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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)

OVERSEAS REGULATORY ANNOUNCEMENT ENTRY INTO A SUPPLEMENTARY AGREEMENT IN RELATION TO PHASE II OF THE NANJING PUKOU DEVELOPMENT ZONE INDUSTRIAL WASTE WATER TREATMENT PLANT BUILD-OPERATE-TRANSFER PROJECT

This overseas regulatory announcement is issued pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Please refer to the following announcement which has been published by China Everbright Water Limited (the “**Company**”) on the website of the Singapore Exchange Securities Trading Limited on 27 May 2019.

By Order of the Board
China Everbright Water Limited
An Xuesong

Executive Director and Chief Executive Officer

Hong Kong, 27 May 2019

As at the date of this announcement, the board of directors of the Company comprises: (i) a non-executive director, Mr. Wang Tianyi (Chairman); (ii) two executive directors, namely Mr. An Xuesong (Chief Executive Officer) and Mr. Luo Junling; and (iii) four independent non-executive directors, namely Mr. Zhai Haitao, Mr. Lim Yu Neng Paul, Ms. Cheng Fong Yee and Ms. Hao Gang.

CHINA EVERBRIGHT WATER LIMITED

Company Registration No.: 34074

(Incorporated in Bermuda)

ENTRY INTO A SUPPLEMENTARY AGREEMENT IN RELATION TO PHASE II OF THE NANJING PUKOU DEVELOPMENT ZONE INDUSTRIAL WASTE WATER TREATMENT PLANT BUILD- OPERATE-TRANSFER PROJECT

1. Introduction

The board of directors of China Everbright Water Limited (the “**Company**”) is pleased to announce that Everbright Industrial Waste Water Treatment Nanjing Limited (光大工业废水处理南京有限公司) (the “**Project Company**”), an indirect subsidiary of the Company, has today entered into a supplementary agreement (the “**Supplementary Agreement**”) with Nanjing Pukou Economic Development Zone Administration Committee (浦口经济开发区管委会) (the “**Pukou Economic Zone Authority**”), as authorised by the People’s Government of Pukou District (“**Pukou Government**”) of Nanjing City, Jiangsu Province, the People’s Republic of China (“**PRC**”) (collectively, the “**Governmental Authorities**”), and Nanjing Tianpu Construction Engineering Co., Ltd. (南京天浦建设工程有限公司) (“**Nanjing Tianpu**”) in relation to the concession agreement (the “**Concession Agreement**”) relating to the Nanjing Pukou Development Zone Industrial Waste Water Treatment Plant Build-Operate-Transfer Project (the “**Project**”). The Supplementary Agreement relates to Phase II of the Project (the “**Phase II Project**”).

The Project Company was incorporated by the Company and an independent third party in 2016, through their respective subsidiaries, in Nanjing City, Jiangsu Province, PRC, for the purpose of the investment, construction and operation of the Phase I of the Project (the “**Phase I Project**”). The Company indirectly holds 60 per cent. equity stake in the Project Company while the independent third party indirectly holds the remaining 40 per cent. equity stake in the Project Company.

Nanjing Tianpu is an entity owned and controlled by the Pukou Government, and is appointed by the Pukou Economic Zone Authority to be the payment obligator under the Supplementary Agreement (further details of which are set out in paragraph 6 below).

2. **Background on the Project and the Phase II Project**

The Project comprises the existing Phase I Project and the proposed Phases II Project. The Phase I Project is the industrial waste water treatment project undertaken by the Project Company in Pukou Economic Development Zone of Nanjing City, Jiangsu Province, PRC, pursuant to a concession for a period from 23 August 2016 to 22 August 2036 (the “**Underlying Concession Period**”) granted by the Pukou Economic Zone Authority under the Concession Agreement. The construction of the Phase I Project has been completed, and it commenced operation in 2017.

The Phase II Project comprises (i) an industrial waste water treatment project with a designed daily treatment capacity of 50,000 cubic metres (including a designed daily treatment capacity of 40,000 cubic metres for electronics waste water and a designed daily treatment capacity of 10,000 cubic metres for upgrading of effluent from Phase I Project) and (ii) a reusable water project with a designed daily water supply capacity of 12,000 cubic metres. Under the Supplementary Agreement, the Pukou Economic Zone Authority has granted the Project Company a concession in respect of the Phase II Project and the Project Company shall be responsible for the investment, construction and operation of the Phase II Project on an exclusive basis.

3. **Rationale of the Phase II Project**

As there has been an increase in industrial waste water production in Pukou Economic Development Zone, the Pukou Government has decided that the Phase II Project be undertaken to meet the increased need for industrial waste water treatment in Pukou Economic Development Zone. The Phase II Project serves to expand the presence and influence of the Company in Jiangsu Province and provides a good foundation for further water projects to be undertaken by the Company in Jiangsu Province in the future. From the perspective of the Company, the Phase II Project is expected to enhance long-term returns and value for the shareholders of the Company.

4. **Investment Amount**

The aggregate investment amount (the “**Investment Amount**”) of the Phase II Project is expected to be approximately RMB859,420,000. Such investment amount will be contributed by the Project Company through internal resources and external financing.

5. Concession Rights

In accordance with the Supplementary Agreement, the concession period of the Phase II Project shall run concurrently with the Underlying Concession Period, and shall end on 22 August 2036 (the “**Phase II Project Concession Period**”).

Based on the Supplementary Agreement, during the Phase II Project Concession Period, the facilities under the Phase II Project shall be held by the Project Company. Upon expiry of the Phase II Project Concession Period, the Project Company shall transfer the facilities under the Phase II Project to the Pukou Economic Zone Authority at nil consideration.

6. Return on Investment

Pursuant to the Supplementary Agreement, during the Phase II Project Concession Period, the Project Company shall be entitled to a return on its investment by way of the waste water treatment service fees to be paid by Nanjing Tianpu, calculated based on a specified unit price for each cubic metre of waste water to be treated by the Phase II Project, and such unit price shall be adjusted based on the mechanism stated in the Concession Agreement and the Supplementary Agreement.

7. Other Information

The Governmental Authorities and Nanjing Tianpu 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 Phase II Project.

The Supplementary Agreement was entered into by the parties on arm’s length basis and on normal commercial terms and the Phase I Project and the Phase II Project are both of revenue nature and in the ordinary and usual course of business of the Company. To the best of the knowledge, information and belief of the board of directors of the Company having made all reasonable enquiries, Nanjing Tianpu, together with its ultimate beneficial owner and the Governmental Authorities, are third parties independent of the Company and the connected persons of the Company for the purpose of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By Order of the Board
CHINA EVERBRIGHT WATER LIMITED

An Xuesong
Executive Director and Chief Executive Officer

Date: 27 May 2019