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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)

CONNECTED TRANSACTION ENTERING INTO THE WATER CONSTRUCTION SUBCONTRACTING AGREEMENT

SUMMARY

The Board is pleased to announce that, on 13 February 2023, EW Tech Nanjing, a wholly-owned subsidiary of the Company entered into the Water Construction Subcontracting Agreement with EEP China, pursuant to which EW Tech Nanjing has agreed to undertake the construction works regarding the renovation of the pavement, water facilities and rainwater storage systems in respect of the Hainan Zero Carbon Project for EEP China at a total contract price, which is estimated to be approximately RMB16,757,200.00 (equivalent to approximately HK\$19,350,376.70). In any event, the total contract price shall not exceed RMB25,000,000.00 (equivalent to approximately HK\$28,868,750.00) in accordance with the terms thereunder.

IMPLICATIONS UNDER THE SEHK LISTING RULES

As at the date of this announcement, EEP China is a wholly-owned subsidiary of Everbright Environment and Everbright Environment is an indirect controlling shareholder of the Company (being interested in approximately 72.87% equity interests in the Company), hence EEP China is an associate of Everbright Environment and a connected person of the Company under Chapter 14A of the SEHK Listing Rules. As such, the transaction contemplated under the Water Construction Subcontracting Agreement constitutes a connected transaction of the Company under Chapter 14A of the SEHK Listing Rules.

As the applicable percentage ratio as defined in the SEHK Listing Rules in respect of the transaction exceeds 0.1% but is less than 5%, the connected transaction under the Water Construction Subcontracting Agreement is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the SEHK Listing Rules.

IMPLICATIONS UNDER THE SGX-ST LISTING MANUAL

The entry into, and the transaction contemplated under, the Water Construction Subcontracting Agreement fall under the scope of activities set out under the Company's IPT Mandate, which was renewed with the approval of the shareholders at the annual general meeting of the Company held on 26 April 2022.

SUMMARY

The Board is pleased to announce that, on 13 February 2023, EW Tech Nanjing, a wholly-owned subsidiary of the Company entered into the Water Construction Subcontracting Agreement with EEP China, pursuant to which EW Tech Nanjing has agreed to undertake the construction works regarding the renovation of the pavement, water facilities and rainwater storage systems in respect of the Hainan Zero Carbon Project for EEP China at a total contract price, which is estimated to be approximately RMB16,757,200.00 (equivalent to approximately HK\$19,350,376.70). In any event, the total contract price shall not exceed RMB25,000,000.00 (equivalent to approximately HK\$28,868,750.00) in accordance with the terms thereunder.

THE WATER CONSTRUCTION SUBCONTRACTING AGREEMENT

The principal terms of the Water Construction Subcontracting Agreement are as follows:

Date	13 February 2023
Parties	(i) EW Tech Nanjing (as the sub-contractor); and (ii) EEP China (as the contractor)
Scope of Services	EW Tech Nanjing shall provide the following construction services in respect of the Hainan Zero Carbon Project: (i) Pavement Renovation: which includes demolishing the existing pavement, curbstones, rainwater collection wells and other road facilities, removing the demolished waste, and constructing a new silica sand permeable pavement;

- (ii) Water Supply Construction: which includes procuring and installing equipment, supply and drainage pipelines, and constructing the equipment foundation, power supply pre-buried pipes and facilities in relation to five water supply locations and six water supply equipment; and
- (iii) Rainwater Storage Construction: which includes expert(s) review on foundation support, dewatering and excavation schemes, procuring and constructing concrete pools and permeable water filtration facilities, rainwater collection pipe network and facilities, purified rainwater transportation pipe network and facilities, mud pumps, drainage pumps related power supply and electrical control systems in relation to a two-hundred and five-hundred cubic metre rainwater cistern respectively.

Contract price

Estimated to be approximately RMB16,757,200.00 (equivalent to approximately HK\$19,350,376.70) (including VAT payable in the amount of approximately RMB1,383,622.02 (equivalent to approximately HK\$1,597,737.53)), subject to any adjustments to be made by the relevant government authorities. In any event, the contract price shall not exceed RMB25,000,000.00 (equivalent to approximately HK\$28,868,750.00) as agreed by EEP China and EW Tech Nanjing.

Payment method

- (i) EEP China shall pay EW Tech Nanjing 30% of the total contract price as an advance payment upon execution of the Water Construction Subcontracting Agreement, availability of the construction site and related temporary facilities, arrival of the main personnel, machinery and equipment on site, establishment of a quality assurance system, fulfilment of the wall diagrams and civilised construction requirements, and passing the inspection by EEP China. Such advance payment will eventually be used to cover the relevant amounts payable under the contract price.

- (ii) During the construction period, EW Tech Nanjing shall submit monthly reports outlining the progress of the construction works that have passed the inspection of EEP China. Upon deduction of agreed expenses and completion of audit, EEP China shall, pursuant to the terms and conditions of the Water Construction Subcontracting Agreement, pay EW Tech Nanjing up to 85% of the relevant contract price for each completed construction work at the end of the next month.

- (iii) Upon completion of all construction works and passing of the quality inspection, EW Tech Nanjing shall submit a final settlement statement to EEP China, and EEP China shall settle the remaining contract price. However, 3% of the total contract price shall be paid three months after the expiration of the quality assurance period of two years, after deducting any maintenance fee payable by EW Tech Nanjing without interest.

BASIS FOR DETERMINATION OF CONTRACT PRICE

The contract price was determined through arms' length negotiation between EW Tech Nanjing and EEP China and with reference to the prevailing market pricing principles on a fair and reasonable basis. The contract price was agreed on normal commercial terms and is no less favourable than the terms of the same or generally similar contracts or transactions entered into between the Company and an independent third party.

INFORMATION ABOUT THE HAINAN ZERO CARBON PROJECT

The Hainan Zero Carbon Project is located in Boao Town, Qionghai City, Hainan Province, the PRC. The construction works will cover an area of 10,609 square metres and comprise the renovation of the pavement, water facilities and rainwater storage systems.

REASONS AND BENEFITS OF THE WATER CONSTRUCTION SUBCONTRACTING AGREEMENT

With a commitment to environmental protection with a focus on water environment management, the Group has made continued efforts in securing water treatment projects in the PRC and beyond. The Water Construction Subcontracting Agreement is yet another project undertaken by the Group in expanding its presence and market share in the water treatment industry and in turn will assist the Group in securing further projects in the future. The Company considers the Hainan Zero Carbon Project to be in line with the strategic development plan of the Company, and expects the Hainan Zero Carbon Project to increase the income and earnings of the Company, which will provide long-term returns and value to the shareholders of the Company.

The Board is of the view that the terms of the Water Construction Subcontracting Agreement are entered into by the parties after arm's length negotiations based on normal commercial terms and in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Company and EW Tech Nanjing

The Company is principally engaged in water environment management, municipal waste water treatment, industrial waste water treatment, water supply, reusable water, sludge treatment and disposal, sponge city construction, river-basin ecological restoration, waste water source heat pump, leachate treatment, research and development of water environment technologies and engineering construction, etc.

EW Tech Nanjing is a company incorporated under the laws of the PRC with limited liability, and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in research and development of environmental protection technology, technical consultation, technology transfer, and technical services, research and development, design, and integration of environmental protection materials, environmentally friendly recycled products, and environmental protection equipment, engineering design, consulting services, and general contracting related to environmental protection projects, sales of self-produced products and equipment, import and export of environmental protection equipment and technology, and construction of environmental protection projects.

Everbright Environment and EEP China

Everbright Environment is principally engaged in business areas of waste-to-energy and integrated waste treatment, integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation, water environment management, equipment manufacturing, waste sorting, environmental sanitation integration, resource recycling, development of zero-waste cities, energy-saving lighting, analysis and testing, research and development relating to green technologies, ecological and environmental planning and designing, as well as environmental protection industrial parks.

EEP China is a company incorporated under the laws of the PRC with limited liability, and is a wholly-owned subsidiary of Everbright Environment. It is principally engaged in investment in environmental protection industrial projects and other industrial projects, investment management consulting, construction of municipal public works, undertaking environmental management projects, project management consulting, environmental protection technology development and related technical consulting services, environmental protection materials, environmental protection recycling products, environmental protection equipment research and development, design, integration, manufacturing, sales, commission agency, import and export and related supporting businesses, technical consulting services related to environmental protection and new energy projects, engineering bidding agency, engineering project management, renovation projects, landscaping projects, domestic waste sorting technology development and technical services, domestic waste removal services, and property management.

DIRECTORS' INTEREST IN THE TRANSACTION

Mr. Hu Yanguo, an executive Director and the Chairman of the Board, serves as an executive director and the vice president of Everbright Environment; Mr. Zhai Haitao, an independent non-executive Director, serves as an independent non-executive director of Everbright Environment. They have abstained from voting on the Board's resolution approving the Water Construction Subcontracting Agreement due to their connected relationship with Everbright Environment. Save as disclosed above, none of the Directors have a material interest in the Water Construction Subcontracting Agreement or is required to abstain from voting on the resolution in relation to the transaction under the Water Construction Subcontracting Agreement.

IMPLICATIONS UNDER THE SEHK LISTING RULES

As at the date of this announcement, EEP China is a wholly-owned subsidiary of Everbright Environment and Everbright Environment is an indirect controlling shareholder of the Company (being interested in approximately 72.87% equity interests in the Company), hence EEP China is an associate of Everbright Environment and a connected person of the Company under Chapter 14A of the SEHK Listing Rules. As such, the transaction contemplated under the Water Construction Subcontracting Agreement constitutes a connected transaction of the Company under Chapter 14A of the SEHK Listing Rules.

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IMPLICATIONS UNDER THE SGX-ST LISTING MANUAL

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DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

“Board”	the board of Directors of the Company
“Company”	China Everbright Water Limited (中國光大水務有限公司), a company incorporated under the laws of Bermuda with limited liability, whose shares are listed on the Mainboard of the SGX-ST (Stock Code: U9E) and the Main Board of the SEHK (Stock Code: 1857)
“connected person(s)”	has the meaning ascribed thereto under the SEHK Listing Rules
“Director(s)”	director(s) of the Company

“EEP China”	Everbright Environmental Protection (China) Limited (光大環保(中國)有限公司), a company incorporated under the laws of the PRC with limited liability, and a wholly-owned subsidiary of Everbright Environment
“Everbright Environment”	China Everbright Environment Group Limited (中國光大環境(集團)有限公司), a company incorporated under the laws of Hong Kong with limited liability, whose shares are listed on the Main Board of the SEHK (Stock Code: 257), and the controlling shareholder of the Company
“EW Tech Nanjing”	Everbright Water Technology Development (Nanjing) Limited (光大水務科技發展(南京)有限公司), a company incorporated under the laws of the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries from time to time
“Hainan Zero Carbon Project”	the Hainan Boao zero carbon demonstration zone construction project in relation to the construction works regarding the renovation of the pavement, water facilities and rainwater storage systems in Boao Town, Qionghai City, Hainan Province, the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IPT Mandate”	the general mandate pursuant to Chapter 9 of the SGX-ST Listing Manual
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SEHK”	The Stock Exchange of Hong Kong Limited
“SEHK Listing Rules”	the Rules Governing the Listing of Securities on the SEHK

“SGX-ST”	the Singapore Exchange Securities Trading Limited
“SGX-ST Listing Manual”	the listing manual of the SGX-ST
“Water Construction Subcontracting Agreement”	the Water Construction Subcontracting Agreement entered into between EW Tech Nanjing and EEP China on 13 February 2023 pursuant to which EW Tech Nanjing has agreed to undertake the construction works regarding the renovation of the pavement, water facilities and rainwater storage systems for EEP China in accordance with the terms thereunder
“VAT”	the value-added tax in the PRC
“%”	per cent

By Order of the Board
China Everbright Water Limited
Kwan Yun Fui
Legal Counsel and Joint Company Secretary

Hong Kong and Singapore, 13 February 2023

In this announcement, the English names of PRC government authorities or entities are translations of their Chinese names and included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

For the purpose of this announcement and for illustration purpose only, the approximate exchange rate between RMB and HK\$ is 1.00:1.15475. This exchange rate should not be construed as a representation that any amount denominated in HK\$ or RMB could have been or could be converted at the above rates or at any other rates.

As at the date of this announcement, the Board comprises:(i) three executive Directors, namely Mr. Hu Yanguo (Chairman), Mr. Tao Junjie (Chief Executive Officer) and Mr. Luo Junling; and (ii) four independent non-executive Directors, namely Mr. Zhai Haitao, Mr. Lim Yu Neng Paul, Ms. Cheng Fong Yee and Ms. Hao Gang.