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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)

**DISCLOSEABLE TRANSACTION
UNDER THE SEHK LISTING RULES
THE WASTE WATER TREATMENT PLANTS PPP PROJECT
IN HUANGHUA CITY, HEBEI PROVINCE**

SUMMARY

The Board is pleased to announce that, on 18 November 2021, the Company and Huanghua City Management Bureau entered into the Cooperation Agreement and the PPP Project Agreement, pursuant to which, the Company and Huanghua Urban-Rural have incorporated the Project Company on 18 November 2021. The total investment amount of the Project is estimated to be approximately RMB207,817,000 (equivalent to approximately HK\$249,899,943), which includes the registered capital of the Project Company in the amount of RMB69,286,190 (equivalent to approximately HK\$83,316,643). Upon the completion of capital contribution, the Company and Huanghua Urban-Rural shall hold 95% and 5% equity interest in the Project Company, respectively.

The People's Government of Huanghua City has authorised Huanghua City Management Bureau to be the implementation agency of the Project and will grant the concession right of the Project to the Project Company for the investment in, financing, operation and maintenance of the Waste Water Treatment Plants, the provision of waste water treatment services and the receipt of waste water treatment service fees. The total daily designed capacity of the Waste Water Treatment Plants is 40,000 m³. During the Concession Period, the Project Company is entitled to use the facilities of the Project and the Project Assets, 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 under the Project constitutes a discloseable transaction of 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.

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Huanghua Urban-Rural and Huanghua City 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.

To the best of the knowledge, information and belief of the Board having made all reasonable enquiries, each of Huanghua Urban-Rural, its ultimate beneficial owner and Huanghua City Management Bureau is a third party independent of the Company and its connected person(s). Huanghua Urban-Rural is wholly owned by the People’s Government of Huanghua City.

COOPERATION AGREEMENT AND THE PPP PROJECT AGREEMENT

The principal terms of the Cooperation Agreement and the PPP Project Agreement are as follows:

(1) Date

18 November 2021

(2) Parties

- (i) the Company; and
- (ii) Huanghua City Management Bureau.

(3) Project Company and Capital Contribution

The Company and Huanghua Urban-Rural, as the representative of government capital contributor for the Project, have incorporated the Project Company in Huanghua City on 18 November 2021. The Company, Huanghua Urban-Rural and the Project Company shall enter into the Novation Agreement with Huanghua City Management Bureau within 30 days from the incorporation of the Project Company to novate the PPP Project Agreement to the Project Company.

The total investment amount of the Project is estimated to be approximately RMB207,817,000 (equivalent to approximately HK\$249,899,943), including the registered capital of the Project Company and other funds required for the Project.

The registered capital of the Project Company will be RMB69,286,190 (equivalent to approximately HK\$83,316,643), following the capital contribution to be completed within 30 days from the date of the PPP Project Agreement. Upon the completion of capital contribution, the Company and Huanghua Urban-Rural shall hold 95% and 5% equity interest in the Project Company, respectively. The Project Company will become a non wholly-owned subsidiary of the Company. The Company will finance the capital contribution by the internal resources of the Company.

The other funds required for the Project, which is the investment amount in addition to the registered capital of the Project Company, shall be raised by the Project Company by way of bank loans, and the Company shall ensure that such funds be raised by the Project Company. In the event that the Project Company fails to obtain such funds in full, the Company shall be responsible for supplementary financing. Please refer to the “Total Investment Amount of the Project and Financing Obligations” section of this announcement.

(4) Governance and Management of the Project Company

The Project Company will establish a board of directors in accordance with the applicable laws. The Project Company will also establish a supervisory board, which will comprise three supervisors, with one supervisor nominated by each of the Company and Huanghua City Management Bureau and the remaining supervisor being an employee representative.

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

The Project will be undertaken by the Project Company in Huanghua City, Hebei Province, which will involve the investment in, financing, operation and maintenance of the Waste Water Treatment Plants, the provision of waste water treatment services, and the collection of waste water treatment service fees.

The Concession Period shall be 30 years. Given that the Waste Water Treatment Plants have been put into operation, the Concession Period only includes the operation period (starting from the effective date of the PPP Project Agreement).

The land use right involved in the Project Assets belongs to Huanghua City Management Bureau, and shall be utilised by the Project Company in accordance with applicable legal requirements and the PPP Project Agreement during the Concession Period at nil consideration. Without the prior written consent of Huanghua City Management Bureau, the Project Company shall not create any encumbrances on the land use right by way of lease, assignment, transfer, charge, pledge or otherwise. Upon the expiry of the Concession Period, the Project Company shall transfer the Project Assets, technology, intellectual property, relevant documents, records and information and other relevant rights of the Project to Huanghua City Management Bureau in accordance with the PPP Project Agreement. The Project Company shall ensure that the Project is in good operating condition, well maintained (except normal wear and tear), free from legal disputes, defects and claims, and that the assets and interests transferred are free from any restrictions and encumbrances such as charge and pledge.

(6) Total Investment Amount of the Project and Financing Obligations

The total investment amount of the Project is estimated to be approximately RMB207,817,000 (equivalent to approximately HK\$249,899,943), which includes the registered capital of the Project Company and other funds required for the Project. As stated in the section headed “Project Company and Capital Contribution” in this announcement, the registered capital of the Project Company will be RMB69,286,190 (equivalent to approximately HK\$83,316,643). The investment amount required for the Project other than the registered capital of the Project Company (i.e. the difference between the total investment amount of the Project and the registered capital of the Project Company) shall be raised by the Project Company by way of bank loans and shall be made available within six months from the effective date of the PPP Agreement. In the event that the Project Company fails to obtain such funds in full, the Company shall be responsible for supplementary financing.

(7) Performance Guarantee

The total amount of the performance guarantee in relation to the Project to be provided by the Company and/or the Project Company shall be RMB44,000,000. The Company shall submit a letter of performance guarantee in the amount of RMB20,000,000 in relation to payment within seven business days from the date of the PPP Agreement to guarantee its performance of obligations such as the payment of the total investment amount under the PPP Project Agreement. The Project Company shall submit (a) a letter of performance guarantee in the amount of RMB7,000,000 in relation to operation and maintenance within seven business days from completing the payment of the total investment amount to guarantee its performance of obligations such as the operation and maintenance under the PPP Project Agreement, and (b) a letter of performance guarantee in the amount of RMB17,000,000 in relation to transfer 12 months before the expiry of the Concession Period to guarantee its performance of obligations such as transfer and quality assurance under the PPP Project Agreement.

The beneficiary of the aforesaid letters of performance guarantee shall be Huanghua City Management Bureau, and each of the letters shall be an independent letter of guarantee that is irrevocable and can be honoured at any time.

INFORMATION ABOUT THE PROJECT

The Waste Water Treatment Plants are located in Huanghua City, Hebei Province, with a total daily designed capacity of 40,000 m³. Such plants include Huanghua City Tengzhuangzi Waste Water Treatment Plant, Huanghua Town Waste Water Treatment Plant and Huanghua City Municipal Waste Water Treatment Plant. They provide treatment services for municipal waste water and a small amount of industrial waste water.

As at the date of this announcement, the Waste Water Treatment Plants have been put into operation. The stocktaking of facilities in the Waste Water Treatment Plants will be completed within 20 days from the effective date of the PPP Project Agreement, or such other date as otherwise negotiated and agreed by both parties.

INFORMATION ABOUT THE COMPANY, HUANGHUA URBAN-RURAL AND HUANGHUA CITY 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.

Huanghua Urban-Rural is principally engaged in development, construction and operations management of urban municipal public infrastructure; acquisition, reserve, development and operation of urban land; city real estate development; demolition and transformation of old cities; and construction and development of agricultural hydraulic project. As as the date of this announcement, the entire equity interest in Huanghua Urban-Rural is owned by the People's Government of Huanghua City.

Huanghua City Management Bureau is a government agency under the People's Government of Huanghua City.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PPP PROJECT AGREEMENT AND UNDERTAKING THE PROJECT

The Project is the first waste water treatment project secured by the Company in Hebei Province, the PRC. Accordingly, the Project serves to expand the presence and influence of the Company to Hebei Province and surrounding areas, increase the market share of the Company in the waste water treatment industry and improves its overall business scale. It also provides a good foundation for the Company to secure more waste water treatment projects in Hebei Province and surrounding areas in the future. The Company considers the Project to be in line with the strategic development plan of the Company, and expects the 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 Directors (including the independent non-executive Directors) are of the view that the terms of the Project (including the PPP Project Agreement) are entered into by the parties 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.

IMPLICATIONS OF THE SEHK LISTING RULES

As the applicable percentage ratio as defined in the SEHK Listing Rules in respect of the transaction exceeds 5% but is less than 25%, the transaction under the Project constitutes a discloseable transaction of 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.

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 day (excluding a statutory rest day and statutory holiday or public holiday in Mainland China) on which institutions generally work
“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 and the Main Board of the SEHK
“Concession Period”	the concession period of the Project under the PPP Project Agreement
“Connected person(s)”	has the meaning ascribed thereto under the SEHK Listing Rules
“Cooperation Agreement”	the cooperation agreement entered into between the Company and Huanghua City Management Bureau on 18 November 2021 in relation to the Project (as supplemented and amended from time to time)
“Director(s)”	director(s) of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huanghua City”	Huanghua City, Hebei Province, the PRC
“Huanghua City Management Bureau”	Huanghua City Management and Comprehensive Administrative Law Enforcement Bureau * (黃驊市城市管理綜合行政執法局), a government agency under the People’s Government of Huanghua City

“Huanghua Urban-Rural”	Huanghua Urban-Rural Development Co., Ltd. * (黃驊市城鄉建設發展有限公司), a company incorporated in Mainland China with limited liability
“Mainland China”	the PRC excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Novation Agreement”	the novation agreement of contractual documents (including the PPP Project Agreement) relating to the Project apart from the Cooperation Agreement, which stipulates the novation by the Project Company to the rights and obligations of the Company under the relevant contractual documents
“PPP Project Agreement”	the Public-Private Partnership (PPP) Project Agreement entered into by the Company and Huanghua City Management Bureau on 18 November 2021 in relation to the Project (as supplemented and amended from time to time)
“PRC”	the People’s Republic of China
“Project”	Waste Water Treatment Plants PPP Project in Huanghua City, Hebei Province, the details of which are set out in the section headed “Summary” in this announcement
“Project Assets”	All assets related to the Project, including but not limited to: <ul style="list-style-type: none"> (1) all buildings, structures and other real estates including the Waste Water Treatment Plants; (2) major and auxiliary equipment, spare products, spare parts, tools and other moveable properties; (3) intellectual properties owned by the Project Company; (4) contractual rights related to the Project; and (5) operating and maintenance records, quality assurance plans and other documents.

“Project Company”	EW Environmental Protection (Huanghua) Co., Ltd.* (光水環保(黃驊)有限公司), a company that has been incorporated in Huanghua City with limited liability pursuant to the Cooperation Agreement and PPP Project Agreement
“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”	Singapore Exchange Securities Trading Limited
“SGX Listing Manual”	the Listing Manual of SGX
“Singapore”	the Republic of Singapore
“Waste Water Treatment Plants”	Huanghua City Tengzhuangzi Waste Water Treatment Plant, Huanghua Town Waste Water Treatment Plant and Huanghua City Municipal Waste Water Treatment Plant
“%”	per cent.

By Order of the Board
China Everbright Water Limited
Peng Pei
Legal Counsel and Joint Company Secretary

Hong Kong and Singapore, 19 November 2021

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 1.00:1.2025. 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.