

CHINA EVERBRIGHT WATER LIMITED

(Incorporated in Bermuda with limited liability)

(Company Reg. No.: 34074)

ENTRY INTO A SUPPLEMENTARY AGREEMENT IN RELATION TO STAGE 2 OF PHASE I OF THE NANJING PUKOU DEVELOPMENT ZONE INDUSTRIAL WASTE WATER TREATMENT PLANT BUILD-OPERATE-TRANSFER PROJECT

1. Introduction

The board of directors of China Everbright Water Limited (the “**Company**”) is pleased to announce that Everbright Industrial Waste Water Treatment Nanjing Limited* (光大工業廢水處理南京有限公司) (the “**Project Company**”), an indirect wholly-owned subsidiary of the Company, has on 29 October 2021 entered into a supplementary agreement (the “**Supplementary Agreement**”) with Nanjing Pukou Economic Development Zone Administration Committee* (南京浦口經濟開發區管委會) (the “**Pukou Economic Zone Authority**”), as authorised by the People’s Government of Pukou District (the “**Pukou Government**”) of Nanjing City, Jiangsu Province, the People’s Republic of China (the “**PRC**”) (collectively, the “**Governmental Authorities**”), and Nanjing Tianpu Construction Engineering Co., Ltd.* (南京天浦建設工程有限公司) (“**Nanjing Tianpu**”) in relation to the concession agreement (the “**Concession Agreement**”) relating to the Nanjing Pukou Development Zone Industrial Waste Water Treatment Plant Build-Operate-Transfer Project (the “**Project**”). The Supplementary Agreement relates to Stage 2 of Phase I of the Project (the “**Phase I Stage 2 Project**”).

The Project Company was incorporated by the Company and an independent third party in 2016, through their respective subsidiaries, in Nanjing City, Jiangsu Province, the PRC, for the purpose of the investment, construction and operation of Stage 1 of Phase I of the Project (the “**Phase I Stage 1 Project**”). The Project Company became an indirect wholly-owned subsidiary of the Company in August 2020.

Nanjing Tianpu is an entity owned and controlled by the Pukou Government, and is appointed by the Pukou Economic Zone Authority to be the payment obligator under the Supplementary Agreement (further details of which are set out in paragraph 6 below).

2. **Background on the Phase I Stage 2 Project**

The Phase I of the Project comprises the proposed Phase I Stage 2 Project and the existing Phase I Stage 1 Project. The Phase I Stage 1 Project is the industrial waste water treatment project with a designed daily treatment capacity of 10,000 cubic metres undertaken by the Project Company in Pukou Economic Development Zone of Nanjing City, Jiangsu Province, the PRC, pursuant to a concession for a period from 23 August 2016 to 22 August 2036 (the “**Underlying Concession Period**”) granted by the Pukou Economic Zone Authority under the Concession Agreement. The construction of the Phase I Stage 1 Project has been completed, and it commenced operation in 2017.

The proposed Phase I Stage 2 Project comprises (i) an industrial waste water treatment project with a designed daily treatment capacity of 20,000 cubic metres for waste water and a designed daily treatment capacity of 10,000 cubic metres for upgrading of effluent from the Phase I Stage 1 Project), (ii) a reusable water project with a designed daily water supply capacity of 9,000 cubic metres and (iii) the Yulian River ecological security buffer zone project (the “**Buffer Zone Project**”). Under the Supplementary Agreement, the Pukou Economic Zone Authority has granted the Project Company a concession in respect of the Phase I Stage 2 Project and the Project Company shall be responsible for the investment, construction and operation of the Phase I Stage 2 Project on an exclusive basis (in respect of the Buffer Zone Project, upon the completion of construction, it shall be transferred to the Pukou Economic Zone Authority and the Pukou Economic Zone Authority shall be responsible for the operation of the Buffer Zone Project).

3. **Rationale of the Phase I Stage 2 Project**

As there has been an increase in industrial waste water production in Pukou Economic Development Zone, the Pukou Government has decided that the Phase I Stage 2 Project be undertaken to meet the increased need for industrial waste water treatment in Pukou Economic Development Zone. The Phase I Stage 2 Project serves to expand the presence and influence of the Company in Jiangsu Province and provides a good foundation for further water projects to be undertaken by the Company in Jiangsu Province in the future. From the perspective of the Company, the Phase I Stage 2 Project is expected to enhance long-term returns and value for the shareholders of the Company.

4. Investment Amount

Pursuant to the Supplementary Agreement, the aggregate investment amount (the “**Investment Amount**”) of the Phase I Stage 2 Project is expected to be approximately RMB457,083,700. Such investment amount will be contributed by the Project Company through internal resources and external financing.

5. Concession Rights

In accordance with the Supplementary Agreement, the concession period of the Phase I Stage 2 Project shall run concurrently with the Underlying Concession Period, and shall end on 22 August 2036 (the “**Phase I Stage 2 Project Concession Period**”).

Based on the Supplementary Agreement, during the Phase I Stage 2 Project Concession Period, the facilities under the Phase I Stage 2 Project shall be held by the Project Company. Upon expiry of the Phase I Stage 2 Project Concession Period, the Project Company shall transfer the facilities under the Phase I Stage 2 Project to the Pukou Economic Zone Authority at nil consideration.

6. Return on Investment

Pursuant to the Supplementary Agreement, during the Phase I Stage 2 Project 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 Nanjing Tianpu, calculated based on a specified unit price for each cubic metre of waste water to be treated by the Phase I Stage 2 Project, and such unit price shall be adjusted based on the mechanism stated in the Concession Agreement and the Supplementary Agreement.

7. Other Information

The Governmental Authorities and Nanjing Tianpu 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 Phase I Stage 2 Project.

The Supplementary Agreement was entered into by the parties on arm's length basis and on normal commercial terms and the Phase I Stage 1 Project and the Phase I Stage 2 Project are both 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, Nanjing Tianpu, together with its ultimate beneficial owner and the Governmental Authorities, 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: 1 November 2021

* *For identification purpose only*