
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 of your Shares in the Company, you should immediately hand this Circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**PROPOSED RENEWAL OF GENERAL MANDATE TO ISSUE SHARES
PROPOSED RENEWAL OF THE IPT MANDATE
PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE
PROPOSED RE-ELECTION OF RETIRING DIRECTORS
PROPOSED RE-APPOINTMENT OF THE COMPANY'S AUDITOR
AND
NOTICE OF ANNUAL GENERAL MEETING**

A Notice convening the 2020 AGM to be held at 9:30 a.m. on Friday, 24 April 2020 at The Ritz-Carlton, Millenia Singapore, Chihuly Room, Level 3, 7 Raffles Avenue, Singapore 039799 is set out on pages 50 to 57 of this Circular. The form of proxy for use at the 2020 AGM is also enclosed with this Circular.

If you are not able to attend the 2020 AGM and wish to appoint a proxy/proxies to attend and vote at the meeting on your behalf, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (for Singapore Shareholders) or the office of the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited at 2103B, 21/F., 148 Electric Road, North Point, Hong Kong (for Hong Kong Shareholders) as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the 2020 AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the 2020 AGM if you so wish and, in such event, the form of proxy shall be deemed to be revoked.

23 March 2020

DEFINITIONS

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

“Bermuda Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“CDP”	The Central Depository (Pte) Limited
“CEIL”	China Everbright International Limited (中國光大國際有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the SEHK (stock code: 257), the Company’s controlling Shareholder
“CEIL Group”	CEIL and its subsidiaries, including the Group
“Circular”	The definitions, the letter from the Board, the Appendix to the letter from the Board and the Notice
“Close Associate(s)”	has the meaning ascribed to it under the SEHK Listing Rules
“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
“Core Connected Person”	has the meaning ascribed to it under the SEHK Listing Rules
“Director(s)”	the director(s) of the Company
“Depositor”	has the meaning ascribed to it in Section 81SF of the SFA
“Depositor Proxy Form”	the enclosed depositor proxy form in respect of the 2020 AGM
“Depository Register”	has the meaning ascribed to it in Section 81SF of the SFA

DEFINITIONS

“EAR Group	<ul style="list-style-type: none">(i) the Company;(ii) subsidiaries of the Company (excluding subsidiaries listed on the SGX-ST or an approved exchange); and(iii) associated companies of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Group, or the Group and interested person(s) of the Company has or have control
“EPC”	engineering-procurement-construction, a project model in which an enterprise is commissioned by a customer to design, procure and construct a project and be responsible for the quality, safety, timing and pricing of the project according to the contract terms
“FY2019 Results”	audited consolidated financial statements of the Group for the financial year ended 31 December 2019
“General Mandate”	a general and unconditional mandate to allot, issue or deal with Shares subject to and in accordance with the terms of the mandate
“Group”	the Company and its subsidiaries and, where the context requires, in respect of the period before the Company became the holding company of any of its present subsidiaries, such present subsidiaries of the Company, the businesses carried on by such subsidiaries and (as the case may be) their predecessors
“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
“Hong Kong Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Independent Non-executive Directors”	Mr Lim Yu Neng Paul, Ms Cheng Fong Yee and Ms Hao Gang

DEFINITIONS

“IPT Mandate”	The general mandate to enable the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the SGX-ST Listing Manual) to enter into certain interested person transactions with the interested persons as set out in the IPT Mandate
“Latest Practicable Date”	12 March 2020, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained herein
“Market Day(s)”	day(s) on which the SGX-ST or the SEHK (as the case may be) is open for trading in securities
“Market Purchases”	purchase or acquisition of Shares by the Company effected on the SGX-ST or the SEHK (as the case may be), through one or more duly licensed stockbrokers appointed by the Company for the purpose
“Mandated IPTs”	the categories of transactions set out in paragraph 6.1 of the Appendix to this Circular
“Maximum Price”	maximum purchase price to be paid for the Shares as determined by the Directors
“Member Proxy Form”	the enclosed member proxy form in respect of the 2020 AGM
“Nominating Committee”	the nominating committee of the Board
“Notice”	the notice of the annual general meeting of the Company dated 23 March 2020 convening the 2020 AGM
“Off-Market Purchases”	purchase or acquisition of Shares by the Company made under an equal access scheme or schemes for the purchase or acquisition of Shares from Shareholders
“SEHK”	The Stock Exchange of Hong Kong Limited
“SEHK Listing Rules”	the Rules Governing the Listing of Securities on SEHK
“SFA”	Securities and Futures Act, Chapter 289 of Singapore
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SGX-ST”	Singapore Exchange Securities Trading Limited

DEFINITIONS

“SGX-ST Listing Manual”	listing manual of the SGX-ST
“Share(s)”	the ordinary share(s) of the Company
“Share Buy-back Mandate”	the mandate to enable the Company to purchase or otherwise acquire its Shares
“Share Premium Account”	the share premium account of the Company
“Shareholder(s)”	person(s) whose names appear 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
“Singapore Companies Act”	the Companies Act, Chapter 50 of Singapore
“S\$” or “Singapore dollar(s)”	Singapore dollar(s), the lawful currency of Singapore
“SSE”	Shanghai Stock Exchange
“subsidiary holdings”	Shares held by subsidiaries of the Company in the circumstances referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Singapore Companies Act
“Substantial Shareholder”	in relation to the Company, a person who has an interest in one or more voting shares included in one of the classes of shares in the Company and the total votes attached to such share(s) is not less than five per cent. of the total votes attached to all the voting shares included in that class, as defined in the Securities and Futures Act, Chapter 289 of Singapore
“Take-over Code”	the Singapore Code on Take-overs and Mergers
“2019 AGM”	the annual general meeting of the Company held on 12 April 2019
“2019 Letter”	letter to Shareholders dated 27 March 2019
“2020 AGM”	the annual general meeting of the Company to be convened at 9:30 a.m. on Friday, 24 April 2020 at The Ritz-Carlton, Millenia Singapore, Chihuly Room, Level 3, 7 Raffles Avenue, Singapore 039799.
“%”	per cent

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

LETTER FROM THE BOARD



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)

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

23 March 2020

To: The Shareholders

Dear Sir/Madam

1. INTRODUCTION

1.1 We refer to:

1.1.1 the Notice;

1.1.2 Ordinary Resolution No. 6 relating to the proposed renewal of the General Mandate, as proposed in the Notice;

1.1.3 Ordinary Resolution No. 9 relating to the proposed renewal of the IPT Mandate, as proposed in the Notice;

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1.1.4 Ordinary Resolution No. 8 relating to the proposed renewal of the Share Buy-back Mandate, as proposed in the Notice;

1.1.5 Ordinary Resolution No. 4(a) relating to the re-election of Mr Wang Tianyi as a non-executive Director of the Company, as proposed in the Notice;

1.1.6 Ordinary Resolution No. 4(b) relating to the re-election of Mr An Xuesong as an executive Director of the Company, as proposed in the Notice; and

1.1.7 Ordinary Resolution No. 5 relating to the re-appointment of Ernst & Young LLP as auditor of the Company, as proposed in the Notice.

1.2 Circular to Shareholders. The purpose of this Circular is to provide Shareholders with information relating to Ordinary Resolution Nos. 4(a), 4(b), 5, 6, 8 and 9 proposed in the Notice.

1.3 SGX-ST. The SGX-ST takes no responsibility for the accuracy of any statements made, opinions expressed or reports contained in this Circular.

1.4 SEHK. Hong Kong Exchanges and Clearing Limited and SEHK take no responsibility for the contents of this Circular, 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 in this Circular.

1.5 Advice to Shareholders. Shareholders who are in any doubt as to the course of action should consult their broker, bank manager, solicitor, accountant or other professional advisers immediately.

2. THE PROPOSED RENEWAL OF GENERAL MANDATE

An ordinary resolution as set out in the Notice will be proposed at the 2020 AGM, pursuant to the Bye-laws, the SGX-ST Listing Manual and the SEHK Listing Rules, to seek the approval of the Shareholders to authorise and empower the Directors to:

- (a) (i) issue Shares in the capital of the Company, whether by way of rights, bonus or otherwise;
- (ii) make or grant offers, agreements or options that might or would require Shares to be issued or other transferable rights to subscribe for or purchase Shares (collectively, “**Instruments**”) including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares;

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(iii) issue additional instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issue,

at any time to such persons and upon such terms and for such purposes as the Directors may, in their absolute discretion, deem fit; and

(b) (notwithstanding the authority conferred by the Shareholders may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while such authority was in force;

provided always, that subject to any applicable regulations as may be prescribed by the SGX-ST and the SEHK,

(i) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued Shares excluding treasury shares of the Company, of which the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to existing Shareholders does not exceed 20% of the total number of issued Shares excluding treasury shares of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's total number of issued Shares excluding treasury shares at the time this resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities; or

(b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX-ST Listing Manual; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares; and

(ii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the SGX-ST Listing Manual as amended from time to time (unless such compliance has been waived by the SGX-ST), the SEHK Listing Rules as amended from time to time (unless such compliance has been waived by the SEHK) and the Bye-laws; and

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- (iii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

Notwithstanding the above, it must be noted that the SEHK Listing Rules provide that the General Mandate obtained from Shareholders in a general meeting shall be subject to a restriction that the aggregate number of Shares allotted or agreed to be allotted under the General Mandate must not exceed 20% of the existing issued share capital of the Company. The Company will comply with the requirements under the SEHK Listing Rules or the SGX-ST Listing Manual for matters relating to the General Mandate, whichever is more onerous.

As at the Latest Practicable Date, the Company had 2,860,876,723 Shares in issue and the maximum number of Shares that can be issued (regardless of whether the Shares are issued to the Shareholders on a pro-rata basis) is 572,175,344 Shares, being 20% of the Shares in issue (assuming no Share is issued or repurchased after the Latest Practicable Date and up to the passing of the relevant resolution).

The grant of the General Mandate will provide flexibility to the Directors to issue new Shares when it is in the interest of the Company.

3. THE PROPOSED RENEWAL OF THE IPT MANDATE

3.1 Background. At the 2019 AGM, Shareholders had approved the renewal of the IPT Mandate. Particulars of the IPT Mandate were set out in the Appendix to the 2019 Letter.

The IPT Mandate which was renewed at the 2019 AGM was expressed to continue in force until the next annual general meeting of the Company and, as such, will be expiring on 24 April 2020, being the date of the 2020 AGM. Accordingly, Shareholders' approval is being sought for the renewal of the IPT Mandate at the 2020 AGM, to take effect until the conclusion of the next annual general meeting of the Company which is scheduled to be held in 2021.

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3.2 Rationale. It is envisaged that in the ordinary course of their businesses, transactions between companies in the EAR Group (as defined below) and the Company's interested persons are likely to occur from time to time. Such transactions are necessary for the day-to-day operations of the EAR Group and would include, but are not limited to, the provision of goods, facilities and services in the ordinary course of business of the EAR Group to the Company's interested persons or the obtaining of goods, facilities and services from them.

In particular, China Everbright Group Ltd., the Company's indirect controlling shareholder, is a major financial holding group in China, with business presence in various industries and sectors. Its business areas include, amongst others, banking, securities, insurance, funds, trusts, futures, leasing, investment, environmental protection, hospitalism and pharmaceutical. The EAR Group may leverage on China Everbright Group Ltd.'s and its associates' wide spectrum of businesses and rich resources to support its future development. Some of China Everbright Group Ltd.'s major subsidiaries include:

- (a) CEIL, a one-stop integrated environmental solution provider listed on the SEHK;
- (b) China Everbright Limited, an investment holding company principally engaged in fund management and investment business and listed on SEHK;
- (c) China Everbright Bank Co., Ltd., a commercial bank listed on the SSE and SEHK;
- (d) Everbright Securities Company Limited, a securities brokerage company listed on SSE and SEHK; and
- (e) Sun Life Everbright Life Co., Ltd., an insurance company which has branches in various provinces and municipalities in China.

In view of the time-sensitive nature of commercial transactions, the renewal of the IPT Mandate pursuant to Chapter 9 of the SGX-ST Listing Manual will enable the EAR Group, or any of them, in the ordinary course of their businesses, to enter into the Mandated IPTs with the Company's interested persons set out in paragraph 5.1 of the Appendix to this Circular, provided such Mandated IPTs are made on normal commercial terms.

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3.3 Benefit to Shareholders. The IPT Mandate (and its subsequent renewal thereafter on an annual basis) will enhance the ability of companies in the EAR Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant company in the EAR Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives.

3.4 Terms of the IPT Mandate. The IPT Mandate, including the review procedures for determining transaction prices and other general information relating to Chapter 9 of the SGX-ST Listing Manual, is set out in the Appendix to this Circular. The terms of the IPT Mandate which is sought to be renewed remain unchanged.

3.5 Audit Committee Statement. The Audit Committee of the Company (save for Mr Zhai Haitao), comprising Mr Lim Yu Neng Paul, Ms Cheng Fong Yee and Ms Hao Gang, confirms that:

- (a) the methods or procedures for determining the transaction prices under the IPT Mandate have not changed since the 2019 AGM; and
- (b) the methods or procedures referred to in paragraph 3.5(a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

4. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

4.1 Background. At the 2019 AGM, Shareholders had approved the renewal of the Share Buy-back Mandate. The authority and limitations of the Share Buy-back Mandate were set out in the 2019 Letter and the ordinary resolution in the notice of the 2019 AGM. The Share Buy-back Mandate approved at the 2019 AGM was expressed to continue in force until the next annual general meeting of the Company and, as such, will be expiring on 24 April 2020, being the date of the 2020 AGM. Accordingly, Shareholders' approval is being sought for the renewal of the Share Buy-back Mandate at the 2020 AGM.

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- 4.2 Market Purchases.** As at the Latest Practicable Date, the Company had not purchased or acquired any Shares by way of Market Purchases in the preceding 12 months pursuant to the Share Buy-Back Mandate approved by Shareholders at the 2019 AGM.
- 4.3 Rationale.** The Share Buy-back Mandate will give the Company the flexibility to undertake purchases or acquisitions of its Shares at any time, subject to market conditions, during the period that the Share Buy-back Mandate is in force. Share purchases or acquisitions allow the Company greater flexibility over its share capital structure with a view to improving, *inter alia*, its return on equity.

It should be noted that the purchase or acquisition of Shares pursuant to the Share Buy-back Mandate will only be undertaken if it can benefit the Company and Shareholders. No purchase or acquisition of Shares will be made in the circumstances which would have or may have a material adverse effect on the financial position of the Group, and/or affect the listing status of the Company on the SGX-ST or the SEHK. In addition, any purchase or acquisition of its Shares has to be made in accordance with, and in the manner prescribed by the Bermuda Companies Act, the Bye-laws, the SGX-ST Listing Manual, the SEHK Listing Rules and such other laws and regulations as may, for the time being, be applicable.

- 4.4 Authority and Limitations.** The authority and limitations on the purchase or acquisition of Shares by the Company under the Share Buy-back Mandate are summarised below.

4.4.1 Maximum number of Shares

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Buy-back Mandate is limited to that number of Shares representing not more than 10 per cent. of the total number of issued Shares (excluding any Shares held by the Company as treasury shares and any subsidiary holdings) as at the date of the 2020 AGM. Under the SGX-ST Listing Manual, treasury shares and subsidiary holdings are to be disregarded for purposes of computing the 10 per cent. limit.

As at the Latest Practicable Date, no Shares were held as treasury shares and there are no subsidiary holdings. Purely for illustrative purposes, on the basis that the total number of issued Shares is 2,860,876,723 as at the Latest Practicable Date and assuming that between the Latest Practicable Date and the date of the 2020 AGM (i) no new Shares are issued, (ii) no Shares are held as treasury shares, and (iii) no Shares are subsidiary holdings, then not more than 286,087,672 Shares (representing 10 per cent. of the total number of issued Shares as at the approval date) may be purchased or acquired by the Company pursuant to the Share Buy-back Mandate.

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4.4.2 Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the date of the 2020 AGM, at which the Share Buy-back Mandate is approved, up to:

- (i) the date (being a date after the 2020 AGM) on which the next annual general meeting of the Company is held or required by law to be held;
- (ii) the date (being a date after the 2020 AGM) on which the authority conferred by the Share Buy-back Mandate is revoked or varied by the Company in a general meeting; or
- (iii) the date (being a date after the 2020 AGM) on which the purchases or acquisitions of Shares pursuant to the Share Buy-back Mandate are carried out to the full extent mandated,

whichever is the earliest.

4.4.3 Manner of purchase or acquisition of Shares

Purchases or acquisitions of Shares may be made by way of:

- (i) Market Purchases; and/or
- (ii) Off-Market Purchases.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buy-back Mandate, the SGX-ST Listing Manual, the SEHK Listing Rules, the Bermuda Companies Act and the Bye-laws, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. As required under the SGX-ST Listing Manual, an Off-Market Purchase must, however, also satisfy all the following conditions prescribed by the Singapore Companies Act:

- (a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (b) all of those persons shall be given a reasonable opportunity to accept the offers made; and

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- (c) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (2) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Additionally, the SGX-ST Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain, *inter alia*, the following information:

- (A) the terms and conditions of the offer;
- (B) the period and procedures for acceptances;
- (C) the reasons for the proposed Share purchases;
- (D) the consequences, if any, of Share purchases by the Company that will arise under the Take-over Code or other applicable takeover rules;
- (E) whether the Share purchases, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (F) details of any Share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (G) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

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4.4.4 Purchase Price

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. However, the Maximum Price must not exceed:

- (i) in the case of a Market Purchase, five per cent. above the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase, five per cent. above the Average Closing Price,

in either case, excluding related expenses of the purchase or acquisition. For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five Market Days on which the Shares were transacted on the SGX-ST or the SEHK (as the case may be), before the date of the Market Purchase by the Company, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the SGX-ST Listing Manual or the SEHK Listing Rules (as the case may be) for any corporate action which occurs during the relevant five-day period and the day on which the purchases are made; and

“**date of the making of the offer**” means the date on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

4.4.5 Solvency Test

Under the Bermuda Companies Act, no purchase by a company of its own shares may be effected if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due.

- 4.5 Status of Purchased or Acquired Shares.** Under Bermuda law, the Shares purchased or acquired by the Company shall be treated as cancelled immediately upon purchase or acquisition, unless such Shares are held by the Company as treasury shares. Upon cancellation of the Shares, the total issued capital of the Company will be diminished by the nominal value of the Shares purchased or acquired by the Company. The Shares purchased or acquired by the Company shall not be taken as reducing the amount of the Company’s authorised share capital.

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- 4.6 Treasury Shares.** As at the Latest Practicable Date, the Company does not hold any treasury shares.
- 4.7 Source of Funds.** In purchasing or acquiring Shares pursuant to the Share Buy-back Mandate, the Company may only apply funds legally available for such purchase or acquisition in accordance with the Bye-laws and applicable laws. Under the Bermuda Companies Act, any payment made by the Company in consideration of the purchase or acquisition of its Shares may be made out of the capital paid up thereon or out of the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purposes of the repurchase. The premium, if any, payable on repurchase of Shares, is to be provided for out of funds of the Company which would otherwise be available for dividend or distribution or out of the Share Premium Account before the Shares are repurchased. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its Shares. The Directors do not propose to exercise the Share Buy-back Mandate to such extent that it would materially affect the working capital requirements, financial flexibility or investment ability of the Group.
- 4.8 Financial Effects.** The financial effects on the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Share Buy-back Mandate will depend on, *inter alia*, the manner in which the purchase or acquisition is funded, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time. The financial effects on the Group based on the FY2019 Results are based on the assumptions set out below.

4.8.1 Manner in which the Purchase or Acquisition is Funded

Under the Bermuda Companies Act, any payment made by the Company in consideration of the purchase or acquisition of its Shares may be made out of the capital paid up thereon or out of the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purposes of the repurchase. The premium, if any, payable on repurchase of Shares, is to be provided for out of funds of the Company which would otherwise be available for dividend or distribution or out of the Share Premium Account before the Shares are repurchased.

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Where any payment made by the Company in consideration of the purchase or acquisition of Shares is made out of the capital paid up thereon or out of the proceeds of a fresh issue of Shares made for the purposes of the repurchase, the amount available for declaration and payment of cash dividends by the Company will not be reduced.

Where any payment made by the Company in consideration of the purchase or acquisition of Shares is made out of funds of the Company which would otherwise be available for dividend or distribution, such consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for declaration and payment of cash dividends by the Company.

4.8.2 Maximum Price Paid for Shares Acquired or Purchased

Based on 2,860,876,723 issued Shares as at the Latest Practicable Date, the purchase by the Company of 10 per cent. of such Shares will result in the purchase or acquisition of 286,087,672 Shares.

Assuming that the Company purchases or acquires the 286,087,672 Shares on the SGX-ST at the Maximum Price on the Latest Practicable Date, the maximum amount of funds required is approximately:

- (i) in the case of Market Purchases, S\$84,109,776 based on S\$0.294 for each Share (being the price equivalent to five per cent. above the Average Closing Price of the Shares traded on the SGX-ST over the last five Market Days preceding the Latest Practicable Date); and
- (ii) in the case of Off-Market Purchases, S\$84,109,776 based on S\$0.294 for each Share (being the price equivalent to five per cent. above the Average Closing Price of the Shares traded on the SGX-ST over the last five Market Days preceding the Latest Practicable Date).

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4.8.3 For illustrative purposes only, on the basis of the assumptions set out above as well as the following:

- (i) the Share Buy-back Mandate had been effective on 1 January 2019;
- (ii) the purchase of Shares took place at the beginning of the financial year on 1 January 2019;
- (iii) there was no issuance of Shares after the Latest Practicable Date; and
- (iv) the Share purchases were funded by internal resources and/or external borrowings,

the financial effects on the FY2019 Results would have been as follows:

Purchases made equally out of profits (5%) and capital (5%) and all cancelled⁽¹⁾

	GROUP		COMPANY	
	Before Share Buy-back HK\$'000	After Share Buy-back HK\$'000⁽²⁾	Before Share Buy-back HK\$'000	After Share Buy-back HK\$'000⁽²⁾
As at 31 December 2019				
Shareholders' Funds ⁽³⁾	8,810,069	8,328,064	9,960,444	9,478,439
Net Asset Value	9,548,752	9,066,747	9,960,444	9,478,439
Total Assets	22,683,031	22,668,992	15,615,547	15,601,508
Total Liabilities	13,134,279	13,602,245	5,655,103	6,123,069
Total Borrowings ⁽⁴⁾	9,079,696	9,547,662	5,562,222	6,030,188
Profit Attributable to Equity Holders ⁽⁵⁾	833,483	819,444	168,678	154,639
Number of Shares ('000)				
Issued and Paid-up Share Capital	2,860,877	2,574,789	2,860,877	2,574,789
Weighted Average Number of Issued and Paid-up Shares	2,772,099	2,486,011	2,772,099	2,486,011
Financial Ratios				
Net Asset Value per Share (HK\$)	3.08	3.23	3.48	3.68
Earnings per Share (HK\$)	0.301	0.330	n.m. ⁽⁶⁾	n.m. ⁽⁶⁾
Gearing Ratio ⁽⁷⁾	58%	60%	36%	39%

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Notes:

- (1) The disclosed financial effects remain the same irrespective of whether the purchase of Shares is made by way of Market Purchases or Off-Market Purchases.
- (2) Assumes that the Company purchases the maximum limit of 286,087,672 Shares at the Maximum Price of S\$0.294 per Share (being the price equivalent to five per cent. above the Average Closing Price of the Shares traded on the SGX-ST over the last five Market Days preceding the Latest Practicable Date).
- (3) “**Shareholders’ Funds**” means the aggregate amounts of Share Capital, Share Premium, foreign currency translation reserve, statutory reserve, contributed surplus reserve, other reserves and retained earnings.
- (4) “**Total Borrowings**” means short term and long term borrowings.
- (5) “**Profit Attributable to Equity Holders**” after Share Buy-back has been adjusted by the notional interest expense incurred at the interest rate of three per cent. per annum less taxation.
- (6) “**n.m.**” means not meaningful.
- (7) “**Gearing Ratio**” represents the ratio of total liabilities to total assets.

SHAREHOLDERS SHOULD NOTE THAT THE FOREGOING FINANCIAL EFFECTS ARE BASED ON THE FY2019 RESULTS AND THE ABOVE ASSUMPTIONS AND ARE FOR ILLUSTRATION ONLY. THE FY2019 RESULTS MAY NOT BE REPRESENTATIVE OF FUTURE PERFORMANCE.

It should be noted that although the Share Buy-back Mandate would authorise the Company to purchase or acquire up to 10 per cent. of the total number of issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10 per cent. In addition, the Shares purchased or acquired by the Company shall be treated as cancelled immediately or be held by the Company as treasury shares upon purchase or acquisition. The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a Share purchase before execution.

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4.9 Taxation. Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore or Hong Kong, should consult their own professional advisers.

4.10 Listing Status of the Shares under the SGX-ST Listing Manual and the SEHK Listing Rules. The SGX-ST Listing Manual requires a listed company to ensure that at least 10 per cent. of the total number of its issued shares (excluding treasury shares, subsidiary holdings, preference shares and convertible equity securities) in a class that is listed is held by public shareholders at all times.

As at the Latest Practicable Date, approximately 27.05 per cent. of the total number of Shares are held by public Shareholders. Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases and/or Off-Market Purchases up to the full 10 per cent. limit pursuant to the Share Buy-back Mandate without affecting the listing status of the Shares on the SGX-ST. The Company will consider investor interests when maintaining a liquid market in its securities and will ensure that there is a sufficient float for an orderly market in its securities when purchasing its Shares.

Under SEHK Listing Rules

The SEHK Listing Rules prohibit a company from making repurchase on the SEHK if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the SEHK) of the issued Shares would be in public hands. The Company has no present intention to exercise the Share Buy-back Mandate to such extent which would otherwise result in the number of Shares being held by the public falling below the such minimum requirement.

An issuer shall not purchase its shares on SEHK at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the SEHK in accordance with the SEHK Listing Rules) for the approval of the issuer's results for any year, half-year, quarterly or any other interim period (whether or not required under the SEHK Listing Rules); and (b) the deadline for the issuer to announce its results for any year or half-year under the SEHK Listing Rules, or quarterly or any other interim period (whether or not required under the SEHK Listing Rules), and ending on the date of the results announcement, the issuer may not purchase its shares on the SEHK, unless the circumstances are exceptional. Further, an issuer shall not knowingly purchase its shares from a Core Connected Person and a Core Connected Person shall not knowingly sell shares to the issuer, on the SEHK.

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In undertaking any purchases or acquisitions of the Shares, the Directors will use their best efforts to ensure that, notwithstanding such Share purchases or acquisitions, a sufficient float in the hands of the public will be maintained so that the Share purchases or acquisitions will not adversely affect the listing status of the Shares on the SEHK, cause market illiquidity or adversely affect the orderly trading of the Shares.

4.11 SGX-ST Listing Manual. The SGX-ST Listing Manual restricts a listed company from purchasing shares by way of market purchases at a price per share which is more than five per cent. above the “average closing price”, being the average of the closing market prices of the shares over the last five Market Days on which transactions in the shares were recorded, before the day on which the purchases were made, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchases are made. The Maximum Price for a Share in relation to Market Purchases referred to in paragraph 4.4.4(i) above complies with this requirement. Although the SGX-ST Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of off-market purchases, the Company has set a cap of five per cent. above the Average Closing Price as the maximum price for a Share to be purchased or acquired by way of an Off-Market Purchase.

The Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-back Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of consideration and/or a decision of the board of directors of the Company until such price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares during the period commencing two weeks before the announcement of the Company’s results for each of the first three quarters of its financial year and one month before the announcement of the Company’s full year results (if the Company announces its quarterly results, whether required by the SGX-ST or otherwise), or one month before the announcement of the Company’s half year and full year results (if the Company does not announce its quarterly results).

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4.12 Reporting Requirements. The SGX-ST Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (i) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (ii) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptances of the offer. Such announcement (which must be in the form prescribed by the SGX-ST Listing Manual) must include details of the date of the purchase, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, the total consideration (including stamp duties and clearing charges) paid or payable for the shares, the number of shares purchased as at the date of announcement (on a cumulative basis), the number of shares excluding treasury shares and subsidiary holdings, the number of treasury shares held after the purchase and the number of subsidiary holdings after the purchase.

Under the SEHK Listing Rules, after a listed issuer has made a purchase of its shares whether on the SEHK or otherwise, the listed issuer shall:

- (a) submit for publication to the SEHK not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following any day on which the issuer makes a purchase or acquisition of shares (whether on the SEHK or otherwise), the total number of shares purchased or acquired by the issuer on the previous day, the purchase price per share or the highest and lowest prices paid for such purchases or acquisitions of shares which were made on the SEHK were made in accordance with the SEHK Listing Rules and if the issuer's primary listing is on the SEHK, that there have been no material changes to the particulars contained in the explanatory statement issued by the listed issuer in relation to the mandate pursuant to which such purchase or acquisition of shares is made. In respect of purchases or acquisitions of shares made on another stock exchange, the issuer's report must confirm that those purchases were made in accordance with the domestic rules applying to purchases on that other stock exchange. Such reports shall be made on a return in such form and containing such information as the SEHK may from time to time prescribe. In the event that no shares are purchased on any particular day then no return need be made to the SEHK; and
- (b) include in its annual report and accounts a monthly breakdown of purchases of shares made during the financial year under review showing the number of shares purchased each month (whether on the SEHK or otherwise) and the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate price paid by the issuer for such

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purchases. The section headed “Directors’ Statement” in the annual report shall contain reference to the purchases made during the year and the reasons for making such purchases.

4.13 Take-over Implications under the Take-over Code. Appendix 2 of the Take-over Code contains the Share Buy-back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

4.13.1 Obligation to make a Take-over Offer

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Take-over Code.

4.13.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

In addition, under the Take-over Code, certain persons are presumed to be acting in concert with each other, unless the contrary is established. For example, the following individuals and companies will be presumed to be acting in concert with each other:

- (i) the following companies:
 - (a) a company;
 - (b) the parent company of (a);
 - (c) the subsidiaries of (a);
 - (d) the fellow subsidiaries of (a);
 - (e) the associated companies of any of (a), (b), (c) or (d);
 - (f) companies whose associated companies include any of (a), (b), (c), (d) or (e); and

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- (g) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights; and
- (ii) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 to the Take-over Code.

4.13.3 Effect of Rule 14 and Appendix 2

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30 per cent. or more, or in the event that such Directors and their concert parties hold between (and including) 30 per cent. and 50 per cent. of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than one per cent. in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30 per cent. or more, or, if such Shareholder holds between (and including) 30 per cent. and 50 per cent. of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-back Mandate.

Based on the interests of the Substantial Shareholders as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date as set out in paragraph 5.3 below, none of the Substantial Shareholders would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the purchase by the Company of the maximum limit of 10 per cent. of its issued Shares as at the Latest Practicable Date.

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4.14 Take-over Implications under the Hong Kong Takeovers Code

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Share Buy-back Mandate, such an increase will be treated as an acquisition for the purpose of Rule 32 of the Hong Kong Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Hong Kong Takeovers Code. The Directors are not aware of any Shareholders, or a group of Shareholders acting in concert, who may become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Hong Kong Takeovers Code in the event that the Directors exercise the power to repurchase Shares pursuant to the Share Buy-back Mandate.

As at the Latest Practicable Date, so far as the Directors are aware, the following Shareholders are interested in 5% or more of the Shares then in issue:

Name of substantial Shareholders	Nature of interest	Number of Shares interested	Approximate percentage of shareholdings in the Company as at the Latest Practicable Date	Approximate percentage of shareholdings in the Company after the Directors exercise in full the power to purchase or acquire the Shares <i>(Note)</i>
China Everbright Water Holdings Limited	Beneficial interest	2,084,724,572	72.87%	80.97%
China Everbright Environmental Protection Holdings Limited	Interests in controlled corporation	2,084,724,572	72.87%	80.97%
CEIL	Interests in controlled corporation	2,084,724,572	72.87%	80.97%
Guildford Limited	Interests in controlled corporation	2,084,724,572	72.87%	80.97%
Datten Investments Limited	Interests in controlled corporation	2,084,724,572	72.87%	80.97%
China Everbright Holdings Company Limited	Interests in controlled corporation	2,084,724,572	72.87%	80.97%

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Name of substantial Shareholders	Nature of interest	Number of Shares interested	Approximate percentage of shareholdings in the Company as at the Latest Practicable Date	Approximate percentage of shareholdings in the Company after the Directors exercise in full the power to purchase or acquire the Shares <i>(Note)</i>
China Everbright Group Ltd.	Interests in controlled corporation	2,084,724,572	72.87%	80.97%
Central Huijin Investment Ltd.	Interests in controlled corporation	2,084,724,572	72.87%	80.97%

Note: The Company has no present intention to exercise the Share Buy-back Mandate to such extent which would otherwise result in takeover obligations under the Hong Kong Takeovers Code or the number of Shares being held by the public falling below the minimum requirement as prescribed by the SEHK, which is currently 25% of the entire issued share capital of the Company.

SHAREHOLDERS WHO ARE IN DOUBT AS TO THEIR OBLIGATIONS, IF ANY, TO MAKE A MANDATORY TAKE-OVER OFFER UNDER THE TAKE-OVER CODE OR THE HONG KONG TAKEOVERS CODE AS A RESULT OF ANY PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY SHOULD CONSULT THE SECURITIES INDUSTRY COUNCIL OF SINGAPORE AND THE SECURITIES AND FUTURES COMMISSION OF HONG KONG AND/OR THEIR PROFESSIONAL ADVISERS AT THE EARLIEST OPPORTUNITY.

4.15 General and Director's undertaking

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, their Close Associates, have any present intention to sell to the Company or its subsidiaries any of the Shares in the Company if the Share Buy-Back Mandate is approved at the 2020 AGM.

No Core Connected Person has notified the Company that he/she has a present intention to sell any Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorised to make repurchases of Shares when the Share Buy-Back Mandate is approved and exercised.

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The Directors have undertaken to the SEHK that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Share Buy-Back Mandate in accordance with the SEHK Listing Rules and applicable laws of Singapore, and in accordance with the regulations set out in the Bye-laws.

4.16 Share Prices

The highest and lowest prices at which the Shares have traded on the SGX-ST and the SEHK during each of the previous twelve months up to the Latest Practicable Date were as follows:

Month	Highest Prices on the SGX-ST (S\$)	Lowest Prices on the SGX-ST (S\$)	Highest Prices on the SEHK (HK\$)	Lowest Prices on the SEHK (HK\$)
2019				
April	0.480	0.328	N/A	N/A
May	0.426	0.348	3.000	2.080
June	0.353	0.313	2.100	1.880
July	0.362	0.333	2.220	1.930
August	0.338	0.309	1.990	1.730
September	0.325	0.305	1.840	1.720
October	0.320	0.300	1.840	1.720
November	0.355	0.305	1.990	1.760
December	0.325	0.310	1.840	1.770
2020				
January	0.330	0.300	1.890	1.650
February	0.315	0.290	1.740	1.630
March (up to and including the Latest Practicable Date)	0.310	0.260	1.760	1.550

5. FURTHER INFORMATION

5.1 Interests of Directors and Controlling Shareholders. None of the Directors or, to the best of the Company's knowledge, the controlling Shareholders of the Company, has any interest, direct or indirect, in the Share Buy-back Mandate (other than through their respective shareholdings in the Company).

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5.2 Shareholding Interests of Directors. The interests of Directors in the Company as recorded in the Register of Directors' Shareholdings as at the Latest Practicable Date are set out below:

Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Mr Wang Tianyi	-	-	-	-
Mr An Xuesong	-	-	-	-
Mr Luo Junling	-	-	-	-
Mr Zhai Haitao	-	-	-	-
Mr Lim Yu Neng Paul ⁽¹⁾	-	-	1,608,909	0.06
Ms Cheng Fong Yee	622,266	0.02	-	-
Ms Hao Gang	-	-	-	-

Note:

⁽¹⁾ Mr Lim Yu Neng Paul is deemed to be interested in 100,509 Shares held in the name of Citibank Nominees Singapore Pte. Ltd and 1,508,400 Shares held in the name of DBS Nominees (Pte) Ltd.

5.3 Shareholding Interests of Substantial Shareholders. The interests of Substantial Shareholders in the Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
China Everbright Water Holdings Limited	2,084,724,572	72.87	-	-
China Everbright Environmental Protection Holdings Limited ⁽¹⁾	-	-	2,084,724,572	72.87
CEIL ⁽²⁾	-	-	2,084,724,572	72.87
Guildford Limited ⁽³⁾	-	-	2,084,724,572	72.87
Datten Investments Limited ⁽⁴⁾	-	-	2,084,724,572	72.87
China Everbright Holdings Company Limited ⁽⁵⁾	-	-	2,084,724,572	72.87
China Everbright Group Ltd. ⁽⁶⁾	-	-	2,084,724,572	72.87
Central Huijin Investment Ltd. ⁽⁷⁾	-	-	2,084,724,572	72.87

Notes:

⁽¹⁾ China Everbright Environmental Protection Holdings Limited, which is the holding company of China Everbright Water Holdings Limited, is deemed to have an interest in the Shares held by China Everbright Water Holdings Limited.

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- (2) CEIL is the holding company of China Everbright Environmental Protection Holdings Limited and is deemed to have an interest in the Shares in which China Everbright Environmental Protection Holdings Limited has an interest.
- (3) Guildford Limited holds more than 20 per cent. but not more than 50 per cent. of the total issued shares of CEIL and is deemed to have an interest in the Shares in which CEIL has an interest.
- (4) Datten Investments Limited is the holding company of Guildford Limited and is deemed to have an interest in the Shares in which Guildford Limited has an interest.
- (5) China Everbright Holdings Company Limited is the holding company of Datten Investments Limited and is deemed to have an interest in the Shares in which Datten Investments Limited has an interest.
- (6) China Everbright Group Ltd. is the holding company of China Everbright Holdings Company Limited and is deemed to have an interest in the Shares in which China Everbright Holdings Company Limited has an interest.
- (7) Central Huijin Investment Ltd. holds 55.67 per cent. of the shares in China Everbright Group Ltd. and is deemed to have an interest in the Shares in which China Everbright Group Ltd. has an interest.

6. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

6.1 Background. Pursuant to Bye-law 86(1) of the Bye-laws, Mr Wang Tianyi (王天義) and Mr An Xuesong (安雪松) will retire as Directors by rotation. All of the retiring Directors, being eligible, will offer themselves for re-election at the 2020 AGM.

Following a review of each of Mr Wang's and Mr An's expertise, experience, overall contribution to the Company, the Board and/or Board committee meetings, the Nominating Committee and the Board recommend that Mr Wang and Mr An be nominated for re-election as a non-executive director and an executive director, respectively, at the 2020 AGM.

The Board has resolved to put forward the above proposals at the 2020 AGM for the consideration and approval by the Shareholders. The appointment of each of the Directors shall take effect from the date of approval by the Shareholders at the 2020 AGM by way of an ordinary resolution and shall last for a term of three years commencing from the date of approval at the 2020 AGM.

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6.2 Biographical Details of Directors. Biographical details of the Directors to be re-elected as members of the Board are as follows:

Non-executive Director

Mr Wang Tianyi (王天義), aged 57 and primarily residing in Hong Kong, is the non-executive Director and chairman of the Company. He is also the chairman of the Strategy Committee, a member of the Nominating Committee and the Remuneration Committee of the Company, and a director of several subsidiaries of the Group. Mr Wang is the executive director and chief executive officer of CEIL. He is also the non-executive director and chairman of China Everbright Greentech Limited (a subsidiary of CEIL, the shares of which are listed on the SEHK).

Mr Wang joined the board of directors of CEIL as an executive director in February 2010, and has been re-designated as executive director and chief executive officer of CEIL from January 2018. Prior to joining the Group and CEIL, Mr Wang was formerly the Dean of Shandong Academy of Science and the Deputy Mayor of Ji'nan City, Shandong Province. Mr Wang had been the Vice President of Yantai University, and the Dean and Professor of the Economic Management Faculty of Yantai University, in Shandong Province.

Mr Wang is currently a part-time professor of Tsinghua University, the Co-Director of the Center for Public-Private Partnership at Tsinghua University, a member of International Coalition for Green Development on the Belt and Road Advisory Board, a vice chairman of China Ecological Civilization Research and Promotion Association, a vice chairman of All-China Environment Federation, and a vice chairman of Industrial and Academic Union of Ecological Environment of the China Association for Science and Technology. He is also a member of the United Nations Economic Commission for Europe Public-Private Partnership Business Advisory Board, a member of the China Council for International Cooperation on Environment and Development, and a member of China Business Research Centre Advisory Council of the National University of Singapore.

Mr Wang holds a Doctorate degree in Economics, a Master's degree in Management and a Bachelor's degree in Electronics from Tsinghua University. He had pursued advanced studies at Harvard University and University of California in the United States.

Mr Wang joined the Board in December 2014 and was re-designated as non-executive Director and chairman of the Company in February 2017. He was last re-elected as Director at the annual general meeting of the Company held on 25 April 2017.

Mr Wang has a service agreement with the Company for a period of three years subject to the relevant provisions of retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws. Under the terms of Mr Wang's service agreement, Mr Wang is not entitled to a director's fee but may be entitled to benefits in kind. During the financial year ended 31 December 2019, Mr Wang did not receive any director's fees, allowances or benefits in kind from the Company.

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Save as disclosed above, Mr Wang has not held any directorships in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the three years preceding the Latest Practicable Date, has not held any other position in any members of the Group, and has no other relationship with any Director, member of senior management, substantial or controlling Shareholders of the Company. As at the Latest Practicable Date, Mr Wang had no interest in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, there are no matters concerning Mr Wang that need to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the SEHK Listing Rules, nor any other matters that are required to be brought to the attention of the Shareholders.

Mr Wang has submitted an undertaking to the Company under Rule 720(1) of the SGX-ST Listing Manual. In addition, Mr Wang has confirmed that there is no change to his responses previously disclosed under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual, which were all “No”.

Executive Director

Mr An Xuesong (安雪松), aged 49 and primarily residing in Hong Kong, is the executive Director and chief executive officer (“CEO”) of the Company. He is also the chairman of the Management Committee, a member of the Strategy Committee of the Company, and a director of several subsidiaries of the Group. He is also the deputy general manager of CEIL.

Mr An is responsible for the overall management of the Group by establishing annual operating targets and monitoring their execution, investment, business development, internal control and risk management. He has comprehensive experience and knowledge in mergers and acquisitions, project investment and management, accounting management and risk management. Mr An joined the CEIL Group in May 2002 and has been working in the CEIL Group for over 15 years. He has since served as the assistant general manager of CEIL and the general manager of the investment management department of CEIL for the period between January 2010 and December 2014. He has been appointed as deputy general manager of CEIL since March 2015, and is responsible for the management of the CEIL Group’s environmental water business. Mr An also previously held directorships in a number of operating subsidiaries of the CEIL Group’s envirotech, environmental energy and greentech business lines. Prior to joining the Group and CEIL, Mr An worked at the Municipal General Office of Jingzhou, Hubei Province, China Everbright Bank Company Limited and Guangdong Technology Venture Capital Group Ltd. Mr An holds a Master of Business Administration degree from Jinan University. He is a Certified Public Accountant in China and a Certified International Internal Auditor.

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Mr An joined the Board in December 2014, and was re-designated as executive Director and CEO of the Company in August 2015. He was last re-elected as Director at the annual general meeting of the Company held on 25 April 2017.

Mr An has a service agreement with the Company for a period of three years subject to the relevant provisions of retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Bye-laws of the Company. Under the terms of Mr An's service agreement, Mr An is entitled to a fixed salary and year-end discretionary bonus, the latter of which will be recommended by the Remuneration Committee of the Company and endorsed by the Board having regard to the Company's performance and the market situation. Mr An received an annual salary and was awarded a year-end discretionary bonus for the financial year ended 31 December 2019. Details of his remuneration are set out in note 9 to the financial statements in the 2019 annual report.

Save as disclosed above, Mr An has not held any directorships in any other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the three years preceding the Latest Practicable Date, has not held any other position in any members of the Group, and has no other relationship with any Director, member of senior management, substantial or controlling Shareholders of the Company. As at the Latest Practicable Date, Mr An had no interest in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, there are no matters concerning Mr An that need to be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the SEHK Listing Rules, nor any other matters that are required to be brought to the attention of the Shareholders.

Mr An has submitted an undertaking to the Company under Rule 720(1) of the SGX-ST Listing Manual. In addition, Mr An has confirmed that there is no change to his responses previously disclosed under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual, which were all "No".

7. PROPOSED RE-APPOINTMENT OF THE COMPANY'S AUDITOR

The Board proposes to re-appoint Ernst & Young LLP as the auditor of the Company to hold office until the conclusion of the next annual general meeting. A resolution will also be proposed to authorise the Board to fix the auditor's remuneration for the ensuing year. Ernst & Young LLP has indicated its willingness to be re-appointed as auditor of the Company for the said period.

LETTER FROM THE BOARD

8. DIRECTORS' RECOMMENDATION

- 8.1 Proposed Renewal of the IPT Mandate.** The Independent Non-executive Directors, who are members of the Audit Committee and independent non-executive directors of the Company, are considered independent for the purposes of the proposed renewal of the IPT Mandate. Having reviewed, *inter alia*, the rationale for the terms of the IPT Mandate as well as the benefits that may be obtained therefrom, and the review procedures of the Company, the Independent Non-executive Directors confirm that the methods or procedures for determining the transaction prices under the IPT Mandate are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. Accordingly, the Independent Non-executive Directors recommend that Shareholders vote in favour of the respective resolution in respect of the proposed renewal of the IPT Mandate at the 2020 AGM.
- 8.2 Proposed Renewal of the General Mandate.** The Directors having considered, *inter alia*, the terms and the rationale of the General Mandate, are of the opinion that the General Mandate is in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the respective resolution in respect of the General Mandate at the 2020 AGM.
- 8.3 Proposed Renewal of the Share Buy-back Mandate.** The Directors having considered, *inter alia*, the terms and the rationale of the Share Buy-back Mandate, are of the opinion that the Share Buy-back Mandate is in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the respective resolution in respect of the Share Buy-back Mandate at the 2020 AGM.
- 8.4 Proposed Re-election of Mr Wang Tianyi.** The Directors (other than Mr Wang Tianyi) are of the opinion that the re-election of Mr Wang Tianyi as a non-executive Director of the Company is in the interests of the Company and the Shareholders. Accordingly, the Directors (other than Mr Wang Tianyi) recommend that Shareholders vote in favour of the respective resolution in respect of the re-election of Mr Wang Tianyi as a non-executive Director of the Company at the 2020 AGM.
- 8.5 Proposed Re-election of Mr An Xuesong.** The Directors (other than Mr An Xuesong) are of the opinion that the re-election of Mr An Xuesong as a non-executive Director of the Company is in the interests of the Company and the Shareholders. Accordingly, the Directors (other than Mr An Xuesong) recommend that Shareholders vote in favour of the respective resolution in respect of the re-election of Mr An Xuesong as a non-executive Director of the Company at the 2020 AGM.

LETTER FROM THE BOARD

8.6 Proposed Re-appointment of the Company's auditor. The Directors are of the opinion that the re-appointment of Ernst & Young LLP as the auditor of the Company is in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the respective resolution in respect of the re-election of Ernst & Young LLP as the auditor of the Company at the 2020 AGM.

8.7 Abstention of Certain Directors. Mr Zhai Haitao, who is a member of the Audit Committee and an independent non-executive director of the Company, has abstained from deliberating and making any recommendation in respect of the proposed renewal of the IPT Mandate as he is an independent non-executive director of CEIL, which is a controlling shareholder of the Company.

In addition, Mr Wang Tianyi is an executive director and chief executive officer of CEIL, and Mr An Xuesong is a senior executive of CEIL. Accordingly, each of Mr Wang Tianyi and Mr An Xuesong has abstained from deliberating and making any recommendation in respect of the proposed renewal of the IPT Mandate.

Mr Wang Tianyi and Mr An Xuesong have abstained from deliberating and making any recommendations in respect of their respective re-elections as directors of the Company.

8.8 Abstention of Interested Persons. China Everbright Water Holdings Limited will abstain from voting, and has undertaken to ensure that its associates will abstain from voting, on Ordinary Resolution No. 9, being the Ordinary Resolution relating to the proposed renewal of the IPT Mandate to be proposed at the 2020 AGM.

8.9 No Regard for Specific Objectives. Shareholders, in deciding whether to vote in favour of the proposed renewal of the IPT Mandate, should read carefully the terms, rationale and financial effects of the IPT Mandate. In giving the above recommendations, the Independent Non-executive Directors have not had regard to any general or specific investment objectives, financial situations, tax positions or particular needs or constraints of any individual Shareholder. As different Shareholders have different investment profiles and objectives, the Independent Non-executive Directors recommend that any individual Shareholder who may require specific advice in relation to the proposed renewal of the IPT Mandate should consult his/her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser.

LETTER FROM THE BOARD

9. ANNUAL GENERAL MEETING

The 2020 AGM will be held at The Ritz-Carlton, Millenia Singapore, Chihuly Room, Level 3, 7 Raffles Avenue, Singapore 039799 on Friday, on 24 April 2020 at 9.30 a.m. (Singapore time) for the purpose of considering and, if thought fit, passing with or without any modifications, the resolutions as set out in the Notice.

10. ACTION TO BE TAKEN BY SHAREHOLDERS AND DEPOSITORS

Under the Bermuda Companies Act, Depositors shall not be regarded as Shareholders entitled to attend the 2020 AGM and vote at general meetings convened by the Company.

A Depositor which is a corporation and wishes to attend and vote at the 2020 AGM may do so as the proxy of CDP if its name is shown in the records of CDP 72 hours prior to the time of the 2020 AGM and by completing, signing and returning the Depositor Proxy Form, in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time fixed for the 2020 AGM.

Pursuant to Bye-law 77(1)(b) of the Bye-laws and Section 81SJ(4) of the SFA, unless CDP specifies otherwise in a written notice to the Company, CDP shall be deemed to have appointed the Depositors who are individuals and whose names are shown in the records of CDP 72 hours prior to the time of the relevant general meeting supplied by CDP to the Company, as CDP's proxies to vote on behalf of CDP at a general meeting of the Company. As such, a Depositor who is an individual and whose name is listed in the Depository Register 72 hours before the time of the 2020 AGM may attend and vote at the 2020 AGM without having to complete or return any form of proxy.

A Depositor who is an individual and is unable to attend the 2020 AGM but wishes to appoint nominee(s) to attend the meeting and vote on his behalf, must complete, sign and return the enclosed Depositor Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time fixed for the 2020 AGM. The completion and return of the Depositor Proxy Form by an individual Depositor will not prevent him from attending and voting in person at the 2020 AGM as a proxy of CDP if he subsequently wishes to do so, in place of his proxy.

LETTER FROM THE BOARD

A Shareholder (other than a Depositor) who is unable to attend the 2020 AGM and wishes to appoint a proxy to attend and vote on his behalf, must complete, sign and return the Member Proxy Form, in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 or the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited at 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, not less than 48 hours before the time fixed for the 2020 AGM. The completion and return of the Member Proxy Form by a Shareholder will not prevent him from attending and voting at the 2020 AGM in person if he so wishes, in place of his proxy. **Please note that this paragraph is only applicable to Shareholders who do not hold Shares through an account with CDP (i.e. who hold Shares in scrip).**

For Singapore Shareholders, the register of transfer and register of members of the Company will be closed at 5:00 p.m. on 21 April 2020 (Tuesday) for the purpose of determining the entitlement of Singapore Shareholders to attend and vote at the 2020 AGM. Duly completed registrable transfers received by the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5:00 p.m. on 20 April 2020 (Monday) will be registered to determine Singapore Shareholders' entitlements to attend and vote at the 2020 AGM.

For Hong Kong Shareholders, the Hong Kong branch register of members of the Company will be closed from 21 April 2020 (Tuesday) to 24 April 2020 (Friday), both days inclusive, for the purpose of determining the entitlement of Hong Kong Shareholders to attend and vote at the 2020 AGM. Duly completed registrable transfers of Shares received by the Hong Kong branch share registrar of the Company, Boardroom Share Registrars (HK) Limited, 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, up to 4:30 p.m. (Hong Kong time) on 20 April 2020 (Monday), will be registered to determine Hong Kong Shareholders' entitlements to attend and vote at the 2020 AGM.

11. VOTING BY POLL

Pursuant to the SGX-ST Listing Manual and the SEHK Listing Rules, voting by poll is mandatory at all general meetings. The results of the poll will be published on the websites of the Company, the SEHK and SGX-ST on the day of the 2020 AGM.

On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorised representative shall have one vote for each Share registered in his/her name in the register of members of the Company. A Shareholder entitled to more than one vote need not use all his/her votes or cast all the votes he/she uses in the same manner.

LETTER FROM THE BOARD

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the General Mandate, the IPT Mandate, the Share Buy-back Mandate, the re-election of Directors and the re-appointment of the Company's auditor, and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

This Circular includes particulars given in compliance with the SEHK Listing Rules for the purpose of giving information with respect of the Company. The information contained herein relating to the Company has been supplied by the Directors, who collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, no other facts are omitted in this Circular which would make any statement herein misleading insofar as it relates to the Company.

13. DOCUMENTS FOR INSPECTION

Copies of the Memorandum of Association and Bye-laws are available for inspection at the office of the Company at 9 Battery Road, MYP Centre, #20-02, Singapore 049910 and the principal place of business in Hong Kong of the Company at Room 3601, 36/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, during normal business hours on any weekday (excluding public holidays) from the date of this Circular up to the date of the 2020 AGM.

Yours faithfully,

By Order of the Board

CHINA EVERBRIGHT WATER LIMITED

AN Xuesong

Executive Director and Chief Executive Officer

Singapore, 23 March 2020

1. CHAPTER 9 OF THE SGX-ST LISTING MANUAL

- 1.1** Chapter 9 of the listing manual (the “**SGX-ST Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed company’s interested persons. When this Chapter applies to a transaction and the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders’ approval for that transaction.
- 1.2** Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, immediate announcement and shareholders’ approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company’s latest audited consolidated net tangible assets (“**NTA**”)) are reached or exceeded. In particular, shareholders’ approval is required for an interested person transaction of a value equal to, or which exceeds:
- (a) 5 per cent. of the listed company’s latest audited consolidated NTA; or
 - (b) 5 per cent. of the listed company’s latest audited consolidated NTA, when aggregated with other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the SGX-ST Listing Manual) during the same financial year.
- 1.3** Based on the latest audited consolidated financial statements of China Everbright Water Limited (the “**Company**”) and its subsidiaries (the “**Group**”) for the financial year ended 31 December 2019, the consolidated NTA of the Group was HK\$8,318,638,000. In relation to the Company, for the purposes of Chapter 9, in the current financial year and until such time that the consolidated audited financial statements of the Group for the year ending 31 December 2020 are published, 5 per cent. of the latest audited consolidated NTA of the Group would be HK\$415,931,900.
- 1.4** Chapter 9 of the SGX-ST Listing Manual permits a listed company, however, to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company’s interested persons.

1.5 Under the SGX-ST Listing Manual:

- (a) an “**entity at risk**” means:
 - (i) the listed company;
 - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “**listed group**”), or the listed group and its interested person(s), has control over the associated company;
- (b) an “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;
- (c) an “**associate**” in relation to an interested person who is a director, chief executive officer or controlling shareholder includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30 per cent. or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30 per cent. or more;
- (d) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9; and
- (e) an “**interested person transaction**” means a transaction between an entity at risk and an interested person.

2. RATIONALE FOR THE IPT MANDATE

2.1 It is envisaged that in the ordinary course of their businesses, transactions between companies in the EAR Group (as defined below) and the Company's interested persons are likely to occur from time to time. Such transactions are necessary for the day-to-day operations of the EAR Group and would include, but are not limited to, the provision of goods, facilities and services in the ordinary course of business of the EAR Group to the Company's interested persons or the obtaining of goods, facilities and services from them.

2.2 In particular, China Everbright Group Ltd., the Company's indirect controlling shareholder, is a major financial holding group in China, with business presence in various industries and sectors. Its business areas include, amongst others, banking, securities, insurance, funds, trusts, futures, leasing, investment, environmental protection, hospitalism and pharmaceutical. The EAR Group (as defined below) may leverage on Everbright Group's (as defined below) wide spectrum of businesses and rich resources to support its future development. Some of China Everbright Group Ltd.'s major subsidiaries include:

- (a) China Everbright International Limited, a one-stop integrated environmental solution provider listed on The Stock Exchange of Hong Kong Limited (“SEHK”);
- (b) China Everbright Limited, an investment holding company principally engaged in fund management and investment business and listed on SEHK;
- (c) China Everbright Bank Co., Ltd., a commercial bank listed on the Shanghai Stock Exchange (“SSE”) and SEHK;
- (d) Everbright Securities Company Limited, a securities brokerage company listed on SSE and SEHK; and
- (e) Sun Life Everbright Life Co., Ltd., an insurance company which has branches in various provinces and municipalities in China.

2.3 In view of the time-sensitive nature of commercial transactions, the renewal of the general mandate (the “**IPT Mandate**”) pursuant to Chapter 9 of the SGX-ST Listing Manual will enable:

- (a) the Company;
- (b) subsidiaries of the Company (excluding subsidiaries listed on the SGX-ST or an approved exchange); and
- (c) associated companies of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Group, or the Group and interested person(s) of the Company has or have control,

(together, the “**EAR Group**”), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions (“**Mandated IPTs**”) set out in paragraph 6.1 below with the Company’s interested persons (the “**Mandated Interested Persons**”) set out in paragraph 5.1 below, provided such Mandated IPTs are made on normal commercial terms.

3. SCOPE OF THE IPT MANDATE

3.1 The EAR Group engages in a wide range of activities (as described in paragraph 6.1 below) for which the renewal of the IPT Mandate is being sought.

3.2 The IPT Mandate does not cover any transaction by a company in the EAR Group with a Mandated Interested Person that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the SGX-ST Listing Manual would not apply to such transactions.

3.3 Transactions with interested persons (including the Mandated Interested Persons) that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 of the SGX-ST Listing Manual and/or other applicable provisions of the SGX-ST Listing Manual.

4. BENEFIT TO SHAREHOLDERS

4.1 The IPT Mandate (and its subsequent renewal thereafter on an annual basis) will enhance the ability of companies in the EAR Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant company in the EAR Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives.

5. MANDATED INTERESTED PERSONS

5.1 The IPT Mandate applies to the Mandated IPTs (as described in paragraph 6.1 below) which are carried out with China Everbright Group Ltd. and its associates (the "Everbright Group").

5.2 Transactions with Mandated Interested Persons which do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the SGX-ST Listing Manual.

6. CATEGORIES OF MANDATED IPTS

6.1 The Mandated IPTs with the Mandated Interested Persons (as described in paragraph 5.1 above) which are covered by the IPT Mandate and the benefits to be derived therefrom are set out below:

6.1.1 General Transactions

This category relates to general transactions ("**General Transactions**") in connection with the provision to, or the obtaining from, Mandated Interested Persons of products and services in the normal course of business of the EAR Group or which are necessary for the day-to-day operations of the EAR Group comprising the following:

(i) *Environmental Activities*

The products and services under this sub-category are:

- (a) the provision of waste water treatment and reusable water services;
- (b) the provision of waste leachate treatment services;

- (c) the receipt of sludge treatment and disposal (including sludge incineration and sanitary landfill) services;
- (d) the receipt of hazardous waste treatment services;
- (e) the receipt of environmental energy products (including steam and electricity); and
- (f) the collaboration in engineering, procurement and construction services to build infrastructure facilities in connection with the environmental protection projects.

(ii) *Insurance Activities*

The products and services under this sub-category are:

- (a) the purchase of insurance and the obtaining of insurance-related services.

(iii) *General Activities*

The products, facilities and services under this sub-category are:

- (a) the leasing and rental (as lessor and lessee) of properties for residential, industrial and commercial purposes; and
- (b) the provision or the obtaining of property management services in connection with the activity mentioned in paragraph 6.1.1(iii)(a) above.

The EAR Group will benefit from having access to competitive quotes from the different companies in the different industries within the Everbright Group in addition to obtaining quotes from, or transacting with, non-Mandated Interested Persons.

The headings in this paragraph 6.1.1 are inserted for branding purposes only and shall be ignored in construing the types of General Transactions which are covered by the IPT Mandate.

6.1.2 Treasury Transactions

Treasury transactions (“**Treasury Transactions**”) comprise (a) the placement of funds or deposits with any Mandated Interested Person, (b) the borrowing of funds from any Mandated Interested Person, (c) the entry into with any Mandated Interested Person of forex, swap and option transactions for hedging purposes, (d) the issue of debt securities (including but not limited to corporate bonds and/or asset backed securities) to any Mandated Interested Person, (e) the receipt of underwriting and advisory services from any Mandated Interested Person in relation to issuance and/or quotation of securities (including but not limited to convertible bonds, hybrid bonds, corporate bonds, asset backed securities, ordinary shares, preference shares, rights and/or other securities) issued by the EAR Group and (f) the receipt of fund management services from any Mandated Interested Person.

Considering Everbright Group’s rich experience and resources in the financial services and asset management industries, the EAR Group can benefit from competitive rates and quotes in an expedient manner on the Treasury Transactions.

6.1.3 Management and Support Services

The EAR Group may, from time to time, receive management and support services from, or provide management and support to, its Mandated Interested Persons in the areas of finance, treasury, management information systems, and human resources management and development (“**Management Support Services**”). By having access to and providing such management support, the EAR Group will derive operational and financial leverage in its dealings with third parties as well as benefits from the global network of its Mandated Interested Persons.

7. REVIEW PROCEDURES FOR MANDATED IPTS

7.1 The EAR Group has established the following procedures to ensure that Mandated IPTs are undertaken on an arm's length basis and on normal commercial terms:

7.1.1 General Transactions

Review Procedures

In general, there are procedures established by the EAR Group to ensure that General Transactions with Mandated Interested Persons are undertaken on an arm's length basis and on normal commercial terms consistent with the EAR Group's usual business practices and policies, which are generally no more favourable to the Mandated Interested Persons than those extended to unrelated third parties.

In particular, the following review procedures have been put in place.

- (a) Provision of services or the sale of products

The review procedures are:

- (i) all contracts entered into or transactions with Mandated Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Mandated Interested Person than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and
- (ii) where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Mandated Interested Persons is determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by Mandated Interested Persons for such services or products, factors such as, but not limited to, quantity, volume consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.

- (b) Obtaining of services or the purchasing of products

The review procedures are:

- (i) all contracts entered into or transactions with Mandated Interested Persons are to be carried out by obtaining quotations (wherever possible or available) from at least two other unrelated third party suppliers for similar quantities and/or quality of services or products, prior to the entry into of the contract or transaction with the Mandated Interested Person, as a basis for comparison to determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of services or products. In determining whether the price and terms offered by the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account; and
- (ii) in the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), the senior management staff of the relevant company in the EAR Group (with no interest, direct or indirect in the transaction), will determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable.

7.1.2 Treasury Transactions

Placements

In relation to the placement or deposit with any Mandated Interested Person by the EAR Group of its funds, the Company will require that quotations shall be obtained from such Mandated Interested Person and at least two banks for rates of deposits with such bankers of an equivalent amount, and for the equivalent period, of the funds to be placed by the EAR Group. The EAR Group will only place or deposit its funds with such Mandated Interested Person, provided that the terms quoted are no less favourable than the terms quoted by such banks for equivalent amounts. In addition, the Audit Committee will also evaluate the credit risks of the Mandated Interested Person to ensure that risks of default have been considered when determining whether or not to allow for the placement or deposit.

Borrowings

In relation to the borrowing of funds from any Mandated Interested Person by the EAR Group, the Company will require that quotations shall be obtained from such Mandated Interested Person and at least two banks for rates for loans from such banks of an equivalent amount, and for the equivalent period, of the funds to be borrowed. The EAR Group will only borrow funds from such Mandated Interested Person, provided that the terms quoted are no less favourable than those quoted by such banks.

Debt Securities

In relation to the issue to Mandated Interested Persons of debt securities (including but not limited to corporate bonds and/or asset backed securities), the EAR Group will only issue such debt securities to Mandated Interested Persons provided that the price(s) at which the EAR Group issues such debt securities will not be lower than the price(s) at which such debt securities are issued to third parties. The EAR Group will also comply with all applicable laws and regulations in connection with the issue of such debt securities to Mandated Interested Persons.

Underwriting and Advisory Services

In relation to underwriting and advisory services provided by any Mandated Interested Persons, the Company will require that quotations shall be obtained from such Mandated Interested Person and at least two other counterparties. The EAR Group will only agree to allow Mandated Interested Persons to underwrite and/or advise on the issuance and/or quotation of the securities (including but not limited to convertible bonds, hybrid bonds, corporate bonds, asset backed securities, ordinary shares, preference shares, rights and/or other securities) issued by the EAR Group, provided that the price(s) or fee(s) at which the Mandated Interested Persons underwrite and/or advise such securities will not be higher than the price(s) or fee(s) at which such securities are underwritten or advised by third parties.

Forex, Swaps, Options

In relation to forex, swap and option transactions with any Mandated Interested Person by the EAR Group, the Company will require that rate quotations shall be obtained from such Mandated Interested Person and at least two banks. The EAR Group will only enter into such forex, swap or option transactions with such Mandated Interested Person provided that such terms quoted are no less favourable than the terms quoted by such banks.

Fund Management Services

In relation to fund management services provided by any Mandated Interested Persons, the Company will require that quotations shall be obtained from such Mandated Interested Person and at least two other counterparties. The EAR Group will only agree to allow Mandated Interested Persons to provide fund management services to the EAR Group, provided that the price(s) or fee(s) at which the Mandated Interested Persons provides such fund management services will not be higher than the price(s) or fee(s) at which such services are provided for by third parties.

7.1.3 Management Support Services

In relation to receiving Management Support Services, the Company shall endeavour to obtain a quotation from such Mandated Interested Person and at least two other potential service providers. The EAR Group shall then only be entitled to transact with the Mandated Interested Person on terms that are no less favourable than those quoted by such unrelated service providers.

In relation to the provision of Management Support Services to Mandated Interested Persons, the commercial terms for such transactions shall be at the prevailing market rates or prices that would be levied by other unrelated service providers for providing similar services or otherwise in accordance with applicable industry norms.

In the event that such competitive quotations or external benchmarks cannot be obtained (for instance, if there are no unrelated third party vendors which provide such services, or if the service is highly customised and cannot be provided by an external vendor), the EAR Group shall ensure that the commercial terms relating to any Management Support Services provided by or to any Mandated Interested Person shall be on an arm's length and normal commercial basis, having regard to other factors such as the actual time and costs incurred by the Mandated Interested Person or EAR Group entity for providing the specific service, and a reasonable margin which a third-party service provider would typically earn for providing services of a similar nature.

7.2 Threshold Limits

In addition to the review procedures, the following threshold limits will be applied to supplement the internal systems of the EAR Group to ensure that Mandated IPTs are undertaken with the Mandated Interested Persons on an arm's length basis and on normal commercial terms:

- (a) individual transactions equal to or exceeding S\$100,000 but less than S\$1 million in value will be reviewed and approved by the chief financial officer of the Company (the “**CFO**”);
- (b) individual transactions equal to or exceeding S\$1 million but less than S\$5 million in value will be reviewed and approved by the chief executive officer of the Company (the “**CEO**”);
- (c) individual transactions equal to or exceeding S\$5 million but less than S\$20 million in value will be reviewed and approved by majority of the audit committee of the Company (the “**Audit Committee**”); and
- (d) individual transactions equal to or exceeding S\$20 million in value shall be reviewed and approved by the board of Directors.

If any person specified above has an interest in a transaction falling within a category of transactions to be reviewed and approved by him, he will abstain from any decision making in respect of that transaction, and such transaction will be reviewed and approved by other persons who are authorised to review and approve that category of transactions, if any, who do not have any interest in that transaction.

If all persons who are authorised to review and approve a certain category of transactions abstain from voting, the transaction must be approved by the persons who are authorised to review and approve the next category of transactions that is higher in terms of value.

All Mandated IPTs entered into pursuant to the IPT Mandate shall be tabled to the Audit Committee for their review on a quarterly basis.

Individual transactions of a value less than S\$100,000 do not require review and approval and will not be taken into account in the aggregation referred to in subparagraphs (a) to (d) above.

- 7.3 The Company will maintain a register of transactions carried out with Mandated Interested Persons pursuant to the IPT Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into), and the Company's internal audit plan will incorporate a review of all transactions entered into in the relevant financial year pursuant to the IPT Mandate.
- 7.4 The Audit Committee of the Company shall review these internal audit reports on Mandated IPTs to ascertain that the established review procedures to monitor Mandated IPTs have been complied with.
- 7.5 If during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the EAR Group are conducted, the Company will revert to Shareholders for a fresh mandate based on new guidelines and review procedures to ensure that Mandated IPTs will be on an arm's length basis and on normal commercial terms.

8. VALIDITY PERIOD OF THE IPT MANDATE

- 8.1 The IPT Mandate, as renewed, will take effect from the passing of the ordinary resolution relating thereto, and will (unless revoked or varied by the Company in a general meeting) continue in force until the next annual general meeting of the Company following thereafter. Approval from Shareholders will be sought for the renewal of the IPT Mandate at each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit Committee of its continued application to the transactions with Mandated Interested Persons.

9. DISCLOSURE IN ANNUAL REPORT

- 9.1 The Company will announce the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT Mandate for the quarterly financial periods which the Company is required to report on pursuant to the SGX-ST Listing Manual and within the time required for the announcement of such report.
- 9.2 Disclosure will be made in the Company's annual report ("**Annual Report**") of the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the IPT Mandate during the financial year, and in the Annual Reports for subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the SGX-ST Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of China Everbright Water Limited (the “**Company**”) will be held at The Ritz-Carlton, Millenia Singapore, Chihuly Room, Level 3, 7 Raffles Avenue, Singapore 039799 on Friday, 24 April 2020 at 9:30 a.m. (Singapore time) to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and consider the Directors’ Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2019 and the Auditors’ Report thereon.

(Resolution 1)

2. To declare a final one-tier tax exempt dividend of 3.74 Hong Kong cents (equivalent to 0.67 Singapore cent) per ordinary share for the financial year ended 31 December 2019 as recommended by the board of directors (the “**Directors**”) of the Company (the “**Board**”).

(Resolution 2)

3. To approve the payment of Directors’ fees of SGD340,000 for the financial year ended 31 December 2019. (2018: SGD323,556)

(Resolution 3)

NOTICE OF ANNUAL GENERAL MEETING

4. To re-elect the following Directors retiring pursuant to Bye-law 86(1) of the Company's Bye-laws, and who, being eligible, will offer themselves for re-election as the Directors:

(a) Mr Wang Tianyi; and

(See Explanatory Note i)

(Resolution 4a)

(b) Mr An Xuesong.

(See Explanatory Note ii)

(Resolution 4b)

5. To re-appoint Ernst & Young LLP as Auditor of the Company, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

(Resolution 5)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

6. Authority to allot and issue shares

(a) That, pursuant to the Company's Bye-laws, the Listing Manual ("**SGX Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Rules ("**HK Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**SEHK**"), approval be and is hereby given to the Board of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

- (i) issue shares in the capital of the Company ("**Shares**") whether by way of right, bonus or otherwise;
- (ii) make or grant offers, agreements or options that might or would require Shares to be issued or other transferable rights to subscribe for or purchase Shares (collectively, "**Instruments**") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares;

NOTICE OF ANNUAL GENERAL MEETING

- (iii) issue additional instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and
- (b) (notwithstanding THAT the authority conferred by the shareholders of the Company (the “**Shareholders**”) may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Board while the authority was in force.

provided always, that subject to any applicable regulations as may be prescribed by the SGX-ST and the SEHK,

- (i) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares excluding treasury shares of the Company, of which the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to existing Shareholders does not exceed twenty per cent. (20%) of the total number of issued Shares excluding treasury shares of the Company, and for the purpose of this resolution, the issued share capital shall be the Company’s total number of issued Shares excluding treasury shares at the time this resolution is passed, after adjusting for:
 - a) new Shares arising from the conversion or exercise of any convertible securities, or
 - b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the SGX Listing Manual and Chapter 13 of the HK Listing Rules; and
 - c) any subsequent bonus issue, consolidation or subdivision of Shares, and
- (ii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the SGX Listing Manual as amended from time to time (unless such compliance has been waived by the SGX-ST), the HK Listing Rules as amended from time to time (unless such compliance has been waived by the SEHK) and the Bye-laws; and

NOTICE OF ANNUAL GENERAL MEETING

- (iii) such authority shall, unless revoked or varied by the Company at a General Meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(See Explanatory Note iii)

(Resolution 6)

7. Authority to allot and issue shares under the China Everbright Water Limited Scrip Dividend Scheme (the “**Scrip Dividend Scheme**”)

That authority be and is hereby given to the Board to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the Scrip Dividend Scheme.

(See Explanatory Note iv)

(Resolution 7)

8. Renewal of the share buy-back mandate

That:

- (a) the Directors be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire issued Shares not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
- (i) market purchase(s) on the SGX-ST and/or the SEHK; and/or
 - (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST and/or the SEHK, as the case may be) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall, as required under the SGX Listing Manual, satisfy all the conditions prescribed by section 76C of the Companies Act, Chapter 50 of Singapore (“**Singapore Companies Act**”),

in accordance with the Companies Act 1981 of Bermuda (as amended), all other laws and regulations and rules of the SGX-ST, the HK Listing Rules, the Code on Share Buybacks of Hong Kong, and the Code on Takeovers and Mergers of Hong Kong, as may for the time being be applicable (the “**Share Buy-back Mandate**”);

NOTICE OF ANNUAL GENERAL MEETING

- (b) unless varied or revoked by the Company in General Meeting, the authority conferred on the Directors pursuant to the Share Buy-back Mandate may be exercised by the Directors at any time and from time to time during the period commencing on and from the date of the passing of this Resolution and expiring on the earliest of:
- (i) the date on which the next Annual General Meeting of the Company is held;
 - (ii) the date on which the next Annual General Meeting of the Company is required by law to be held; and
 - (iii) the date on which purchases and acquisitions of Shares pursuant to the Share Buy-back Mandate are carried out to the full extent mandated;
- (c) in this Resolution:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) market days on which the Shares were transacted on the SGX-ST or the SEHK (“**Market Days**”), as the case may be, before the date of the market purchase by the Company, or as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs during the relevant five (5) Market Days and the day on which the purchases are made;

“**date of the making of the offer**” means the date on which the Company makes an offer for the purchase or acquisition of Shares from the Shareholders, stating therein the purchase price (which shall not be more than the Maximum Price) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

“**Maximum Limit**” means that number of Shares representing 10 per cent. of the total number of issued Shares as at the date of the passing of this Resolution (excluding any treasury shares and any Shares held by subsidiaries of the Company in the circumstances referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Singapore Companies Act); and

“**Maximum Price**” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses), which shall not exceed:

- (i) in the case of a market purchase of a Share, five per cent. above the Average Closing Price; and
- (ii) in the case of an off-market purchase of a Share, five per cent. above the Average Closing Price; and

NOTICE OF ANNUAL GENERAL MEETING

- (d) the Directors and each of them be hereby authorised to complete and do all such acts and things (including, but not limited to, executing all such agreements and documents as may be required in connection with this Resolution and the Share Buy-back Mandate) as they or he/she may consider necessary, desirable or expedient or in the interests of the Company to give effect to this Resolution and the Share Buy-back Mandate.

(See Explanatory Note v)

(Resolution 8)

9. Renewal of the interested person transaction mandate

That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the SGX Listing Manual (“**Chapter 9**”), for the Company, its subsidiaries and associated companies that are entities at risk (as defined in Chapter 9), or any of them, to enter into any of the transactions falling within the categories of interested person transactions described in Appendix to the Company’s Circular to Shareholders dated 23 March 2020 (the “**Circular**”) with any party who is of the class of interested persons described in Appendix to the Circular, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions (the “**IPT Mandate**”);
- (b) the renewal of the IPT Mandate above shall unless revoked or varied by the Company in General Meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and
- (c) the Directors and each of them be hereby authorised to complete and do all such acts and things (including, but not limited to, executing all such agreements and documents as may be required in connection with this Resolution and the IPT Mandate) as they or he/she may consider necessary, desirable or expedient or in the interests of the Company to give effect to this Resolution and the IPT Mandate.

(See Explanatory Note vi)

(Resolution 9)

10. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD
AN XUESONG

Executive Director and Chief Executive Officer

Singapore, 23 March 2020

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member of the Company (other than The Central Depository (Pte) Limited) entitled to attend and vote at the Annual General Meeting and who holds two or more Shares shall be entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy needs not be a member of the Company.
2. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy respectively.
3. The instrument appointing a proxy or proxies must be under the hand of the appointer or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
4. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (in the case of Singapore Shareholders) or the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (in the case of Hong Kong Shareholders) not later than 48 hours before the time set for the Annual General Meeting.

Explanatory Notes:

- i. Detailed information relating to Mr Wang Tianyi is set out on page 40 of the Company's annual report for the financial year ended 31 December 2019 and in the section entitled "Biographical Details of Directors" of the Circular.
- ii. Detailed information relating to Mr An Xuesong is set out on page 41 of the Company's annual report for the financial year ended 31 December 2019 and in the section entitled "Biographical Details of Directors" of the Circular.
- iii. The ordinary resolution 6 proposed in item 6 is to authorise the Directors, subject to the applicable regulations as may be prescribed by the SGX-ST and the SEHK, from the date of the above Meeting until the next Annual General Meeting to issue Shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of the total number of issued Shares excluding treasury shares of the Company, of which the total number of Shares and convertible securities issued other than on a pro-rata basis to existing Shareholders shall not exceed 20 percent of the total number of issued Shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a General Meeting, expire at the next Annual General Meeting of the Company.
- iv. Pursuant to the Special General Meeting of the Company held on 28 October 2005, the Shareholders approved the passing of the ordinary resolution relating to the Scrip Dividend Scheme. In the circular dated 11 October 2005, the Scrip Dividend Scheme provides members with the option to elect to receive Shares in lieu of the cash amount of any dividend declared on their holding of Shares. The Ordinary Resolution 7 proposed in item 7, if passed, will empower the Directors to allot and issue Shares in the Company pursuant to the terms and conditions of the Scrip Dividend Scheme.

NOTICE OF ANNUAL GENERAL MEETING

- v. The Company intends to use internal sources of funds, external borrowings or a combination of internal resources and external borrowings, to finance the purchases or acquisitions of its Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on, *inter alia*, the manner in which the purchase or acquisition is funded, the aggregate number of Shares purchased or acquired, and the consideration paid at the relevant time. For illustrative purposes only, the financial effects of an assumed purchase or acquisition by the Company of 10 per cent. of its issued Shares as at 12 March 2020, at a purchase price equivalent to the Maximum Price per Share, based on the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2019 and certain assumptions, are set out in the section entitled "Financial Effects" of the Circular.
- vi. The ordinary resolution 9 proposed in item 9 is to approve the renewal of the IPT Mandate to enable the Company, its subsidiaries and associated companies that are entities at risk (as defined in Chapter 9 of the SGX Listing Manual), or any of them, to enter into certain interested person transactions with specified classes of interested persons, as described in the Circular. Please refer to the Circular for more details.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.