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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 FORMATION OF JOINT VENTURE

SUMMARY

The Board is pleased to announce that, on 19 February 2025, the Company entered into the JV Agreement with Everbright Environment, Everbright Equipment, Everbright Greentech, Everbright Environmental Protection and Everbright Envirotech, for the formation of the JV Company. The total registered capital of the JV Company will be RMB50,000,000 (equivalent to approximately HK\$53,515,000), of which RMB5,000,000 (equivalent to approximately HK\$5,351,500, representing 10% of the total registered capital) will be contributed by the Company. The capital contribution to be made by the Company will be in cash and funded by the Group's internal resources.

IMPLICATIONS UNDER THE SEHK LISTING RULES

As at the date of this announcement, Everbright Environment is a controlling shareholder of the Company, hence a connected person of the Company. Each of Everbright Equipment, Everbright Greentech, Everbright Environmental Protection and Everbright Envirotech is a subsidiary of Everbright Environment, hence an associate of Everbright Environment and a connected person of the Company. As such, the formation of the JV Company 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 formation of the JV Company exceeds 0.1% but is less than 5%, the formation of the JV Company 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.

This announcement is made by the Company pursuant to Chapter 14A of the SEHK Listing Rules and Chapter 7 of the SGX-ST Listing Manual.

SUMMARY

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THE PRINCIPAL TERMS OF THE JV AGREEMENT

Date

19 February 2025

Parties

- (a) the Company;
- (b) Everbright Environment;
- (c) Everbright Equipment;
- (d) Everbright Greentech;
- (e) Everbright Environmental Protection; and
- (f) Everbright Envirotech.

Capital Contributions

According to the JV Agreement, the total registered capital of the JV Company will be RMB50,000,000 (equivalent to approximately HK\$53,515,000), of which RMB5,000,000 (equivalent to approximately HK\$5,351,500, representing 10% of the total registered capital) will be contributed by the Company. The capital contribution to be made by the Company will be in cash and funded by the Group's internal resources.

The capital contribution of the parties is as follows:

Parties	Capital Contribution <i>RMB</i>	Shareholding Proportion <i>Approximately</i>
The Company	5,000,000	10%
Everbright Environment	15,000,000	30%
Everbright Equipment	15,000,000	30%
Everbright Greentech	5,000,000	10%
Everbright Environmental Protection	5,000,000	10%
Everbright Envirotech	5,000,000	10%
Total	50,000,000	100%

The respective capital contribution of the parties to the JV Company was determined after arm's length negotiations among the parties with reference to the JV Company's capital requirements for its expected business development and their respective shareholding proportion.

Timing of Capital Contribution

The parties to the JV Agreement are required to make the full capital contribution within five years after the formation of the JV Company.

Business of the JV Company

The JV Company will be principally engaged in technological services, technological development, technological consultation, technological exchanges, technological transfer and technological promotion; engineering and technological research and experimental development; manufacturing of special environmental protection equipment; research and development of emerging energy technologies; research and development of new material technologies; research and development of Internet of Things technologies; research and development of resources recycling and utilisation technologies; research and development of carbon emission reduction, carbon conversion, carbon capture and carbon sequestration technologies; new material technology promotion services; environmental protection consultation services; resource recycling service technology consultation; Internet of Things technology services; sales of special environmental protection equipment; sales of eco-environmental materials; conference and exhibition services; business training (excluding educational and vocational skills training and other training that needs to obtain a permit); online energy monitoring technology research and development (Except for projects that require approval according to the law, business activities may be independently carried out with a business license, in accordance with the law) (Final registration shall be subject to the registration authority).

Term of Operation

The operating term of the JV Company is long term.

Governance and Management of the JV Company

According to the JV Agreement, the board of directors of the JV Company consists of three directors, all of whom are elected by the shareholders in general meeting. The term of office of the directors is three years, and they are eligible for re-election upon expiry of the term.

The resolutions in relation to the amendment of articles of association, increase or reduction of registered share capital and merger, division, dissolution or change in form of the JV Company shall be passed by shareholders representing at least two-thirds of the voting rights of the JV Company.

In addition, the JV Company does not have a supervisory committee.

Undertakings

Everbright Environment undertakes to ensure that its subsidiaries (including the JV Company) will strictly comply with the non-compete undertakings provided by Everbright Environment to the Company.

Distribution of Profits

The parties are entitled to the profits of the JV Company (after making up for the losses and making contributions to the common reserve fund pursuant to the JV Agreement) in proportion to their respective paid-up capital contributions to the JV Company.

FINANCIAL INFORMATION OF THE JV COMPANY

As at the date of this announcement, the JV Company has not yet been formed and does not have any historical financial results. The JV Company will be accounted for as an associated company of the Company upon its formation.

REASONS AND BENEFITS OF THE FORMATION OF JOINT VENTURE

With a focus on green, low-carbon and high-quality development, the Group prioritises technological empowerment by driving technology research and innovation, strengthening the application and commercialisation of technological innovation achievements, and striving to become China's leading operator in the "water-related" business.

The Group enters into the JV Agreement to create synergies and foster collaboration through establishing a hub that integrates manufacturing resources and accelerates the commercialisation and industrialisation of scientific achievement, supporting the Group in deploying its business for long-term development.

The Board (including the independent non-executive Directors) is of the view that the formation of the JV Company is 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.

Save for Mr. Luan Zusheng, being the non-executive Director of the Company and an executive director of Everbright Environment, none of the Directors has any material interest in the formation of the JV Company and no Director is required to abstain from voting on the relevant Board resolution(s).

The JV Company will be funded by the internal resources, and is not expected to have any material impact on the net tangible assets per share or the earnings per share of the Group for the financial year ending 31 December 2025.

INFORMATION ABOUT THE PARTIES

The Company

The Company is principally engaged in comprehensive 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, as well as research and development of water environment technologies and engineering construction.

Everbright Environment

As at the date of this announcement, Everbright Environment, the shares of which are listed on the Main Board of the SEHK (Stock Code: 257), is a controlling shareholder of the Company, and the largest environmental enterprise in China, a leading player in Asia's environmental protection industry, the world's largest waste-to-energy investor and operator, and a world-renowned environmental group. As the first one-stop integrated environmental solution provider in China, Everbright Environment focuses on three major areas, namely solid waste, water-related business and clean energy. Its main businesses cover waste-to-energy and integrated waste treatment, integrated biomass utilisation, hazardous and solid waste treatment, new energy, environmental remediation, water environment management, equipment manufacturing, waste sorting, environmental sanitation integration, resource recycling, development of zero-waste cities, research and development relating to green technologies, ecological and environmental planning and designing, as well as environmental protection industrial parks.

Everbright Equipment

As at the date of this announcement, Everbright Equipment is a subsidiary of Everbright Environment, and is principally engaged in the research, development and manufacturing of various environmental protection equipment.

Everbright Greentech

As at the date of this announcement, Everbright Greentech, the shares of which are listed on the Main Board of the SEHK (Stock Code: 1257), is a subsidiary of Everbright Environment, and is principally engaged in integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation, as well as solar energy and wind power.

Everbright Environmental Protection

As at the date of this announcement, Everbright Environmental Protection is a subsidiary of Everbright Environment, and is principally engaged in waste-to-energy, food and kitchen waste treatment, leachate treatment, fly ash treatment, methane-to-energy, sludge treatment and disposal, construction and decoration waste treatment, development of environmental protection industrial parks, integrated urban services, waste sorting, resource utilisation and recycling, as well as technical consultancy and engineering design relating to environmental protection.

Everbright Envirotech

As at the date of this announcement, Everbright Envirotech is a subsidiary of Everbright Environment, and is principally engaged in key research areas such as solid waste treatment and resource utilisation, agricultural and forestry biomass utilisation, water environment management, big data, intelligent control, etc., to empower the development of all business sectors of Everbright Environment through technology-driven solutions.

IMPLICATIONS UNDER THE SEHK LISTING RULES

As at the date of this announcement, Everbright Environment is a controlling shareholder of the Company, hence a connected person of the Company. Each of Everbright Equipment, Everbright Greentech, Everbright Environmental Protection and Everbright Envirotech is a subsidiary of Everbright Environment, hence an associate of Everbright Environment and a connected person of the Company. As such, the formation of the JV Company constitutes a connected transaction of the Company under Chapter 14A of the SEHK Listing Rules.

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DEFINITIONS

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

“associate(s)” and “connected person(s)”	each has the meaning ascribed thereto under the SEHK Listing Rules
“Board”	the board of Directors of the Company
“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)
“Director(s)”	director(s) of the Company
“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, the shares of which are listed on the Main Board of the SEHK (Stock Code: 257), and a controlling shareholder of the Company
“Everbright Environmental Protection”	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 subsidiary of Everbright Environment
“Everbright Envirotech”	Everbright Envirotech (China) Limited (光大環境科技(中國)有限公司), a company incorporated under the laws of the PRC with limited liability, and a subsidiary of Everbright Environment

“Everbright Equipment”	Everbright Environmental Technical Equipment (Changzhou) Limited (光大環保技術裝備(常州)有限公司), a company incorporated under the laws of the PRC with limited liability, and a subsidiary of Everbright Environment
“Everbright Greentech”	China Everbright Greentech Limited (中國光大綠色環保有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the SEHK (Stock Code: 1257), and a subsidiary of Everbright Environment
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Agreement”	the joint venture agreement dated 19 February 2025 entered into among the Company, Everbright Environment, Everbright Equipment, Everbright Greentech, Everbright Environmental Protection and Everbright Envirotech in relation to, among other things, the formation of the JV Company
“JV Company”	a joint venture company to be incorporated in Changzhou, Jiangsu Province of the PRC pursuant to the JV Agreement
“PRC”	the People’s Republic of China excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“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-ST Listing Manual”	The listing manual of the SGX-ST
“%”	per cent.

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

Hong Kong and Singapore, 19 February 2025

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 1.0000:1.0703. 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) a non-executive Director, namely Mr. Luan Zusheng (Chairman); (ii) two executive Directors, namely Mr. Tao Junjie (Chief Executive Officer) and Mr. Wang Yuexing; and (iii) four independent non-executive Directors, namely Mr. Zhai Haitao, Ms. Hao Gang, Mr. Ng Joo Hee Peter and Mr. Soh Kok Leong.