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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 – PROPOSED ISSUANCE OF ASSET-BACKED SECURITIES IN MAINLAND CHINA**

#### **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.

References are made to (i) the announcement of the Company dated 8 December 2023 relating to the submission of an application to the Shenzhen Stock Exchange (the “**SZSE**”) 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 institutional investors in mainland China pursuant to an asset-backed products scheme (the “**Scheme**”) and (ii) the announcement of the Company dated 6 March 2024 relating to the issuance of a no-objection letter by the SZSE confirming that it has no objections to the Potential ABS Issue.

The board of directors of the Company (the “**Board**”) wishes to announce that the Company proposes to issue the Asset-Backed Securities with a principal amount of RMB2 billion.

## 2. Terms of Proposed Issuance of Asset-Backed Securities

The terms of the Scheme and the proposed issuance of Asset-Backed Securities 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 : Mainland China

Issue Price : To be issued at the face value of the Asset-Backed Securities, which is RMB100 each.

Size of Issue : The size of the proposed issuance of Asset-Backed Securities will be RMB2 billion comprising:

(i) preference Asset-Backed Securities of RMB1,900,000,000 (the “**Preference ABS**”). The Preference ABS will be classified into seven classes based on the maturity dates of such Preference ABS, comprising

(a) Preference ABS 01 (also known as 24光水01) of RMB182,000,000 (“**Preference ABS 1**”);

(b) Preference ABS 02 (also known as 24光水02) of RMB190,000,000 (“**Preference ABS 2**”);

(c) Preference ABS 03 (also known as 24光水03) of RMB196,000,000 (“**Preference ABS 3**”);

(d) Preference ABS 04 (also known as 24光水04) of RMB212,000,000 (“**Preference ABS 4**”);

(e) Preference ABS 05 (also known as 24光水05) of RMB218,000,000 (“**Preference ABS 5**”);

- (f) Preference ABS 06 (also known as 24光水06) of RMB228,000,000 (“**Preference ABS 6**”); and
- (g) Preference ABS 07 (also known as 24光水07) of RMB674,000,000 (“**Preference ABS 7**”); and
- (ii) subordinate Asset-Backed Securities (also known as 24光水次) of RMB100,000,000 (the “**Subordinate ABS**”).

Underlying assets : The underlying assets of the Scheme (the “**Underlying Assets**”) refer to the rights of Everbright Water (Zibo) Limited (“**Everbright Water (Zibo)**”), a wholly-owned subsidiary of the Company, to receive waste water treatment fees during a specific period from 1 November 2023 in relation to the Relevant Projects (defined below). Specifically, Everbright Water (Zibo) entered into concession agreements (the “**Relevant Contracts**”) with the relevant concession grantors in relation to three waste water treatment projects in Shandong Province (the “**Relevant Projects**”). Pursuant to the Relevant Contracts, Everbright Water (Zibo) has 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 Everbright Water (Zibo), transfers the Underlying Assets to the Manager; the Manager purchases the Underlying Assets and establishes the Scheme. Everbright Water (Zibo) has pledged all of the Underlying Assets in favour of the Scheme.

Establishment of the Scheme	:	The Scheme will be 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 and utilisation thereof.
Subscribers	:	(i) Preference ABS: qualified institutional investors in mainland China  (ii) Subordinate ABS: Everbright Water (Shenzhen)
Issuance of Asset-Backed Securities	:	The Asset-Backed Securities will be issued on 19 April 2024 and the Scheme will be established on 23 April 2024.
Maturity Dates of Asset-Backed Securities	:	(i) Preference ABS 1: 26 February 2025 Preference ABS 2: 26 February 2026 Preference ABS 3: 26 February 2027 Preference ABS 4: 28 February 2028 Preference ABS 5: 26 February 2029 Preference ABS 6: 26 February 2030 Preference ABS 7: 28 February 2033  (ii) Subordinate ABS: 28 February 2033
Credit Ratings	:	Each of the Preference ABS 1, Preference ABS 2, Preference ABS 3, Preference ABS 4, Preference ABS 5, Preference ABS 6 and Preference ABS 7 has been given a credit rating of “AAAsf” by the 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 “**Undertaker**”). The Undertaker undertakes the obligation to pay the shortfall (“**Shortfall Payment Undertaking**”) 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 “**Payable Sums**”).
- 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 Shortfall Payment Undertaking.
- Statutory expiry date of the Scheme : The date which the Scheme shall be terminated no later than, i.e. 26 February 2035 (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 proposed issuance of Asset-Backed Securities**

The Board is of the view that the proposed issuance of Asset-Backed Securities 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 proposed issuance of Asset-Backed Securities.

Further information on the details and results in respect of the issuance of the Asset-Backed Securities (including the size of issue and the interest rate) will be announced by the Company on or around 19 April 2024 following the completion of such issuance.

The proposed issuance of the Asset-Backed Securities is subject to, *inter alia*, prevailing market conditions. Accordingly, the Company may or may not proceed with the issuance of the Asset-Backed Securities. **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**  
**Kwan Yun Fui**  
*Legal Counsel and Joint Company Secretary*

Hong Kong and Singapore, 17 April 2024

*As at the date of this announcement, the board of directors of the Company comprises: (i) a non-executive director, namely Mr. Luan Zusheng (Chairman); (ii) two executive directors, namely Mr. Tao Junjie (Chief Executive Officer) and Mr. Wang Yuexing; and (iii) six independent non-executive directors, namely Mr. Zhai Haitao, Mr. Lim Yu Neng Paul, Ms. Cheng Fong Yee, Ms. Hao Gang, Mr. Ng Joo Hee Peter and Mr. Soh Kok Leong.*