



1QFY2019 RESULTS PRESENTATION

CHINA EVERBRIGHT WATER LIMITED

MAY 2019

Forward-looking Statements

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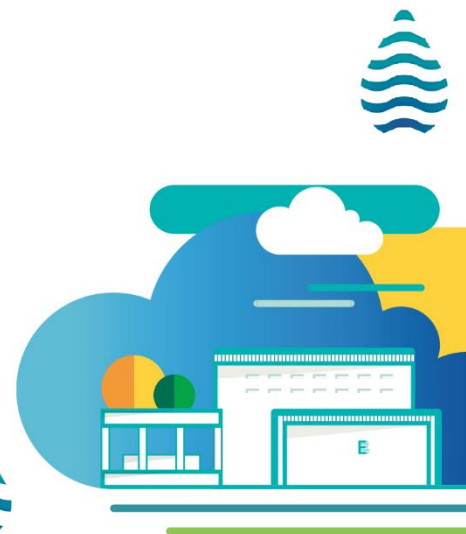
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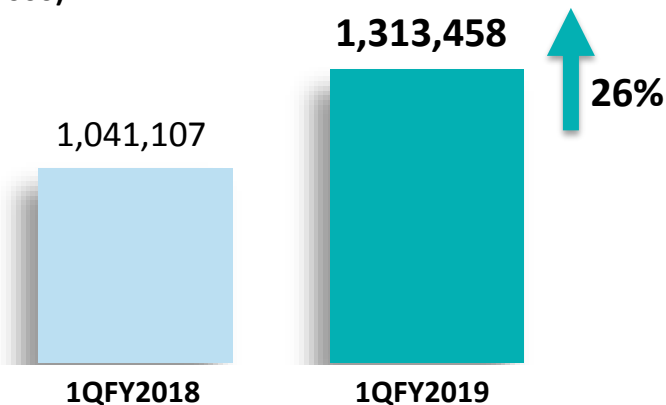


Financial Review



Revenue

(HKD'000)

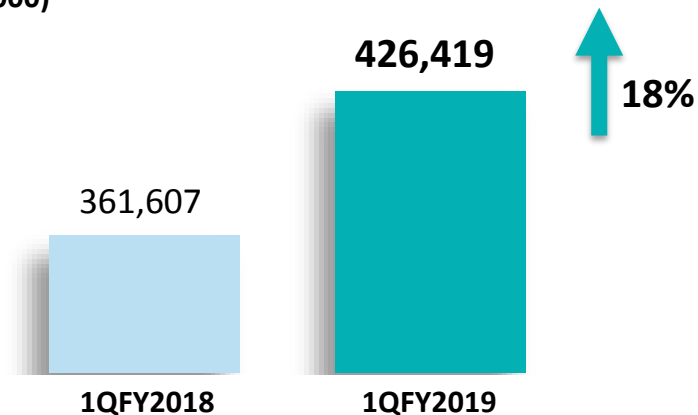


Revenue increased by 26% year-on-year (“yoy”) in 1QFY2019, mainly due to the increase in construction revenue, operation revenue and finance income.

- The increase in construction revenue was mainly attributable to construction of several water environment treatment projects, the water supply projects, and the expansion and upgrading of several waste water treatment (“WWT”) plants which were under construction during 1QFY2019.
- The increase in operation revenue was the result of the commencement of operation of new projects, and tariff hikes for several projects effected during the remaining period of 2018 and 1QFY2019.
- The increase in finance income was due to the increase in contract assets.

Gross Profit

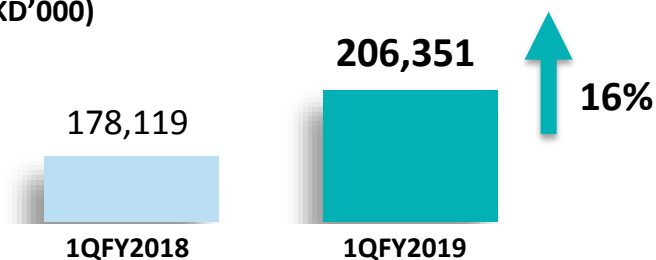
(HKD'000)



Gross profit increased by 18% yoy in 1QFY2019, mainly attributable to the increase in gross profit of construction services and tariff hikes for multiple projects. The overall gross profit margin in 1QFY2019 slightly decreased yoy from 35% to 32%, mainly due to a larger portion of construction revenue recognised in the mix of the total revenue of 1QFY2019 compared with the same period of 2018.

Profit Attributable to Equity Holders of the Company

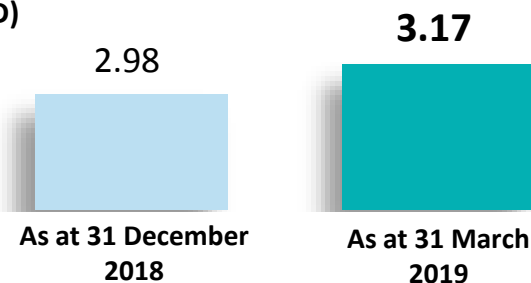
(HKD'000)



Profit attributable to equity holders of the Company increased by 16% yoy in 1QFY2019, mainly attributable to the growth in revenue driven by continual business expansion.

Net Asset Value per Share

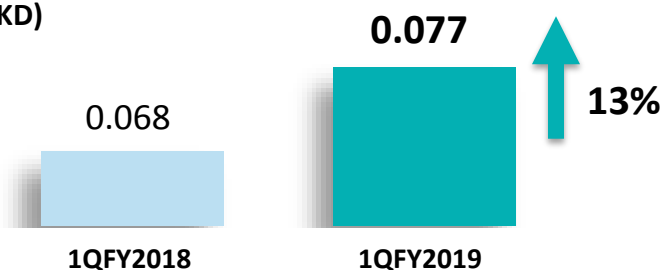
(HKD)



As at 31 March 2019, net asset value per share slightly increased compared with the end of 2018.

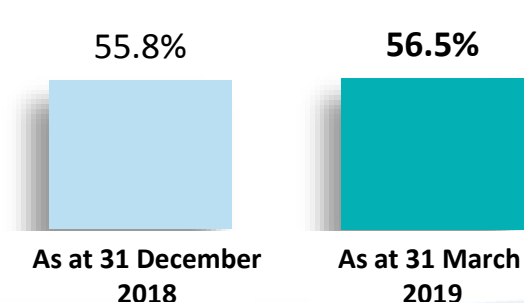
Earnings per Share

(HKD)



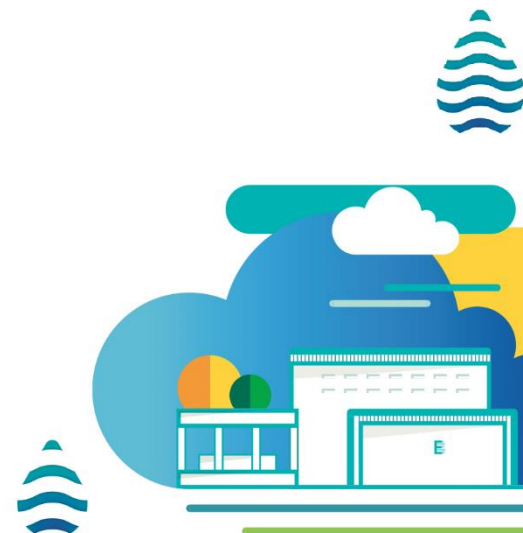
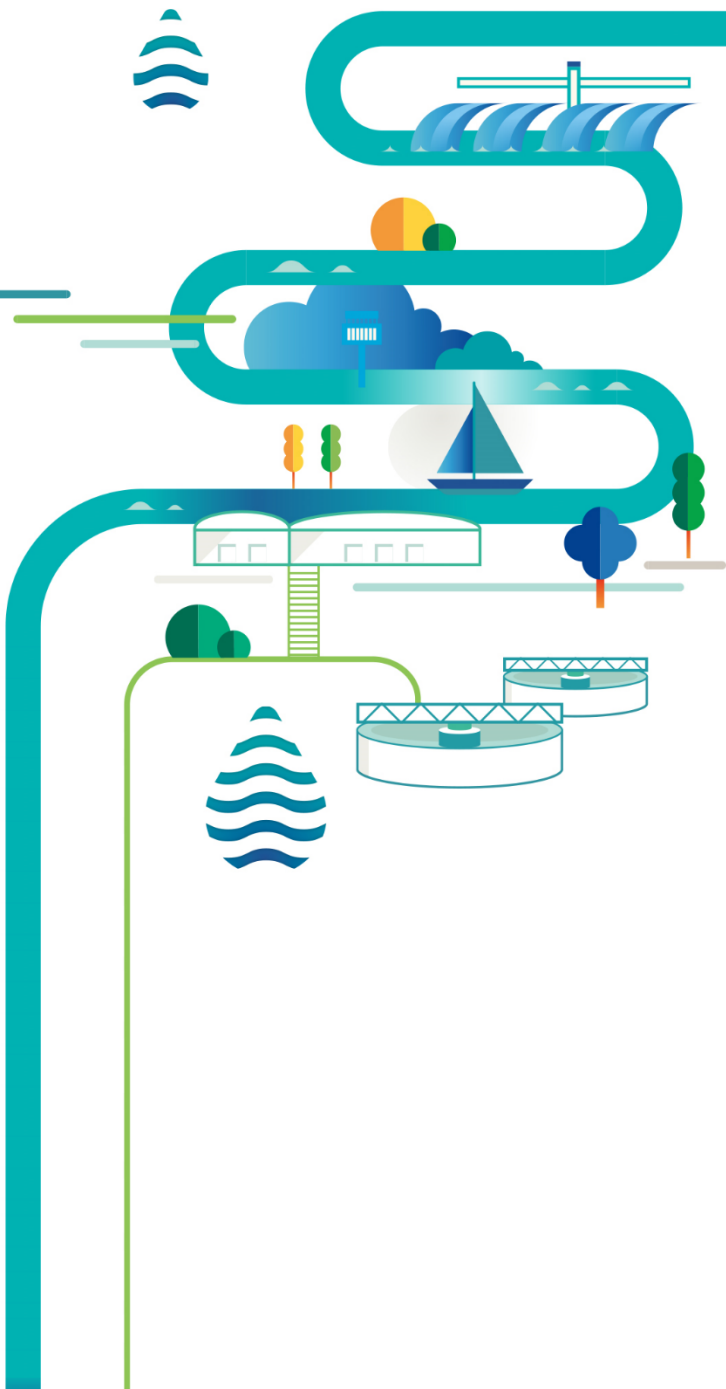
Earnings per share increased by 13% yoy in 1QFY2019, as profit attributable to equity holders of the Company in 1QFY2019 increased.

Gearing Ratio (total liabilities/total assets)



As at 31 March 2019, gearing ratio stood at a similar level compared with the end of 2018, representing a reasonable debt level and good financial position.

Business Review



Steady progress in business expansion

The Company further solidified its strategic planning and market position in Jiangsu and Shandong Provinces.



Jiangsu Province

Zhenjiang Zhengrunzhou Waste Water Treatment Plant Operation and Management Project

- The Company will provide operation and management (“O&M”) services for phase I of Zhengrunzhou WWT Plant, which has a designed daily WWT capacity of 125,000 m³. The initial service period is three years.
- The plant previously carried out expansion and upgrading works, which are sub-projects of Everbright Water’s Zhenjiang Sponge City Construction PPP (public-private partnership) Project.
- Securing of the O&M project enables the Company to unify the operations management and improve the coordination flexibility across all treatment units and processes at the plant. This will in turn improve the environmental and economic benefits of the plant, as well help the Company enhance its capability in O&M services.



Shandong Province

Ji’nan Licheng Waste Water Treatment Project (Plant 3) Sludge Treatment Project

- The project commands an investment of approximately RMB37.5 million.
- It has a designed daily sludge dehydration treatment capacity of 200 tonnes, and the water content of sludge after dehydration will be no more than 65% of total sludge weight.

Smooth progress in project construction

14 projects under construction in 1QFY2019

1. Ji'nan WWT (Plant 1) Phase IV Expansion
2. Ji'nan WWT (Plant 2) Phase III Expansion
3. Zibo High-tech Zone WWT Project Upgrading
4. Binzhou Development Zone WWT Project Phase II
5. Dezhou Ling County Waste Water Pipeline Network PPP Project
6. Dezhou Nanyunhe WWT Project Phase II
7. Xinyi City WWT Project Phase III
8. Jiangyin Chengxi Phase III Pipeline Network Pump Station
9. Dalian Pulandian WWT Project Phase II
10. Suizhou Xihe County WWT Plant and Pipeline Network Project *(construction completed and operation commenced within the period)*
11. Ji'nan Zhangqiu Chengdong Industrial Water Supply Project
12. Ji'nan Zhangqiu Yellow River Water Transfer and Water Resources Replenishment Project
13. Zhenjiang Sponge City Construction PPP Project
14. Nanning Shuitang River Integrated Restoration PPP Project

1 project completed construction and commenced operation in 1QFY2019

- Suizhou Xihe County WWT Plant and Pipeline Network Project

Sound operations management

- In 1QFY2019, 7 WWT plants were approved for tariff hikes, ranging from 21% to 56%.
- The Company established the Safety and Environment Management Department, which will create a more comprehensive and long-term environmental management mechanism.

Tariff Hike (%)



Continued expansion of financing channels Further progress in integration works

Completion of issuance of third tranche of Panda Bonds

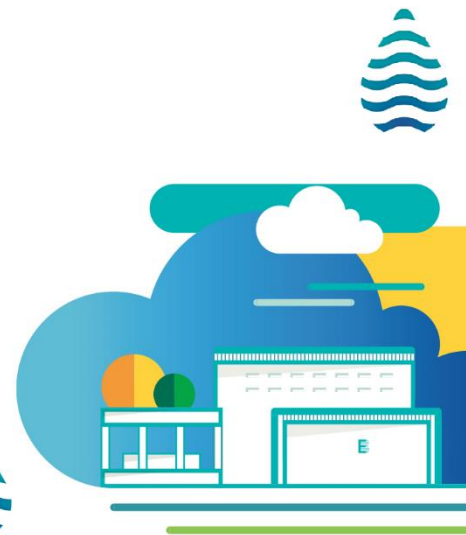
- The third tranche of Panda Bonds had an aggregate principal amount of RMB700 million, with a five-year maturity period and a coupon rate of 3.89%. The subscription rate was 2.2 times.
- The proceeds from the bond issue will be used for the replenishment of general working capital of the Company's subsidiaries.
- Following the completion of the issuance of third tranche Panda Bonds, the Company has officially completed the issuance of its first Panda Bonds.

Acquisition of remaining 10% equity interest in Dongda Water

Following the acquisition of 90% equity interest in Dalian Dongda Water Co., Ltd. ("Dongda Water") in 2015, the Company acquired the remaining 10% equity interest in Dongda Water in January 2019. Accordingly, Dongda Water has become a wholly-owned subsidiary of the Company. The acquisition will facilitate the Company to carry out a comprehensive and in-depth integration of Dongda Water to further boost efficiency and profitability of Dongda Water's projects.



Subsequent Events



Subsequent Events

Listing on HKEX



On 8 May 2019, Everbright Water became listed on the Main Board of The Stock Exchange of Hong Kong Limited ("HKEX"), with the stock code of 1857, achieving its dual listing status in Singapore and Hong Kong.

The offer price was fixed at HKD2.99 per share, with net proceeds from the global offering amounting to approximately HKD252.3 million (assuming the over-allotment option is not exercised).

Securing of multiple projects in Shandong Province

Ji'nan East Station Area Underground Waste Water Treatment Project

- The project commands an investment of approximately RMB560 million.
- It has a designed daily WWT capacity of 100,000 m³ for a concession period of 30 years (inclusive of construction period).
- Major indicators of the discharged water will comply with standards similar to the Surface Water IV standard, while the rest will comply with the national Grade 1A standard.

Ju County Chengbei Waste Water Treatment Plant Expansion Project Phase I

- The project commands an investment of approximately RMB105 million.
- It has a designed daily WWT capacity of 20,000 m³.
- COD and NH₃-N levels of the discharged water are no higher than 30mg/L and 1.5mg/L respectively, with other indicators of the discharged water complying with the national Grade 1A standard.

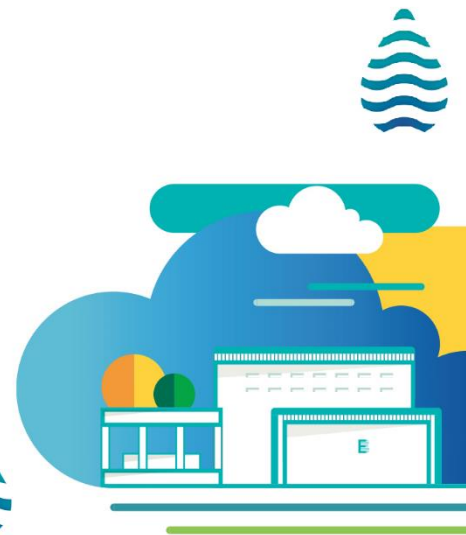


Construction of a waste water treatment plant and its ancillary pipeline network in the Chemical Industrial Park of Wendeng District in Weihai City

- The contract value of the construction work is approximately RMB106 million.
- The scope of construction work includes the construction of a waste water plant with a designed daily WWT capacity of 10,000 m³ in the park, and the construction of the plant's ancillary pipeline network, with a total length of approximately 10 km.



Business Outlook





Market

- The Company will explore potential business opportunities.
- It will expand to new regional markets with strong growth potential.
- It will explore synchronising asset-light and asset-heavy models with its businesses.



R&D

- The Company has set “application-oriented research” as its technology research and development (“R&D”) direction.
- It will integrate its technology R&D resources and platforms, and improve its R&D teams and system.
- It will promote the commercialisation of research results.
- It will develop new business-customised technologies.



Management

- The Company will enhance the environmental, safety, health and social responsibility (ESHS) management system and risk management system.
- It has established a comprehensive and long-term environmental management mechanism.
- It will further promote the adoption of the “Intelligent Water” management system.
- It will enhance the entire management process for project construction.



Investment & Financing

- The Company will actively explore and make full use of the advantages and resources of the Hong Kong capital market.
- It will strengthen the traditional financing channels.
- It will explore diverse investment and financing models.
- It will take measures to prevent various investment and financing risks.

Thank You!

