

BOLD VISIONS TO OVERCOME EVERY CHALLENGE

2016 Annual Results Presentation

February 2017



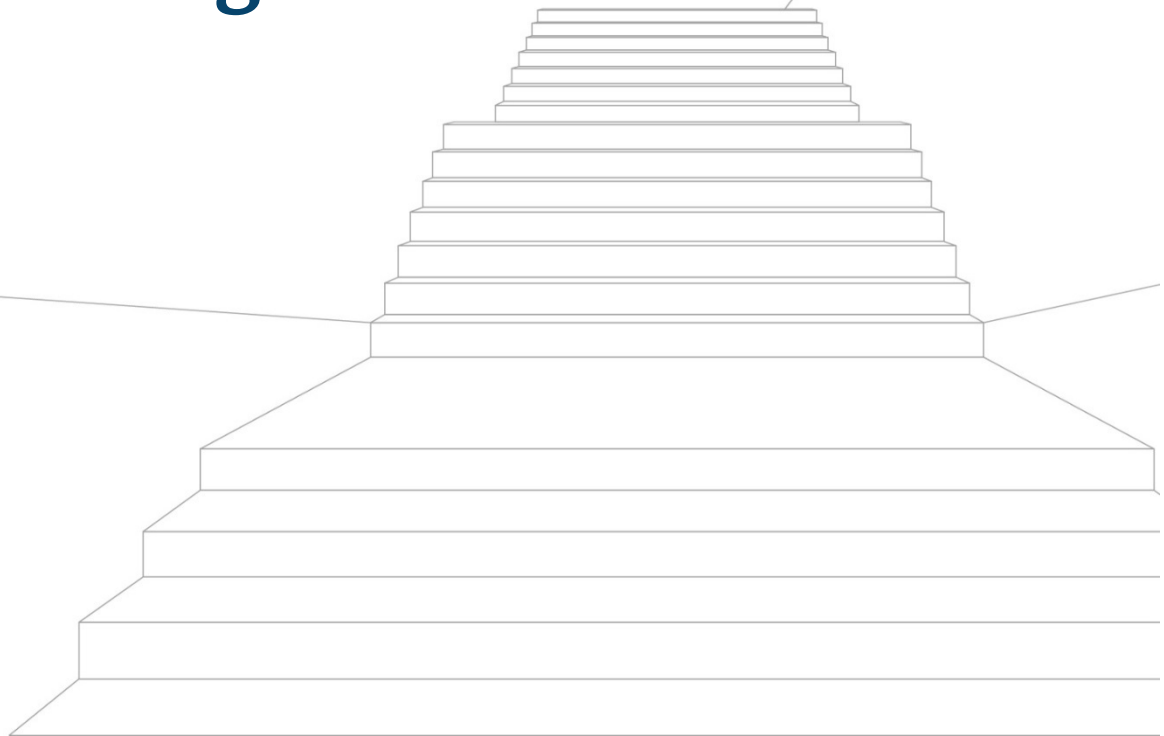
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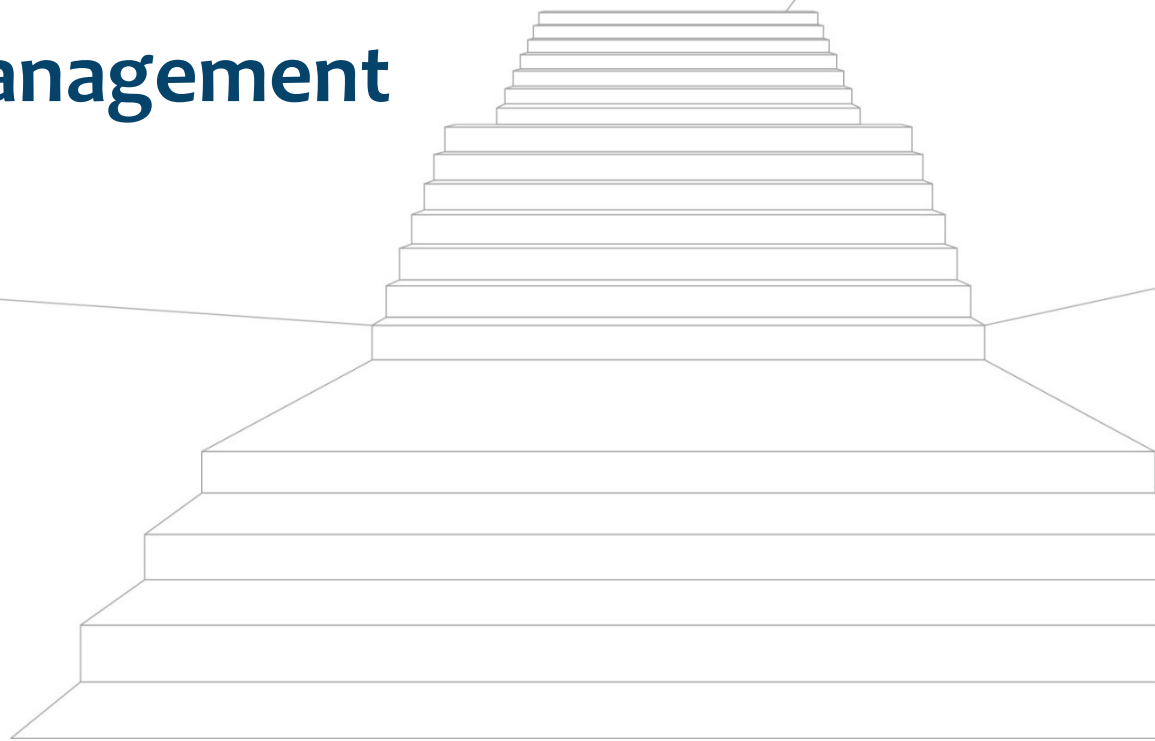
Agenda

- Results Review
- Development Strategies



Results Review

- Results Highlights
- Financial Analysis
- Investment Management



Results Highlights (1)

Revenue from core businesses exceeded RMB10 billion:

- E** Total revenue amounted to HKD13.97 billion in 2016.
- E** The first solid waste treatment enterprise in China’s environmental protection industry that delivered the annual revenue exceeding RMB10 billion.
- E** The result of its leading technologies, quality management, excellent integrated services capabilities and a strong brand.

For the year ended 31 December 2016:

Total assets exceeded HKD49.5 billion
 Total revenue exceeded HKD13.9 billion
 EBITDA exceeded HKD5 billion
 Profit attributable to equity holders exceeded HKD2.7 billion



Return on shareholders’ equity and dividend payout ratio

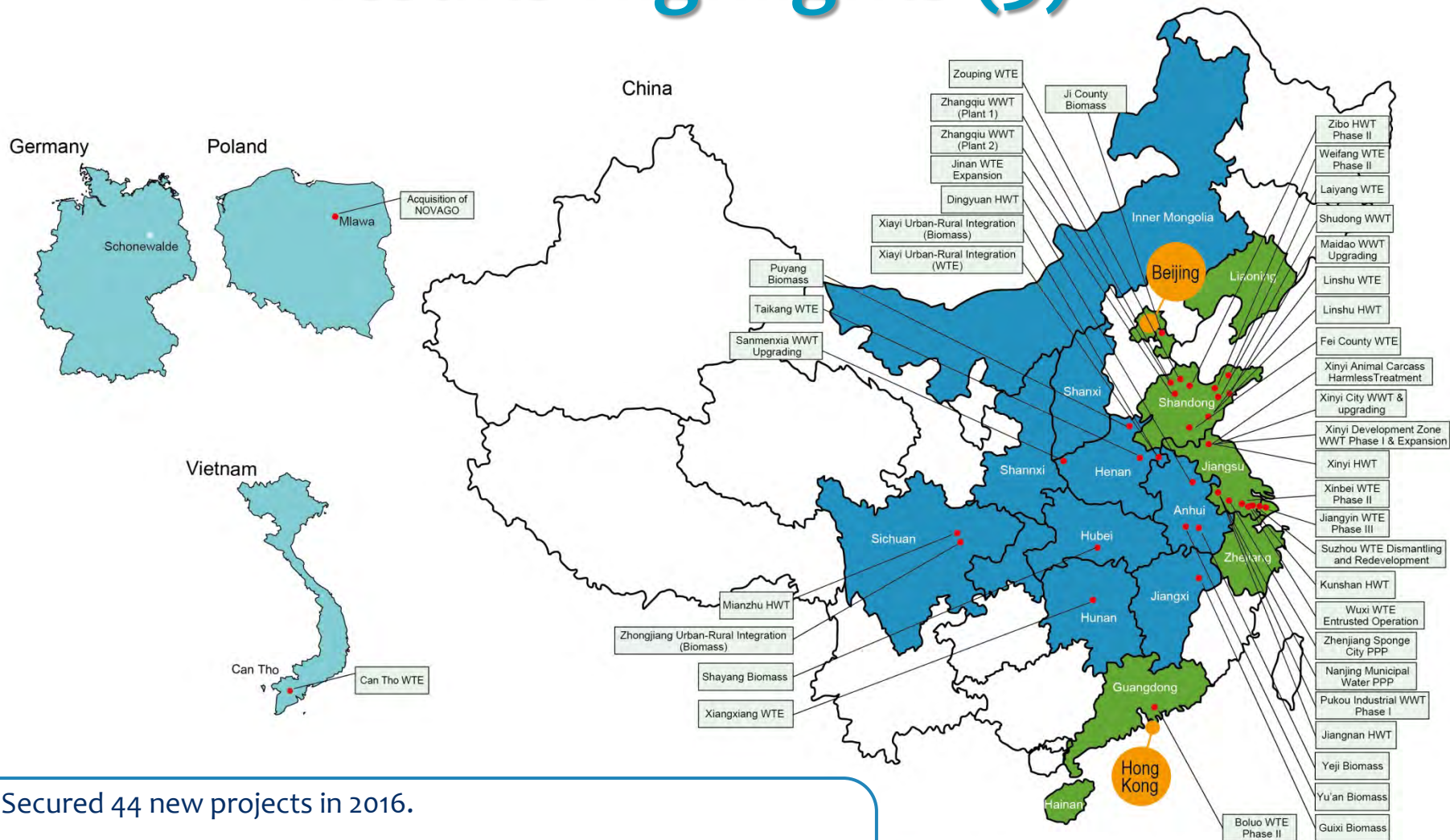
(%)	2012	2013	2014	2015	2016
Return on shareholders’ equity	15.5	12.2	11.5	12.5	16.1
Dividend payout ratio	20.3	26.1	29.0	39.8	33.0

Results Highlights (2)

Market expansion and business development set records:

- Secured 44 new projects, with a total investment of RMB14.4 billion in 2016, reaching historical highs in terms of the number and the investment amount of the projects secured.
- Developed in step with the “One-Belt-One-Road” national initiative and secured the Can Tho Project in Vietnam and Novago Project in Poland.
- The total number of projects commenced construction and under construction reached record highs.
 - ▶ The number of project construction sites reached 62 at its peak, with total investment amounting to approximately RMB19.378 billion, of which:
 - ◆ 23 projects completed construction and commenced operation in 2016, with a total investment of approximately RMB4.916 billion;
 - ◆ 39 projects were under construction as at the end of 2016, with a total investment of approximately RMB14.462 billion.

Results Highlights (3)

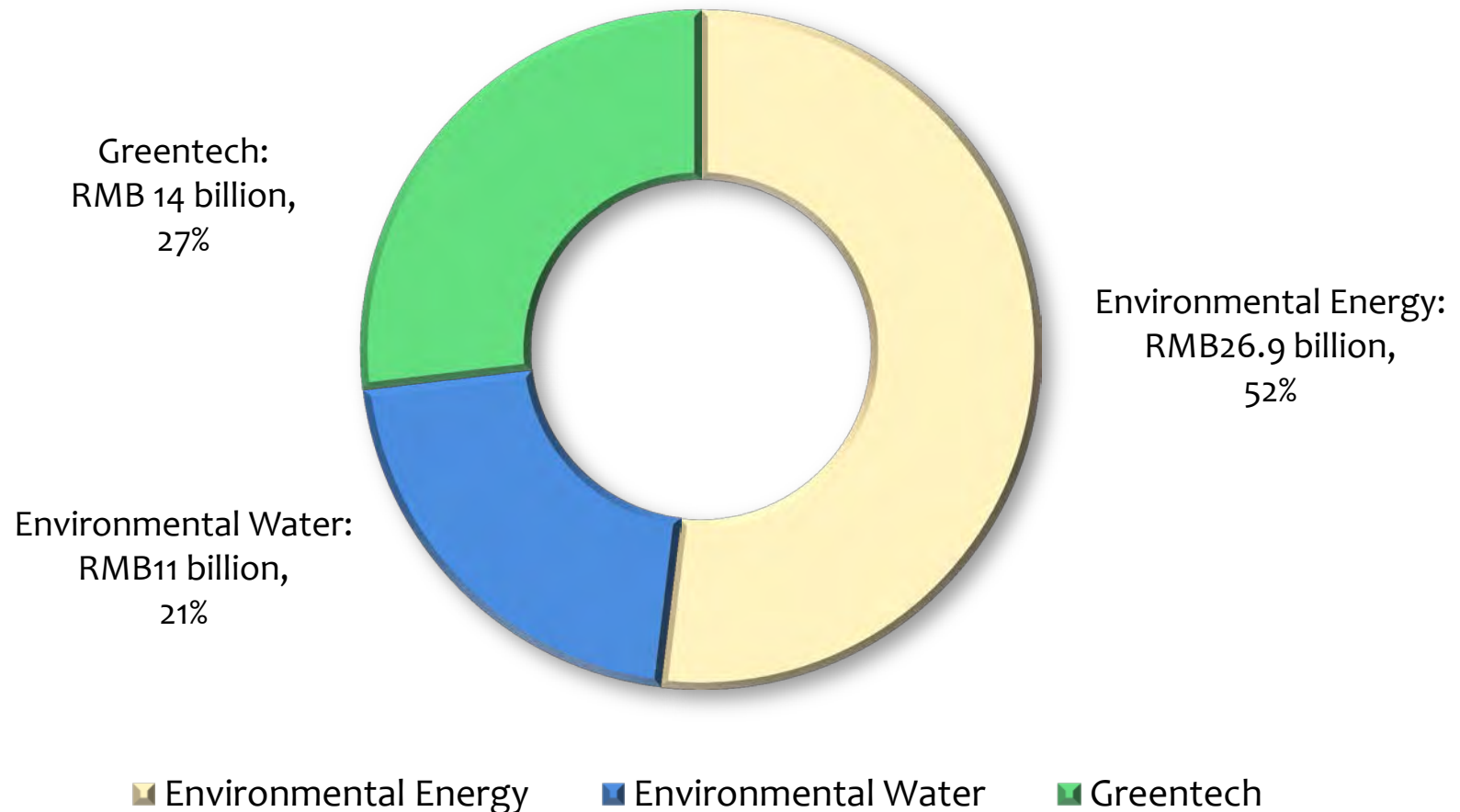


- Secured 44 new projects in 2016.
- So far, the Group had secured 213 environmental protection projects in 80 counties and cities across 17 provinces and municipalities in China, as well as in Germany, Poland and Vietnam.

Results Highlights (4)

- A strong project pipeline to drive the Group's next round of development.

Investment by business segments
(RMB)



Results Highlights (5)

- As at 31 December 2016, 130 projects completed construction, including:

26

Waste-to-energy
Projects



72

Water Treatment
Projects



7

Biomass Projects



8

Hazardous Waste
Treatment Projects



8

Solar Energy
Projects



2

Wind Power
Projects



2

Methane-to-energy
Projects



1

Sludge Treatment
and Disposal Project



1

Food Waste
Treatment Project



2

Equipment
Manufacturing Projects



1

Overseas Solid Waste
Treatment Project



Results Highlights (6)

- As at 31 December 2016, 39 projects were under construction, including:

17

Waste-to-energy
Projects



7

Water Treatment
Projects



12

Biomass Projects



2

Hazardous Waste
Treatment Projects



1

Food Waste
Treatment Project



Results Highlights (7)

- As at 31 December 2016, 44 projects were in the preparatory stage, including:

17

Waste-to-energy
Projects



1

Water Treatment
Projects



13

Biomass Projects



12

Hazardous Waste
Treatment Projects



1

Nanjing Industrial Park
Project



Results Highlights (8)

Uphold the philosophy of driving growth by technological innovation:

- Greentech continued to be driven by business innovation across many areas, from biomass direct combustion projects to electricity and heat cogeneration projects, and from hazardous waste landfill projects to hazardous waste diversified treatment projects.
- Initiated the urban-rural integration project model in China's environmental protection industry.
- The first self-developed 750-tonne/day grate furnaces and gas purification systems were put into operation at the Wujiang Waste-to-energy Project; the gas emission levels of which are above the designed standards, and have filled a void in China's high-capacity grate furnace manufacturing segment.
- Received approximately a total of RMB230 million financial subsidies from the PRC governments at state and local levels.
- Granted 37 patents, including 10 invention patents and 27 utility invention patents, in 2016.



Lingbi Integrated Biomass and Waste-to-energy Projects under construction
(Design sketch)



Wujiang Waste-to-energy Project

Financial Analysis (1)

- Excluding the gain on sale of listed securities of HK\$ 92,711,000 in 2015, EBITDA and profit attributable to equity holders increased by 38% and 40% year-on-year, respectively.

(HK \$'000)	For the year ended 31 December		Change
	2016	2015	
Revenue	13,971,204	8,528,393	64%
Gross profit	5,309,566	3,902,692	36%
EBITDA	5,051,261	3,754,449	35%
Profit attributable to equity holders	2,784,863	2,084,888	34%
Basic EPS (HK cents)	62.12	46.50	34%
Dividends per share (HK cents)	20.5	18.5	11%

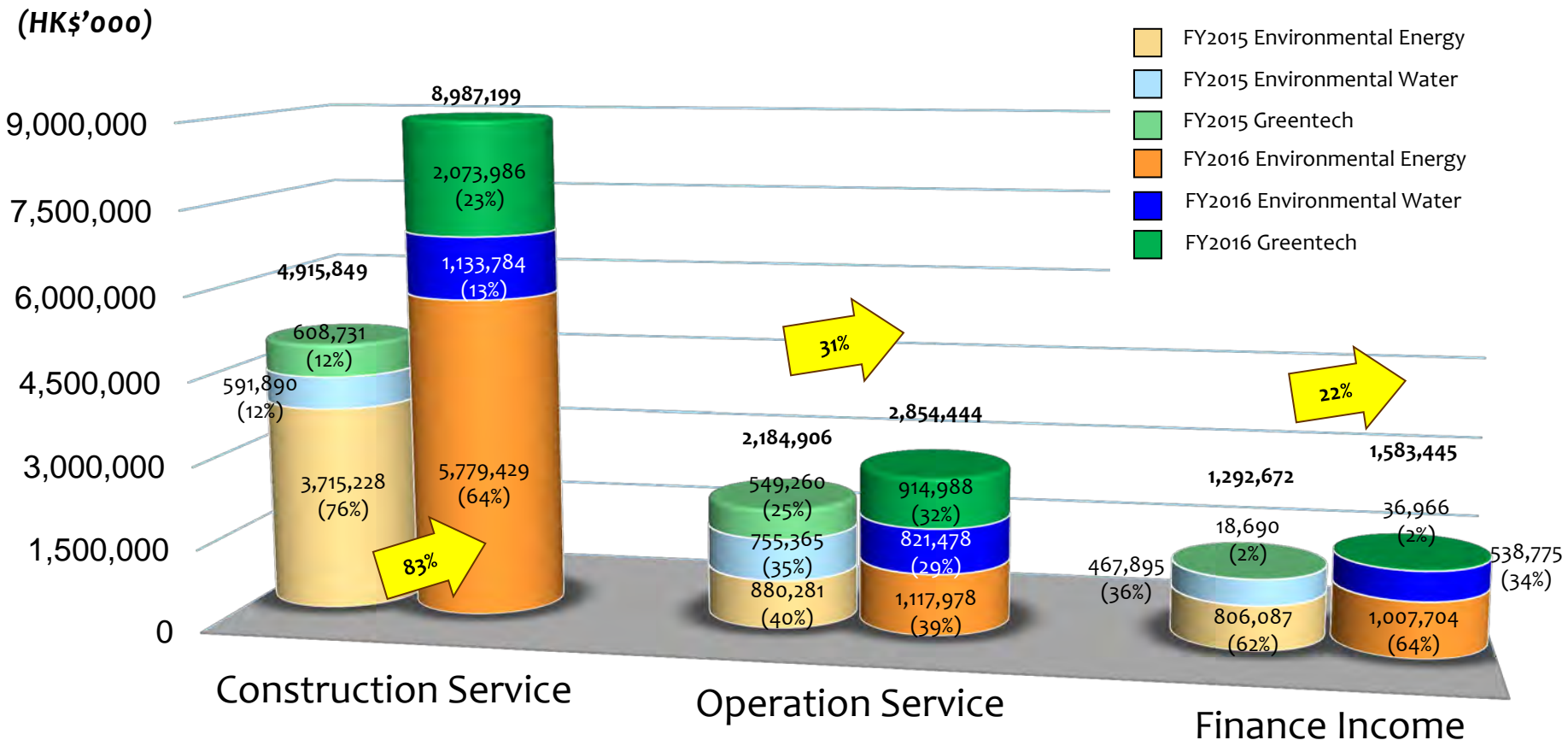
Financial Analysis (2)

HK\$ 'Mil	As at 31/12/2011	As at 31/12/2012	As at 31/12/2013	As at 31/12/2014	As at 31/12/2015	As at 31/12/2016
Total assets	13,880	16,583	23,471	31,200	40,623	49,532
Total liabilities	7,218	7,913	9,692	13,357	21,203	29,687
Shareholders' equity	6,190	8,350	13,374	16,263	17,196	17,389
Cash on hand	1,900	2,797	5,815	5,150	6,673	7,038
Return on shareholders' equity (%)	13.90	15.45	12.20	11.49	12.46	16.10
Dividend payout ratio (%)	20.6	20.3	26.1	29.0	39.8	33.0
Gearing ratio (%) (Total liabilities/Total assets)	52	48	41	43	52	60

- High quality assets, abundant cash on hand, reasonable gearing ratio and healthy financial position.
- Received positive recognition and long-standing support from international financial institutions and policy banks such as Asian Development Bank, The World Bank and China Development Bank.
- Strong financial resources ensure the Group has sufficient funds for its development.

Financial Analysis (3)

Revenue Analysis of the 3 Business Segments



2016 : HK\$13,425,088,000* (up 60%)

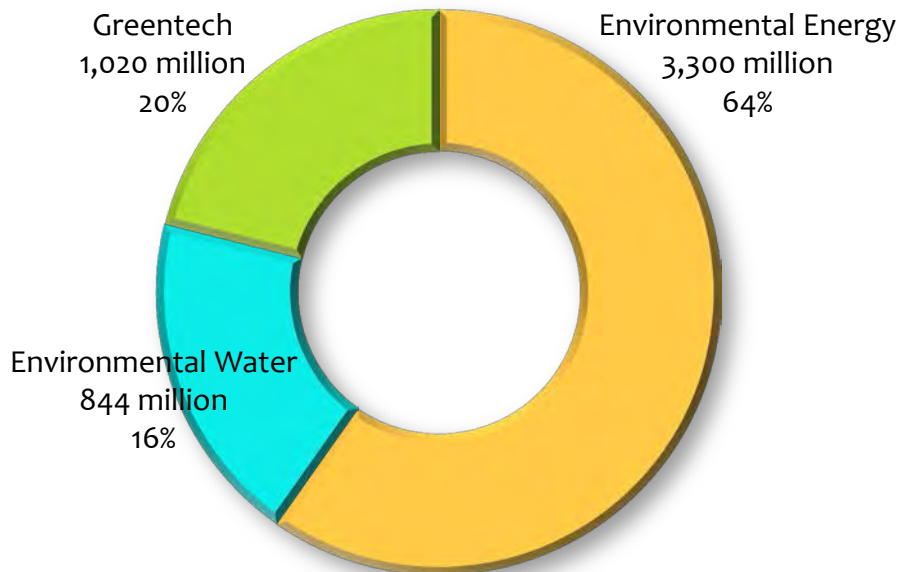
2015 : HK\$8,393,427,000

* Excluding the revenue from sales of equipment and environmental protection project design services

Financial Analysis (4)

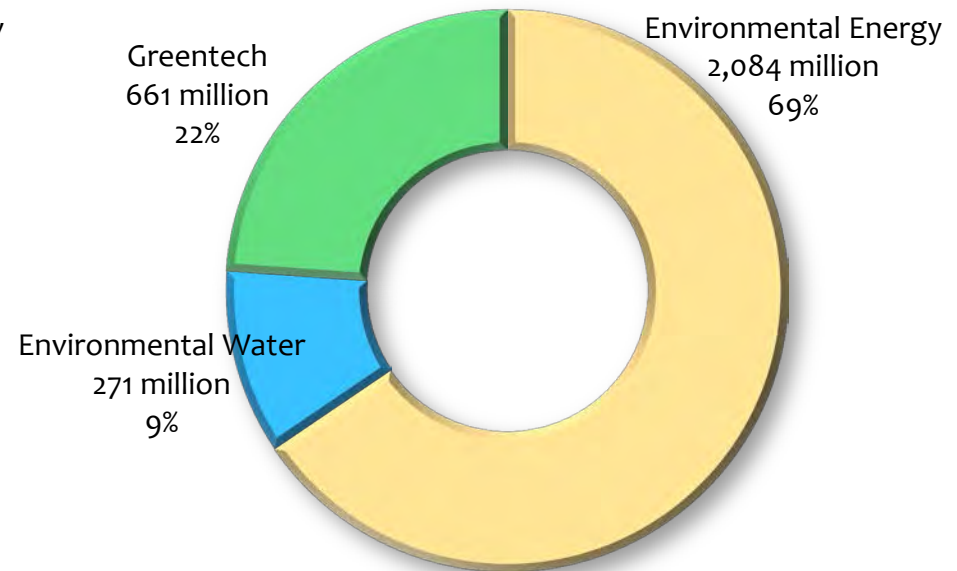
Profit Analysis of the 3 Business Segments

**2016 EBITDA* (HK\$)
by Business Segment**



2016: HK\$5,163,864,000 (up 32%)
2015: HK\$3,902,614,000

2016 Segment Net Profit (HK\$)
by Business Segment**



2016: HK\$3,015,535,000 (up 34%)
2015: HK\$2,249,996,000

■ Environmental Energy ■ Environmental Water ■ Greentech

■ Environmental Energy ■ Environmental Water ■ Greentech

* Excluding the EBITDA of Envirotech

** Excluding the profit contribution of Envirotech and before deduction of unallocated head office and corporate net expenses

Investment Management (1)

Management further enhanced, boosting organic growth:

- Fully implemented the Environmental, Safety, Health and Social Responsibility (“ESHS”) Management System and a new risk management system.
- Fully implemented the new regional management structure.
- Actively recruited and nurtured management and technical professionals from home and abroad.
- Further improved the talent pool management.
- Launched a new compensation and benefits system.



Investment Management (2)

Fulfilled social responsibility, taking the lead in the industry:

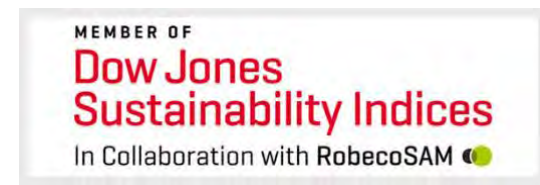
- Achieved the “Four Steps” environmental information disclosure goal and became the first to disclose the average levels of its operating waste-to-energy projects’ gas emission on a monthly, daily and hourly basis. By doing so, the Group has made a new leap forward in terms of information transparency and disclosure and set new benchmarks in the industry.
- Took the lead in launching “Open Day” for public visiting, joining hands with members of the public to develop environmental and ecological awareness. Received over 69,500 domestic and foreign visitors in 2016.
- Actively promoted charitable environmental protection campaigns by supporting and organising activities including Earth Hour Hong Kong, the “World Environment Day” activity on 5 June, and volunteer teaching in Everbright International True Love School in Dangshan and others, which promoted green development concepts and practices.
- Continuously created job opportunities and recruited over 1,400 new employees in 2016.



Investment Management (3)

Globally recognised for sustainable development performance:

- A constituent stock of the Dow Jones Sustainability World Index (the only mainland Chinese and Hong Kong listed company to be added to the 2016 index).
- A constituent stock of the Hang Seng Corporate Sustainability Index for three consecutive years (one of the seven Chinese companies among the 30 constituent members).
- A constituent member of the Hang Seng Corporate Sustainability Benchmark Index for six consecutive years.
- A “Silver Class” Distinction awardee granted by RobecoSAM Sustainability Award.

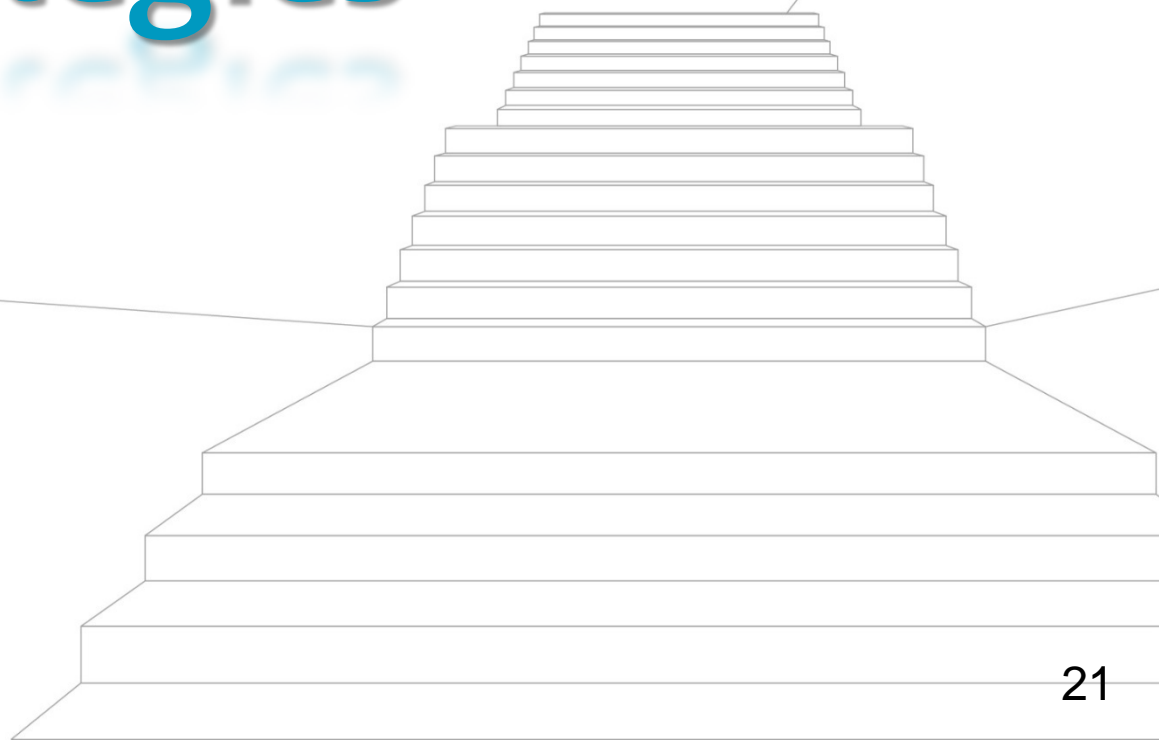


Investment Management (4)

Became a leading player in the industry globally:


- Its achievements in the energy-from-waste sector have become globally renowned.
- Domestically:
 - Participated in drafting more than ten technical specifications on environmental protection, which were organised by the Ministry of Environmental Protection, Ministry of Housing and Urban-rural Development, Ministry of Commerce and National Development and Reform Commission of the PRC.
 - Received approval to establish China's first key engineering laboratory on waste incineration with Zhejiang University.
- Internationally:
 - Invited by the United Nations Economic Commission for Europe International PPP Centre of Excellence to lead the development of the United Nations' PPP standards for waste-to-energy projects;
 - Invited by Columbia University to collaborate on the development of the World Bank's waste-to-energy project standards.

Development Strategies



Development Strategies (1)

With its six major business segments, namely envirotech, environmental energy, environmental water, greentech, equipment manufacturing and international business, the Group is embarking on a new journey to explore new business opportunities arising from developments in new technology and new business areas.

- 
- Vertical Development
- E Envirotech:** Push forward collaborations with higher education institutions and research institutes, enhance introduction and R&D of new technologies, and make full efforts to promote the external sales of in-house technologies.
 - E Environmental Energy:** Fully leverage on advantages in the waste-to-energy business in terms of techniques and technologies, construction standards, R&D facilities, equipment manufacturing and operation management to consolidate the Group's leading position in the sector.
 - E Environmental Water:** Seek new development opportunities through breakthroughs in technological and business areas; in the meantime, improve the efficiency of acquired projects so as to drive growth in both scale and efficiency.
 - E Greentech:** Push forward the spin-off listing of the greentech business in a timely and steady manner, and focus on the construction and operation of urban-rural integration projects and hazardous waste treatment projects.
 - E Equipment Manufacturing :** Make full efforts on market expansion by strengthening the Group's position in the domestic market and also exploring and developing the overseas market.
 - E International Business:** Follow the "One Belt One Road" national overseas development initiative, the Group will explore different business models to expand into overseas markets.

Development Strategies (2)

Horizontal Development

Leveraging on talent, science and technology, as well as adhering to high standards, to expand from coastal areas to inland cities, from cities to rural areas, and from domestic to overseas markets.

- From coastal areas to inland cities:** Develop in step with China's development plans for the Yangtze River Economic Belt, Beijing-Tianjin-Hebei region and western China; and strengthen the Group's market share based on the regions where its projects are located.
- From cities to rural areas:** Expand in line with the development of ecological management in rural areas, and push forward the development of different operation models such as rural-urban integrated treatment and comprehensive utilisation of agricultural waste.
- From domestic to overseas markets:** Follow China's "One Belt One Road" initiative, and push forward the export of environmental management, environmental technology and core equipment through various models such as BOT, TOT and PPP, etc.

Development Strategies (3)

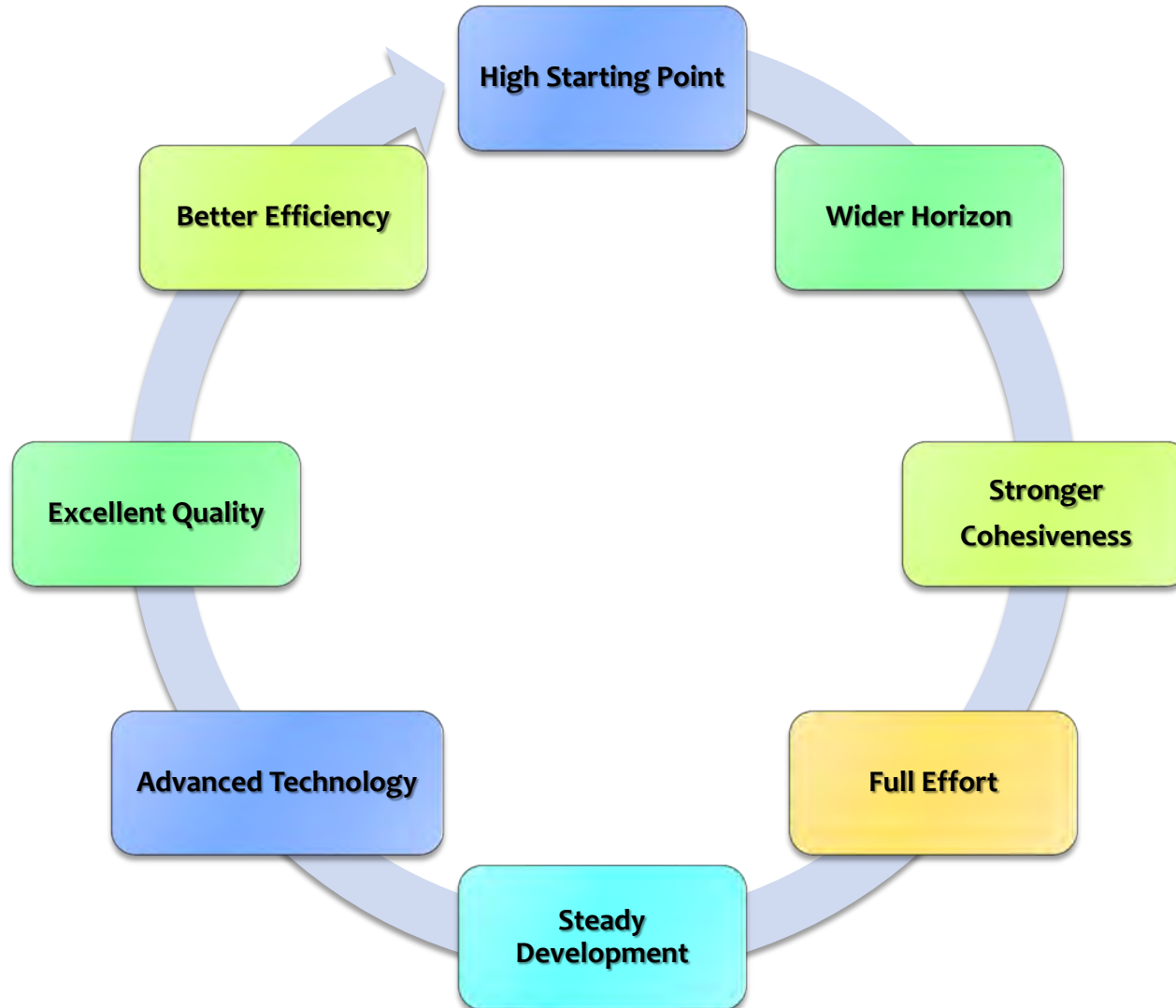
- Continue to achieve growth in both scale and efficiency;
- Pursue its operating strategies aimed at delivering a satisfactory return for shareholders;
- Maintain its long-term commitment to sharing its achievements with society and its shareholders.



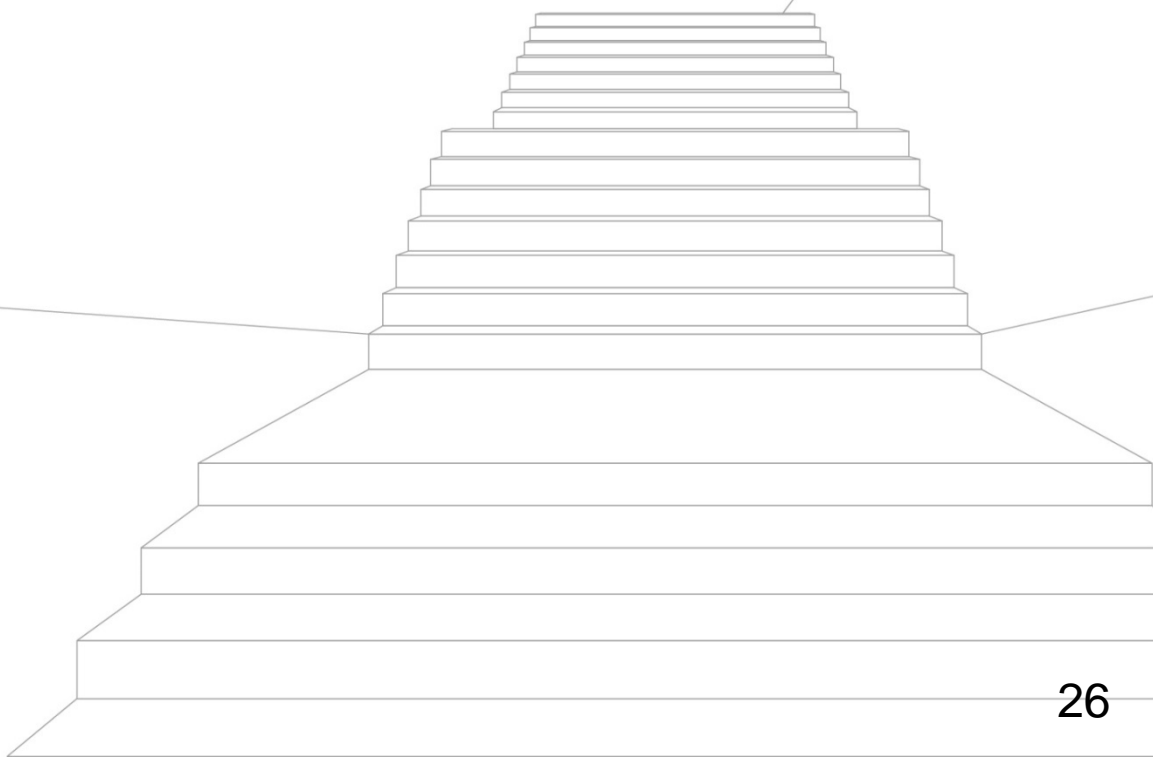
Leverage on **talent, science and technology** to drive the development of the Group's six major business segments - **Envirotech**, **Environmental Energy**, **Environmental Water**, **Greentech**, **Equipment Manufacturing** and **International Business**

Establish the Group's presence in new markets and explore new business opportunities through **various methods, channels and models** (new construction, **M&A**, restructuring, joint venture, entrusted operation management and technical services offerings, etc.).

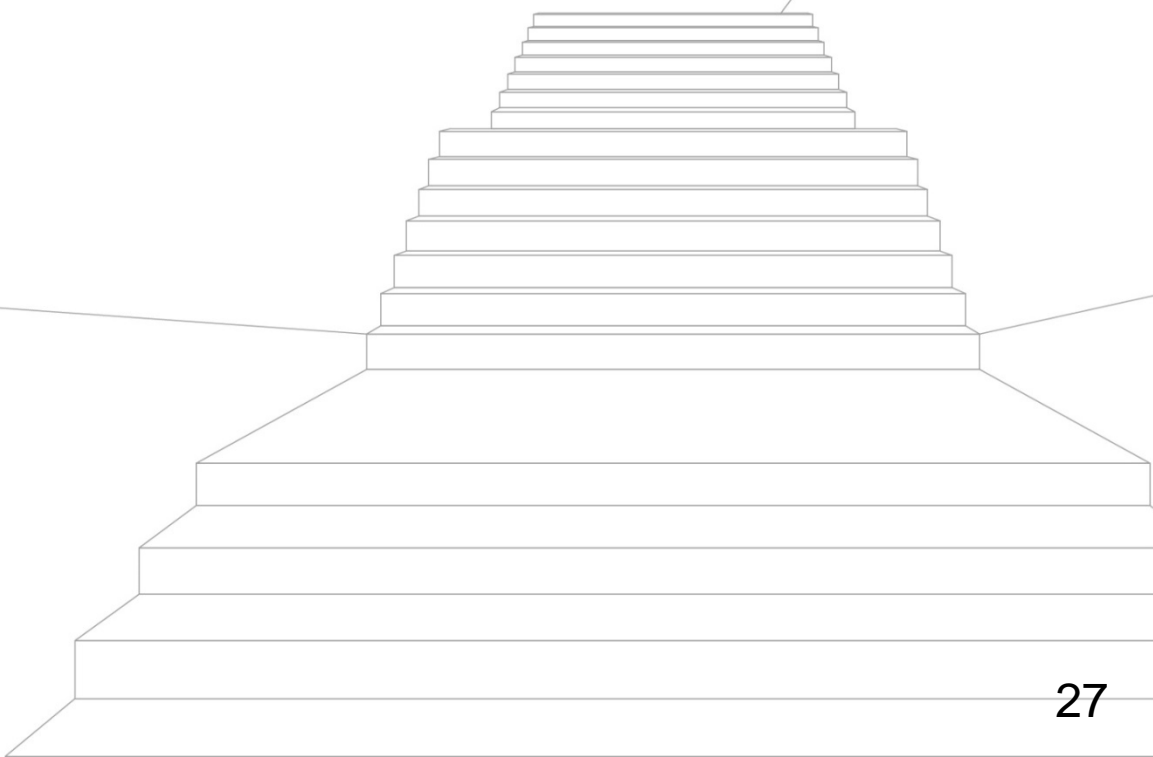
Corporate Positioning



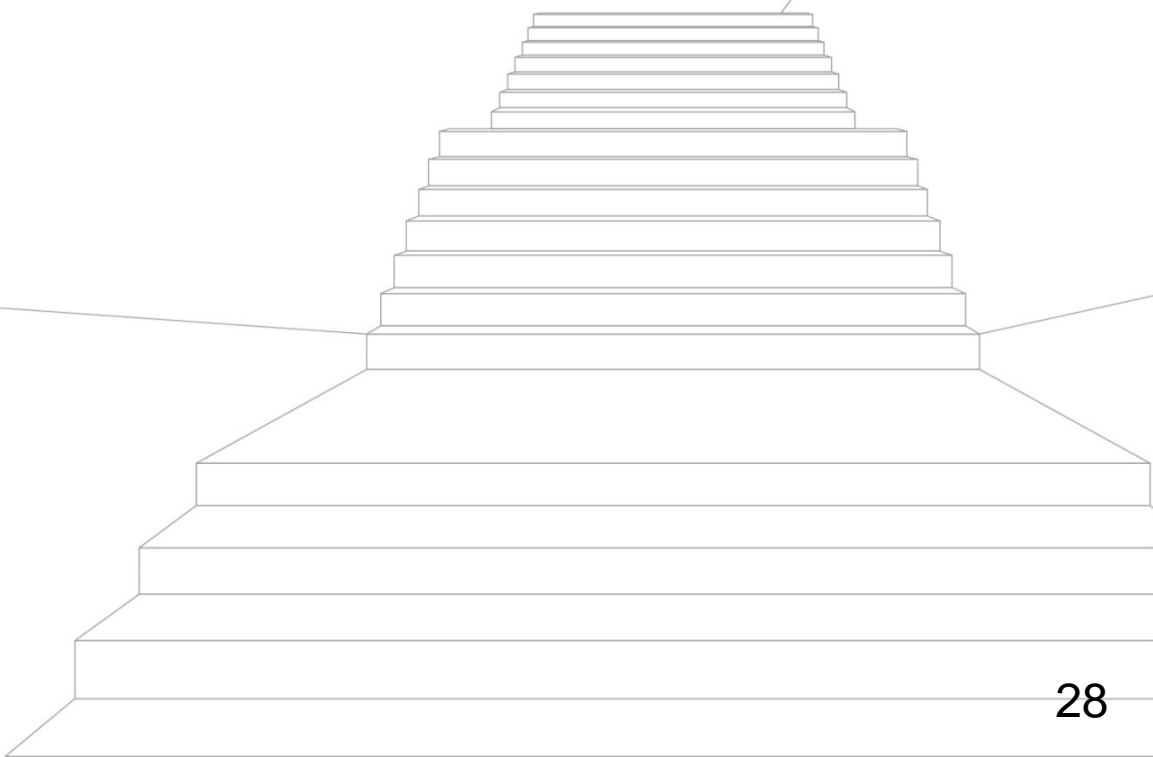
Q&A



Thank You

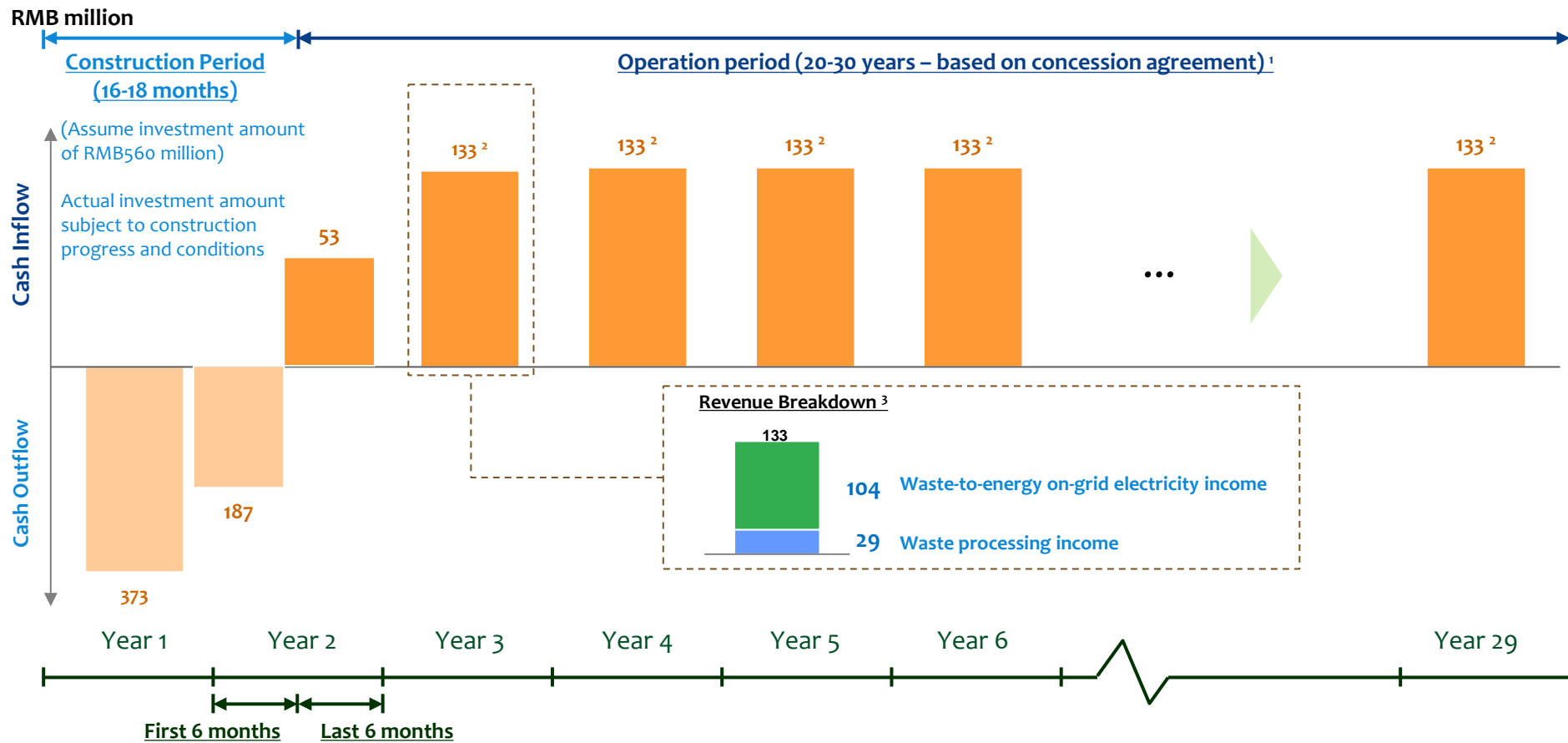


Appendix



Waste-to-energy 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

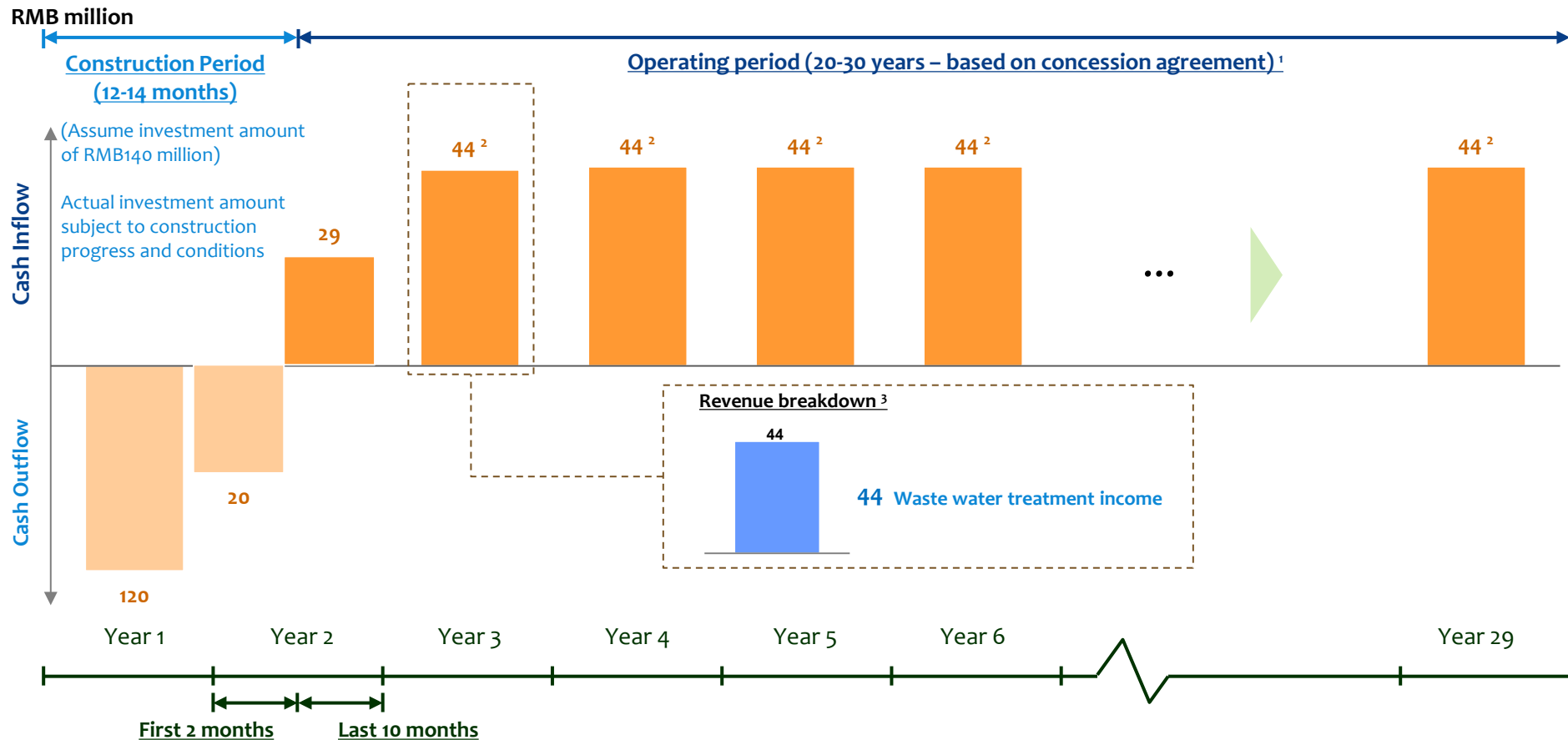
¹ Operating cash flows indicated above do not take into account operating costs, expenses and taxes

² Waste processing fee may be adjusted in accordance with changes in the consumer price index levels

³ Assumptions: WTE's power generation capacity is 20MW; on-grid tariff for power generated by WTE is RMB0.65 per kWh (inclusive of VAT); annual WTE operating hours is 8,000 (91% utilisation rate); annual designed waste processing capacity is 365,000 tonnes; waste processing fee is RMB80 per tonne; utilisation during the 1st year of operations assumes to be lower (80%)

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

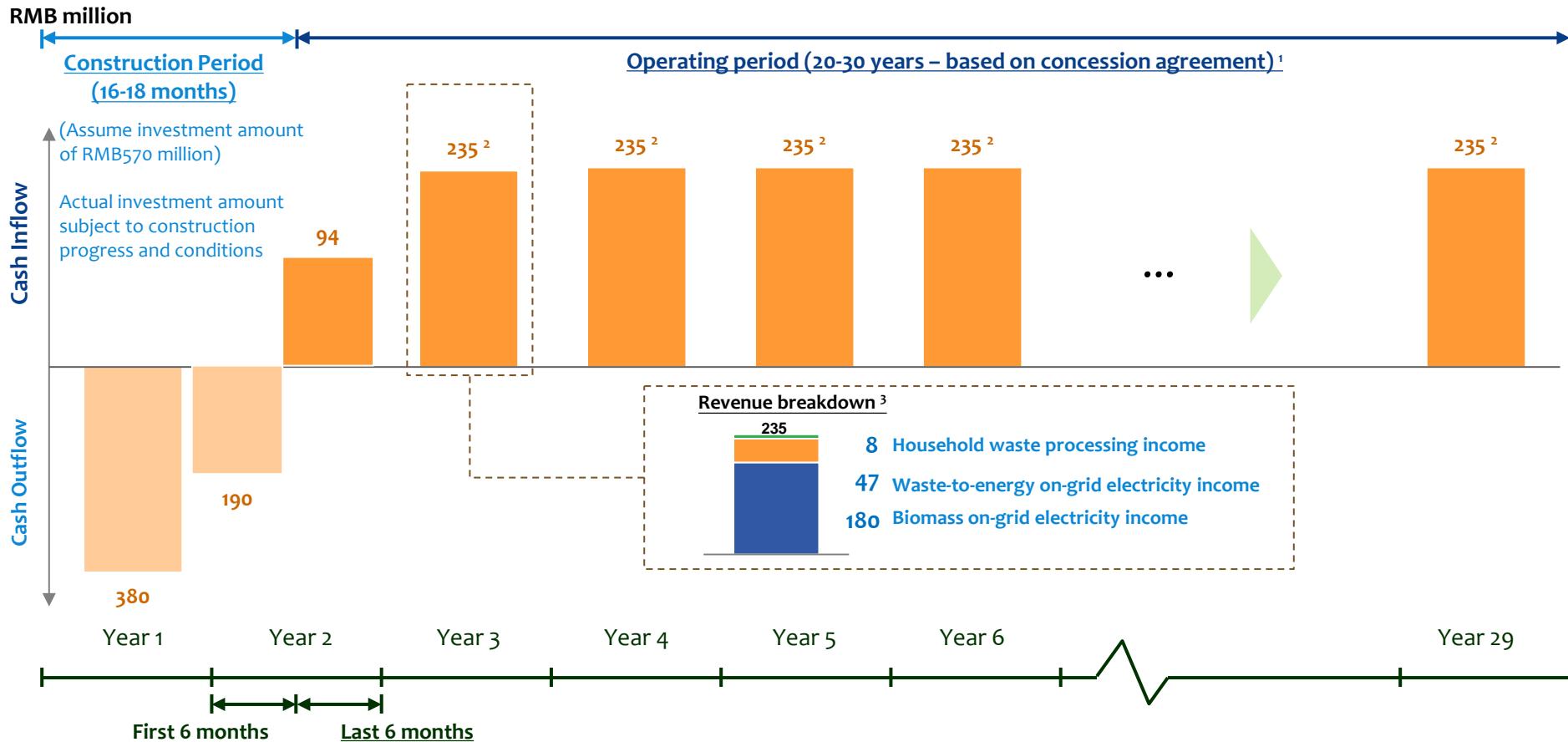
¹ Operating cash flows indicated above do not take into account operating costs, expenses and taxes

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; waste water treatment fee is RMB1.2 per m³; utilisation during the 1st year of operations assumes to be lower (80%)

Integrated Biomass and WTE Projects – 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

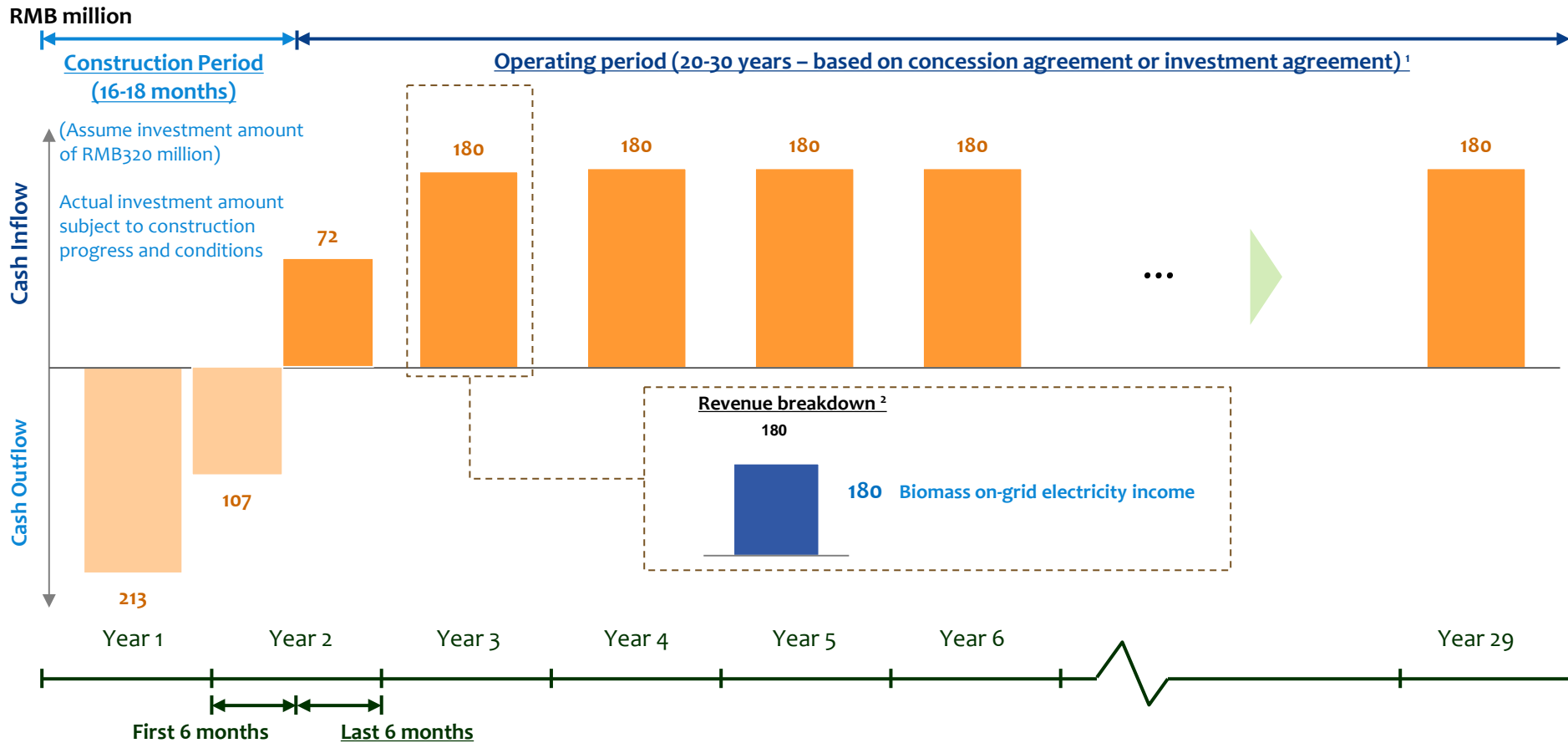
¹ Operating cash flows indicated above do not take into account operating costs, expenses and taxes

² Waste processing fee may be adjusted in accordance with changes in the consumer price index levels

³ Assumptions: Biomass's power generation capacity is 30MW; on-grid tariff for power generated by biomass is RMB0.75 per kWh (inclusive of VAT); annual biomass operating hours is 8,000 (91% utilisation rate); WTE's power generation capacity is 9MW; on-grid tariff for power generated by WTE is RMB0.65 per kWh (inclusive of VAT); annual WTE operating hours is 8,000 (91% utilisation rate); annual waste processing capacity is 146,000 tonnes; waste processing fee is RMB55 per tonne; utilisation during the 1st year of operations assumes to be lower (80%)

Biomass Direct Combustion Project – Cash Flow Illustration

(For reference only)



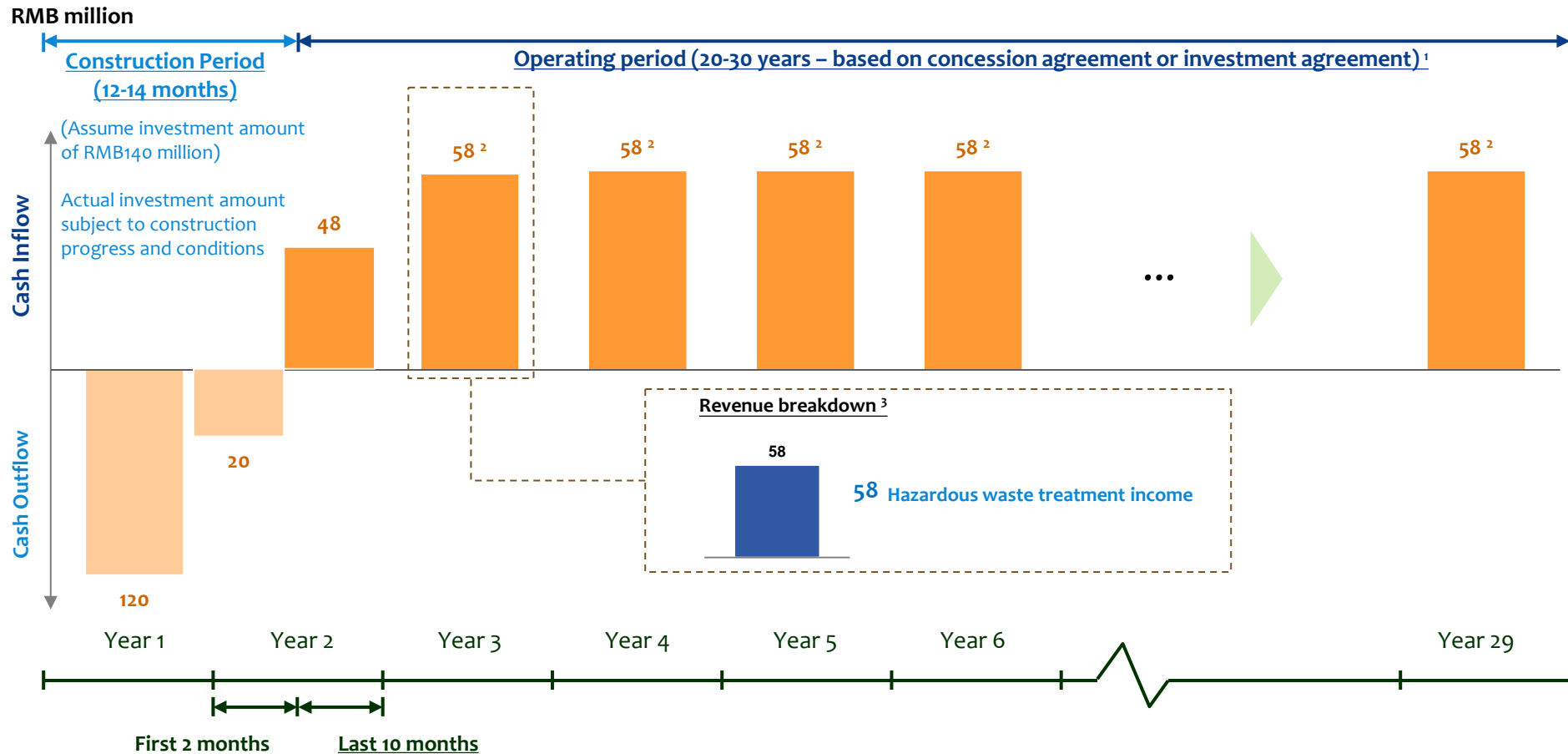
Capex requirement is typically funded by project financing (2/3) and equity capital (1/3), while the loans typically are long-term (8-12 years) loans

¹ Operating cash flows indicated above do not take into account operating costs, expenses and taxes

² Assumptions: Biomass's power generation capacity is 30MW; on-grid tariff for power generated by biomass is RMB0.75 per kWh (inclusive of VAT); annual biomass operating hours is 8,000 (9% utilisation rate); utilisation during the 1st year of operations assumes to be lower (8%)

Hazardous Waste Landfill 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

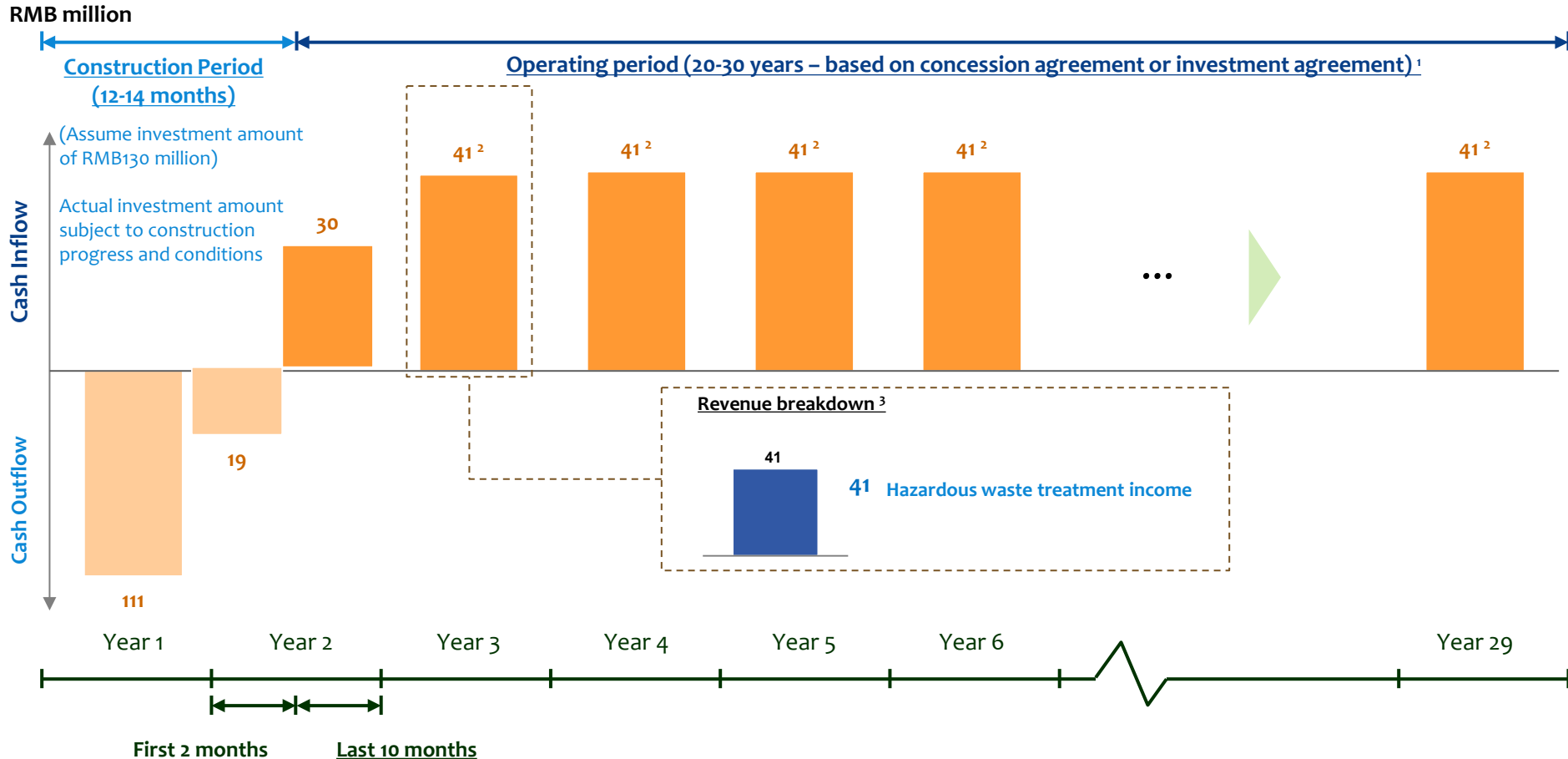
¹ Operating cash flows indicated above do not take into account operating costs, expenses and taxes

² Hazardous waste treatment fees may be adjusted in accordance with changes in the market price levels

³ Assumptions: Hazardous waste landfill designed capacity is 20,000 tonnes; hazardous waste treatment fee is RMB2,900 per tonne (inclusive of VAT)

Hazardous Waste Incineration 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 Hazardous waste treatment fee may be adjusted in accordance with changes in the market price levels

³ Assumptions: Annual designed hazardous waste incineration capacity is 9,900 tonnes annually; hazardous waste treatment fee is RMB4,500 per tonne (inclusive of VAT); annual project operating days is 333 days (91% utilisation rate); utilisation during the 1st year of operations assumes to be lower (80%)