

CHINA EVERBRIGHT WATER LIMITED

(Incorporated in Bermuda with limited liability)

(Company Reg. No: 34074)

ENTRY INTO CONCESSION AGREEMENT IN RELATION TO JI'NAN INTERNATIONAL CENTRE FOR MEDICAL SCIENCES WASTE WATER TREATMENT PLANT (PHASE I) BUILD-OPERATE-TRANSFER PROJECT

1. INTRODUCTION

The board of directors of China Everbright Water Limited (the “**Company**”) is pleased to announce that the Company has on 31 December 2021 entered into a concession agreement (the “**Concession Agreement**”) with Ji’nan Municipal Bureau of Urban and Rural Water Resources* (濟南市城鄉水務局) (“**Ji’nan Bureau**”), as authorised by the People’s Government of Ji’nan City (the “**Ji’nan Government**”), Shandong Province, the People’s Republic of China (the “**PRC**”) (collectively, the “**Governmental Authorities**”) and China Construction Eighth Engineering Division (Xiamen) Construction Co., Ltd.* (中建八局(廈門)建設有限公司) (“**CCEED Xiamen**”) relating to the Ji’nan International Centre for Medical Sciences Waste Water Treatment Plant (Phase I) Build-Operate-Transfer Project (the “**Project**”).

The Company shall incorporate or designate a wholly-owned subsidiary as the project company (the “**Project Company**”) for the purpose of the implementation of the Project with a registered capital which complies with the relevant laws and rules and fulfills the relevant requirements.

Ji’nan Bureau is the payment obligator under the Concession Agreement (further details of which are set out in paragraph 6 below) and is a functional department of the Jinan Government.

CCEED Xiamen is a company incorporated under the laws of the PRC with limited liability and is principally engaged in construction services. CCEED Xiamen and the Company will be responsible for undertaking the project construction.

2. BACKGROUND ON THE PROJECT

The Project will be undertaken based on a Build-Operate-Transfer model by the Company in Ji'nan City, Shandong Province, the PRC, pursuant to the Concession Agreement. The concession area of the Project will be certain area within the Ji'nan International Centre for Medical Sciences.

Pursuant to the terms of the Concession Agreement, the Project consists of the construction, operation and maintenance of a waste water treatment plant with a designed daily waste water treatment capacity of 50,000 m³. The Project will mainly provide waste water treatment services for the municipal waste water generated in the concession area.

3. RATIONALE OF THE PROJECT

The Project serves to expand the presence and influence of the Company in Shandong Province and provides a good foundation for further water projects to be undertaken by the Company in Shandong Province in the future. From the perspective of the Company, the Project is expected to enhance long-term returns and value for the shareholders of the Company.

4. INVESTMENT AMOUNT

Pursuant to the Concession Agreement, the aggregate investment amount (the “**Investment Amount**”) of the Project is expected to be approximately RMB319,519,135. Such investment amount will be contributed by the Company through internal resources and external financing.

5. CONCESSION RIGHTS

In accordance with the Concession Agreement, the concession period of the Project shall be 30 years (the “**Concession Period**”) including a one-year construction period, commencing from the effective date of the Concession Agreement.

The facilities under the Project shall be held by Ji'nan Bureau. During the Concession Period, the Project Company has the right to use and benefit from the facilities under the Project.

6. RETURN ON INVESTMENT

Pursuant to the Concession Agreement, during the Concession Period, the Project Company shall be entitled to a return on its investment by way of the waste water treatment service fees to be paid by Ji'nan Bureau, calculated based on a specified unit price for each cubic metre of waste water to be treated by the Project, and such unit price shall be adjusted based on the mechanism stated in the Concession Agreement.

7. OTHER INFORMATION

The Governmental Authorities and CCEED Xiamen are not regarded as “interested persons” of the Company or associates of “interested persons” of the Company under the listing manual of the Singapore Exchange Securities Trading Limited. None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Project.

The Concession Agreement was entered into by the parties on arm's length basis and on normal commercial terms and the Project is of revenue nature and in the ordinary and usual course of business of the Company. To the best of the knowledge, information and belief of the board of directors of the Company having made all reasonable enquiries, the Governmental Authorities and CCEED Xiamen, are third parties independent of the Company and the connected persons of the Company for the purpose of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By Order of the Board

CHINA EVERBRIGHT WATER LIMITED

Peng Pei

Legal Counsel and Joint Company Secretary

Date: 3 January 2022

* *For identification purpose only*