

CHINA EVERBRIGHT WATER LIMITED

Company Registration No.: 34074

(Incorporated in Bermuda)

**ENTRY INTO PUBLIC-PRIVATE PARTNERSHIP PROJECT FOR
CONSTRUCTION OF “SPONGE CITY” OF ZHENJIANG –
INCORPORATION OF JOINT VENTURE COMPANY**

Further to the announcement and press release dated 18 April 2016 relating to the entry by China Everbright Water Limited (the “**Company**”) into a public-private partnership project for the construction of the “sponge city” of Zhenjiang, the Board of Directors of the Company wishes to announce that the Company and Zhenjiang Waterworks Corporation (镇江市水业总公司, “**ZWC**”), which is an indirect wholly-owned subsidiary of the State-owned Assets Supervision and Administration Commission of the Zhenjiang People’s Government (镇江市人民政府国有资产监督管理委员会), have incorporated a joint venture company, Everbright Sponge City Development (Zhenjiang) Limited (光大海绵城市发展(镇江)有限公司) (“**ESCD**”), in the People’s Republic of China pursuant to the terms of the joint venture agreement entered into between the Company and ZWC for the purposes of undertaking the construction, renovation and operation of a 22 km² land area and 11.5 km² water area in Zhenjiang in accordance with the “sponge city” initiative for Zhenjiang city.

ESCD has been established with a registered capital of RMB462 million and a shareholding breakdown as follows:

Name of Shareholders	Equity Stake
China Everbright Water Limited	70%
Zhenjiang Waterworks Corporation	30%

The incorporation of ESCD will result in ESCD becoming a subsidiary of the Company.

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the incorporation of ESCD.

By Order of the Board

CHINA EVERBRIGHT WATER LIMITED

Wang Tianyi
Executive Director and Chairman

Date: 2 June 2016

DBS Bank Ltd. acted as the Financial Adviser to the Company in relation to the reverse takeover of the Company by China Everbright Water Holdings Limited which was completed on 12 December 2014. DBS Bank Ltd. assumes no responsibility for the contents of this announcement.