In addition, the Company implemented multiple sub-projects under Ji'nan Zhangqiu Urban-Rural Integration Water Supply Project, which command a total investment of approximately RMB1.522 billion, accounting for about 50% of the total investment in the whole project. These sub-projects include: Zhangqiu Yellow River Water Transfer and Water Resource Replenishment Project, Zhangqiu Baiyun Water Plant Water Supply Project Phase I, and Zhangqiu Chengdong Industrial Water Supply Project.



Liaoning Province

Dalian Pulandian Waste Water Treatment Project Phase II

- Approximately RMB82 million in investment.
- Designed waste water treatment capacity of 30,000 m³/day.



Jiangsu Province

Jiangyin Waste Water Treatment (Binjiang Plant and Shizhuang Plant) Upgrading Project

- Approximately RMB25.88 million in investment.
- The project will upgrade some facilities of both plants to meet relevant requirements set by the national Grade 1A standard.

Smooth Progress in Construction Works

The Company established an engineering center that consolidates the engineering management department and the Company's EPC subsidiary.

The project companies established construction budgeting management committees to enhance construction budgeting management proficiencies.

A number of projects of the Company commenced construction or operation during 1HFY2018.

7 Projects commenced construction

- Zhangqiu Yellow River Water Transfer and Water Resource Replenishment Project under Ji'nan Zhangqiu Urban-Rural Integration Water Supply Project
- Shandong Dezhou Ling County Waste Water Pipeline Network PPP Project
- Shandong Dezhou Ling County Waste Water Treatment Project Plant 2 Upgrading
- Shandong Ji'nan Sludge Treatment Project
- Liaoning Dalian Pulandian Waste Water Treatment Project Phase II
- Jiangsu Jiangyin Waste Water Treatment (Binjiang Plant and Shizhuang Plant) Upgrading Project
- Jiangsu Xinyi City Waste Water Treatment Project Phase III

4 Projects commenced operation

- Shandong Ju County Chengbei Waste Water Treatment Project Upgrading
- Liaoning Dalian Quanshui Waste Water Treatment Project Upgrading
- Liaoning Dalian Chunliuhe Waste Water Treatment Project Phase II Upgrading
- Liaoning Lushun Bailanzi Waste Water Treatment Project Upgrading

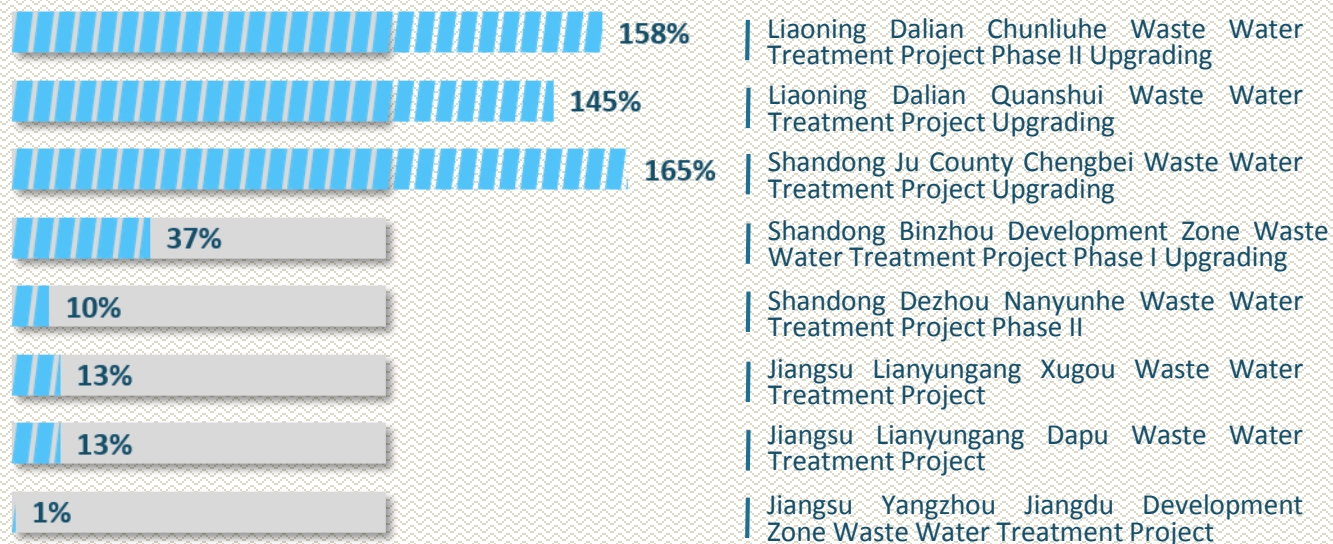
7 Projects under construction

- Shandong Qingdao Waste Water Treatment Project (Maidao Plant) Upgrading
- Shandong Ji'nan Huashan Waste Water Treatment Project
- Jiangsu Jiangyin Chengxi Waste Water Treatment Project Phase III
- The construction works of 4 water environment management projects

Continued Results in Operations Management

- 8 waste water treatment projects were approved for, or effected, tariff hikes in 1HFY2018, ranging from 1% to 165%.
- The Company received approvals for special subsidies of approximately RMB16.34 million.
- Jiangsu Xinyi Economic Development Zone Waste Water Treatment Project was listed among the “2017 Case Study on Third-party Service Providers for Industrial Park Environmental Pollution Treatment” by the Ministry of Ecology and Environment.

Tariff Hike



Further Enhancement of Business Strength

(As at 30 June 2018)



Secured 100 projects

- 84 waste water treatment projects
(including 1 waste water pipeline network project
and 1 pipeline network pump station)
- 4 water environment management projects
- 3 water supply projects
- 4 reusable water projects
- 2 waste water source heat pump projects
- 3 sludge treatment and disposal 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 amounted
to approximately
RMB17 billion



Subsequent Event

Securing Waste Water Treatment Expansion Project

Expansion of Shandong Ji'nan Waste Water Treatment Project (Plant 1&2)

- The project commands an investment of approximately RMB1.043 billion;
- The project will expand the treatment capacity of Ji'nan Waste Water Treatment Project (Plant 1 & 2) by 200,000 m³ in the aggregate, making Ji'nan Waste Water Treatment Project (Plant 1 & 2)'s designed daily treatment capacity reach 750,000 m³;
- The project will adopt the “pre-treatment + AAO + MBR + UV disinfection” as the major waste water treatment processes. Discharged water after treatment will comply with the national Grade 1A standard, with some of the discharge indicators following the Surface Water Quality Standard (GB3838-2002) for Category V.



Application for Dual Primary Listing on the Main Board of The Stock Exchange of Hong Kong Limited

HKEX

On 3 August 2018, the Company announced that it is proposing to seek a dual primary listing of its ordinary shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “SEHK”) (the “SEHK Listing”). In conjunction with the proposed SEHK Listing, the Company intends to undertake an offer of new shares for subscription by the public in Hong Kong (the “Hong Kong Public Offering”) and a conditional placing of new shares (collectively with the Hong Kong Public Offering, the “Global Offering”) to non-U.S. persons in offshore transactions outside the U.S. in reliance on Regulation S, including to professional investors in Hong Kong. For detailed information in relation to the SEHK Listing and the Global Offering, please refer to the Company’s announcement dated 3 August 2018:

http://www.ebwater.com/attachment/2018080321560001862365_en.pdf

Business Outlook



Promote R&D and Innovation, Integrate Resources

- ◆ The Company will continue its R&D efforts to make steady progress in various R&D topics.
- ◆ The Company will adhere to the industrial-academic research collaboration model to encourage commercialisation of research results.
- ◆ The Company will integrate new resources and platforms, including integration of Xuzhou Municipal Engineering Design Institute, as well as developing business and building teams for the German joint-venture company.
- ◆ The Company will enhance its R&D team to boost the team's overall strength.



Adopt Various Measures to Pursue Steady Growth



- ◆ The Company will enhance its penetration in existing business areas and geographical markets to solidify its market position.
- ◆ The Company will continue to follow major policies and market trends, expand its business chain and business areas, and also properly synchronise its asset-light and asset-heavy businesses.
- ◆ The Company will continue to explore synergies among its departments, business segments and geographical markets, so as to strengthen its business comprehensiveness, market share and its advantage in business scale.

- ◆ The Company will be prepared to respond to macro environment changes, while enhancing the environmental, safety, health and social responsibility (ESHS) management system and risk management system.
- ◆ The Company will further implement the “Intelligent Water” information management system and enhance its corporate proficiency through information and intelligent systems.
- ◆ The Company will enhance its efforts in risk management during project operation, to ensure safe operation and compliance discharge of its projects.
- ◆ The Company will further carry out construction works, by ensuring the quality, safety, progress and budgeting of the projects.



- ◆ The Company will continue to diversify its investment and financing models, including the issuance of asset-based securities (ABS/ABN).
- ◆ The Company will continue to enhance the traditional financing channels, such as credit facilities from commercial banks and policy banks.
- ◆ The Company will further optimise its funding structure at home and abroad to prevent the forex and financing risks.



**Seek Financing Innovation
and Financial Optimisation**



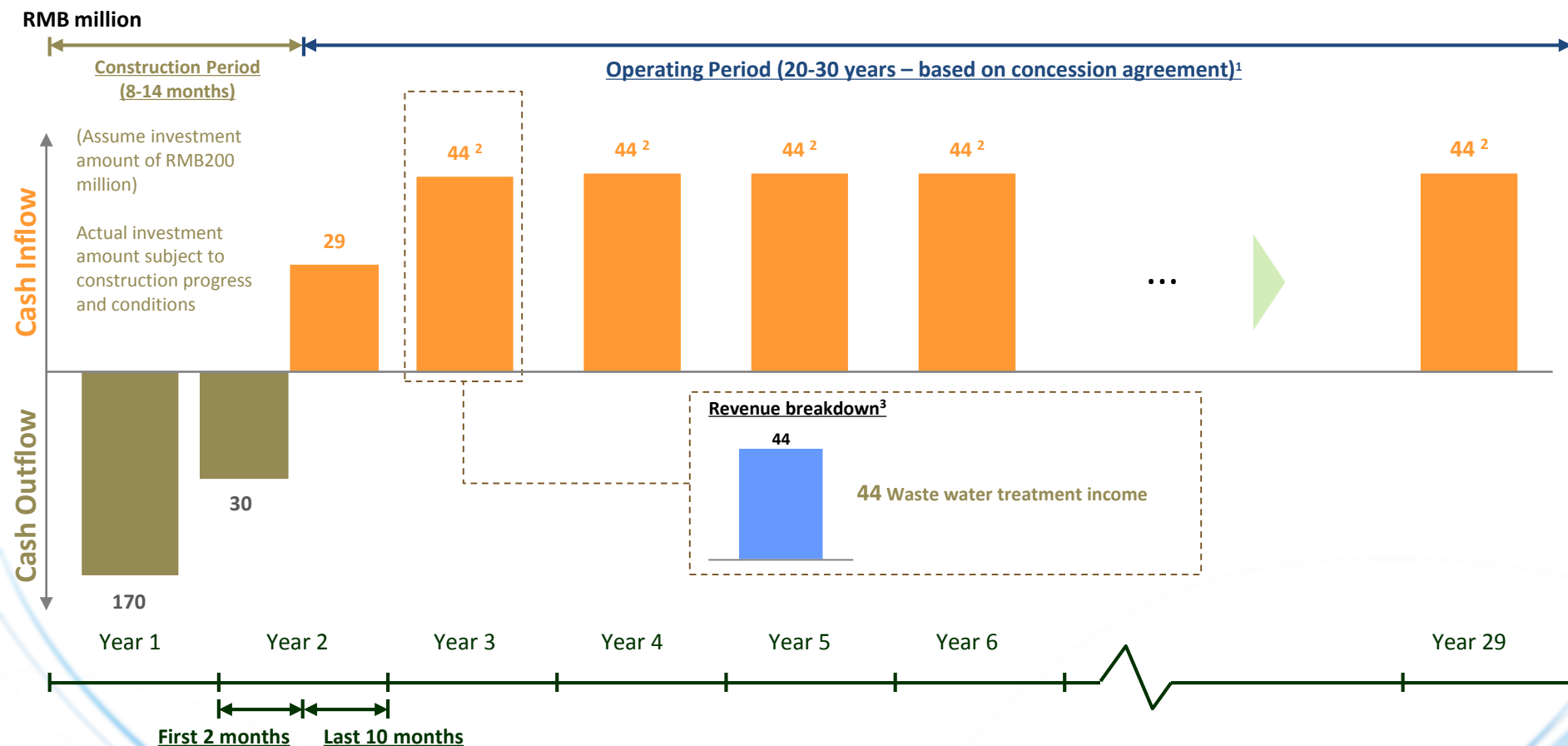
- ◆ The Company will enhance its efforts in attracting talent to support its business development.
- ◆ The Company will continuously improve its human resources management system by establishing proper systems relating to recruitment, compensation, incentive, evaluation, among others.
- ◆ The Company will provide diversified trainings and activities for its employees, and enrich its corporate culture to nurture and retain talent.



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 m³; water discharge complies with the national Grade 1A standard; and waste water treatment fee is RMB1.2/m³.

Thank You!

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