

Singapore Exchange Securities Trading Limited, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
UNDER THE SEHK LISTING RULES
THE WASTE WATER TREATMENT PLANT PHASE II AND PHASE I
UPGRADING (CONCESSION RIGHT) PROJECT AT
ZHANGCUN RIVER, QINGDAO CITY, SHANDONG PROVINCE**

SUMMARY

The Board is pleased to announce that, on 13 March 2024, the Company, Qingdao Environmental Energy and Laoshan Urban Management Bureau entered into the Concession Agreement in relation to the Project, pursuant to which, the Consortium will incorporate the Project Company. The total investment amount of the Project is expected to be RMB688,330,000 (equivalent to approximately HK\$764,046,300) which includes the registered capital of the Project Company in the amount of RMB206,499,000 (equivalent to approximately HK\$229,213,890). Accordingly, the Company and Qingdao Environmental Energy shall hold 49% and 51% equity interests in the Project Company, respectively, upon the incorporation of the Project Company.

Laoshan Urban Management Bureau has been authorised by the People's Government of Laoshan District, Qingdao City (青島市嶗山區人民政府) to implement the Project and the concession right of the Project will be granted to the Project Company on an exclusive basis for the investment in, financing, construction, implementation, operation, maintenance and transfer of the Waste Water Plant, the provision of waste water treatment services, as well as the receipt of waste water treatment service fees. The Project involves the upgrading of the Waste Water Plant (Phase I) with a designed daily waste water treatment capacity of 40,000 m³ and the construction of the Waste Water Plant (Phase II) with a designed daily waste water treatment capacity of 60,000 m³. During the Concession Period, the Project Company is entitled to use the land of the Project, and is entitled to build, operate and maintain the Project and receive the waste water treatment service fees.

IMPLICATIONS OF THE SEHK LISTING RULES

As the applicable percentage ratio exceeds 5% but is less than 25%, the transaction contemplated under the Concession Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the SEHK Listing Rules, and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the SEHK Listing Rules.

As Qingdao Environmental Energy is a substantial shareholder of Everbright Qingdao, Qingdao Environmental Energy is a connected person of the Company at the subsidiary level, and thus the transaction under the Concession Agreement also constitutes a connected transaction of the Company under Chapter 14A of the SEHK Listing Rules. As (i) Qingdao Environmental Energy is a connected person of the Company at the subsidiary level; (ii) the Board has approved the transaction under the Concession Agreement; and (iii) all the independent non-executive Directors have confirmed that the terms of the Concession Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, the transaction under the Concession Agreement is exempted from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the SEHK Listing Rules.

SUMMARY

The Board is pleased to announce that, on 13 March 2024, the Company, Qingdao Environmental Energy and Laoshan Urban Management Bureau entered into the Concession Agreement in relation to the Project, pursuant to which, the Consortium will incorporate the Project Company. The total investment amount of the Project is expected to be RMB688,330,000 (equivalent to approximately HK\$764,046,300) which includes the registered capital of the Project Company in the amount of RMB206,499,000 (equivalent to approximately HK\$229,213,890). Accordingly, the Company and Qingdao Environmental Energy shall hold 49% and 51% equity interests in the Project Company, respectively, upon the incorporation of the Project Company.

Laoshan Urban Management Bureau has been authorised by the People's Government of Laoshan District, Qingdao City (青島市嶗山區人民政府) to implement the Project and the concession right of the Project will be granted to the Project Company on an exclusive basis for the investment in, financing, construction, implementation, operation, maintenance and transfer of the Waste Water Plant, the provision of waste water treatment services, as well as the receipt of waste water treatment service fees. The Project involves the upgrading of the Waste Water Plant (Phase I) with a designed daily waste water treatment capacity of 40,000 m³ and the construction of the Waste Water Plant (Phase II) with a designed daily waste water treatment capacity of 60,000 m³. During the Concession Period, the Project Company is entitled to use the land of the Project, and is entitled to build, operate and maintain the Project and receive the waste water treatment service fees.

Qingdao Environmental Energy and Laoshan Urban Management Bureau are not regarded as "interested persons" of the Company or associates of "interested persons" of the Company under the SGX Listing Manual. None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Project.

As Qingdao Environmental Energy (its ultimate beneficial owner being the State-owned Assets Supervision and Administration Commission of the People's Government of Qingdao City (青島市人民政府國有資產監督管理委員會)) is a substantial shareholder of Everbright Qingdao, Qingdao Environmental Energy is a connected person of the Company at the subsidiary level pursuant to Rule 14A.06(9) of the SEHK Listing Rules. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Laoshan Urban Management Bureau, a governmental authority under the People's Government of Laoshan District, Qingdao City is a third party independent of the Company and its connected persons.

CONCESSION AGREEMENT

The principal terms of the Concession Agreement are as follows:

(1) Date

13 March 2024

(2) Parties

- (i) the Company;
- (ii) Qingdao Environmental Energy; and
- (iii) Laoshan Urban Management Bureau.

(3) Incorporation of the Project Company

The Consortium shall incorporate the Project Company. Subsequently, the Project Company shall enter into a novation agreement with the Consortium to assign rights and obligations under the Concession Agreement to the Project Company.

The total investment amount of the Project is expected to be RMB688,330,000 (equivalent to approximately HK\$764,046,300), which includes the registered capital of the Project Company and other funds required for the Project. The registered capital of the Project Company will account for 30% of the total investment amount, i.e. RMB206,499,000 (equivalent to approximately HK\$229,213,890).

(4) Scope of Business of the Project Company, Concession Period and Concession Right

The Project will be undertaken by the Project Company in Laoshan District, Qingdao City, which will involve the investment in, financing, construction and implementation, operation and maintenance, transfer of the Waste Water Plant, as well as provision of waste water treatment services and receipt of waste water treatment service fees.

The Concession Period shall be for a period of 30 years, including a construction period of approximately 2 years and an operation period of 28 years (starting from the date of commercial operation of the Project).

Laoshan Urban Management Bureau owns the assets of the Project, and the Project Company is entitled to, during the Concession Period, legally occupy and use the assets and facilities of the Project, and receive operation revenue. The Project Company is also entitled to the land use right of the Project at nil consideration during the Concession Period, provided that the land used for the Project shall not be used for any purpose other than the construction, maintenance and operation of the Project. Upon the expiry of the Concession Period, the Project Company shall transfer the concession right, facilities, land, technologies, intellectual properties, machinery, equipment, components, and spare parts of the Project, as well as the relevant documents, records and information, at nil consideration in accordance with the transfer procedures prescribed under the Concession Agreement. The Project Company shall ensure that all debts, charges, pledges, liens and guarantees created by the Project Company or the Consortium, as well as claims of environmental pollution and claims of other natures initiated by or against the Project Company arising out of the construction, operation and maintenance of the Waste Water Plant shall have been discharged or satisfied. The Project Company is also required to ensure the overall good condition of the key equipment of the Waste Water Plant as well as the quality and proper operation of the equipment and facilities.

(5) The Total Investment Amount of the Project and the Financing Obligations

The total investment amount of the Project is estimated to be approximately RMB688,330,000 (equivalent to approximately HK\$764,046,300), which includes the registered capital of the Project Company and other funds required for the Project. As stated in the section headed “Incorporation of the Project Company” of this announcement, the registered capital of the Project Company will be RMB206,499,000 (equivalent to approximately HK\$229,213,890). The investment amount required for the Project other than the registered capital of the Project Company shall be raised by the Project Company by way of bank loans, shareholder loans or fund financing. The Project Company may obtain financing for the construction, operation and maintenance of the Project by creating security such as charges or pledges over the receivables in relation to waste water treatment service fees or other interests in the Project.

(6) Performance Guarantees

The total amount of the performance guarantees to be provided by the Consortium and/or the Project Company in relation to the Project shall be RMB28,000,000.

The Consortium and/or the Project Company shall (a) within 15 Business Days from the effective date of the Concession Agreement, submit a letter of guarantee for construction in the sum of RMB15,000,000 to guarantee its performance of obligations in relation to the construction under the Concession Agreement. The aforesaid letter of guarantee shall be returned upon the commercial operation of the Project and the submission of the letter of guarantee for operation and maintenance as set out below; (b) within 15 Business Days from the commercial operation of the Project and before the return of the aforesaid letter of guarantee for construction, submit a letter of guarantee for operation and maintenance in the sum of RMB8,000,000 to guarantee its performance of obligations in relation to the operation and maintenance of the Waste Water Plant under the Concession Agreement. The aforesaid letter of guarantee shall be returned within 10 Business Days upon the submission of the letter of guarantee for transfer and repair as set out below; and (c) within one month before the expiry of the Concession Period and before the return of the aforesaid letter of guarantee for operation and maintenance, submit a letter of guarantee for transfer and repair in the sum of RMB5,000,000, to guarantee its performance of obligations in relation to the transfer and repair of the Project under the Concession Agreement. The aforesaid letter of guarantee shall be returned within 10 Business Days after one year from the expiry of the Concession Period.

The aforesaid letters of performance guarantee shall be issued in favour of Laoshan Urban Management Bureau. They shall be payable on demand and irrevocable.

SHAREHOLDING AND MANAGEMENT OF THE PROJECT COMPANY

The Company and Qingdao Environmental Energy shall hold 49% and 51% equity interests in the Project Company, respectively, upon the incorporation of the Project Company, and both parties will contribute capital and assume the amount of the performance guarantees in proportion to the aforesaid shareholding (i.e. the Company shall contribute RMB101,184,510 in respect of the registered capital of the Project Company and shall assume RMB13,720,000 of the amount of the performance guarantees). The Project Company will not be accounted as a subsidiary of the Company, thus its financial results will not be consolidated into the consolidated financial statements of the Company. The Company will finance the capital contribution by its internal resources and/or external financing.

The board of directors of the Project Company will comprise 5 directors, 3 of whom will be appointed by Qingdao Environmental Energy and 2 of whom will be appointed by the Company. The chairman (cum legal representative) of the Project Company will be appointed by the Company.

INFORMATION ABOUT THE PROJECT

The Waste Water Plant shall be located in Laoshan District, Qingdao City, and will provide waste water treatment services. The Project involves the upgrading of the Waste Water Plant (Phase I) with a designed daily waste water treatment capacity of 40,000 m³ and the construction of the Waste Water Plant (Phase II) with a designed daily waste water treatment capacity of 60,000 m³. The Project will be constructed entirely underground. The main structures of the Project include, among others, the facilities for pre-treatment, secondary treatment and advanced treatment of waste water, sludge treatment and odour control, two underground container corridors, a facility complex and an ozone-generating room.

INFORMATION ABOUT THE COMPANY, QINGDAO ENVIRONMENTAL ENERGY AND LAOSHAN URBAN MANAGEMENT BUREAU

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.

Qingdao Environmental Energy is principally engaged in the development of and investment in municipal and environmental protection infrastructure and related construction projects such as water plants, waste water treatment, waste treatment, and eco-agriculture; the development, investment and information consulting services relating to new energies, such as water source heat pumps, geothermal heat pumps, wind energy, solar energy and cogeneration; the investment in the industrialisation of scientific and technological achievements and new and high-end technologies (excluding securities, fund-raising and private borrowing); the entrustment of corporate management; and the leasing of equipment. As Qingdao Environmental Energy is a substantial shareholder of Everbright Qingdao, Qingdao Environmental Energy is a connected person of the Company at the subsidiary level pursuant to Rule 14A.06(9) of the SEHK Listing Rules. Save as aforesaid, to the best knowledge, information and belief of the Directors, after making all reasonable enquiries, Qingdao Environmental Energy and its ultimate beneficial owners are not in any other way connected to the Company.

Laoshan Urban Management Bureau is a governmental authority under the People's Government of Laoshan District, Qingdao City.

REASONS FOR AND BENEFITS OF THE CONCESSION AGREEMENT

The Company has a business presence in Qingdao City and the Project is another waste water treatment project secured by the Company in Shandong Province, allowing the Company to further expand its presence, reputation and influence in Qingdao City and even the entire Shandong Province, enhance its market share in the waste water treatment industry, and strengthen its business scope. By implementing the Project, the Company has demonstrated its long-established experience and extensive expertise in waste water treatment projects, assisting the Company in acquiring additional projects in Qingdao City and its surrounding areas in the future. The Company is of the view that the Project is in line with its strategic development plan and will enhance its revenue and profitability, and provide long-term returns and value to its shareholders.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Concession Agreement are entered into by each party after arm's length negotiations based on normal commercial terms, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

APPROVAL OF THE BOARD AND DIRECTORS' INTERESTS IN THE TRANSACTION

The Board has approved the Concession Agreement and the transaction contemplated thereunder. None of the Directors has a material interest in the Concession Agreement and the transaction contemplated thereunder or is required to abstain from voting on the resolution in relation to the Concession Agreement and the transaction contemplated thereunder.

IMPLICATIONS OF THE SEHK LISTING RULES

As the applicable percentage ratio exceeds 5% but is less than 25%, the transaction contemplated under the Concession Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the SEHK Listing Rules, and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under the SEHK Listing Rules.

As Qingdao Environmental Energy is a substantial shareholder of Everbright Qingdao, Qingdao Environmental Energy is a connected person of the Company at the subsidiary level, and thus the transaction under the Concession Agreement also constitutes a connected transaction of the Company under Chapter 14A of the SEHK Listing Rules. As (i) Qingdao Environmental Energy is a connected person of the Company at the subsidiary level; (ii) the Board has approved the transaction under the Concession Agreement; and (iii) all the independent non-executive Directors have confirmed that the terms of the Concession Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, the transaction under the Concession Agreement is exempted from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the SEHK Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Business Day(s)”	any calendar day (excluding a statutory rest day and statutory holiday or public holiday in the PRC)

“Company”	China Everbright Water Limited (中國光大水務有限公司), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Mainboard of the SGX-ST (stock code: U9E) and the Main Board of the SEHK (stock code: 1857)
“Concession Agreement”	the concession agreement dated 13 March 2024 entered into between the Consortium and Laoshan Urban Management Bureau in relation to the Project
“Concession Period”	the concession period of the Project pursuant to the Concession Agreement
“connected person(s)”	has the meaning ascribed thereto under the SEHK Listing Rules
“Consortium”	the Company and Qingdao Environmental Energy
“Director(s)”	director(s) of the Company
“Everbright Qingdao”	Everbright Water (Qingdao) Limited (光大水務(青島)有限公司), a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of the Company, which is indirectly owned as to 60% equity interests by the Company, and directly owned as to 40% equity interests by Qingdao Environmental Energy
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Laoshan Urban Management Bureau”	Qingdao Laoshan District Urban Management Bureau (青島市嶗山區城市管理局), a governmental authority under the People’s Government of Laoshan District, Qingdao City
“PRC”	the People’s Republic of China

“Project”	The phase II and phase I upgrading (concession right) project in relation to the waste water treatment plant located at Zhangcun River, Laoshan District, Qingdao City, details of which are set out in the section headed “Summary” in this announcement
“Project Company”	a company to be incorporated with limited liability pursuant to the Concession Agreement
“Qingdao City”	Qingdao City, Shandong Province, the PRC
“Qingdao Environmental Energy”	Qingdao Water Group Environmental Energy Co., Ltd. (青島水務集團環境能源有限公司), a company incorporated in the PRC with limited liability and a connected person of the Company at the subsidiary level
“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”	Singapore Exchange Securities Trading Limited
“SGX Listing Manual”	the Listing Manual of SGX-ST
“Singapore”	the Republic of Singapore
“Waste Water Plant”	The waste water treatment plant located at Zhangcun River, Laoshan District, Qingdao City
“%”	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 March 2024

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 1.00:1.11. 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 of directors of the Company 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.