

HANKORE ENVIRONMENT TECH GROUP LIMITED

(Company Registration Number 34074)

(Incorporated in Bermuda)

(the "**Company**")

PRESS RELEASE

2 June 2014

For Immediate Release

CHINA EVERBRIGHT INTERNATIONAL LIMITED TO INJECT ITS ENTIRE WASTE-WATER TREATMENT BUSINESS INTO HANKORE FOR RMB 5.8 BILLION (SGD1.2 BILLION¹)

All capitalised terms which are used in this press release but not otherwise defined herein shall have the meanings ascribed to them in the announcement dated 2 June 2014 by the Company on the SGXNET.

Singapore, 2 June 2014 – Following the announcements by the Company on the Framework Agreement and the extension of the exclusivity period on 30 December 2013 and 30 April 2014 respectively, the Board is pleased to announce that the Company has on 2 June 2014 entered into a conditional sale and purchase agreement with a wholly-owned subsidiary of China Everbright International Limited ("**CEIL**"), China Everbright Water Holdings Limited ("**Vendor**") to acquire the entire issued and paid-up share capital of the China Everbright Water Investments Limited ("**Target**") for a total consideration of approximately **SGD 1.2 billion** which will be satisfied entirely by way of an allotment and issue of 1,940,269,305 Consideration Shares.

The Consideration was agreed on a willing-buyer and willing-seller basis after arms length negotiations, taking into account, *inter alia*, the respective and combined market positions of the Company and the Target; the quality of the respective assets and business conditions of the Company and the Target; the respective financial positions of the Company and the Target; the future benefits and synergies expected to be created as a result of the Proposed Acquisition; and current prevailing industry and market conditions, and also with reference to the valuations of the Target performed by the Valuers.

CEIL intends to utilize the Company as its sole platform for its water treatment business. Upon Completion, the Vendor will own 78%² of the Company and the Company shall be re-named as China Everbright Water Limited.

The Proposed Acquisition will constitute a "Very Substantial Acquisition" or a "Reverse Takeover" as defined under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and will be subject to, *inter alia*, the approval of the SGX-ST and the Company's shareholders.

The Proposed Acquisition represents a major step towards achieving the common vision of the Company and the Target to become one of the largest water treatment companies in the PRC.

¹ Based on an agreed foreign exchange rate of RMB 1 : S\$ 0.2086.

² Based on the fully diluted total number of shares of the Company after Completion of 2,487,494,748.

The Board believes that the Proposed Acquisition will be beneficial to and is in the best interests of the Company and its shareholders for the following reasons:

- I. Significantly increase the scale of the Company's operations and make it become one of the largest water treatment companies in the PRC;
- II. Enhance the financial strength of the Company and would allow the Company to leverage on CEIL's and the Target's access to a larger pool of debt capital at lower cost;
- III. Increase investor confidence and institutional investor interest, boosting the Company's ability to tap the equity capital markets for capital (if required);
- IV. Strengthen the track record and financial strength of the Company which would consequently raise the competitiveness of the Company vis-à-vis other waste-water players when bidding for public tenders; and
- V. Place the Company in a better position for growth through pursuing acquisitions, taking on larger projects and attracting more strategic partners in new deals and/or joint ventures.

Upon Completion, the Company will own a total of 32 waste-water treatment plants (with a designed capacity of 3,400,000 tons per day), 4 reusable water projects (with a designed capacity of 62,000 tons per day), 1 waste-water source heat pump project which services an area covering 125,000m², 2 completed Build-Transfer projects (with a designed capacity of 110,000 tons per day), 56km pipeline network and 10 pump stations (investment scale equivalent to 250,000 tons per day).

The Company has appointed DBS Bank Ltd. as its financial adviser in relation to the Proposed Acquisition.

Important Notice

All statements other than statements of historical facts included in this document are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "expect", "anticipate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as forecast "will", "would", "should", "could", "may" and "might". These statements reflect the Company current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements.

Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Company nor DBS Bank Ltd. undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

Information on the Company

The Company is incorporated in Bermuda with limited liability, the shares of which have been listed on the Main Board of the SGX-ST since 16 February 2004. The Hankore Group invests and operates in the water environment sector, with investments in 11 large scale municipal water/waste water treatment

projects in Beijing and in the provinces of Jiangsu, Shandong, Shaanxi and Henan in the PRC. Since its establishment, the Hankore Group has become a large scale integrated water environment group involved in the financing, engineering and construction, operation, equipment and engineering contracting in municipal utilities.

Information on the Vendor and the Target

The Vendor is an investment-holding company incorporated in the British Virgin Islands and wholly-owned by CEIL. CEIL is an investment holding company incorporated in Hong Kong and listed on the Main Board of The Stock Exchange of Hong Kong Limited (SEHK: 257). CEIL and its subsidiaries are primarily engaged in the investment, construction, operation and management of environment protection projects in the PRC.

The Target is a company incorporated in the British Virgin Islands and together with its subsidiaries are principally engaged in the environmental water sector in the PRC.

The Target Group operates a portfolio of large scale and diversified waste-water treatment projects. As at 31 December 2013, the Target Group had 21 waste-water treatment projects, 4 reusable water projects and 1 waste-water source heat pump project. The projects are designed with an annual waste-water treatment capacity of approximately 667,950,000m³ and provide annual reusable water of 22,484,000m³, and its waste-water source heat pump project covers a service area of 125,000m².

The waste-water treatment projects operated by the Target Group are concentrated in the provinces of Shandong and Jiangsu of the PRC.