

1HFY2017 RESULTS PRESENTATION

CHINA EVERBRIGHT WATER LIMITED
AUGUST 2017



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Content

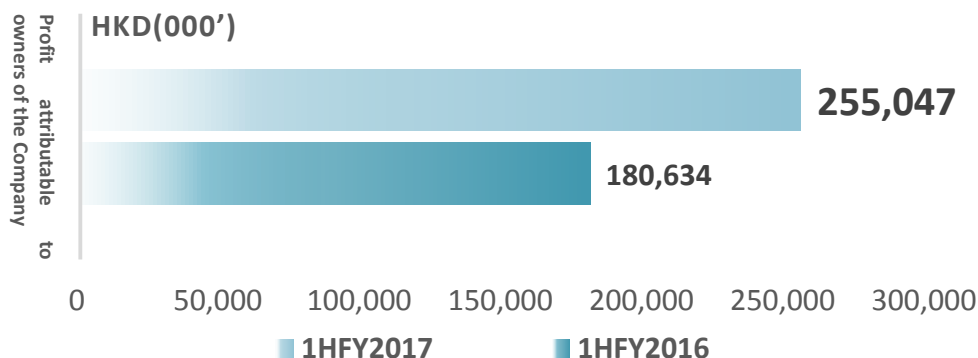
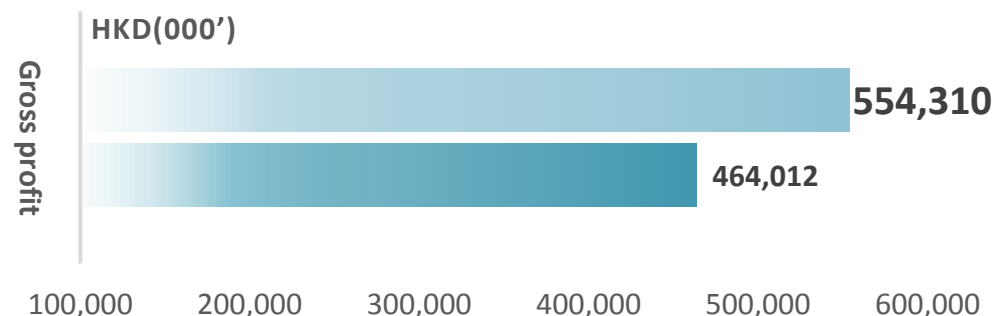
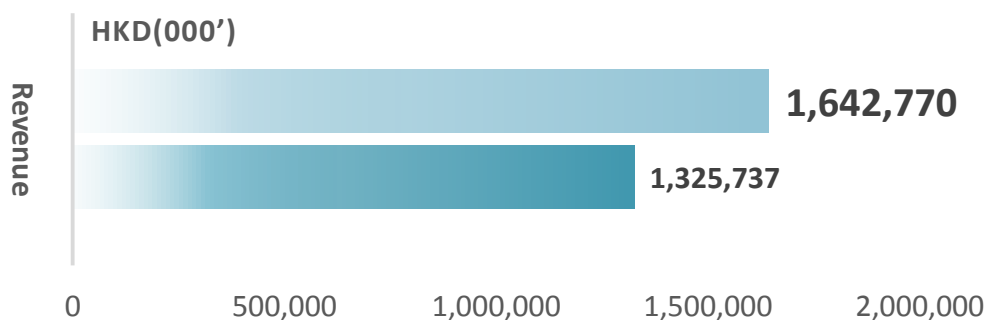
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Financial Highlights

Financial Highlights



Revenue

Revenue increased by 24% year-on-year (“yoy”) in 1HFY2017, mainly attributable to the increase in construction revenue. The increase in construction revenue was mainly due to the construction of the sponge city construction project and the river-basin ecological restoration project, in addition to the upgrading of several waste water treatment projects in 1HFY2017.

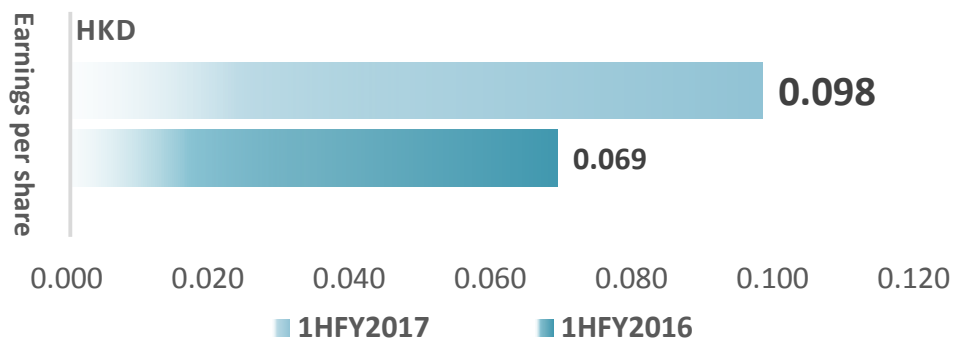
Gross profit

Gross profit increased by 19% yoy in 1HFY2017, mainly attributable to the increase in gross profit from construction services. The gross profit of construction services increased by 38% yoy in 1HFY2017.

Profit attributable to shareholders of the Company

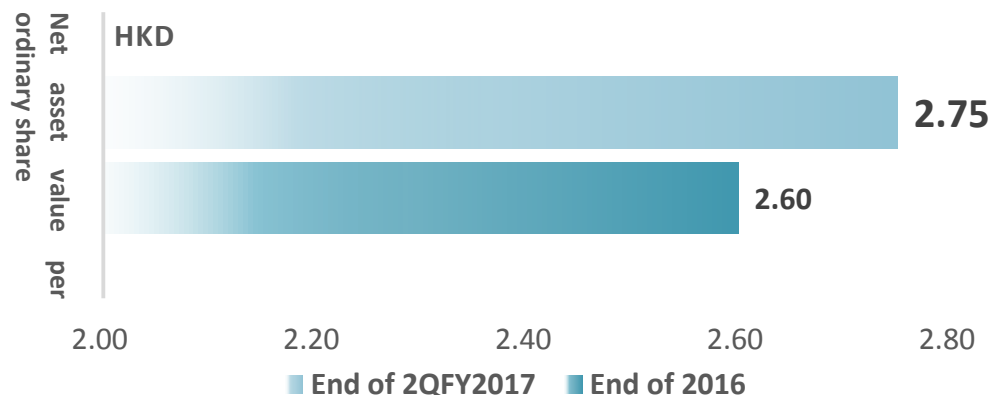
Profit attributable to shareholders of the Company rose by 41% yoy in 1HFY2017, partly due to the increase in gross profit from construction services.

Financial Highlights



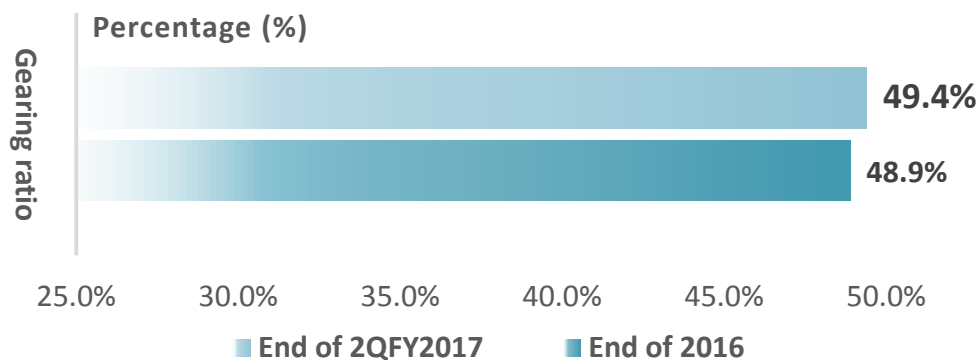
Earnings per share (EPS)

Earnings per share increased in 1HFY2017 due to the yoy increase in profit attributable to shareholders of the Company in 1HFY2017.



Net asset value per ordinary share

Net asset value per ordinary share increased due to the increase in net assets by the end of 2QFY2017 from the end of 2016.



Gearing ratio

The gearing ratio by the end of 2QFY2017 was similar to that recorded at the end of 2016.



Business Review

Business Review

In 1HFY2017, Everbright Water operated and managed its projects steadily and achieved a balanced market expansion. While solidifying its position in water environment management sector, the Company also tapped on new business areas such as urban-rural integration water supply.

The newly-secured projects command a total investment of approximately RMB4.264 billion, enhancing the Company's water environment management business and expanding to new areas such as urban-rural integration water supply.

1. Suizhou High-tech Industrial Park Piaoshui and Fuhe River Basin Integrated Water Environment Restoration PPP Project
2. Zhangqiu Urban-Rural Integration Water Supply Project
3. Zibo Zhoucun Waste Water Treatment Project Phase I Upgrading
4. Dalian Chunliuhe Waste Water Treatment Project Phase II Upgrading
5. Dalian Quanshui Waste Water Treatment Project Upgrading
6. Lvshun Bailanzi Waste Water Treatment Project Upgrading

The new projects which Everbright Water commenced construction in 1HFY2017 are all focused on the upgrading works of waste water treatment project. These projects have a total daily waste water treatment capacity of 225,000 m³. As at 30 June 2017, the Company's waste water treatment projects that comply with the national Grade 1A discharge standard and above have reached 78% of the total treatment capacity of all operating waste water treatment projects of the Company. The ratio will increase to 88% upon completion of the upgrading works of these four waste water treatment projects.



The projects which commenced operation will increase the Company's daily waste water treatment capacity and reusable water supply capacity by 80,000 m³ and 20,000 m³ respectively.

1. Daxing Tiantanghe Waste Water Treatment Project Phase II and Upgrading
2. Sanmenxia Waste Water Treatment Project Phase I Upgrading
3. Pulandian Waste Water Treatment Project Phase I Expansion
4. Xinyi City Waste Water Treatment Project Upgrading
5. Ju County Shudong Waste Water Treatment Project
6. Zibo Zhoucun Waste Water Treatment Project Phase I Upgrading (the project was secured, started construction and commenced operation in 1HFY2017)
7. Nanjing Pukou Industrial Waste Water Treatment Project Phase I

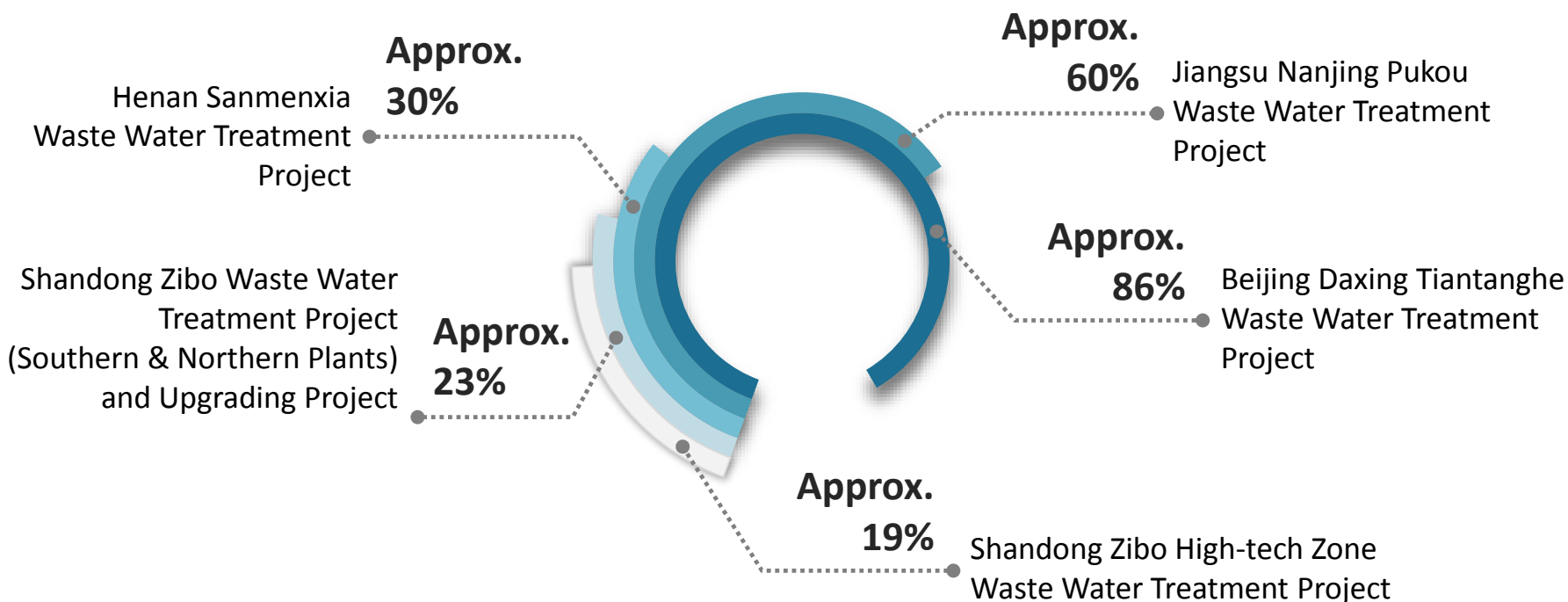
1. Zibo Zhoucun Waste Water Treatment Project Phase I Upgrading
 2. Dalian Chunliuhe Waste Water Treatment Project Phase II Upgrading
 3. Dalian Quanshui Waste Water Treatment Project Upgrading
 4. Lvshun Bailanzi Waste Water Treatment Project Upgrading
- (all projects above were secured and started construction in 1HFY2017)

As at 30 June 2017, Everbright Water had secured 87 water environment management projects.



Tariff hikes

In 1HFY2017, the Company progressively recorded an increase in tariff for several waste water treatment projects. Below are the projects which received approvals to raise tariffs and their respective rate of increase:



1

Environmental Water Research Institute took shape, with stable progress in technology R&D

- Formed a technological team, and established a fairly complete and diverse pool of talents that covers a wide spectrum of areas.
- R&D topics include: biological deodorisation, sludge dehydration, catalytic ozonation and several key water environment management areas. The Company has also made attempts to apply some of the R&D outcomes to the Company's projects.
- Enhanced strategic collaborations in technology R&D with local academic research institutes, and actively participated in international co-operation and exchange activities.
- 3 utility invention patents granted and 5 research papers published in 1HFY2017.

2

People-oriented strategy further enhanced to guarantee human resources strength

- Recruited well-qualified overseas experts and built reserve talent pool to form a echeloning and complementary workforce of high quality.
- Explored and implemented a "mentoring" system to train operational and management talent; and organised various training programmes to improve the team's overall professional quality.

3

Management system continuously enhanced to further refine management

- Established a multi-level network management structure in accordance with the Environmental, Safety, Health and Social Responsibility ("ESHS") management system, to clearly define the responsibilities of the personnel under the system and fully implement the system.
- Issued several corporate policies and standards on quality control system to standardize and refine the overall management practices.

4

Risk management continuously strengthened to significantly improve management proficiency

- Established a risk management assessment committee to evaluate risks associated with potential investment projects.
- Emphasised legal affairs management; and utilised the centralised management approach for all key legal affairs relating to project development, construction and operation.



Subsequent Events

Issue of the first tranche of panda bonds (“First Issue of Panda Bonds”)

- The Company received approvals from the Shanghai Stock Exchange and the China Securities Regulatory Commission to issue RMB-denominated corporate bonds (“Panda Bonds”) of up to RMB2.5 billion in aggregate principal amount (RMB2.5 billion inclusive) in a single or multiple tranches to qualified investors in the People’s Republic of China (“PRC”).
- Summary of the First Issue of Panda Bonds:
 - Issue size: RMB1 billion
 - Issue date: 24 July 2017
 - Maturity period: 5 years
 - Coupon rate: 4.55%
 - Credit ratings: “AAA” rating (for the first tranche of the Panda Bonds and the Company)
 - Lead underwriter and book-runner: Everbright Securities Company Limited
 - Use of proceeds: repayment of the existing indebtedness of the Company and its subsidiaries and replenishment of the general working capital
- The First Issue of Panda Bonds was successfully completed on 25 July 2017. It will help broaden the Company’s financing channels and optimise its financing and capital structure. Raising RMB-denominated funds will also help reduce the foreign exchange risks.

Winning of Shandong Ji'nan Huashan Waste Water Treatment Project

- The project will be invested in and operated on a Build-Operate-Transfer (“BOT”) model, with total investment value of approximately RMB120 million.
- The project has a concession period of 30 years, and is expected to complete construction and commence operation in 2018.
- Designed treatment capacity: 30,000 tonnes/day.
- Service area: Huashan District in Ji'nan City.
- Treatment process: AAO-MBR (Anaerobic-Anoxic-Oxic-Membrane Bio-Reactor) process.
- Discharge standards: The treated water from the project will comply with the national Grade 1A standard according to the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant (GB18918-2002), with some of the discharge indicators following the Surface Water Quality Standard (GB3838-2002) for Category IV.
- Everbright Water's first underground waste water treatment project, which occupies less space, saves land resources, and its construction requires advanced technology.
- The project will be undertaken by a professional team with tailored cutting-edge technologies according to the unique requirements of the underground waste water treatment facility to enable it to comply with high discharge standard, achieve green development and energy conservation.



Business Outlook

1

Remain committed to technology-driven development to achieve breakthroughs in core technologies

- The Company will leverage the strength of the Environmental Water Research Institute to continue stepping up technology R&D efforts and strengthen the application of research outcomes.
- The Company will continue to advance collaborations with domestic and international institutions and research institutes and to bring in advanced technologies, ideas and high-quality technical talent, so as to build its core technology competitiveness.
- Key R&D areas: sponge city construction, treatment of black and odorous water bodies, biological deodorisation, sludge treatment and water-related technical equipment, etc.

2

Reinforce existing market position and seek innovation in business areas and models

- The Company will focus on water environment management and accumulate experience in the investment, construction, operation and collaboration for large-scale and complex PPP projects to strengthen its market position.
- The Company will closely follow on China's water environment management policies, monitor market developments, actively explore new business areas and models, and continue to diversify its business and increase growth drivers.

3

Focus on management system construction to ensure efficient and safe operation

- The Company will continue with roll-out of the ESHS management system and risk management system, and strengthen review measures.
- The Company, notwithstanding various projects on hand and heavy responsibilities, will continue enhancing its proficiency in its project management through taking multiple measures such as clear division of workflow and responsibilities, to ensure smooth operation and safe production.

4

Innovate investment and financing models towards a strong financial position

- The Company will continue to pursue subsequent issuance of panda bonds following the successful issuance of the first tranche of the panda bonds.
- The Company will continue to explore the development of a “water industrial fund” and issuance of asset-based securities, as well as other new models.
- The Company will continue to consolidate its traditional financing channels, such as credit facilities from commercial banks and policy banks.

5

Continue to spread corporate connotations and ensure the benefits of integration are reflected

- The Company will further integrate acquired projects and improve project operation standards through continuous upgrading.
- The Company will spread its business ethos and core values to boost the morale of the project teams.



Industry Policies

The Decision on the Amendment to the Water Pollution Prevention and Control Law of the People's Republic of China

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

- To support the construction of rural waste water treatment and waste treatment facilities; and to promote integrated treatment of waste water and solid waste in rural area.
- To define 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 will come into force on 1 January 2018.

1

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 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.
- 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.

Interim Measures for Assessing the Performance of Waste Water Treatment in Cities and Counties

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

- To enhance the construction and operation management of waste water treatment facilities in cities and counties; to push forward the full collection and treatment of waste water; and to promote treated water from waste water facilities in compliance with relevant discharge standards.
- To assess multiple indicators on a quarterly basis, such as waste water treatment efficiency, efficiency of major pollutant elimination, sludge treatment, as well as relevant supervision and management in cities and counties.
- Assessment methods: a combination of daily supervisions, on-site checks and spot-checks.

3

The Special Plan on Scientific and Technological Innovation in Environmental Sector for the 13th Five Year Plan Period

-- by the Ministry of Science and Technology, Ministry of Environmental Protection, Ministry of Urban-Rural Development, State Forestry Administration and China Meteorological Administration of the PRC

- With “Building a Beautiful China” as the overall objective, to further the fundamental research on key ecological and environmental topics, achieve breakthroughs in core technologies, formulate integrated technological solutions, build up a team of talented professionals, and develop an innovation-oriented industrial system for the environmental protection sector.
- Water environment quality improvement and ecological restoration are the key missions of the plan, with major technological areas including: industrial waste water treatment technologies with low energy consumption and high efficiency, technologies for energy recovery from waste water, technologies for efficient integrated groundwater pollution prevention and restoration, effective and standardised drinking water purification technologies, river-basin ecological restoration theories and technologies, etc.
- Other key missions include: to establish international collaboration networks, develop bases for scientific and technological innovation focusing on the environmental protection sector, achieve integrated management and recycling of waste, push forward soil pollution prevention and control, control air pollution, restore degradation of ecological environment, etc.

The Guidelines for the Special Bond Issuance for Public-Private-Partnership Projects

-- by the National Development and Reform Commission

5

- To encourage listed companies and their subsidiaries to issue special PPP project bonds, broaden the financing channels for PPP projects, and guide the development of private sector investment in PPP projects.
- In the current stage, the guidelines focus on PPP projects from 13 sectors concerning infrastructure facility and public services, including energy and environmental protection.



Thank you!