

CHINA EVERBRIGHT WATER LIMITED

(Incorporated in Bermuda with limited liability)

(Company Reg. No.: 34074)

ENTRY INTO CONCESSION AGREEMENT IN RELATION TO DANDONG CITY WASTE WATER TREATMENT PLANT PHASE II PROJECT

1. Introduction

The board of directors of China Everbright Water Limited (the “**Company**”) is pleased to announce that the Company has today entered into a concession agreement (the “**Concession Agreement**”) with the Housing and Urban-Rural Development Bureau of Dandong City (丹東市住房和城鄉建設局) (“**Dandong Bureau**”), as authorised by the People’s Government of Dandong City, Liaoning Province, the People’s Republic of China (“**PRC**”) (collectively, the “**Governmental Authorities**”), relating to the Dandong City waste water treatment plant phase II public-private partnership project (the “**Project**”).

2. Background on the Project

The Project will be undertaken by a project company to be established by the Company (the “**Project Company**”) based on a Build-Operate-Transfer model in Dandong City, Liaoning Province, PRC, pursuant to the Concession Agreement.

Pursuant to the terms of the Concession Agreement, the Project consists of the investment, construction and operation of a waste water treatment plant with an aggregate designed daily treatment capacity of 200,000 cubic metres, and the construction and implementation of the Project will take place in multiple stages. The first stage involves the investment, construction and operation of a waste water treatment plant with a designed daily treatment capacity of 100,000 cubic metres (the “**Stage 1 Project**”). The Project Company shall be responsible for the investment, construction and operation of the Stage 1 Project on an exclusive basis during the Concession Period (as defined below) subject to the terms and conditions in the Concession Agreement.

The terms and conditions of the remaining stages of the Project will be determined after the Stage 1 Project completes construction and commences operation, as and when needed, and the Company will enter into a supplemental agreement with Dandong Bureau in respect of the remaining stages of the Project, if necessary.

3. Rationale of the Project

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

4. Investment Amount

The investment amount in relation to the Stage 1 Project shall not exceed RMB320 million and is estimated to be approximately RMB265 million. The actual total investment amount will be determined by audit of the finance department of Dandong City.

5. Concession Rights

In accordance with the Concession Agreement, the concession period of the Stage 1 Project shall be for a period of 30 years, including the construction period of one year (the “**Concession Period**”).

During the Concession Period, the facilities under the Stage 1 Project shall be held by the Project Company. Upon the expiry of the Concession Period, the Project Company shall transfer the facilities under the Stage 1 Project to the Dandong Bureau or such other organisation as may be designated by the Dandong Bureau at nil consideration, and the Project Company shall have the right of first refusal to be granted the concession to continue operating the Stage 1 Project, on the same terms and conditions as those offered to third parties.

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. The waste water treatment service fees shall be calculated based on a specified unit price (subject to specific adjustment mechanisms throughout the Concession Period) for each cubic metre of waste water to be treated in connection with the Stage 1 Project.

7. Other Information

The Governmental Authorities 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 an 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 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

An Xuesong

Executive Director and Chief Executive Officer

Date: 27 July 2020