

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular, or as to the action to be taken, you should consult your stockbroker or a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Everbright Water Limited**, you should at once hand this circular and the Election Form to the purchaser or the transferee or to the bank, licensed securities dealer, or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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No HK Shareholder receiving a copy of this circular and/or the Election Form in any territory outside Hong Kong may treat the same as an invitation to elect for Shares unless in the relevant territory such invitation could lawfully be made to him/her/it without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Overseas Shareholders who wishes to receive New Shares under the Scheme to comply with the laws of the relevant jurisdictions including procedures or any other similar formalities.



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)

**SCRIP DIVIDEND SCHEME
IN RELATION TO THE INTERIM DIVIDEND
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019**

13 September 2019

DEFINITIONS

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

“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“CCASS Operational Procedures”	the operational procedures of Hong Kong Securities Clearing Company Limited in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“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 SGX-ST Main Board and the Main Board of the SEHK
“Depository Register”	has the meaning ascribed to it in the SFA
“Directors”	directors of the Company
“Election Form”	the form of election for use by HK Shareholders who elect to participate in the Scheme in respect of the Interim Dividend
“Eligible HK Shareholders”	HK Shareholders who are also Eligible Shareholders
“Eligible Shareholders”	Shareholders whose names appeared on the registers of members of the Company or, as the case may be, the Depository Register, as at the Record Date
“HK Shareholder(s)”	Shareholder(s) whose name(s) appeared on the Hong Kong Register of Members
“HK\$” or “Hong Kong Dollar(s)”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Hong Kong Branch Share Registrar”	Boardroom Share Registrars (HK) Limited, being the Hong Kong branch share registrar of the Company
“Hong Kong Register of Members”	the branch share register of members of the Company in Hong Kong maintained by the Hong Kong Branch Share Registrar
“Interim Dividend”	the interim one-tier tax exempt dividend of 0.65 Singapore cents (equivalent to HK3.74 cents) per Share for the financial year ending 31 December 2019 with a scrip alternative payable on Friday, 18 October 2019 to the Eligible Shareholders
“Listing Rules”	the Rules Governing the Listing of Securities on SEHK
“New Share(s)”	new Share(s) credited as fully paid to be issued under the Scheme
“Overseas Shareholder(s)”	HK Shareholder(s) whose name(s) appeared on the Hong Kong Register of Members as at the Record Date and whose address(es) as shown on such register was/were outside Hong Kong
“Record Date”	Tuesday, 3 September 2019, being the date for determining the entitlements to the Interim Dividend
“Scheme”	the scrip dividend scheme adopted by the Company following approval by the Shareholders at the special general meeting of the Company on 28 October 2005, which is applicable to the Interim Dividend
“SEHK”	The Stock Exchange of Hong Kong Limited
“SFA”	Securities and Futures Act, Chapter 289 of Singapore
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	the ordinary share(s) of the Company
“Shareholders”	persons whose names appeared in the registers of members of the Company or, as the case may be, the Depository Register as holders of fully-paid Shares
“Singapore”	the Republic of Singapore

DEFINITIONS

“S\$” or “Singapore dollar(s)” Singapore dollar(s), the lawful currency of Singapore

“%” per cent

Should there be any discrepancy between the English and Chinese versions of this circular, the English version shall prevail.



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Non-Executive Director:

Mr. Wang Tianyi (*Chairman*)

Executive Directors:

Mr. An Xuesong (*Chief Executive Officer*)

Mr. Luo Junling

Independent Non-Executive Directors:

Mr. Zhai Haitao

Mr. Lim Yu Neng Paul

Ms. Cheng Fong Yee

Ms. Hao Gang

Registered Office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Principal Place of Business in Hong Kong:

Room 3601, 36/F

Far East Finance Centre

16 Harcourt Road

Hong Kong

13 September 2019

To the HK Shareholders

Dear Sir/Madam,

**SCRIP DIVIDEND SCHEME
IN RELATION TO THE INTERIM DIVIDEND
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2019**

INTRODUCTION

On 13 August 2019, the Company announced that the Board had resolved to declare the payment of the Interim Dividend to the Eligible Shareholders. Eligible HK Shareholders may elect to receive the Interim Dividend in cash, or wholly in the form of New Shares in lieu of cash, or partly in cash and partly in the form of New Shares under the Scheme.

The purpose of this circular is to set out the procedures and conditions which apply in relation to the Scheme and the action which should be taken by Eligible HK Shareholders if they wish to participate in the Scheme.

LETTER FROM THE BOARD

PARTICULARS OF THE SCHEME

Under the Scheme, Eligible HK Shareholders may elect to receive the Interim Dividend in one of the following ways:

- (a) wholly in cash of 0.65 Singapore cents (equivalent to HK3.74 cents) per Share; or
- (b) an allotment of such number of New Shares having a market value (as calculated below) equal to, save for adjustment for fractions, the amount of Interim Dividend which Eligible HK Shareholders would otherwise be entitled to receive in cash; or
- (c) partly in cash and partly in New Shares.

For the avoidance of doubt, any prior permanent elections made by Shareholders whose Shares are transferred from the Company's register of members in Singapore to the Hong Kong Register of Members or vice versa will be deemed cancelled and will not be effective in respect of the Interim Dividend and all future dividends, where a scrip alternative is available.

BASIS OF ALLOTMENT OF THE NEW SHARES

For the purpose of calculating the number of New Shares to be allotted to the Eligible HK Shareholders pursuant to the Scheme, the issue price of each New Share is set as HK\$1.747 (equivalent to S\$0.310 based on the exchange rate of S\$1:HK\$5.635 as at the Record Date) (the "Issue Price"). The Issue Price represents the average of the last dealt prices of a Share on the SGX-ST for each of the market days during the price determination period between Monday, 2 September 2019 and Tuesday, 3 September 2019 (both dates inclusive). Accordingly, the number of New Shares which the Eligible HK Shareholders are entitled to receive in respect of the Shares registered in their names as at the Record Date is calculated as follows:

$$\begin{array}{rcl} \text{Number of} & & \text{Number of Shares held} \\ \text{New Shares to} & = & \text{as at the Record Date for} \\ \text{be received} & & \text{which the election for} \\ & & \text{New Shares is made} \end{array} \times \frac{\text{HK3.74 cents (Interim Dividend per Share)}}{\text{HK\$1.747 (Issue Price)}}$$

Where the number of New Shares which may be issued to an Eligible HK Shareholder includes a fraction but is not less than one, the number of New Shares to be issued will be rounded down to the nearest whole number and the fraction will be disregarded. No cash will be paid on such disregarded fraction of a Share. Where less than one New Share is to be issued to an Eligible HK Shareholder, such Eligible HK Shareholder will not, regardless of whether he has elected to do so, receive any New Share, but will instead be paid his dividend in cash. The New Shares will, on issue, rank pari passu in all respects with the Shares in issue on the date of the allotment and issue of the New Shares except that they shall not be entitled to the Interim Dividend.

LETTER FROM THE BOARD

BOOK CLOSURE PERIOD AND LATEST DATE AND TIME OF TRANSFER

For the purpose of determining the entitlement of HK Shareholders who qualify for the Interim Dividend, the Hong Kong Register of Members was closed from Wednesday, 4 September 2019 to Thursday, 5 September 2019, both dates inclusive. The latest time by which transfers were accepted for entitlement to the Interim Dividend was 4:30 p.m. on Tuesday, 3 September 2019, being the Record Date.

ADVANTAGES OF THE SCHEME

As Eligible Shareholders will be given the choice of receiving the payment of the Interim Dividend in cash and/or in New Shares, Eligible Shareholders will thus have greater flexibility in meeting their investment objectives. In addition, it will also enable Eligible Shareholders to participate in the share capital of the Company without incurring brokerage fees, stamp duty and other related costs.

The Company will also benefit from the participation by Eligible Shareholders in the Scheme as, to the extent that Eligible Shareholders elect to receive the Interim Dividend in the form of New Shares, the cash which would otherwise be payable in respect of the Interim Dividend may be retained in the Company to fund the growth of the Company, if required. The issue of New Shares in lieu of cash under the Scheme will also enlarge the Company's share capital base and the retention of cash will strengthen its working capital position.

EFFECT OF THE SCHEME

If all Eligible Shareholders elect to receive all of their entitlements to the Interim Dividend in the form of New Shares in lieu of cash, based on the Issue Price, the maximum number of New Shares to be issued under the Scheme will be 60,040,797 Shares, representing approximately 2.13% of the total number of issued Shares of the Company as at the Record Date and approximately 2.09% of the total number of issued Shares of the Company as enlarged by the issue of such New Shares.

HK Shareholders should note that the New Shares issued under the Scheme may give rise to disclosure requirements under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). **HK Shareholders who are in any doubt as to how these provisions may affect them are recommended to seek their own professional advice. HK Shareholders who are in any doubt as to their taxation position are also recommended to seek their own professional advice.**

ELECTION FORM

An Election Form is enclosed with this circular for use by Eligible HK Shareholders who wish to receive the Interim Dividend wholly in New Shares, or partly in cash and partly in the form of New Shares in lieu of cash, or to make a permanent election to receive New Shares in whole in lieu of any future dividend to be payable in cash where a scrip alternative is available. Please read carefully the instructions below and the instructions printed on the Election Form.

LETTER FROM THE BOARD

If you elect to receive your Interim Dividend wholly in cash, you DO NOT need to take any action and DO NOT need to return the Election Form. Eligible HK Shareholders who do not make an election to receive their Interim Dividend in New Shares will receive their Interim Dividend in cash.

If you elect to participate in the Scheme in respect of the Interim Dividend, please SIGN, DATE and RETURN the Election Form.

If you are a non-registered Shareholder, i.e., your Shares are held through an intermediary (for example, a bank, a custodian or a securities broker) or registered in the name of your nominee, you will not receive the Election Form. If you wish to receive New Shares instead of cash, in whole or in part, in respect of the Interim Dividend, please contact your intermediary or nominee directly.

If you have signed the Election Form but do not specify the number of Shares in respect of which you wish to receive New Shares, or if you elect to receive New Shares in respect of a greater number of Shares than your registered holding as at the Record Date, you will be deemed to have exercised your election to receive only New Shares in respect of all the Shares registered in your name as at the Record Date. Therefore, you will receive only New Shares for the Interim Dividend.

The enclosed Election Form should be completed in accordance with the instructions printed thereon and you should return the same to the Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, **by 4:30 p.m. on Thursday, 3 October 2019**. The deadline for submission of Election Forms will be adjusted if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning:

- (a) in force in Hong Kong at any local time before 12:00 p.m. and no longer in force after 12:00 p.m. on Thursday, 3 October 2019. Instead the deadline for the submission of the Election Form will be 5:00 p.m. on the same business day; or
- (b) in force in Hong Kong at any local time between 12:00 p.m. and 4:30 p.m. on Thursday, 3 October 2019. Instead the deadline for the submission of the Election Form will be rescheduled to 4:00 p.m. on the next business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

Failure to complete and return the Election Form in accordance with the instructions printed thereon will result in the relevant Eligible HK Shareholder’s Interim Dividend being paid wholly in the form of cash. Election in respect of the Interim Dividend shall not be in any way withdrawn, revoked, superseded, or altered after the relevant Election Form is signed and lodged with the Hong Kong Branch Share Registrar. No acknowledgement of receipt of the Election Form will be issued.

LETTER FROM THE BOARD

OVERSEAS SHAREHOLDERS

The Scheme is made in compliance with the laws of Hong Kong and with all other relevant codes, rules and other requirements that apply to the Scheme in Hong Kong. All Overseas Shareholders should consult their professional advisers as to whether or not they are permitted to participate in the Scheme or whether any government or other consent is required or other formalities need to be observed. No HK Shareholder receiving a copy of this circular and/or an Election Form in any territory outside Hong Kong may treat the same as an invitation to elect for New Shares unless in the relevant territory such invitation could lawfully be made to him/her/it without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Overseas Shareholder who wishes to receive New Shares under the Scheme to comply with the laws of the relevant jurisdictions including procedures or any other similar formalities. Persons who receive New Shares in lieu of cash dividend must also comply with any restrictions on the resale of Shares which may apply outside Hong Kong.

Based on the Hong Kong Register of Members as at 4:30 pm on Tuesday, 3 September 2019, there was one Overseas Shareholder whose address was in the British Virgin Islands. In compliance with Rule 13.36(2) of the Listing Rules, the Company has made enquiries on legal restrictions and regulatory requirements formalities in relation to the Scheme to the Overseas Shareholder in the British Virgin Islands.

The Company has been advised by its legal advisers on the laws of the British Virgin Islands. Having considered their advice, the Company is satisfied that there is no legal restriction under the applicable legislation of the British Virgin Islands or requirement of any relevant regulatory body in the British Virgin Islands with respect to the offer of the New Shares to the Overseas Shareholder with a registered address in the British Virgin Islands as at the Record Date. Accordingly, the Scheme is extended to the Overseas Shareholder with registered address in the British Virgin Islands. Therefore, all HK Shareholders, including the Overseas Shareholder are eligible to participate in the Scheme.

For the avoidance of doubt, the New Shares are not offered to the public (other than the Eligible Shareholders) and the rights of the Eligible Shareholders to elect and receive New Shares are non-transferable.

Notwithstanding the legal advice taken by the Company, it is the responsibility of anyone wishing to participate in the Scheme to satisfy themselves as to full observance of the laws of any relevant territory, including obtaining any governmental or other consents which may be required. Shareholders who are in doubt as to their position should consult their own professional advisers.

LETTER FROM THE BOARD

CONDITION OF THE SCHEME

The Scheme is conditional upon the approval of the SEHK and the SGX-ST for the listing of, and permission to deal in, the New Shares on the SEHK and the SGX-ST.

In the event that the above condition is not satisfied, the Scheme will not become effective and the Election Forms will be void, and the Interim Dividend will then be paid wholly in cash.

LISTING AND DEALINGS AND DESPATCH OF SHARE CERTIFICATES

Applications will be made to the SEHK and the SGX-ST respectively, for the grant of listing of, and permission to deal in, the New Shares. It is expected that share certificates with respect to the New Shares, and cheques for cash entitlements, will be despatched to Eligible Shareholders at the risk of those entitled thereto on Friday, 18 October 2019. The first day of dealings in the New Shares on the SEHK and the SGX-ST are expected to be on Friday, 18 October 2019.

The Shares are listed on and dealt in the SEHK and the SGX-ST. No Shares of the Company are listed or dealt in on any other stock exchange nor is listing or permission to deal in on any other stock exchange being or proposed to be sought.

CENTRAL CLEARING AND SETTLEMENT SYSTEM

For the HK Shareholders, subject to the granting of the listing of, and permission to deal in, the New Shares to be issued under the Scheme on the SEHK, such New Shares to be issued by the Company will be admitted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the SEHK or such other date as determined by Hong Kong Securities Clearing Company Limited. Settlement of transactions between participants of the SEHK is required to take place in CCASS on the second business day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. HK Shareholders should seek the advice of their stockbroker or other professional adviser for details of these settlement arrangements and how such arrangements will affect their rights and interests.

LETTER FROM THE BOARD

ARRANGEMENT OF ODD LOT TRADING

New Shares issued to the Eligible HK Shareholders pursuant to an election to all of their Interim Dividend in New Shares may be allocated in odd lots (of less than a board lot of 1,000 Shares). In order to facilitate the trading of odd lots (if any) of the New Shares, the Company has appointed Kingston Securities Limited as the matching agent (the “**Matching Agent**”) to provide matching service, on a best effort basis, to the Eligible HK Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares. Holders of the New Shares in odd lots who wish to take advantage of this matching facility either to dispose of their odd lots of New Shares or to top up to board lots of 1,000 Shares, may contact Mr. James Lee of Kingston Securities Limited at 72/F, The Center, 99 Queen’s Road Central, Central, Hong Kong at telephone number (852) 2298 6228 during the period from 9:00 a.m. on Friday, 18 October 2019 to 4:00 p.m. on Friday, 8 November 2019. Eligible HK Shareholders should note that successful matching of the sale and purchase of odd lots of the New Shares is not guaranteed. Eligible HK Shareholders are recommended to consult their professional advisers if they are in doubt. The Matching Agent is an independent third party not connected with any of the Directors, chief executive of the Company, or substantial Shareholders or any of the Company’s subsidiaries or their respective associates.

GENERAL INFORMATION

Whether or not it is to your advantage to receive cash or the New Shares, in whole or in part, depends upon your own individual circumstances and the decision in this regard and all effects resulting therefrom are the sole responsibility of each HK Shareholders. If you are in doubt as to what to do, you should consult your professional advisers.

HK Shareholders who are trustees are recommended to take professional advice as to whether the choice of New Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

LETTER FROM THE BOARD

EXPECTED TIMETABLE (APPLICABLE TO HK SHAREHOLDERS)

Set out below is a summary of the events in relation to the Scheme in the form of a timetable and is indicative only:

Last day on which Shares quoted cum dividend Friday, 30 August 2019

First day on which Shares quoted ex-dividend Monday, 2 September 2019

Latest time for submission of transfer forms to
qualify for the Interim Dividend 4:30 p.m. on Tuesday,
3 September 2019

Record Date 4:30 p.m. on Tuesday,
3 September 2019

Closure of the Hong Kong Register of Members for
determining the entitlement to the Interim Dividend Wednesday,
4 September 2019 to
Thursday,
5 September 2019
(both dates inclusive)

Latest time and date for return of the Election Form 4:30 p.m. on Thursday,
3 October 2019

Despatch of share certificates for the New Shares
and cheques for cash dividends Friday,
18 October 2019

Commencement of dealing of the New Shares Friday, 18 October 2019

Note: References to time and dates above are Hong Kong time and date.

Yours faithfully,
By Order of the Board
CHINA EVERBRIGHT WATER LIMITED
AN Xuesong
Executive Director and Chief Executive Officer