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CHINA EVERBRIGHT WATER LIMITED

中國光大水務有限公司

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 1857)

(Singapore Stock Code: U9E)

**DISCLOSEABLE TRANSACTION
UNDER THE SEHK LISTING RULES
THE WASTE WATER TREATMENT PLANT
PPP PROJECT IN THE DETONATION AREA,
PRIOR ZONE, JI'NAN CITY, SHANDONG PROVINCE**

SUMMARY

The Board is pleased to announce that, on 27 June 2022, the Company and its indirect wholly-owned subsidiary Ji'nan EW Environment Management, CCEED Xiamen and Ji'nan Prior Zone Construction Management Department entered into the Cooperation Agreement and the PPP Project Agreement in relation to the Project, pursuant to which, the Consortium and Ji'nan Pioneer Investment (as an investor representative of the government for the Project) shall incorporate the Project Company. The total investment amount of the Project is estimated to be RMB298,737,887.63 (equivalent to approximately HK\$353,944,649.26), which includes the registered capital of the Project Company in the amount of RMB104,560,000 (equivalent to approximately HK\$123,882,688.00). The Group's Contracting Parties, CCEED Xiamen and Ji'nan Pioneer Investment shall hold 85%, 10% and 5% equity interest in the Project Company, respectively.

Ji'nan Prior Zone Management Committee has authorised Ji'nan Prior Zone Construction Management Department to be the implementation party of the Project and will grant the concession right of the Project to the Project Company on an exclusive basis for the investment in, financing, construction, operation and maintenance of the Waste Water Treatment Plant, the provision of waste water treatment and reusable water services and the receipt of waste water treatment service fees (inclusive of reusable water service fees). The designed daily waste water treatment capacity of the Project is 40,000 m³, while the designed daily reusable water supply capacity is 30,000 m³. During the Cooperation Period, the Project Company is entitled to the land use right of the Project, operate and maintain the Project, and receive the waste water treatment service fees (inclusive of reusable water service fees).

IMPLICATIONS OF THE SEHK LISTING RULES

As the applicable percentage ratio exceeds 5% but is less than 25%, the transaction contemplated under the Cooperation Agreement and the PPP Project Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the SEHK Listing Rules, and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under the SEHK Listing Rules.

SUMMARY

The Board is pleased to announce that, on 27 June 2022, the Company and its indirect wholly-owned subsidiary Ji'nan EW Environment Management, CCEED Xiamen and Ji'nan Prior Zone Construction Management Department entered into the Cooperation Agreement and the PPP Project Agreement in relation to the Project, pursuant to which, the Consortium and Ji'nan Pioneer Investment (as an investor representative of the government for the Project) shall incorporate the Project Company. The total investment amount of the Project is estimated to be RMB298,737,887.63 (equivalent to approximately HK\$353,944,649.26), which includes the registered capital of the Project Company in the amount of RMB104,560,000 (equivalent to approximately HK\$123,882,688.00). The Group's Contracting Parties, CCEED Xiamen and Ji'nan Pioneer Investment shall hold 85%, 10% and 5% equity interest in the Project Company, respectively.

Ji'nan Prior Zone Management Committee has authorised Ji'nan Prior Zone Construction Management Department to be the implementation party of the Project and will grant the concession right of the Project to the Project Company on an exclusive basis for the investment in, financing, construction, operation and maintenance of the Waste Water Treatment Plant, the provision of waste water treatment and reusable water services and the receipt of waste water treatment service fees (inclusive of reusable water service fees). The total designed daily waste water treatment capacity of the Project is 40,000 m³, while the designed daily reusable water supply capacity is 30,000 m³. During the Cooperation Period, the Project Company is entitled to the land use right of the Project, operate and maintain the Project, and receive the waste water treatment service fees (inclusive of reusable water service fees).

Ji'nan Pioneer Investment and Ji'nan Prior Zone Construction Management Department are not regarded as “interested persons” of the Company or associates of “interested persons” of the Company under the SGX-ST Listing Manual. None of the Directors and controlling shareholders of the Company has any interest, direct or indirect, in the Project.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of (i) Ji'nan Prior Zone Construction Management Department and Ji'nan Pioneer Investment (whose ultimate beneficial owner is Ji'nan Prior Zone Management Committee); and (ii) CCEED Xiamen (whose ultimate beneficial owner is China State Construction Engineering Corporation Limited, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601668)), and their respective ultimate beneficial owner, is a third party independent of the Company and its connected person(s).

THE COOPERATION AGREEMENT AND THE PPP PROJECT AGREEMENT

The principal terms of the Cooperation Agreement and the PPP Project Agreement are as follows:

(1) Date

27 June 2022

(2) Parties to the Cooperation Agreement and the PPP Project Agreement

- (i) the Company;
- (ii) Ji'nan EW Environment Management;
- (iii) CCEED Xiamen; and
- (iv) Ji'nan Prior Zone Construction Management Department.

(3) Project Company and Capital Contribution

The Consortium and Ji'nan Pioneer Investment (as an investor representative of the government for the Project) shall incorporate the Project Company in Ji'nan City. The Consortium and the Project Company shall enter into a novation agreement with Ji'nan Prior Zone Construction Management Department after the incorporation of the Project Company to assign the rights and obligations under the PPP Project Agreement to the Project Company.

The total investment amount of the Project is estimated to be RMB298,737,887.63 (equivalent to approximately HK\$353,944,649.26), including the registered capital of the Project Company and other funds required for the Project.

The registered capital of the Project Company will be RMB104,560,000 (equivalent to approximately HK\$123,882,688.00). The Group's Contracting Parties, CCEED Xiamen and Ji'nan Pioneer Investment shall hold 85%, 10% and 5% equity interest in the Project Company, respectively. The Project Company will become a non-wholly owned subsidiary of the Company. The Company will finance the capital contribution by the internal resources of the Company and/or external financing.

The investment amount required for the Project other than the registered capital of the Project Company shall be raised by the Project Company by way of loans. In the event that the Project Company fails to obtain such financial resources to make the investment within the prescribed period under the PPP Project Agreement, the Consortium shall be obligated to raise the relevant funds. Please refer to the "Total Investment Amount of the Project and Financing Obligations" section of this announcement.

(4) Governance and Management of the Project Company

It is expected that (a) the Project Company will establish a board of directors and a supervisory board pursuant to a shareholders agreement to be entered into between the Consortium and Ji'nan Pioneer Investment, in accordance with the applicable laws; and (b) the Consortium shall have the right to nominate the majority of the board of directors of the Project Company.

(5) Scope of Business of the Project Company, Cooperation Period and Concession Right

The Project will be undertaken by the Project Company in Ji'nan City, Shandong Province, which will involve the investment in, financing, construction, operation and maintenance of the Waste Water Treatment Plant, the provision of waste water treatment and reusable water services, and the collection of waste water treatment service fees (inclusive of reusable water service fees).

The Cooperation Period shall be 30 years, including a construction period of approximately 1 year and an operation period of 29 years (starting from the date of commercial operation of the Project).

During the Cooperation Period, Ji'nan Prior Zone Construction Management Department owns the Project Assets, and the Project Company is entitled to use the Project Assets in accordance with the applicable legal requirements and the PPP Project Agreement. Additionally, the Project Company is entitled to the land use right of the Project during the Cooperation Period. Without the prior written consent of Ji'nan Prior Zone Construction Management Department, the Project Company shall not create any encumbrances on the land use right by way of lease, assignment, transfer, charge, pledge or otherwise. Upon the expiry of the Cooperation Period, the Project Company shall transfer the Project Assets, technology, intellectual property, relevant documents, records and information and other relevant rights of the Project to Ji'nan Prior Zone Construction Management Department at nil consideration in accordance with the PPP Project Agreement. The Project Company shall ensure that the Project is in good operating condition, well maintained (except normal wear and tear), free from legal disputes, defects and claims, and that the assets and interests transferred are free from any restrictions and encumbrances such as charge and pledge.

(6) Total Investment Amount of the Project and Financing Obligations

The total investment amount of the Project is estimated to be RMB298,737,887.63 (equivalent to approximately HK\$353,944,649.26), which includes the registered capital of the Project Company and other funds required for the Project. As stated in the section headed “Project Company and Capital Contribution” in this announcement, the registered capital of the Project Company will be RMB104,560,000 (equivalent to approximately HK\$123,882,688.00). The investment amount required for the Project other than the registered capital of the Project Company shall be raised by the Project Company by way of loans. In the event that the Project Company fails to obtain such financial resources to make investment within the prescribed period under the PPP Project Agreement, the Consortium shall be obligated to raise the relevant funds.

(7) Performance Guarantee

The total amount of the performance guarantee in relation to the Project to be provided by the Consortium and/or the Project Company shall be RMB50,000,000 in aggregate. The Consortium and/or the Project Company shall submit (a) a letter of performance guarantee in the amount of RMB30,000,000 in relation to construction within 30 days from the effective date of the PPP Project Agreement, to guarantee its performance of obligations such as construction under the PPP Project Agreement for the period until submission of the Operation Performance Guarantee (defined below), (b) a letter of performance guarantee in the amount of RMB10,000,000 in relation to operation and maintenance (the “**Operation Performance Guarantee**”) before the operational commencement date of the Project, to guarantee performance of obligations such as the operation and maintenance under the PPP Project Agreement for the period until submission of the Transfer Performance Guarantee (defined below), and (c) a letter of performance guarantee in the amount of RMB10,000,000 in relation to the transfer and repair (the “**Transfer Performance Guarantee**”) 3 months prior to the date of transfer of the Project Assets by the Project Company to Ji’nan Prior Zone Construction Management Department to guarantee its performance of obligations in relation to the said transfer under the PPP Project Agreement for the period expiring 12 months after such transfer.

The beneficiary of the aforesaid letters of performance guarantee shall be Ji’nan Prior Zone Construction Management Department.

INFORMATION ABOUT THE PROJECT

The Waste Water Treatment Plant shall be located in Ji’nan City, Shandong Province. It shall provide waste water treatment and reusable water supply service. The designed daily waste water treatment capacity of the Project is 40,000 m³, while the designed daily reusable water supply capacity is 30,000 m³.

INFORMATION ABOUT THE COMPANY, JI'NAN PIONEER INVESTMENT AND JI'NAN PRIOR ZONE CONSTRUCTION MANAGEMENT DEPARTMENT

The Company is principally engaged in water environment management, municipal waste water treatment, industrial waste water treatment, water supply, reusable water, sludge treatment and disposal, sponge city construction, river-basin ecological restoration, waste water source heat pump, leachate treatment, research and development of water environment technologies and engineering construction, etc.

Ji'nan EW Environment Management is principally engaged in waste water treatment and reusable water; sludge treatment and disposal; drainage network; river management; environmental pollution management; engineering design and consultancy, technical services, technology development, consultancy, exchange, transfer and promotion; environmental emergency management services; and environmental protection monitoring.

CCEED Xiamen is principally engaged in the engineering construction of buildings, railway, highways, municipal roads, other roads, tunnels, bridges, industrial and mining, water source and water supply, river and lake management and flood control facilities, port and maritime facilities, wire and equipment, pipelines, landscape and greening, earthworks (excluding blasting); construction of other civil engineering works; electrical installation; installation of pipes and equipment; construction of structural steel works, solar photovoltaic systems, other building installations; building demolition (excluding blasting); provision of construction equipment services; project management services; design of landscape and greening works; energy conservation technology promotion services; wholesale of hardware products, electrical and mechanical equipment, electronic products, building materials, metals, metal ores and non-metallic ores and products (excluding dangerous and controlled chemicals); and export and import of commodities and technologies.

Ji'nan Pioneer Investment is principally engaged in management of state-owned assets as authorised by the Ji'nan Prior Zone Management Committee; management of investment businesses of the Ji'nan Prior Zone Management Committee and itself; development, construction and operation of public infrastructure and industrial parks; real estate leasing; property management; business management consulting; and sales of building materials and general machinery and equipment. As at the date of this announcement, the entire equity interest in Ji'nan Pioneer Investment is owned by Ji'nan Prior Zone Management Committee.

Ji'nan Prior Zone Construction Management Department is a government agency under the Ji'nan Prior Zone Management Committee.

REASONS FOR AND BENEFITS OF ENTERING INTO THE COOPERATION AGREEMENT AND THE PPP PROJECT AGREEMENT

The Project is another water treatment project secured by the Company in Shandong Province, the PRC. Accordingly, the Project represents the Company's further expansion in Shandong Province, enhances the Company's reputation and influence in Shandong Province, and increases the Company's market share in the waste water treatment industry to solidify its business. It also recognises the Company's long-established experience and expertise in waste water treatment projects, and will assist the Company in securing more projects in Shandong Province and surrounding areas in the future. The Company considers the Project to be in line with its strategic development plan, and expects the Project to increase the income and earnings of the Company, which will provide long-term returns and value to the shareholders of the Company.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Cooperation Agreement and the PPP Project Agreement are entered into by the parties after arm's length negotiations based on normal commercial terms, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS OF THE SEHK LISTING RULES

As the applicable percentage ratio as defined in the SEHK Listing Rules in respect of the transaction exceeds 5% but is less than 25%, the transaction under the Cooperation Agreement and the PPP Project Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the SEHK Listing Rules, and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under the SEHK Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

“Board”	the board of Directors of the Company
“CCEED Xiamen”	China Construction Eighth Engineering Division (Xiamen) Construction Co., Ltd. (中建八局(廈門)建設有限公司), a company incorporated in the PRC with limited liability that is an independent third party to the Company
“Company”	China Everbright Water Limited (中國光大水務有限公司), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Mainboard of the SGX-ST (Stock Code: U9E) and the Main Board of the SEHK (Stock Code: 1857)
“connected person(s)”	has the meaning ascribed thereto under the SEHK Listing Rules
“Consortium”	the Group’s Contracting Parties and CCEED Xiamen
“Cooperation Agreement”	the cooperation agreement entered into between the Consortium and Ji’nan Prior Zone Construction Management Department on 27 June 2022 in relation to the Project
“Cooperation Period”	the cooperation period of the Project under the PPP Project Agreement
“Director(s)”	director(s) of the Company
“Group’s Contracting Parties”	the Company and Ji’nan EW Environment Management

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Ji’nan City”	Ji’nan City, Shandong Province, the PRC
“Ji’nan EW Environment Management”	Ji’nan EW Environment Management Limited (濟南光水環境治理有限公司), a company incorporated in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Ji’nan Pioneer Investment”	Ji’nan Pioneer Investment Group Co., Ltd. (濟南先行投資集團有限責任公司), a company incorporated in the PRC with limited liability, the entire equity interest in which is owned by Ji’nan Prior Zone Management Committee
“Ji’nan Prior Zone Construction Management Department”	Construction Management Department of Management Committee of Ji’nan Prior Zone (濟南先行區管理委員會建設管理部) (now known as Construction Management Department of Management Committee of Ji’nan Start-up Zone (濟南起步區管理委員會建設管理部)), a government authority under the Ji’nan Prior Zone Management Committee
“Ji’nan Prior Zone Management Committee”	Management Committee of Ji’nan Prior Zone (濟南先行區管理委員會) (now known as Management Committee of Ji’nan Start-up Zone (濟南起步區管理委員會)), a government authority under the People’s Government of Ji’nan City
“PPP”	the public-private partnership
“PPP Project Agreement”	the PPP Project Agreement entered into between the Consortium and Ji’nan Prior Zone Construction Management Department on 27 June 2022 in relation to the Project
“PRC”	the People’s Republic of China

“Prior Zone” or “Start-up Zone”	Prior Zone For Replacing Old Growth Drivers With New Ones (新舊動能轉換先行區) (now known as Start-up Zone For Replacing Old Growth Drivers With New Ones (新舊動能轉換起步區)), an area in Ji’nan City
“Project”	The Waste Water Treatment Plant PPP Project in the Detonation Area, Prior Zone, Ji’nan City, Shandong Province, the details of which are set out in the section headed “Summary” in this announcement
“Project Assets”	All assets related to the Project, including but not limited to: <ul style="list-style-type: none"> (1) all buildings, structures and other real estates including the Waste Water Treatment Plant; (2) major and auxiliary equipment, spare products, spare parts, tools and other moveable properties; (3) intellectual properties owned by the Project Company; (4) contractual rights related to the Project; and (5) operating and maintenance records, quality assurance plans and other documents.
“Project Company”	the company to be incorporated in Ji’nan City with limited liability pursuant to the Cooperation Agreement and the PPP Project Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SEHK”	The Stock Exchange of Hong Kong Limited
“SEHK Listing Rules”	the Rules Governing the Listing of Securities on the SEHK
“SGX-ST”	Singapore Exchange Securities Trading Limited

“SGX-ST Listing Manual”	the Listing Manual of SGX-ST
“Singapore”	the Republic of Singapore
“Waste Water Treatment Plant”	the Waste Water Treatment Plant (including reusable water facilities) located in the Detonation Area, Prior Zone, Ji’nan City, Shandong Province, the PRC
“%”	per cent.

By Order of the Board
China Everbright Water Limited
Peng Pei
Legal Counsel and Joint Company Secretary

Hong Kong and Singapore, 27 June 2022

In this announcement, the English names of PRC government authorities or entities are translations of their Chinese names and included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

For the purpose of this announcement and for illustration purpose only, the approximate exchange rate between RMB and HK\$ is 1.00:1.18480. This exchange rate should not be construed as a representation that any amount denominated in HK\$ or RMB could have been or could be converted at the above rates or at any other rates.

As at the date of this announcement, the Board comprises: (i) three executive Directors, namely Mr. Hu Yanguo (Chairman), Mr. Tao Junjie (Chief Executive Officer) and Mr. Luo Junling; and (ii) four independent non-executive Directors, namely Mr. Zhai Haitao, Mr. Lim Yu Neng Paul, Ms. Cheng Fong Yee and Ms. Hao Gang.