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Everbright Water

3QFY2015 Results Presentation

CHINA EVERBRIGHT WATER LIMITED

中国光大水务有限公司

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Agenda

- Financial Highlights
- Business Review
- Post-Results Events
- Development Strategy
- Industry Outlook
- Appendix – Project Summary

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Financial Highlights

Financial Highlights

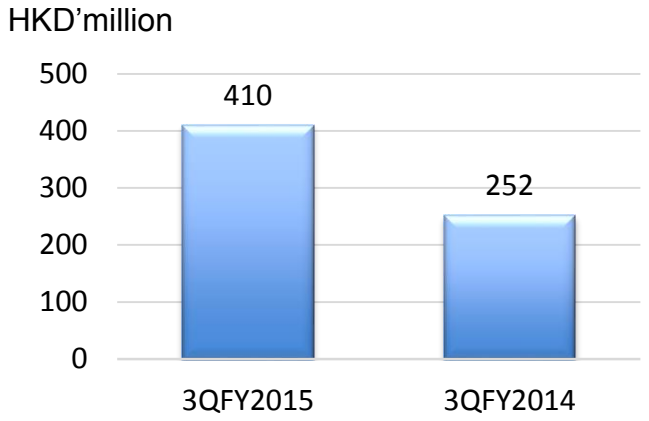
HKD ('000)	3QFY2015	3QFY2014	Increase/ Decrease	9MFY2015	9MFY2014	Increase/ Decrease
Revenue	410,153	252,157	63%	1,356,297	757,994	79%
Gross Profit	191,053	130,013	47%	634,286	439,156	44%
Gross Profit Margin	47%	52%	(5)ppt	47%	58%	(11)ppt
Net Profit Attributable to Shareholders	88,845	70,920	25%	300,112	236,919	27%
Earnings Per Share (HKD)	0.034	0.037	(8)%	0.117	0.122	(4)%

	2015/9/30	2014/12/31
Gearing Ratio (Total Liabilities/Total Assets)	37%	35%

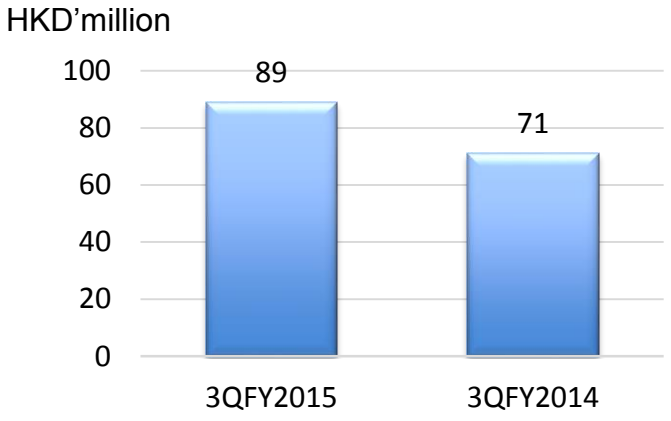
ppt: percentage point

Financial Highlights

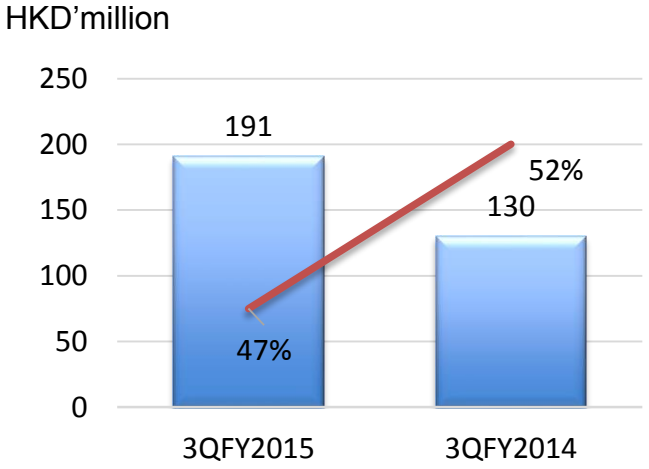
Revenue



Net Profit Attributable to Shareholders



Gross Profit & Gross Profit Margin



- Increase in construction revenue led to higher revenue
- Construction activities have lower profit margin as compared to operation activities in general
- Revenue from construction is mainly due to expansion and upgrading projects of several waste water projects in 3QFY2015
- Secured long-term loan of USD140 million from IFC to be utilised as capital expenditure working capital

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Business Review

Business Review

Increase in Water Tariffs

Projects	Change in tariff	Reason for increasing the tariff
Binzhou Boxing WWT Project	↑17.3%	The tariff hike has been effective since July 2015 after the upgrading and expansion works have been completed. The water discharge will comply with the National Grade 1A standard
Ji'nan Licheng Reusable Water Project	↑12.3%	This tariff adjustment was initiated based on the Directory of Value-added Tax ("VAT") Preferential Rate on Comprehensive Utilization of Goods and Services ("Cai Shui No. [2015] 78 Article") which was issued by the Ministry of Finance and State Administration of Taxation. It has been effective since July 2015
Zibo Reusable Water Project	↑17.0%	This tariff adjustment was initiated based on the Directory of Value-added Tax ("VAT") Preferential Rate on Comprehensive Utilization of Goods and Services ("Cai Shui No. [2015] 78 Article") which was issued by the Ministry of Finance and State Administration of Taxation. It has been effective since July 2015

Business Review

Project Progress

Projects	Daily Waste Water Treatment Capacity (m^3)	Progress
Boxing WWT Project Expansion and Upgrading	20,000	Completed construction and commenced operation
Zibo Reusable Water Project Phase II	4,800	Completed construction and commenced operation
Nanjing Pukou WWT Project Phase II and upgrade	40,000	Completed construction and it is still in commissioning phase
Suzhou Wuzhong Chengnan WWT Project Phase II and upgrade	75,000	Under construction
Ji'nan WWT (Plant 1) Expansion Project	50,000	Under construction
Ju County WWT Project	40,000	Successfully transferred to the Company
Acquisition of Dalian Dongda Water Co., Ltd.	1,125,000	Signed the agreement on 28 August and completed the acquisition of Initial Interest as announced on 4 November

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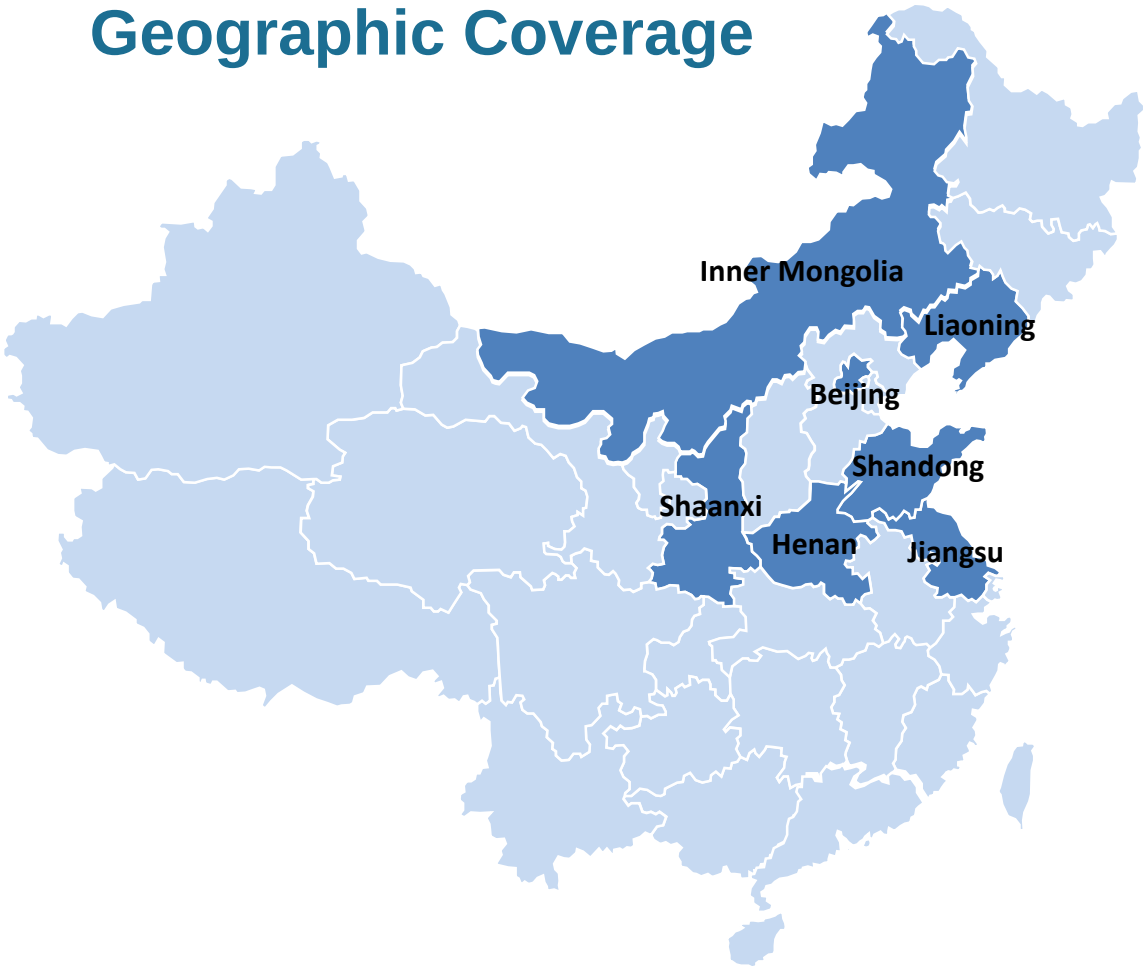
Business Review

Geographic Coverage



Waste Water Treatment Projects

- Shandong
- Beijing
- Jiangsu
- Shaanxi
- Henan
- Liaoning
- Inner Mongolia

Reusable Water Projects

- Shandong
- Jiangsu

Waste Water Source Heat Pump Projects

- Shandong

Post-Results Events

Progress of acquisition of Dalian Dongda Water Co., Ltd. ("Dalian Dongda")

- The Company has successfully acquired equity interest in Dalian Dongda as announced on 4 November 2015

- Dalian Dongda has 17 municipal waste water treatment projects with a total contract daily treatment capacity of 1.125 million m^3

  - Total capacity in operation: 945,000 m^3/day
  - Total capacity under construction: 20,000 m^3/day, expected to commence operation in 2016
  - Total capacity in preparation: 160,000 m^3/day with 20,000 m^3/day construction to be commenced soon

- Following this acquisition, the Group's total daily waste water treatment capacity will increase by 32% to reach approximately 4.6 million m^3 per day.

Post-Results Events

The growth potential of Dalian Dongda's projects

- The current water tariff for WWT projects is considered low and the potential for upward price adjustment is huge. The introduction of the Water Pollution Prevention & Control Plan shows that the government is placing greater emphasis on the water industry. In the long run, the rise in the water tariff will match the industry trend of China.

- There is a huge room for future upgrading as more than 60% of Dalian Dongda's projects comply with the National Grade 1B or Grade 2 standard. This would provide an opportunity for the Company to have upward price adjustments.

- The expansion of the current WWT projects will also benefit the Company.

- Leveraging on Dalian Dongda's platform with high value proposition, the Company would be able to expand its presence in the region.

Business Review

Development Strategy

- Increase our market share and influence through mergers and acquisitions and organic growth (BOT/TOT)
- Enhance our business chains to solidify our position in our main business industry
- Increase operating efficiency and reduce operating cost through improvement of our technical and management skills
- Strengthen our financing capabilities to promote the growth of our business
- Strengthen human resources development strategy and endeavour to attract international talents to form a strong team

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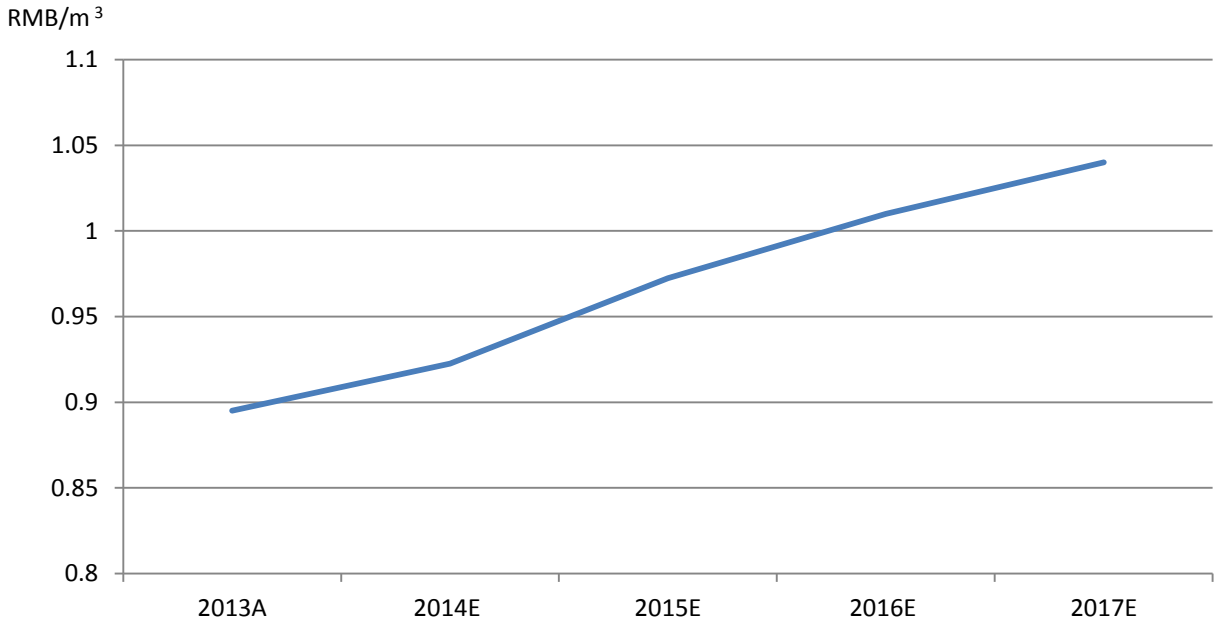
Industry Outlook

Industry Outlook

Steadily Increasing Water Price and Anticipated Increase in Revenue from Water Charges

Expected Increase of Waste Water Tariffs* in China



*Source: Credit Suisse estimates on average company data

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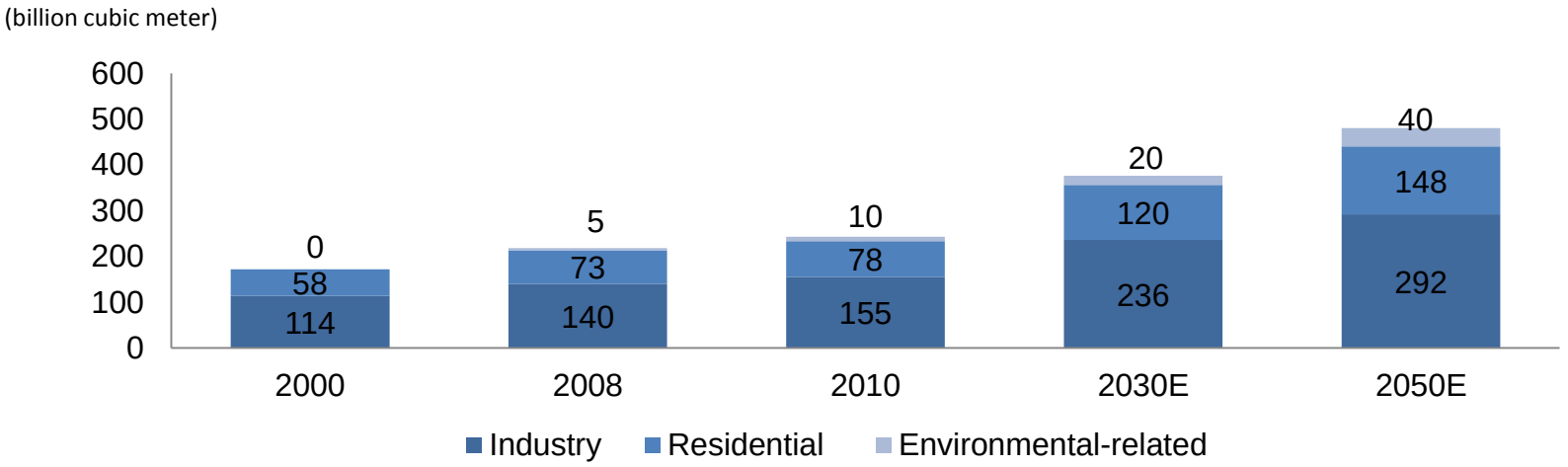
Industry Outlook

Long-Term Growth Momentum in Our Industry



Highly fragmented industry prone for consolidation

- Municipal WWT is fragmented with Top Ten players accounting to approximately 25% of market share
- 50% of assets are still owned by municipal governments

Source: Nomura Report

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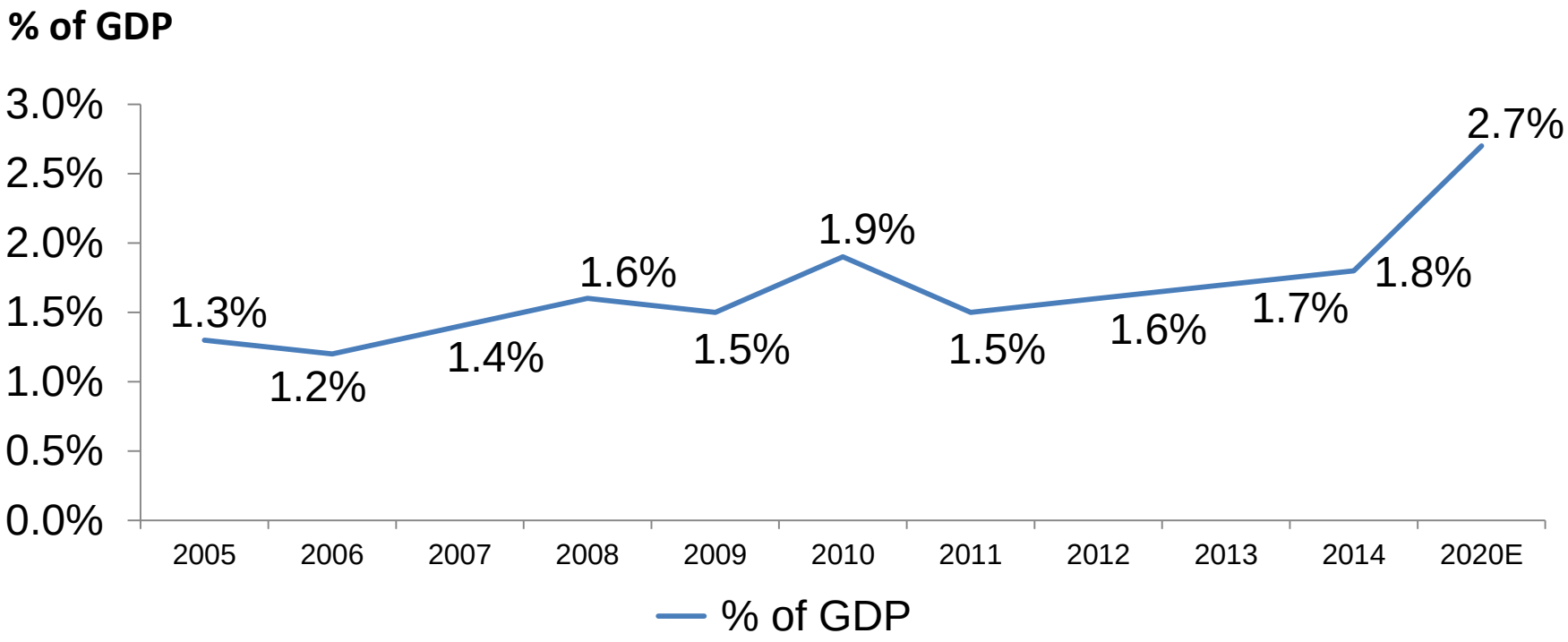
13th Five-Year Plan

Investment in environment protection would double in the 13th Five-Year Plan



*Source: Credit Suisse estimates

Industry Outlook

Favorable Government Policies for the Water Treatment Industry

Government's policy	Status
Work Guidance on Urban Black and Odorous Water Body Treatment	• Cities of prefecture level and above should complete investigation of water body and should publish the name of black-odour water body, the accountable parties and compliance deadline before the end of 2015 • The black-odour water body in cities of prefecture level and above to be controlled within 10% before the end of 2020
Guiding Opinions of the General Office of the State Council on Advancing the Construction of Sponge Cities	• Government aims to strengthen urban planning and construction management to mitigate the impact of urban development and construction to the ecosystem through the construction of sponge cities, which adopts the "infiltration, stagnation, build, clean, use and discharge' techniques • From 2015 onwards, all new urban areas, districts and parks must comply with the sponge city construction requirements

Industry Outlook

Favorable Government Policies for the Water Treatment Industry

Government's policy	Status
The Water Pollution Prevention & Control Plan ("水十条")	• Introduced more stringent regulations and set new targets for water supply, wastewater treatment and sludge treatment • Local governments to accelerate the reform of water-pricing mechanisms and all cities must adopt a tiered pricing system by 2015
Opinions on the Implementation of the Third-Party Control of Environmental Pollution	• Government to develop innovative ways of financing & related credit services • Promote market mechanisms to support third party environmental services
Public-Private Partnership Model	• Aims to provide better public services through a wide range of social capital and using the expertise of private enterprises

It is generally expected that investment in the PRC water sector will increase significantly

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Appendix

Appendix – Project Summary

Waste Water Treatment

Operating Projects

Project	Type of Investment	Date of Operation	Daily Waste Water Treatment Capacity (m^3)
Qingdao Waste Water Treatment (WWT) Project (Haibohe & Maidao Plants) *Shandong Province*	BOT/TOT	January 2005	220,000
Zibo WWT Project (Southern & Northern Plants) *Shandong Province*	TOT	November 2005	250,000 (Upgrading completed in May 2008)
Jinan WWT Project (Plant 1 & Plant 2) *Shandong Province*	TOT	November 2006	500,000
Zibo High-tech Zone WWT Project *Shandong Province*	BOT	September 2007	100,000

Appendix – Project Summary

Waste Water Treatment

Operating Projects

Project	Type of Investment	Date of Operation	Daily Waste Water Treatment Capacity (m^3)
Jiangyin WWT Project (Acquisition and Upgrade) *Jiangsu Province*	TOT	January 2008	190,000
Binzhou Boxing WWT Project *Shandong Province*	TOT/BOT	Phase I – April 2008 Upgrading work – December 2008 Phase II – June 2009 Phase II expansion and upgrading work: April 2015	80,000
Jinan Licheng WWT Project (Plant 3) Phase I *Shandong Province*	BOT	October 2009	100,000
Zibo Zhoucun WWT Project *Shandong Province*	BOT	November 2009	40,000
Jinan Xike WWT Project (Plant 4) *Shandong Province*	BOT	June 2010	30,000

Appendix – Project Summary

Waste Water Treatment

Operating Projects

Project	Type of Investment	Date of Operation	Daily Waste Water Treatment Capacity (m^3)
Ling County WWT Project (Plant 1) *Shandong Province*	TOT	June 2010	30,000
Ling County WWT Project (Plant 2) *Shandong Province*	BOT	June 2010	30,000
Dezhou Nanyunhe WWT Project Phase I *Shandong Province*	BOT	September 2013	75,000
Jinan Licheng WWT Project (Plant 3) Phase II *Shandong Province*	Same as Jinan Licheng WWT (Plant 3) Phase I	November 2013	100,000
Zhangqiu WWT Project *Shandong Province*	BOT	May 2014	30,000
Ling County WWT Project (Plant 1) Upgrading *Shandong Province*	N/A	May 2014	N/A

Appendix – Project Summary

Waste Water Treatment

Operating Projects

Project	Type of Investment	Date of Operation	Daily Waste Water Treatment Capacity (m^3)
Lianyungang Dapu WWT Project *Jiangsu Province*	TOT	December 2001	100,000
Kunshan Development Zone WWT Project Phase I *Jiangsu Province*	BOT	June 2006	25,000
Xianyang WWT Project Phase I *Shaanxi Province*	BOT	October 2006	100,000
Yangzhou Jiangdu Development Zone WWT Project Phase I *Jiangsu Province*	BOT	May 2008	12,500
Kunshan Development Zone WWT Project Phase II *Jiangsu Province*	BOT	September 2008	25,000
Daxing Tiantanghe WWT Project Phase I *Beijing*	BOT	December 2008	40,000

Appendix – Project Summary

Waste Water Treatment

Operating Projects

Project	Type of Investment	Date of Operation	Daily Waste Water Treatment Capacity (m^3)
Suzhou Wuzhong Chengnan WWT Project Phase I *Jiangsu Province*	BOT	January 2009	75,000
Lianyungang Xugou WWT Project Phase I *Jiangsu Province*	BOT	December 2009	40,000
Nanjing Pukou WWT Project Phase I *Jiangsu Province*	BOT	January 2010	40,000
Nanjing Liuhe WWT Project Phase I *Jiangsu Province*	BOT	June 2011	20,000
Binzhou Development Zone WWT Project Phase I *Shandong Province*	BOT	January 2012	40,000
Nanjing Liuhe WWT Project Phase II *Jiangsu Province*	BOT	September 2013	20,000

Appendix – Project Summary

Waste Water Treatment

Operating Projects

Project	Type of Investment	Date of Operation	Daily Waste Water Treatment Capacity (m^3)
Xianyang WWT Project Phase II *Shaanxi Province*	BOT	December 2014	100,000
Yangzhou Jiangdu Development Zone WWT Project Phase II and upgrade *Jiangsu Province*	BOT	January 2015	12,500
Sanmenxia Industry Cluster Area WWT Project Phase I *Henan Province*	BOT	February 2015	30,000
Ju County WWT Project *Shandong Province*	TOT	July 2015 (Transfer date)	40,000

Appendix – Project Summary

Waste Water Treatment

Operating Projects

Project	Type of Investment	Date of operation	Daily Waste Water Treatment Capacity (m^3)
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	April 2009	120,000
Dalian Siergou Waste Water Treatment Project	TOT	July 2013	100,000
Lvshun Lanzi Project Phase 1	TOT	October 2003	30,000
Lvshun Lanzi Project Phase 2	BOT	July 2008	30,000
Lvshun Sanjianpu Project	BOT	July 2012	10,000
Pulandian Waste Water Treatment Project Phase 1	BOT	November 2007	20,000

Appendix – Project Summary

Waste Water Treatment

Operating Projects

Project	Type of Investment	Date of operation	Daily Waste Water Treatment Capacity (m^3)
Zhuanghe Waste Water Treatment Project Phase 1	BOT	July 2009	30,000
Panjin 1st Waste Water Treatment Project	TOT	June 2004	100,000
Panjin 1st Waste Water Treatment Project (upgrading)	TOT	May 2015	100,000
Anshan West 2nd 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	December 2010	100,000
Inner Mongolia Tongliao Development Zone Waste Water Treatment Project	TOT	January 2009	50,000

Appendix – Project Summary

Reusable Water

Operating Projects

Project	Type of Investment	Date of Operation	Daily Water Supply Capacity (m^3)
Zibo Reusable Water Project Phase I *Shandong Province*	BOO	September 2011	4,800
Jinan Licheng Reusable Water Project *Shandong Province*	BOO	September 2011	42,000
Jiangyin Reusable Water Project *Jiangsu Province*	BOO	January 2013	10,000
Zibo Reusable Water Project Phase II *Shandong Province*	Same as Zibo Reusable Water Project Phase I	September 2015	4,800

Appendix – Project Summary

Waste Water Source Heat Pump

Operating Projects

Project	Type of Investment	Date of Operation	Daily Waste Water Treatment Capacity (m^3)
Zibo Waste Water Source Heat Pump Project Phase I *Shandong Province*	BOO	December 2011	N/A
Zibo Ceramic Technology Development Park Heat Pump Project *Shandong Province*	BOO	November 2013	N/A

Appendix – Project Summary

Projects Under Construction

Project	Type of Investment	Date of Operation	Daily Waste Water Treatment Capacity (m^3)
Nanjing Pukou WWT Project Phase II and upgrade* *Jiangsu Province*	BOT	2H2015	40,000
Suzhou Wuzhong Chengnan WWT Project Phase II and upgrade *Jiangsu Province*	BOT	2H2015	75,000
Jinan WWT Project (Plant 1) Upgrading *Shandong Province*	TOT	1H2016	50,000
Dalian Liangjiadian Project Phase 1 *Liaoning Province*	BOT	2016	20,000

* Remarks: Completed construction and in commissioning stage or phase

Appendix – Project Summary

Transferred Projects

Project	Type of Investment	Date of Operation	Daily Waste Water Treatment Capacity (m^3)
Xinyi Surface Water Project *Jiangsu Province*	BT	January 2013	100,000

Projects in Preparation – Waste Water Treatments Projects

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

Total designed waste water treatment capacity of Dalian Liangjiadian Project Phase 1 contract will reach 120,000 m^3 per day

Appendix – Project Summary

Projects in Preparation – Waste Water Projects/Reusable Water Projects

Projects	Type of Investment	Daily Waste Water Treatment Capacity (m^3)
Dezhou Nanyunhe WWT Project Phase II *Shandong Province*	BOT	75,000
Kunshan Development Zone WWT Project Phase III *Jiangsu Province*	BOT	50,000
Lianyungang Xugou WWT Project Phase II *Jiangsu Province*	BOT	40,000
Yangzhou Jiangdu Development Zone WWT Project Phase III *Jiangsu Province*	BOT	25,000
Sanmenxia Industry Cluster Area WWT Project Phase II *Henan Province*	BOT	120,000

Appendix – Project Summary

Projects in Preparation – Waste Water Projects/Reusable Water Projects

Projects	Type of Investment	Daily Waste Water Treatment Capacity (m^3)
Daxing Tiantanghe WWT Project Phase II and upgrading *Beijing*	BOT	40,000
Binzhou Development Zone Reusable Water Project *Shandong Province*	BOT	30,000
Sanmenxia Industry Cluster Area Reusable Water Project *Henan Province*	BOT	100,000
Xianyang Reusable Water Project *Shaanxi Province*	BOT	170,000

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Thank you!