



**ACQUISITION OF 100% EQUITY INTEREST IN  
DONGDA WATER BY EVERBRIGHT WATER**

**CHINA EVERBRIGHT WATER LIMITED**

中国光大水务有限公司



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## Introduction to Dongda Water





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- Dalian Dongda Water Co., Ltd. (“Dongda Water”) is principally engaged in municipal waste water treatment, the provision of water improvement services, the construction and operation of urban public utilities and infrastructure (including waste water treatment plants)
- Dongda Water has 17 BOT and TOT municipal waste water treatment projects in Liaoning Province and Inner Mongolia Autonomous Region, with a total contractual daily treatment capacity of 1.125 million m<sup>3</sup>
  - Total capacity in operation: 945,000 m<sup>3</sup>/day
  - Total capacity under construction: 20,000 m<sup>3</sup>/day, expected date of operation in early 2016
  - Total capacity in preparation: 160,000 m<sup>3</sup>/day with 20,000 m<sup>3</sup>/day construction to be commenced soon
- Dongda Water is a leading waste water treatment company in Liaoning Province
- Its projects have received numerous award recognitions from the government, including Top 10 Waste Water Treatment Plant, National Excellent Waste Water Treatment Plant, Energy Conservation and Emissions Reduction Demonstration Project, and Top 10 Competent Enterprise



## Consideration of the Acquisition

- Consideration: 90% equity interest for RMB800 million
- Contingent Payment: In connection with the remaining 10% equity interest (“Remainder Interest”), a contingent payment of up to RMB203 million may be payable. Such contingent payment will be an amount equivalent to the amount of outstanding receivables recovered within the next 3 years (“Three-Year Period”) from the relevant PRC governmental authorities by Dongda Water and its subsidiaries
- The contingent payment is only payable after the recovery of the receivables. In addition, the entire Remainder Interest will be transferred to Everbright Water by the end of the Three-Year Period, irrespective of whether and how much Dongda Water and its subsidiaries recover from the total amount of unpaid receivables
- Loan from Everbright Water: RMB1.044 billion loan will be provided to Dongda Water to retire all of its outstanding debts



## Financial Overview of Dongda Water<sup>(1)</sup>

RMB'000	FY2013	FY2014
Revenue	181,947	233,517
Net Profits <sup>(2)</sup>	41,021	50,156
Net Profits After Taxation and Extraordinary Items	33,365	39,100
<b>Balance sheet</b>		
Book Value of the Equity Interest	331,473	236,573

Note:

- (1) The above financial data of Dongda Water is accounted for the completion of the acquisition of Panjin Municipal Waste Water Treatment Co., Ltd on 9 February 2015 and is based on the proforma consolidated financial statements in accordance with the PRC Generally Accepted Accounting Principles
- (2) Under Rule 1002(3)(b) of the Listing Manual, "Net Profits" is defined as profit or loss before income tax, minority interest and extraordinary items



## Investment Highlights



## 1. Platform with a Higher Value Proposition

- Dongda Water's projects are concentrated in Liaoning Province (and one project in Inner Mongolia Autonomous Region), with a strong presence in the region
- The projects are strategically located in more affluent cities in Liaoning Province
- Most of the projects in operation are the main water treatment plants in the corresponding cities, which have established good reputation and brand recognition

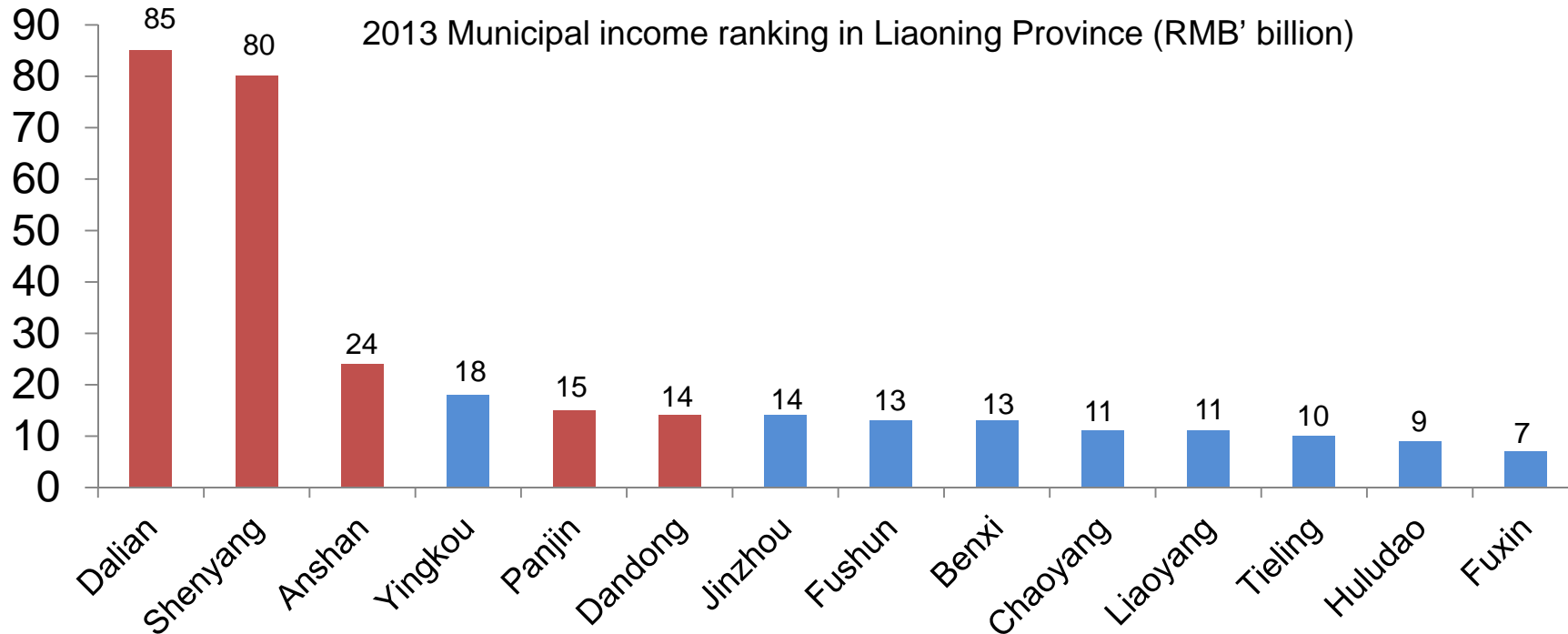


Post-acquisition, Everbright Water is able to leverage on Dongda Water's establishment to expand its presence in the region



# 1. Platform with a Higher Value Proposition

## Municipal income of Dalian City ranked the top in Liaoning Province

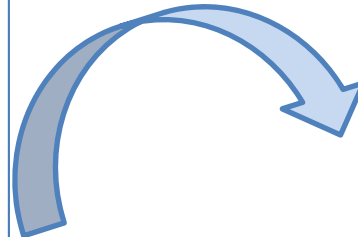


Source: National Bureau of statistics 2013 data, bars in red represent the locations of Dongda Water's WWT Projects

## 2. Lower Integration Cost



- Experienced management team
- Reasonable ownership structure
- Stable controlling shareholders
- Sustainable and stable business operations
- Projects of high construction quality
- Stable water treatment operations



- Effectively reduces the cost of integration with Dongda Water
- Allows Dongda Water to keep up with Everbright Water's management to ensure smooth integration within a short time frame

### 3. More Headroom for Value Enhancement

#### Price adjustment

- Dongda Water has applied for upward price adjustments for all of its projects, among which there will be:
  - 38% upward price adjustment for Panjin project
  - 37% upward price adjustment for Hunnan project
- Post-acquisition, Everbright Water will enjoy enhanced value simply through upward price adjustments

#### Projects upgrade

- More than 60% of Dongda Water's projects comply with the national Grade 1B or 2 standard
- Huge room for future upgrading

#### Projects reserve

- More upcoming projects in the pipeline in the region
- With the strong presence of Dongda Water in the region, Everbright Water has the edge to secure more projects its own resources and brand influences



## Appendix –Dongda Water’s Project Summary

### *Projects in Operation*

Project	Type of Investment	Date of Operation	Daily Waste Water Treatment Capacity (m <sup>3</sup> )
Dalian Quanshui Waste Water Treatment Project	BOT	June 2007	35,000
Dalian Malanhe Waste Water Treatment Project Phase 2	BOT	December 2009	80,000
Dalian Chunliuhe Waste Water Treatment Project Phase 2	BOT	September 2009	120,000
Dalian Siergou Waste Water Treatment Project	TOT	December 2013	100,000
Lvshun Bolanzi Waste Water Treatment Project Phase 1	TOT	October 2003	30,000
Lvshun Bolanzi Waste Water Treatment Project Phase 2	BOT	July 2008	30,000
Lvshun Sanjianbao Waste Water Treatment Project	BOT	July 2012	10,000
Pulandian Waste Water Treatment Project Phase 1	BOT	November 2007	20,000
Zhuanghe Waste Water Treatment Project Phase 1	BOT	October 2009	30,000
Panjin 1 <sup>st</sup> Waste Water Treatment Project	TOT	June 2004	100,000
Panjin 1 <sup>st</sup> Waste Water Treatment Project (upgrading)	TOT	May 2015	100,000
Anshan West 2 <sup>nd</sup> Waste Water Treatment Project	TOT	June 2006	100,000
Shenyang Hunnan New District Waste Water Treatment Project	TOT	July 2010	40,000
Dandong Waste Water Treatment Project	BOT	November 2010	100,000
Inner Mongolia Tongliao Development Zone Waste Water Treatment Project	TOT	January 2009	50,000



# Appendix –Dongda Water’s Project Summary

## *Projects under Construction*

Project	Type of Investment	Date of Operation (Expected)	Daily Waste Water Treatment Capacity (m <sup>3</sup> )
Dalian Liangjiadian Waste Water Treatment Project Phase 1*	BOT	2016	20,000

## *Projects in Preparation*

Project	Type of Investment	Daily Waste Water Treatment Capacity (m <sup>3</sup> )
Dalian Liangjiadian Project Phase 1*	BOT	100,000
Pulandian Waste Water Treatment Project	BOT	60,000 (Among which 20,000 m <sup>3</sup> / day starting construction soon)

\* The total contract volume of Dalian Liangjiadian Project Phase 1 is 120,000 m<sup>3</sup>/day.





**Thank you!**

