

HANKORE ENVIRONMENT TECH GROUP LIMITED
(Company Registration No.: 34074)
(Incorporated in Bermuda)
(the "**Company**")

**PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF
CHINA EVERBRIGHT WATER INVESTMENTS LIMITED –**

**APPROVAL-IN-PRINCIPLE BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED
(THE "SGX-ST")**

1. INTRODUCTION

The Board of Directors of the Company (the "**Board**") refers to the announcements dated 30 December 2013, 2 June 2014, 26 June 2014, 14 August 2014, 6 November 2014 (collectively, the "**Announcements**") issued by the Company in relation to the proposed acquisition by the Company of the entire issued and paid-up share capital of China Everbright Water Investments Limited (the "**Proposed Acquisition**").

Unless otherwise defined in this announcement, capitalised terms used herein shall have the definitions ascribed to them in the Announcements.

2. APPROVAL-IN-PRINCIPLE BY THE SGX-ST

The Board wishes to announce that the Company has on 10 November 2014 obtained the in-principle approval (the "**Approval-in-principle**") from the SGX-ST in respect of, *inter alia*, the Proposed Acquisition. The Approval-in-principle is subject to, *inter alia*, the following key conditions:

- (a) compliance with the SGX-ST's listing requirements;
- (b) the Company's shareholders' approval being obtained for the Proposed Acquisition and for all other necessary and relevant proposals to be put forth at the forthcoming special general meeting of the Company;
- (c) compliance with the shareholding spread requirements and distribution guidelines under Rules 210(1)(a) and 1015(3)(c) of the listing manual of the SGX-ST (the "**Listing Manual**") (in determining the minimum spread required, the market capitalization will be computed by multiplying the number of issued shares comprised in the enlarged share capital with the compliance placement price, if applicable);
- (d) compliance with Rules 113(2) and 210(5)(a) of the Listing Manual which require that:
 - (i) for two years after listing or such other time frame imposed by the SGX-ST, the issuer must prominently include a statement that the reverse takeover of its shares was sponsored by DBS Bank Ltd. ("**DBS**") in all announcements made by it (on SGXNET or otherwise) and in all information documents issued by it to shareholders; and

- (ii) as a pre-quotation disclosure requirement, an issuer must release a statement via SGXNET or in the prospectus, offering memorandum or introductory document identifying for each director, whether the person has prior experience (and what) or, if the director has no prior experience as a director of a listed company, whether the person has undertaken training in the roles and responsibilities of a director of a listed company;
- (e) submission of the following documents:
 - (i) a written undertaking from the Enlarged Group that reviews by the Board of Directors or the relevant committee of the Enlarged Group's key financial, operational and compliance risk areas and the outcome of these reviews must be disclosed in the Annual Report or where the findings are material, immediately announced via SGXNET;
 - (ii) a written undertaking by the Enlarged Group of the following:
 - a. the commissioning of an annual internal controls audit by a suitable and qualified professional accounting firm until such time the audit committee of the Enlarged Group (the "**Audit Committee**") is satisfied that the Enlarged Group's internal controls are robust and effective enough to mitigate the Enlarged Group's internal control weaknesses. Prior to the decommissioning of this annual audit, the Board is required to report to the SGX-ST on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal controls audit;
 - b. thereafter, such audits may be initiated by the Audit Committee as and when it deems fit to satisfy itself that the Enlarged Group's internal controls remain robust and effective;
 - c. upon completion of the internal controls audit, appropriate disclosure must be made via SGXNET on any material, price-sensitive internal controls weaknesses and any follow-up to be taken by the Board; and
 - (iii) a written confirmation from the Enlarged Group that Rules 735 and 736 of the Listing Manual have been complied with;
 - (iv) a written undertaking from the Enlarged Group that it will comply with Rules 704(30) and 1207(20) of the Listing Manual in relation to the use of the proceeds from the compliance placement (if any) and where proceeds are to be used for working capital purposes, the Enlarged Group will disclose a breakdown with specific details on the use of proceeds for working capital in the Enlarged Group's announcements on use of proceeds and in the annual report;
 - (v) a written undertaking from each of the Enlarged Group's directors in the form set out in Appendix A and an undertaking from the Enlarged Group to procure the same written undertaking from any new director appointed to the Enlarged Group's board after the Enlarged Group's listing;
 - (vi) a written undertaking from the Enlarged Group that:
 - a. it will seek board approval on the policy for entering into any foreign exchange hedging transactions;

- b. it will put in place adequate procedures which must be reviewed and approved by the Audit Committee; and
 - c. the Audit Committee will monitor the implementation of the policy, including reviewing the instruments, processes and practices in accordance with the policy approved by the Board;
- (vii) a written confirmation from DBS that the signed moratorium agreements with the relevant parties pursuant to Rule 227 of the Listing Manual are in accordance with the requirements of Rules 228 and 229 of the Listing Manual;
 - (viii) a written confirmation from DBS that Rules 232, 233, 234 and 240 of the Listing Manual have been complied with, where applicable;
 - (ix) a written confirmation from DBS that Rules 210(4)(a) and 210(4)(b) of the Listing Manual have been complied with;
 - (x) documents stipulated in Rule 248 (before the date of issue of the circular), Rule 249 (by the date of allotment of the shares) and Rule 250 (market day before the trading suspension is lifted) of the Listing Manual, where applicable;
 - (xi) a written confirmation by the Company, to be submitted before the issue of the shareholders' circular that the Enlarged Group it has obtained all material licences, permits, approvals and certificates for its business operations and has complied with all relevant laws and regulations that would materially affect its business operations prior to issue of the Shareholders' Circular, to the extent qualified by such licences, permits and certificates to be disclosed in the shareholders' circular; and
 - (xii) a duly signed undertaking in the format set out in Appendix 2.3.1 of the Listing Manual.

Shareholders should note that the Approval-in-principle from the SGX-ST above is not to be taken as an indication of the merits of the Proposed Acquisition, the Consideration Shares, the Company and/or its subsidiaries.

A circular containing, *inter alia*, information on the Proposed Acquisition, the recommendation of the Directors and independent financial adviser and notice of special general meeting will be despatched to the Shareholders in due course (the "**Circular**").

3. RULE 246(12) WAIVER

Under Rule 246(12) of the Listing Manual, as part of the application to, *inter alia*, seek the SGX-ST's approval of the Proposed Acquisition, the Company is required to provide a confirmation to the SGX-ST that the HanKore Group and the Target Group have obtained all requisite approvals, and are in compliance with laws and regulations, that would materially affect their business operations (the "**Rule 246(12) Confirmations**").

In view of certain outstanding licences, permits and certificates which have not been obtained and necessary filings that have not been made by the HanKore Group and the Target Group for certain projects (the "**Rule 246(12) Matters**"), the Rule 246(12) Confirmations have to be qualified to the extent of such Rule 246(12) Matters which would be disclosed in the Circular. Further to the Company's application to the SGX-ST, the SGX-ST has granted a waiver of Rule 246(12), subject to the disclosure of the waiver in

compliance with Rule 107 of the Listing Manual and the submission of such confirmation as required by the SGX-ST.

Further details on the Rule 246(12) Matters will be disclosed in the Circular to be despatched.

4. CAUTION

Shareholders are advised to exercise caution in the trading of their shares in the Company. The Proposed Acquisition is subject to, *inter alia*, the fulfilment of the conditions of the Acquisition Agreement. There is no certainty and assurance as at the date of this announcement that the Proposed Acquisition will be completed or that no changes will be made to the terms thereof.

The Company will make the necessary announcements when there are further developments on the Proposed Acquisition. Shareholders and potential investors should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Chen Dawei, David
Executive Chairman
10 November 2014