

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)

INSIDE INFORMATION ANNOUNCEMENT — POTENTIAL TRANSACTION

This announcement is made by China Everbright Water Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**SEHK Listing Rules**”) and Chapter 7 of the listing manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST Listing Manual**”).

POTENTIAL TRANSACTION THROUGH PUBLIC TENDERING

Beijing Everbright Water Investment Management Co., Ltd.* (北京光大水務投資管理有限公司) (“**BEWIM**” or the “**Transferee**”), an indirect wholly-owned subsidiary of the Company, recently participated in the public tendering held by Tianjin Property Rights Exchange (“**Tianjin PRE**”), with a view to purchasing the 65% equity interest (the “**Target Equity**”) in Tianjin Binhai New Area Huantang Sewage Treatment Co., Ltd.* (天津濱海新區環塘污水處理有限公司) (the “**Target Company**”) (the “**Potential Transaction**”).

BEWIM has received a notice that it has successfully won the bidding in the public tendering and has been recognized as the transferee of the Target Equity, subject to the entry into an equity transfer agreement (the “**Equity Transfer Agreement**”) with Tianjin Binhai Environmental Protection Asset Development Co., Ltd.* (天津濱海環保產業發展有限公司) (the “**Transferor**”) in accordance with the rules and regulations of Tianjin PRE. The

consideration for the Target Equity, based on BEWIM's successful bid for the Potential Transaction, shall be RMB666,335,724, subject to the other obligations that the Transferee may have under the Equity Transfer Agreement.

PROPOSED ENTRY INTO THE EQUITY TRANSFER AGREEMENT

As at the date of this announcement, the Group and the Transferor have not entered into the formal Equity Transfer Agreement for the Potential Transaction. The Transferee and the Transferor will be negotiating the terms of the Equity Transfer Agreement, including but not limited to the payment of the consideration, the timing and manner of payment and conditions precedent to the Potential Transaction, and will enter into the formal Equity Transfer Agreement after such terms have been agreed upon and finalized.

REASONS AND BENEFITS FOR THE POTENTIAL TRANSACTION

The projects owned by the Target Company have an aggregate daily water treatment capacity of 220,000 tonnes, including Beitang Waste Water Treatment Plant* (北塘污水廠) (including phase 1 project and upgrading project) with a daily waste water treatment capacity of 150,000 tonnes, Beitang Reusable Water Plant* (北塘再生水廠) (including a reusable water project and water supply pipeline network of 49km in length) with a daily reusable water supply capacity of 45,000 tonnes, and Gangdong Waste Water Treatment Plant* (港東污水廠) (including phase 1 project, phase 1 upgrading project and phase 2 expansion project (under construction)) with a daily waste water treatment capacity of 25,000 tonnes. The Potential Transaction serves to expand the presence and influence of the Group in Tianjin Municipality and provides a solid foundation for further waste water treatment projects to be undertaken by the Group in Tianjin Municipality and its surrounding regions in the future.

The directors of the Company (the “**Directors**”) consider that the Potential Transaction will be entered into on normal commercial terms. Taking into account the above reasons, the participation in the public tendering and the final bidding price are fair and reasonable and in the best interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE GROUP

The Company is principally engaged in water environment management, sponge city construction, river-basin ecological restoration, water supply, waste water treatment, reusable water, waste water source heat pump, sludge treatment and disposal, research and development of water technologies, and engineering construction, etc.

INFORMATION ABOUT THE TARGET COMPANY

To the best of the Company's knowledge, the Target Company is currently a wholly state-owned enterprise which is principally engaged in waste water treatment and recycling; pipeline engineering; municipal engineering; construction, management, operation, technical consultation and ancillary services of waste water and reusable water treatment facilities; research and development and operation of environmental protection technology and environmental protection products; renewable resources utilization and operation; sludge dewatering treatment and its application.

INFORMATION ABOUT THE TRANSFEROR

As at the date of this announcement, the Transferor holds a 100% equity interest in the Target Company. To the best of the Company's knowledge, the Transferor is principally engaged in the construction of infrastructure for environmental protection industrial parks; household waste-to-energy; waste water treatment; manufacturing and research and development of environmental protection materials and environmental protection equipment; harmless treatment of solid waste; utilization of renewable resources; and testing of environmental protection products.

Tianjin PRE and the Transferor are not regarded as "interested persons" of the Company or associates of "interested persons" of the Company under the SGX-ST Listing Manual. None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Potential Transaction.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Transferor and its ultimate beneficial owners are third parties independent of the Company and its connected persons under the SEHK Listing Rules.

IMPLICATIONS UNDER THE SEHK LISTING RULES AND THE SGX-ST LISTING MANUAL

In the event that the Potential Transaction materializes, the Company will comply with the relevant disclosure requirements under the SEHK Listing Rules and the SGX-ST Listing Manual.

Further announcements will be made by the Company in accordance with the SGX-ST Listing Manual and the SEHK Listing Rules as and when appropriate after entering into the formal Equity Transfer Agreement for the Potential Transaction or if there are any material developments in relation to the Potential Transaction. As there is no certainty that the Potential Transaction may or may not proceed, shareholders of the Company and potential investors of the Company should exercise caution when dealing in the securities of the Company.

By Order of the Board
China Everbright Water Limited
An Xuesong
Executive Director and Chief Executive Officer

Hong Kong and Singapore, 10 January 2021

As at the date of this announcement, the board of directors of the Company comprises: (i) a non-executive Director, Mr. Wang Tianyi (Chairman); (ii) two executive Directors, namely Mr. An Xuesong (Chief Executive Officer) and Mr. Luo Junling; and (iii) four independent non-executive Directors, namely Mr. Zhai Haitao, Mr. Lim Yu Neng Paul, Ms. Cheng Fong Yee and Ms. Hao Gang.

* *For identification purpose only*