

CHINA EVERBRIGHT WATER LIMITED

Company Registration No.: 34074

(Incorporated in Bermuda)

ENTRY INTO THE NANNING SHUITANG RIVER INTEGRATED RESTORATION PUBLIC-PRIVATE PARTNERSHIP PROJECT

1. Introduction

The Board of Directors of China Everbright Water Limited (the “**Company**”) is pleased to announce that a consortium led by the Company (the “**Consortium**”) has on 1 September 2017 entered into a public-private partnership (“**PPP**”) agreement (the “**PPP Agreement**”) with the Inland River Management Bureau of the City of Nanning, the People’s Republic of China (the “**PRC**”) (南宁市城市内河管理处) (the “**Nanning River Bureau**”) in relation to the Nanning Shuitang River Integrated Restoration PPP Project (the “**Project**”, details of which are set out in paragraph 3 below), in connection with a tender won by the Consortium for the Project.

2. Consortium

The Consortium comprises the Company, China Construction Fifth Engineering Division Corp., Ltd (中国建筑第五工程局有限公司) and North China Municipal Engineering Design and Research Institute Co., Ltd. (中国市政工程华北设计研究总院有限公司) (collectively, the “**Consortium Members**”).

3. The Project

Pursuant to the PPP Agreement, the Consortium and Nanning Jianning Water Investment Group Co., Ltd (南宁建宁水务投资集团有限责任公司) (the “**Government Representative**”), as an investor representative of the People’s Government of the City of Nanning, will establish a joint venture company (the “**Project Company**”) for the purposes of carrying out surveying and designing, making investments, raising finance and undertaking construction, operation and maintenance in relation to the Project.

The Project consists of river regulation works, river interception engineering works, river ecological restoration works, the construction of sponge cities, environmental landscaping works and information management projects, in respect of a specified area at the Shuitang River in the City of Nanning in the PRC. The Project also includes the construction and operation of a waste water treatment plant with a capacity to process 40,000 tons of waste water on a daily basis.

The Consortium is responsible for all costs to be incurred and risks to be borne in relation to the management, operation and maintenance of the facilities of the Project during the Concession Period (as defined below).

4. Total Investment Amount

The total investment amount of the Project is expected to be approximately RMB1,466,041,700, being the aggregate of (i) the registered capital of the Project Company,

being RMB473,400,000 in amount, and (ii) the Financing Amount (as defined below), being RMB992,641,700 in amount.

5. Project Company

The Company will hold a 78.99 per cent. equity stake in the Project Company and the Government Representative will hold a 20 per cent. equity stake in the Project Company, with the remaining 1.01 per cent. equity stake to be held by the remaining Consortium Members.

In accordance with the PPP Agreement, the Consortium and the Government Representative shall establish the Project Company, with a registered capital of RMB473,400,000, among which, the Consortium will contribute RMB378,720,000 in cash, representing 80 per cent. of the registered capital of the Project Company, and the Government Representative will contribute RMB94,680,000 in cash, representing 20 per cent. of the registered capital of the Project Company. Each of the Consortium and the Government Representative shall make its respective contribution to the registered capital of the Project Company within one month from the incorporation of the Project Company.

Pursuant to the PPP Agreement, the Consortium is required to raise RMB992,641,700 (the “**Financing Amount**”) as funds required for the Project within three months from the incorporation of the Project Company.

The board of directors of the Project Company will comprise five directors, among which, four directors will be nominated by the Consortium and one director will be nominated by the Government Representative. The general manager of the Project Company shall be nominated by the Consortium.

The board of supervisors of the Project Company will comprise five supervisors, among which, a supervisor will be nominated by the Consortium, a supervisor will be nominated by the Government Representative, and a supervisor will be the employee-representative supervisor.

6. Concession Rights

In accordance with the PPP Agreement, the concession period of the Project shall be 22 years (the “**Concession Period**”), including a construction period of not more than two years. Upon expiry of the Concession Period, the Consortium shall, in accordance with the PPP Agreement, transfer the facilities under the Project to the Nanning River Bureau at nil consideration.

7. Return

Pursuant to the PPP Agreement, during the Concession Period, the Project Company will be entitled to a return through the following means:

- (a) government-paid fees from the Finance Bureau of the City of Nanning (through the Nanning River Bureau) on a three-month basis, comprising (i) availability service fees and (ii) operational and maintenance service fees, both subject to specific adjustment mechanisms; and

- (b) user-paid fees, including the parking space income and other business development income.

The Government Representative will not be entitled to receive any distribution from the Project Company.

8. Shareholders' Agreement

In connection with the Project, the Consortium and the Government Representative will also enter into a shareholders' agreement (the "**Shareholders' Agreement**") which will contain terms governing the rights of the Consortium and the Government Representative as shareholders of the Project Company, including terms relating to (i) the transfer of the equity interests in the Project Company held by the Consortium and (ii) corporate governance matters.

9. Rationale

The Project is the first project to be undertaken by the Company in the Guangxi Zhuang Autonomous Region of the PRC and the Southern region of the PRC. Accordingly, the Project serves to extend the brand influence of the Company to the areas surrounding the City of Nanjing and other markets in the Southern region of the PRC. The Project is a new concession project obtained by the Company within its scope of principal business of integrated environmental water services, which can assist the Company in the expansion of market share and increasing its revenue and profit. The Project is expected to enhance long-term returns and value for the shareholders of the Company.

10. Other Information

The Nanning River Bureau and the Consortium Members are not regarded as "interested persons" of the Company or an associate 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.

By Order of the Board

CHINA EVERBRIGHT WATER LIMITED

An Xuesong

Executive Director and Chief Executive Officer

Date: 4 September 2017