

CHINA EVERBRIGHT WATER LIMITED

Company Registration No.: 34074

(Incorporated in Bermuda)

ENTRY INTO A SUPPLEMENTARY AGREEMENT IN RELATION TO THE EXPANSION OF PLANT 1 AND PLANT 2 OF THE JI'NAN WASTE WATER TREATMENT PROJECT

1. Introduction

The Board of Directors of China Everbright Water Limited (the “**Company**”) is pleased to announce that Everbright Water (Ji’nan) Limited (光大水务 (济南) 有限公司) (the “**Project Company**”), an indirect wholly owned subsidiary of the Company, has today entered into a supplementary agreement (the “**Supplementary Agreement**”) with Ji’nan Urban and Rural Water Authority (济南市城乡水务局) (the “**Ji’nan Water Authority**”) in relation to the concession agreement (the “**Concession Agreement**”) relating to the Ji’nan Waste Water Treatment Project (the “**Project**”).

Under the Supplementary Agreement, the Ji’nan Water Authority has granted to the Project Company a concession in respect of the expansion of the existing Plant 1 (“**Plant 1**”) and Plant 2 (“**Plant 2**”) of the Project (the “**Expansion Project**”) of an additional daily treatment capacity of 200,000 m³ in the aggregate and the Project Company shall be responsible for the investment, construction and operation of the Expansion Project on an exclusive basis.

2. Background on the Project and Rationale of the Expansion Project

The Project comprises of Plant 1 and Plant 2, which are existing waste water treatment plants located in Ji’nan, the People’s Republic of China acquired, maintained, operated by the Project Company based on a transfer-operate-transfer model pursuant to a concession for a period from 18 November 2006 to 17 November 2035 (the “**Underlying Concession Period**”) granted by the People’s Government of the City of Ji’nan under the Concession Agreement. Plant 1 and Plant 2 have previously been expanded to fulfil the increasing demand in waste water treatment in Ji’nan since the entry into the Concession Agreement.

As there has been a further increase in waste water production in Ji’nan, the People’s Government of the City of Ji’nan has required that Plant 1 be further expanded for an additional daily treatment capacity of 100,000 m³ and Plant 2 be further expanded for an additional daily capacity of 100,000 m³ to meet the increased need for waste water treatment in Ji’nan. From the perspective of the Company, the Expansion Project is expected to enhance long-term returns and value for the shareholders of the Company.

3. Investment Amount

The investment amount of the Expansion Project (the “**Investment Amount**”) is expected to be approximately RMB1,043,019,100, in particular:

- (i) in respect of the expansion of Plant 1, the investment amount shall be approximately RMB489,112,600 (including the expenses to be incurred in relation to the acquisition of land and relocation-related compensation costs, but excluding the investment costs of the sludge reduction project); and

- (ii) in respect of the expansion of Plant 2, the investment amount shall be approximately RMB553,906,500 (including the expenses to be incurred in relation to the acquisition of land and relocation-related compensation costs, but excluding the investment costs of the sludge reduction project).

4. Concession Rights

In accordance with the Supplementary Agreement, the concession period of the Expansion Project (the “**Expansion Project Concession Period**”) shall end on 17 November 2035 and shall run concurrently with the Underlying Concession Period.

Based on the Supplementary Agreement, during the Expansion Project Concession Period, the facilities under the Expansion Project shall be held by the Project Company. Upon expiry of the Expansion Project Concession Period, the Project Company shall transfer the facilities under the Expansion Project to the Ji’nan Water Authority or such other organisation as may be designed by the People’s Government of the City of Ji’nan at nil consideration.

5. Return

Pursuant to the Supplementary Agreement, during the Expansion Project Concession Period, the Project Company shall be entitled to a return by way of the waste water treatment fees to be paid by Ji’nan Water Authority, calculated based on a specified unit price for each ton of waste water to be treated by Plant 1 and Plant 2, which unit price shall be adjusted based on any changes to the Investment Amount and/or cost of such waste water treatment.

6. Other Information

The Ji’nan Water Authority is not regarded as an “interested person” 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 Expansion Project.

By Order of the Board

CHINA EVERBRIGHT WATER LIMITED

An Xuesong
Executive Director and Chief Executive Officer

Date: 20 July 2018