

CHINA EVERBRIGHT WATER LIMITED

Company Registration No.: 34074

(Incorporated in Bermuda)

ENTRY INTO VARIOUS AGREEMENTS IN RELATION TO THE RELOCATION, EXPANSION OR UPGRADING OF VARIOUS WASTE WATER TREATMENT PLANTS IN ZIBO CITY, SHANDONG PROVINCE

1. Introduction

The Board of Directors of China Everbright Water Limited (the “**Company**”) is pleased to announce that Everbright Water (Zibo) Limited (光大水务（淄博）有限公司) (the “**Project Company**”), an indirect wholly owned subsidiary of the Company, has entered into the following agreements relating to the Zibo Waste Water Treatment Project, which comprises Zibo Northern Waste Water Treatment Plant (also known as Zibo Water Purification No. 1 Plant) (“**Plant 1**”) and Zibo Southern Waste Water Treatment Plant (also known as Zibo Water Purification No. 2 Plant) (“**Plant 2**”), and Zibo High-tech Zone Waste Water Treatment Project (“**Plant 3**”, and together with Plant 1 and Plant 2, the “**Zibo Plants**” or the “**Existing Projects**”):

- (i) the concession agreement (the “**Plant 1 Concession Agreement**”) with the Housing and Urban-Rural Development Bureau of Zibo City (淄博市住房和城乡建设局), the Water Resources and Fisheries Bureau of Zibo City (淄博市水利与渔业局) and Environmental Protection Bureau of Zibo City (淄博市环境保护局), as authorised by the People’s Government of the City of Zibo, relating to the relocation and expansion of Plant 1 (the “**Plant 1 Relocation and Expansion Project**”);
- (ii) the waste water treatment services agreement (the “**Plant 1 Waste Water Treatment Services Agreement**”) with the Housing and Urban-Rural Development Bureau of Zibo City (淄博市住房和城乡建设局), the Water Resources and Fisheries Bureau of Zibo City (淄博市水利与渔业局), Environmental Protection Bureau of Zibo City (淄博市环境保护局) and the Finance Bureau of Zibo City (淄博市财政局), as authorised by the People’s Government of the City of Zibo (collectively, the “**Zibo Governmental Authorities**”) relating to the Plant 1 Relocation and Expansion Project;
- (iii) a supplementary agreement (the “**Plant 2 Supplementary Agreement**”) to the existing concession agreement and waste water treatment services agreement, in respect of, amongst other things, Plant 2 with the Zibo Governmental Authorities, relating to the upgrading of Plant 2 (the “**Plant 2 Upgrading Project**”); and
- (iv) a supplementary agreement (the “**Plant 3 Supplementary Agreement**”) to the existing concession agreement and waste water treatment services agreement, in respect of Plant 3 with the Zibo Governmental Authorities, relating to the upgrading of Plant 3 (the “**Plant 3 Upgrading Project**” and together with the Plant 1 Relocation and Expansion Project and the Plant 2 Upgrading Project, collectively, the “**Enhancement Projects**” and each, an “**Enhancement Project**”),

(such agreements, the “**Enhancement Project Agreements**”).

2. Background on the Existing Projects and Rationale of the Enhancement Projects

The Existing Projects, comprising Plant 1, Plant 2 and Plant 3, are existing waste water treatment plants located in Zibo City, Shandong Province, the People’s Republic of China. Plant 1 and Plant 2 were acquired, maintained and operated based on a Transfer-Operate-Transfer model, and Plant 3 was built, maintained and operated based on a Build-Operate-Transfer model, by the Project Company pursuant to concessions granted by the relevant Zibo Governmental Authorities under certain existing concession agreements and waste water treatment services agreements entered into between, amongst others, the relevant Zibo Governmental Authorities and the Project Company.

Pursuant to the Enhancement Project Agreements, the Project Company shall undertake the Enhancement Projects as follows:

- (i) in respect of the Plant 1 Relocation and Expansion Project, the existing Plant 1 be relocated and expanded for an additional daily treatment capacity of 50,000 m³ of waste water to an aggregate daily treatment capacity of 250,000 m³ of waste water, based on a Build-Own-Operate-Transfer model, in accordance with the Plant 1 Concession Agreement and Plant 1 Waste Water Treatment Services Agreement;
- (ii) in respect of the Plant 2 Upgrading Project, the existing Plant 2 be upgraded such that the water to be discharged by Plant 2 following its treatment by Plant 2 satisfies the stricter quality specifications, in accordance with the Plant 2 Supplementary Agreement; and
- (iii) in respect of the Plant 3 Upgrading Project, the existing Plant 3 be upgraded such that the water to be discharged by Plant 3 following its treatment by Plant 3 satisfies stricter quality specifications, in accordance with the Plant 3 Supplementary Agreement,

There will be no change to the daily treatment capacities of Plant 2 and Plant 3. The Project Company shall be responsible for the investment, construction and operation of the Enhancement Projects on an exclusive basis.

From the perspective of the Company, the Enhancement Projects are a continuation of the waste water treatment services that the Project Company is providing in Zibo City and are expected to enhance long-term returns and value for the shareholders of the Company.

3. Investment Amount

The investment amounts of the Enhancement Projects (the “**Investment Amount**”) are expected to be as follows:

- (i) in respect of the Plant 1 Relocation and Expansion Project, the investment amount shall be approximately RMB855,000,000;
- (ii) in respect of the Plant 2 Upgrading Project, the investment amount shall be approximately RMB109,000,000; and

- (iii) in respect of the Plant 3 Upgrading Project, the investment amount shall be approximately RMB83,000,000.

4. Concession Rights

In accordance with the Enhancement Project Agreements, the concession period of each of the Plant 1 Relocation and Expansion Project, the Plant 2 Upgrading Project and the Plant 3 Upgrading Project shall be for a period of 30 years, (each such period, the “**Enhancement Project Concession Period**”), consisting of a construction period and an operational period (the “**Operation Period**”).

During each Enhancement Project Concession Period, the facilities under the Enhancement Projects shall be held by the Project Company. Upon the expiry of each Enhancement Project Concession Period, the Project Company shall transfer the facilities under the relevant Enhancement Project to the Zibo Governmental Authorities or such other organisation as may be designated by the Zibo Governmental Authorities at nil consideration.

In respect of the existing Plant 1, the Project Company is entitled to the concession rights to continue operating the existing Plant 1 until the new Plant 1 under the Plant 1 Relocation and Expansion Project commences commercial operations. The Project Company and the Zibo Governmental Authorities shall negotiate and agree on the compensation to be paid to the Project Company for the demolition of the existing Plant 1.

5. Return on Investment

Pursuant to the Enhancement Project Agreements, during the Enhancement Project Concession Periods, the Project Company shall be entitled to a return on its investment by way of the waste water treatment fees to be paid by the Zibo Governmental Authorities during the Operation Period, calculated based on a specified unit price for each cubic metre of waste water to be treated by the Zibo Plants, which is determined between the parties based on the investment amounts of the Enhancement Projects and the operational costs of the Zibo Plants. The amount of the waste water treatment fees to be paid to the Project Company in respect of each Enhancement Project is subject to review and adjustment in accordance with the terms and formulae specified in the relevant Enhancement Project Agreement or the existing waste water treatment services agreement in respect of such Enhancement Project (if applicable).

6. Other Information

The Zibo 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 Enhancement Project.

By Order of the Board

CHINA EVERBRIGHT WATER LIMITED

An Xuesong

Executive Director and Chief Executive Officer

Date: 2 November 2018