

CHINA EVERBRIGHT WATER LIMITED

Company Registration No.: 34074
(Incorporated in Bermuda)

**RESPONSE TO QUERY FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED
ON DISCLOSURE OF PROCEEDS FROM SHARE PLACEMENT IN 2015 ANNUAL REPORT**

The Board of Directors of China Everbright Water Limited (the “**Company**”) refers to the query raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 26 April 2016 in respect of a disclosure set out in the Company’s 2015 Annual Report (the “**Relevant Disclosure**”). The Company’s responses are set out below.

SGX-ST’s Query:

*“We refer to China Everbright Water Limited’s (the “**Company**”) Annual Report for Financial Year ended 31 December 2015.*

Please provide further information on the following in an announcement to be released via SGXNET by 28 April 2016. In your announcement, please disclose our questions and your corresponding answers to enable investors to understand the matters raised by the Exchange.

Rule 1207(20) requires that where proceeds have been used for working capital purposes, a breakdown with specific details on how the proceeds have been applied must be disclosed in the annual report. Please make the appropriate disclosures.”

Company’s Response:

As set out in the Relevant Disclosure, the Company allotted and issued 49,696,276 shares in its issued share capital (“**Shares**”) to International Finance Corporation and 70,994,681 Shares to Dalvey Asset Holding Ltd on 21 April 2015, at an issue price of S\$0.94 per Share pursuant to the subscription agreements entered into on 19 January 2015 (the “**Share Placement**”). Proceeds received by the Company from the Share Placement amounted to approximately HK\$659,031,000 (the “**Proceeds**”).

As disclosed in the circular issued to shareholders of the Company on 25 February 2015 (the “**Circular**”), the Proceeds were intended to be used for working capital purposes to fund the growth and expansion of the Company’s business. As at 31 December 2015, the Proceeds were fully utilised in accordance with such purposes as disclosed in the Circular. In view of the foregoing, the Company sets out below a breakdown in relation to the application of the Proceeds:

	HK\$’000
Net Proceeds from the Share Placement	659,031

Amount Utilised:

Repayment of bank borrowings	(365,238)
Repayment of amount due to an intermediate holding company of the Company	(88,325)
Payment for expansion and upgrading projects relating to waste water treatment plants	(173,939)
Payment for the acquisition of a Transfer-Operate-Transfer project	(9,182)
Payment of interest expenses	(11,139)
Payment of legal and professional fees	(2,828)
Payment of administrative expenses	(8,380)

Balance of Net Proceeds from the Share Placement as at 31 December 2015

-

By Order of the Board
CHINA EVERBRIGHT WATER LIMITED

Wang Tianyi
Executive Director and Chairman

Date: 28 April 2016