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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)

### **INSIDE INFORMATION ANNOUNCEMENT – ISSUANCE OF ASSET-BACKED SECURITIES IN THE PRC**

#### **1. Introduction**

This announcement is made by China Everbright Water Limited (the “**Company**”) 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 and Chapter 7 of the listing manual of Singapore Exchange Securities Trading Limited.

Further to (i) the announcement dated 28 November 2019 relating to the submission of an application to the Shanghai Stock Exchange (the “**SSE**”) for a possible issuance (the “**Potential ABS Issue**”) by a wholly-owned subsidiary of the Company of asset-backed securities (the “**Asset-Backed Securities**”) to qualified investors in the People’s Republic of China (excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan, for the purpose of this announcement) (the “**PRC**”) pursuant to an asset-backed securities scheme (the “**Scheme**”) and (ii) the announcement dated 26 March 2020 relating to the SSE issuing a no-objection letter confirming that it has no objections to the Potential ABS Issue, the board of directors of the Company (the “**Board**”) is pleased to announce that the Asset-Backed Securities have been issued today (the “**ABS Issue**”).

## 2. Terms of ABS Issue

The terms of the Scheme and the ABS Issue are as follows:

- Original Beneficiary : Everbright Water (Shenzhen) Limited (“**Everbright Water (Shenzhen)**”), which is a wholly-owned subsidiary of the Company
- Manager : Orient Minerva Asset Management Co., Ltd.
- Place of Issue : PRC
- Issue Price : Issued at the face value of the Asset-Backed Securities, which is RMB100 each.
- Size of Issue : The size of the ABS Issue is RMB300,000,000, comprising
- (i) preference Asset-Backed Securities of RMB285,000,000 (the “**Preference ABS**”). The Preference ABS is classified into five classes based on the maturity dates of such Preference ABS, comprising (a) Preference ABS 01 of RMB50,000,000 (“**Preference ABS 1**”); (b) Preference ABS 02 of RMB54,500,000 (“**Preference ABS 2**”); (c) Preference ABS 03 of RMB57,000,000 (“**Preference ABS 3**”); (d) Preference ABS 04 of RMB60,500,000 (“**Preference ABS 4**”); and (e) Preference ABS 05 of RMB63,000,000 (“**Preference ABS 5**”); and
  - (ii) subordinate Asset-Backed Securities of RMB15,000,000 (the “**Subordinate ABS**”).

- Underlying assets : The underlying assets of the Scheme (the “**Underlying Assets**”) refer to the rights of the Relevant Project Companies (defined below) to receive waste water treatment fees during a specific period from 1 March 2020 in relation to the Relevant Projects (defined below). Specifically, several of the Group’s wholly-owned project companies (the “**Relevant Project Companies**”) entered into concession agreements (the “**Relevant Contracts**”) with the relevant concession grantors in relation to four waste water treatment projects in Liaoning Province (the “**Relevant Projects**”); pursuant to the Relevant Contracts, the Relevant Project Companies have the rights to receive waste water treatment fees from the relevant local government authorities on a periodic basis in connection with the waste water treatment services to be provided by such Relevant Projects from time to time. In accordance with the relevant documents of the Scheme, the Original Beneficiary, after being transferred the Underlying Assets from the Relevant Project Companies, transfers the Underlying Assets to the Manager; the Manager purchases the Underlying Assets and establishes the Scheme. The Relevant Project Companies have pledged part of the Underlying Assets in favour of the Scheme.
- Establishment of the Scheme : The Scheme has been established by the Manager. According to the relevant documents of the Scheme, the Manager will sell the Asset-Backed Securities to the Subscribers (defined below) in exchange of the proceeds of subscription, which will then be used by the Manager to purchase the Underlying Assets from the Original Beneficiary. Subsequently, the Manager will make payment to the holders of the Asset-Backed Securities pursuant to the terms of the Scheme from all the assets and revenues of the Scheme generated from the Underlying Assets and the management, utilization and disposal thereof.
- Subscribers : (i) Preference ABS: Qualified investors in the PRC  
(ii) Subordinate ABS: Everbright Water (Shenzhen)

Issuance of Asset-Backed Securities	:	The Asset-Backed Securities have been issued on 17 June 2020.
Maturity Dates of Asset-Backed Securities	:	(i) Preference ABS 1: 26 March 2021 Preference ABS 2: 26 March 2022 Preference ABS 3: 26 March 2023 Preference ABS 4: 26 March 2024 Preference ABS 5: 26 March 2025  (ii) Subordinate ABS: 26 March 2025
Interest Rates	:	(i) Preference ABS 1: 2.98% per annum Preference ABS 2: 3.38% per annum Preference ABS 3: 3.42% per annum Preference ABS 4: 3.80% per annum Preference ABS 5: 3.99% per annum  (ii) Subordinate ABS: Nil
Credit Ratings	:	Each of the Preference ABS 1, Preference ABS 2, Preference ABS 3, Preference ABS 4 and Preference ABS 5 has been given a credit rating of “AAA” by Shanghai Brilliance Credit Rating & Investors Service Co., Ltd, the credit rating agency.
Undertaker to pay the shortfall	:	Everbright Water (Shenzhen) is the undertaker to pay the shortfall under the Scheme (the “ <b>Undertaker</b> ”). The Undertaker undertakes the obligation to pay the shortfall (“ <b>Shortfall Payment Undertaking</b> ”) if the Scheme has insufficient funds to settle all the expected returns and the principal amounts for the Preference ABS and all costs of the Scheme (if any) which are outstanding and payable (aforementioned amounts and costs collectively, the “ <b>Payable Sums</b> ”).

- Guarantor : The Company is the guarantor of the Scheme (the “**Guarantor**”). As the Guarantor, the Company will pay the Payable Sums in the event that the Undertaker fails to pay the Payable Sums as required under the Shortall Payment Undertaking.
- Statutory expiry date of the Scheme : The date which the Scheme shall be terminated no later than, i.e. 26 March 2027 (the “**Statutory Expiry Date of the Scheme**”).
- Termination of the Scheme : The Scheme will be terminated on the Statutory Expiry Date of the Scheme or in the event of occurrence of certain circumstance as prescribed in the documents of the Scheme. Upon termination of the Scheme, the assets under the Scheme will be subject to liquidation and distribution in a specific sequence. After paying all the relevant fees of the Scheme and the principal amounts and returns of the Asset-Backed Securities, the residual assets will be paid to the holder of Subordinate ABS.

### **3. Rationale for the Scheme and the ABS Issue**

The Board is of the view that the ABS Issue will enable the Company and its subsidiaries (the “**Group**”) to replenish the working capital, and allow the Group to optimise its financing structure and maintain its financial cost at a reasonable level.

### **4. Interests of Directors and Substantial Shareholders**

Save for the shareholdings of the directors or substantial shareholders in the Company (if applicable), none of the directors or substantial shareholders of the Company has any direct or indirect interest in the ABS Issue.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## **Important Notice**

*This announcement is for information purposes only and does not constitute or form a part of any offer, solicitation or invitation to sell, issue, purchase or subscribe for securities in any jurisdiction. No securities of or relating to the Company have been or will be registered under the securities laws of any jurisdiction. No public offering of securities will be made in any jurisdiction where such an offering is restricted or prohibited. No money, securities or other consideration is being solicited by this announcement or the information contained herein and, if sent in response to this announcement or the information contained herein, will not be accepted.*

By Order of the Board  
**China Everbright Water Limited**  
**An Xuesong**

*Executive Director and Chief Executive Officer*

Hong Kong and Singapore, 17 June 2020

*As at the date of this announcement, the Board 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.*