

3QFY2016 Results Presentation

CHINA EVERBRIGHT WATER LIMITED



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Agenda

- Financial Highlights
- Business Outlook
- Industry Policy
- Appendix
 - Waste water treatment project cash flow illustration



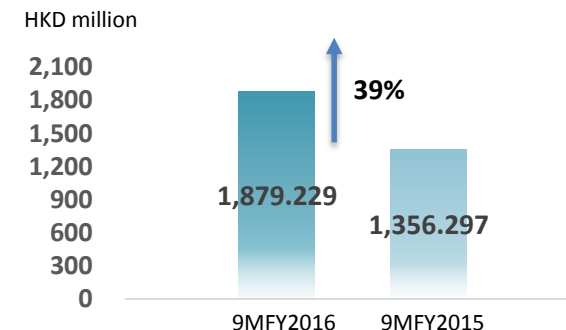
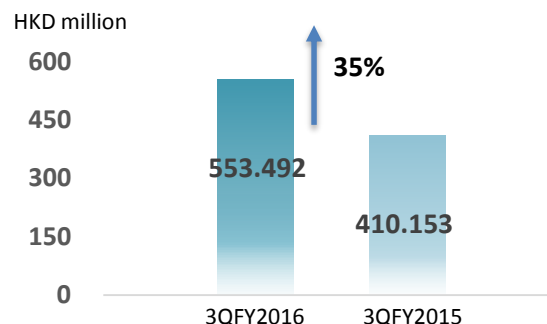
Financial Highlights



Financial highlights

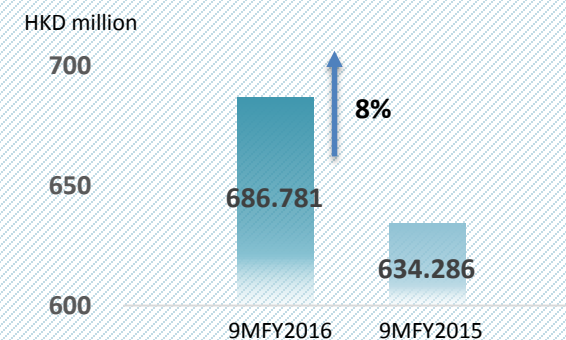
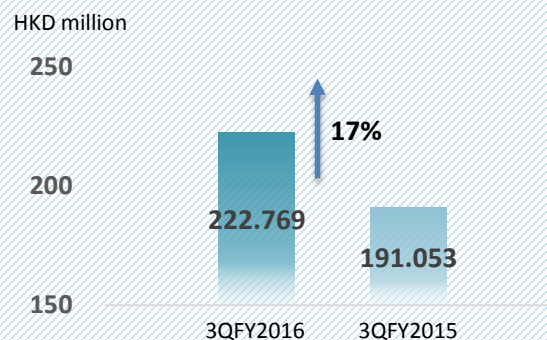
Revenue in rapid growth

The increase in revenue for 3QFY2016 was mainly attributable to the increase in construction revenue from the expansion and upgrading of several Build-Operate-Transfer (“BOT”) projects which were under construction during the period under review.



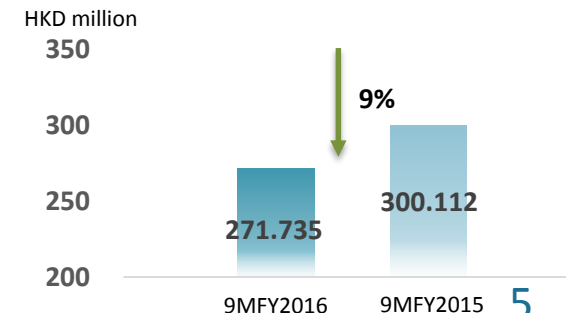
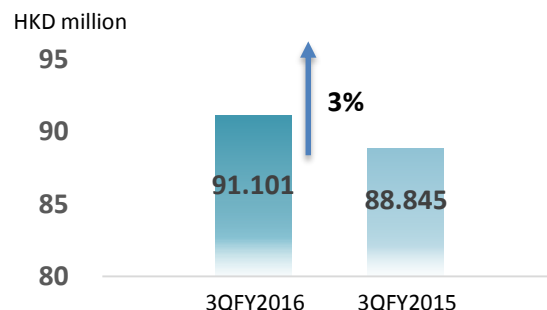
Gross profit in stable growth

The increase in gross profit for 3QFY2016 was mainly attributable to the increase in gross profit of construction services. The gross profit of construction services for 3QFY2016 increased by 76% as compared with 3QFY2015; while the gross profit of operation services grew by 8% as compared with 3QFY2015.



Profit attributable to shareholders of the Company at stable level

The increase in the profit attributable to shareholders of the Company in 3QFY2016 was mainly due to increase in gross profit and other income. Excluding foreign exchange loss arising from borrowings pegged to the U.S. dollar as Renminbi depreciated against the U.S. dollar, the profit attributable to the shareholders for 3QFY2016 and 9MFY2016 increased by 11% and 3% respectively, as compared with the respective corresponding periods in 2015.



Financial highlights

	2015/12/31 (12 months)	2016/3/31 (3 months)	2016/6/30 (6 months)	2016/9/30 (9 months)
Earnings per share (HKD)	0.158	0.040	0.069	0.104
Net asset value per ordinary share (HKD)	2.71	2.75	2.72	2.70
Gearing ratio	47.7%	47.9%	50.7%	48.7%
Net gearing ratio	41.8%	42.3%	43.1%	43.0%
Debt-to-equity ratio	66.0%	65.9%	76.1%	67.7%
Current ratio	1.13	1.04	1.25	1.12

Business Outlook



Business outlook

1. Further enhancing regional management model	<ul style="list-style-type: none">➤ To optimize the Group's management structure and further consolidate regional resources so as to improve synergies among projects.
2. Leveraging track record and further improving development strategies	<ul style="list-style-type: none">➤ M&As and the PPP model are expected to become important investment models for the environmental water industry. The Group intends to leverage on its successful track record to systematically develop comprehensive strategies for future development.
3. Expanding new business areas and models	<ul style="list-style-type: none">➤ To push forward business diversification and identify new growth engines. In addition to traditional municipal waste water treatment projects, the Group plans to further expand into areas such as integrated environmental water services, industrial waste water treatment, river-basin ecological repair, and river training;➤ To adopt investment and operational models that suit local conditions, through close collaboration with the local governments and project partners, in order to maximize the projects' economic and social benefits.
4. Strengthening R&D capability and enhancing competitiveness	<ul style="list-style-type: none">➤ To reinforce exchanges and collaboration with universities, research/design institutes, and technology companies in China and overseas, in order to leverage technology to further boost the Group's core competitiveness.
5. Exploring and innovating new financing models	<ul style="list-style-type: none">➤ To adjust the Group's financing structure as appropriate and expand multiple fund-raising channels such as panda bond issue, so as to provide financial support for the Group's rapid growth.

Industry Policy



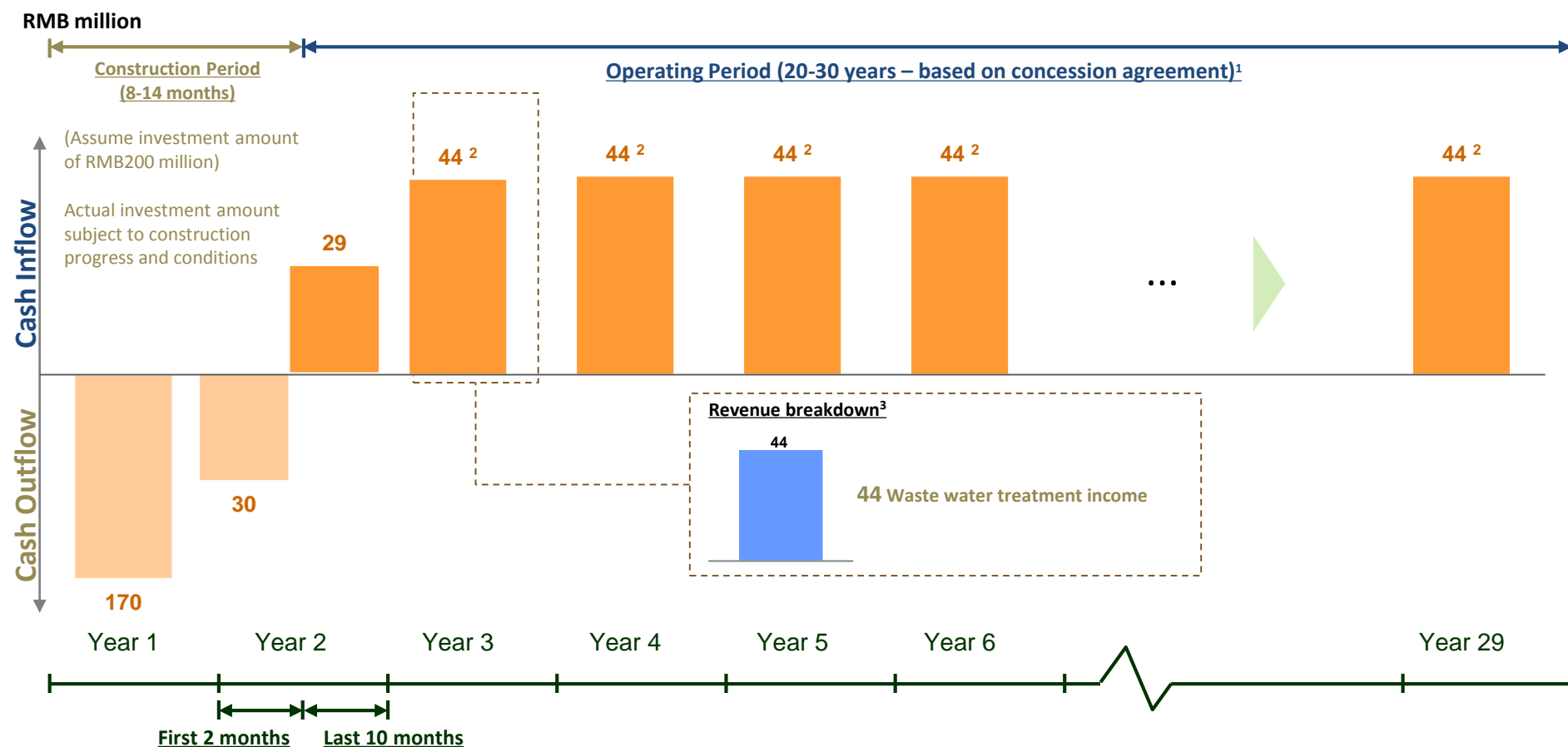
Policy	Analysis
<p>Guidelines for the Implementation of the Public-Private Partnership Projects in Traditional Infrastructure Sectors -- by the National Development and Reform Commission of the PRC</p>	<ul style="list-style-type: none"> • In relation to traditional infrastructure sectors, such as energy, water conservancy, environmental protection and major municipal works, local governments are encouraged to adopt different modes under PPP models that suit local conditions and project needs; • Competent social capital candidates will be chosen as project partners according to legal and fair standards; social capital is also encouraged to form consortiums for project bidding.
<p>Notice on Further Advancing the Public-Private Partnerships in Public Service Sectors -- by the Ministry of Finance of the PRC</p>	<ul style="list-style-type: none"> • The PPP model is widely used in public service sectors with relatively more mature practices, such as waste water treatment and waste treatment sectors. New projects across all regions in the country are “required” to adopt the PPP model; • All types of companies, such as state-owned enterprises, private companies, mixed-ownership enterprises and foreign companies, are encouraged to participate in PPP projects in accordance with a uniform set of standards and treatment; • To optimize, and improve the interface between, the pre-commencement and the operational procedures, and to further streamline administrative and approval processes.
<p>Water Pollution Prevention and Control Law (Draft Amendment) -- by the Ministry of Environmental Protection of the PRC</p>	<ul style="list-style-type: none"> • The Ministry of Environmental Protection of the PRC has in-principle approved the draft amendment, which mainly highlights water environment improvement; • To bolster efforts on protecting and improving water environment, increase fiscal investment in water pollution prevention and control, establish diversified investment streams combining government funds and social capital, encourage the establishment of funds for water pollution prevention and control, and support green financing.

Appendix



Waste Water Treatment Project – Cash Flow Illustration

(for reference only)



Capex requirement is typically funded by project financing (2/3) and equity capital (1/3), while the loans typically are 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 per m³.