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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 (PLANT 5) PPP PROJECT IN  
ZHANGQIU DISTRICT, JI'NAN CITY, SHANDONG PROVINCE**

**SUMMARY**

The Board is pleased to announce that, on 17 November 2022, the Company, Sichuan Lutong and Zhangqiu Water Bureau entered into the PPP Project Agreement, pursuant to which, the Consortium will incorporate the Project Company. The total investment amount of the Project is estimated to be approximately RMB309,798,700.00 (equivalent to approximately HK\$339,384,475.85) which includes the registered capital of the Project Company in the amount of RMB123,919,500.00 (equivalent to approximately HK\$135,753,812.25). In any event, such total investment amount shall not exceed RMB320,480,000.00 (equivalent to approximately HK\$351,085,840.00). The Company and Sichuan Lutong shall hold 99% and 1% equity interest in the Project Company, respectively.

The People's Government of Zhangqiu District, Ji'nan City (濟南市章丘區人民政府) has authorised Zhangqiu Water Bureau to be the implementation party of the Project and will grant the concession right of the Project to the Project Company on an exclusive basis for the investment in, financing, construction, operation, maintenance and transfer of the Plant, the provision of waste water treatment services, the rights to receive waste water treatment service fees and other revenues. The Project comprises a waste water treatment plant with a designed daily waste water treatment capacity of 40,000 m<sup>3</sup> and a designed daily reusable water supply capacity of 20,000 m<sup>3</sup>, an ancillary pipeline network of about 16.8 km and a pumping station. During the Cooperation Period, the Project Company is entitled to use the land of the Project at nil consideration, and is entitled to use the Project Assets, operate and maintain the Project and receive the waste water treatment service fees and other revenues.

### **IMPLICATIONS OF THE SEHK LISTING RULES**

As the applicable percentage ratio exceeds 5% but is less than 25%, the transaction contemplated under the PPP Project Agreement constitutes a discloseable transaction for 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.

### **SUMMARY**

The Board is pleased to announce that, on 17 November 2022, the Company, Sichuan Lutong and Zhangqiu Water Bureau entered into the PPP Project Agreement, pursuant to which, the Consortium will incorporate the Project Company. The total investment amount of the Project is estimated to be approximately RMB309,798,700.00 (equivalent to approximately HK\$339,384,475.85), which includes the registered capital of the Project Company in the amount of RMB123,919,500.00 (equivalent to approximately HK\$135,753,812.25). In any event, such total investment amount shall not exceed RMB320,480,000.00 (equivalent to approximately HK\$351,085,840.00). The Company and Sichuan Lutong shall hold 99% and 1% equity interest in the Project Company, respectively.

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Sichuan Lutong and Zhangqiu Water 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 Directors having made all reasonable enquiries, each of Sichuan Lutong and its ultimate beneficial owners and Zhangqiu Water Bureau is a third party independent of the Company and the connected person(s) of the Company. Sichuan Lutong is wholly owned by Ji’nan Sijian Construction Group Co., Ltd. (濟南四建(集團)有限責任公司), which is in turn owned as to 63.76% by Ji’nan Jiangong Group Co., Ltd. (濟南建工集團有限公司) (a company wholly owned by the State-owned Assets Supervision and Administration Commission of the People’s Government of Ji’nan City (濟南市人民政府國有資產監督管理委員會)) and 36.24% by the Trade Union Committee of Ji’nan Sijian Construction Group Co., Ltd. (濟南四建(集團)有限責任公司工會委員會).

## **THE PPP PROJECT AGREEMENT**

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

### **(1) Date**

17 November 2022

### **(2) Parties**

- (a) the Company;
- (b) Sichuan Lutong; and
- (c) Zhangqiu Water Bureau.

### **(3) Project Company and Capital Contribution**

The Consortium shall incorporate the Project Company in Ji'nan City. The Consortium and the Project Company shall enter into a novation agreement with Zhangqiu Water Bureau after the incorporation of the Project Company to assign the rights and obligations under the PPP Project Agreement to the Project Company.

The total investment amount of the Project is estimated to be approximately RMB309,798,700.00 (equivalent to approximately HK\$339,384,475.85), which includes the registered capital of the Project Company and other funds required for the Project.

The registered capital of the Project Company will be RMB123,919,500.00 (equivalent to approximately HK\$135,753,812.25). The Company and Sichuan Lutong shall hold 99% and 1% 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 its internal resources and/or external financing.

The investment amount required for the Project other than the registered capital of the Project Company shall be raised by the Project Company by way of bank facilities, loans from shareholders or other methods. In the event that the Project Company fails to obtain such financial resources to make the investment within the prescribed period under the PPP Project Agreement, the Consortium shall be obligated to raise the relevant funds. Please refer to the "Total Investment Amount of the Project and the Financing Obligations of the Consortium" section of this announcement.

### **(4) Scope of Business of the Project Company, Cooperation Period and Concession Right**

The Project will be undertaken by the Project Company based on a Build-Operate-Transfer model in Ji'nan City, which will involve the investment in, financing, construction, operation, maintenance and transfer of the Plant, the provision of waste water treatment services, the rights to receive waste water treatment service fees and other revenues.

The scope of business of the Project Company shall not exceed what was agreed under the PPP Project Agreement, details of which shall be subject to business registration.

The Cooperation Period shall be for a period of 30 years, including a construction period of approximately 1 year and an operation period of 29 years.

During the Cooperation Period, Zhangqiu Water Bureau owns the Project Assets and the land use right of the Project, and the Project Company is entitled to use the land of the Project at nil consideration and the Project Assets in accordance with the applicable legal requirements and the PPP Project Agreement. Without the prior written consent of Zhangqiu Water Bureau, the Project Company shall not create any encumbrances on the land use right by way of transfer, charge, pledge, guarantee or otherwise. Upon the expiry of the Cooperation Period, the Project Company shall transfer the Project Assets and other relevant rights relating to the Project to Zhangqiu Water Bureau at nil consideration 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 and claims, defects, and that the assets and interests transferred are free from any restrictions and encumbrances such as charges and pledges.

**(5) Total Investment Amount of the Project and the Financing Obligations of the Consortium**

The total investment amount of the Project is estimated to be approximately RMB309,798,700.00 (equivalent to approximately HK\$339,384,475.85), 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” of this announcement, the registered capital of the Project Company will be RMB123,919,500.00 (equivalent to approximately HK\$135,753,812.25), which will be contributed by the Consortium according to the terms of the PPP Project Agreement. The investment amount required for the Project other than the registered capital of the Project Company shall be raised by the Project Company by way of bank loans, loans from shareholders or other methods. In the event that the Project Company fails to obtain such financial resources to make investment within the prescribed period under the PPP Project Agreement, the Consortium shall be obligated to raise the relevant funds. In the event of situations such as plan adjustment, change in actual scope, material change in the proposal and force majeure in relation to the Project which are not within the responsibility of the Consortium and the Project Company, the total investment amount of the Project shall not exceed RMB320,480,000.00 (equivalent to approximately HK\$351,085,840.00).

The financing funding received by the Project Company (including but not limited to commercial credit) shall only be used in the construction, operation and maintenance of the Project. It shall not be used for any purpose other than in connection with the Project. For the purpose of project financing, the Project Company may pledge the right to receive receivables of the Project without prejudice to the legal rights already obtained by Zhangqiu Water Bureau and without violating the laws of the PRC.

**(6) Performance Guarantees**

The total amount of the performance guarantees to be provided by the Consortium and/or the Project Company in relation to the Project shall be RMB27,500,000.00, the details of which are as follows:

*(a) Performance Guarantee Sum in relation to the Investment*

The Consortium shall, on the day on which the Consortium receives the notice of tender award, provide Zhangqiu Water Bureau with a performance guarantee sum in the amount of RMB500,000.00 in relation to the investment, to guarantee its performance to sign the PPP Project Agreement, to incorporate the Project Company and other obligations. Such guarantee sum shall be returned to the Consortium by Zhangqiu Water Bureau at no interest within 10 days after the incorporation of the Project Company, the signing of the novation agreement between the Project Company, the Consortium and Zhangqiu Water Bureau, and the submission of the letter of performance guarantee in relation to the construction.

*(b) Letter of Performance Guarantee in relation to the Construction*

The Consortium shall, within 30 days from the issuance of the notice of tender award, submit to Zhangqiu Water Bureau a letter of performance guarantee in the sum of RMB15,000,000.00 in relation to the construction, to guarantee its performance of obligations in relation to the construction under the PPP Project Agreement. The aforesaid letter of performance guarantee shall remain effective from the date of the issuance of such guarantee to the date of the submission of the letter of guarantee in relation to the operation and maintenance.

(c) *Letter of Performance Guarantee in relation to the Operation and Maintenance*

The Project Company shall, within 7 days from the construction completion and acceptance of the Project, submit to Zhangqiu Water Bureau a letter of performance guarantee in the sum of RMB2,000,000.00 in relation to the operation and maintenance, to guarantee its performance of obligations in relation to the operation, management and maintenance of the project facilities under the PPP Project Agreement. The aforesaid letter of performance guarantee shall remain effective from the date of the issuance of such guarantee to the date of the submission of the letter of performance guarantee in relation to the transfer.

(d) *Letter of Performance Guarantee in relation to the Transfer*

The Project Company shall, within 30 days prior to the date of transfer, submit to Zhangqiu Water Bureau a letter of performance guarantee in the sum of RMB10,000,000.00 in relation to the transfer, to guarantee its performance of transfer obligations under the PPP Project Agreement. The aforesaid letter of performance guarantee shall remain effective from the date of the issue of such guarantee until 12 months after the transfer of the Project.

**(7) Governance and Management of the Project Company**

It is expected that (a) the Project Company will establish a board of directors and a supervisory board in accordance with the applicable laws and the shareholders' agreement to be entered into between the Consortium; and (b) the Company shall have the right to nominate the majority of the board of directors of the Project Company.

**INFORMATION ABOUT THE PROJECT**

The Plant shall be located in Ji'nan City, Shandong Province. It shall provide waste water treatment services. The Project comprises a waste water treatment plant with a designed daily waste water treatment capacity of 40,000 m<sup>3</sup>, and a designed daily reusable water supply capacity of 20,000 m<sup>3</sup>, an ancillary pipeline network of about 16.8 km and a pumping station.

## **INFORMATION ABOUT THE COMPANY, SICHUAN LUTONG AND ZHANGQIU WATER 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.

Sichuan Lutong is principally engaged in municipal public utilities engineering, housing construction engineering, highway engineering, hydraulic and hydroelectric engineering, building renovation and decoration engineering, steel structural engineering, urban and road lighting engineering, fire fighting equipment engineering, intelligence installation engineering, waterproof, anti-corrosion and heat insulation engineering, crane installation engineering, construction mechanical and electrical equipment installation engineering, foundation engineering, environmental protection engineering and greenery landscape engineering.

Zhangqiu Water Bureau is a governmental institution under the People's Government of Ji'nan City.

## **REASONS AND BENEFITS OF THE PPP PROJECT AGREEMENT**

The Company has a business presence in Shandong Province of the PRC and the Project is a new project secured by the Company in Shandong Province within the principal business of waste water treatment. Accordingly, the Project serves to further expand the presence and influence of the Company in Shandong Province and surrounding areas, and provides a good foundation for the Company to secure more waste water treatment projects in the future. The Project is expected to enhance long-term returns and value for the shareholders of the Company.

The Directors (including the independent non-executive Directors) are of the view that the terms of the PPP Project Agreement are entered into by each party 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 contemplated under the PPP Project Agreement constitutes a discloseable transaction for 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
“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)
“connected person(s)”	has the meaning ascribed thereto under the SEHK Listing Rules
“Consortium”	the Company and Sichuan Lutong
“Cooperation Period”	the cooperation period of the Project under the PPP Project Agreement
“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
“Ji’nan City”	Ji’nan City, Shandong Province, the PRC

“Plant”	Waste Water Treatment (Plant 5) in Zhangqiu District, Ji’nan City
“PPP”	the public-private partnership
“PPP Project Agreement”	the PPP Project Agreement entered into between the Consortium and Zhangqiu Water Bureau on 17 November 2022 for the Project
“PRC”	the People’s Republic of China
“Project”	Waste Water Treatment (Plant 5) PPP Project in Zhangqiu District, Ji’nan City, 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"> <li>(1) all immovable assets and ancillary facilities, including all buildings of the Project, structures and water pipeline network outside the plant area;</li> <li>(2) major and auxiliary equipment, spare products, spare parts, tools and other moveable properties;</li> <li>(3) intellectual properties owned by the Project Company;</li> <li>(4) contractual rights related to the Project; and</li> <li>(5) documents such as information of engineering technologies, operating and maintenance records and quality assurance plans</li> </ul>
“Project Company”	a company to be incorporated in Ji’nan City with limited liability pursuant to the 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 SEHK
“SGX-ST”	Singapore Exchange Securities Trading Limited
“SGX Listing Manual”	the Listing Manual of SGX-ST
“Sichuan Lutong”	Sichuan Lutong Municipal Engineering Co., Ltd. (四川魯通市政工程有限公司), a company incorporated in the PRC with limited liability
“Singapore”	the Republic of Singapore
“Zhangqiu Water Bureau”	the Urban-Rural Water Bureau of Zhangqiu District, Ji’nan City (濟南市章丘區城鄉水務局), a governmental institution under the People’s Government of Ji’nan City
“%”	per cent.

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

Hong Kong and Singapore, 17 November 2022

*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 1.00:1.0955. 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.*