

*Singapore Exchange Securities Trading Limited, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**CHINA EVERBRIGHT WATER LIMITED**

**中國光大水務有限公司**

*(Incorporated in Bermuda with limited liability)*

(Hong Kong Stock Code: 1857)

(Singapore Stock Code: U9E)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

- (1) DEPOSIT SERVICES FRAMEWORK AGREEMENT;**
- (2) LOAN SERVICES FRAMEWORK AGREEMENT;**
- (3) UNDERWRITING AND ADVISORY SERVICES  
FRAMEWORK AGREEMENT;**
- (4) SLUDGE TREATMENT AND HAZARDOUS WASTE  
TREATMENT SERVICES FRAMEWORK AGREEMENT;**
- (5) PROPERTY LEASE FRAMEWORK AGREEMENT; AND**
- (6) EMPLOYEE HEALTHCARE PROTECTION SERVICES  
FRAMEWORK AGREEMENT**

Reference is made to the two announcements of the Company both dated 22 December 2021 in relation to the 2022 Framework Agreements. The term of each of the 2022 Framework Agreements and the 2022 Annual Caps will expire on 31 December 2022 and the Company has entered into the 2023-2025 Framework Agreements on 15 December 2022 to renew each of the 2022 Framework Agreements for a further term of three years commencing from 1 January 2023 and ending on 31 December 2025 and set the 2023-2025 Annual Caps for the continuing connected transactions contemplated thereunder for the three years ending 31 December 2025.

As at the date of this announcement, Everbright Environment is a controlling shareholder of the Company and therefore a connected person of the Company under Rule 14A.07(1) of the SEHK Listing Rules. China Everbright Group is a controlling shareholder of Everbright Environment, which is in turn the controlling shareholder of the Company. China Everbright Group is therefore an associate of Everbright Environment, and a connected person of the Company under Rule 14A.07(4) of the SEHK Listing Rules. The transactions contemplated under the 2023-2025 Framework Agreements therefore constitute continuing connected transactions of the Company under Chapter 14A of the SEHK Listing Rules.

As one or more applicable percentage ratios in respect of the 2023-2025 Annual Caps of the 2023-2025 Framework Agreements are over 0.1% but less than 5%, the transactions contemplated under each of the 2023-2025 Framework Agreements are subject to the reporting, announcement and annual review requirements but exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the SEHK Listing Rules.

The entry into, and the transactions contemplated under, the 2023-2025 Framework Agreements fall under the scope of activities set out under the Company's IPT Mandate, which was renewed with the approval of the Shareholders at the annual general meeting of the Company held on 26 April 2022.

Reference is made to the two announcements of the Company both dated 22 December 2021 in relation to the 2022 Framework Agreements. The term of each of the 2022 Framework Agreements and the 2022 Annual Caps will expire on 31 December 2022 and the Company has entered into the 2023-2025 Framework Agreements on 15 December 2022 to renew each of the 2022 Framework Agreements for a further term of three years commencing from 1 January 2023 and ending on 31 December 2025 and set the 2023-2025 Annual Caps for the continuing connected transactions contemplated thereunder for the three years ending 31 December 2025.

## THE 2023-2025 FRAMEWORK AGREEMENTS

### A. The 2023-2025 Deposit Services Framework Agreement

The principal terms of the 2023-2025 Deposit Services Framework Agreement are as follows:

Date	15 December 2022
Parties	the Company; and  China Everbright Group
Term	For the three years from 1 January 2023 to 31 December 2025
Service Scope	China Everbright Group shall procure CE Bank to provide deposit services (including current and fixed deposits) to the Group within or outside the PRC in accordance with rules and regulations prescribed by the PBOC and/or other relevant rules and regulations.

The 2023-2025 Deposit Services Framework Agreement shall be on a non-exclusive basis and the Company is at liberty to obtain deposit services from other third parties.

The parties shall enter into separate agreement(s) for detailed service scope subject to the needs of the Group's businesses as and when necessary.

Fee Standards	The time and means of payment are to be agreed by the parties with reference to customary business terms through arm's length negotiations.
---------------	---

The deposit services to be provided by CE Bank as procured by China Everbright Group shall be on normal commercial terms, agreed through arm's length negotiations between the parties and no less favourable than the terms available to the Group from Independent Third Parties. When determining the interest rates for deposits to be placed by the Group with CE Bank, the Group shall obtain the interest rate provided by CE Bank, and make reference to the interest rates of the same type of deposits on the same conditions quoted by not less than two major commercial banks in the PRC.

## **B. The 2023-2025 Loan Services Framework Agreement**

Date	15 December 2022
Parties	the Company; and  China Everbright Group
Term	For the three years from 1 January 2023 to 31 December 2025
Service Scope	<p>China Everbright Group shall procure CE Bank to provide loan services (including revolving credit facility and fixed term loans) to the Group within or outside the PRC in accordance with the rules and regulations prescribed by the PBOC and/or other relevant rules and regulations.</p> <p>The 2023-2025 Loan Services Framework Agreement shall be on a non-exclusive basis and the Company is at liberty to obtain loan services from other third parties.</p> <p>The parties shall enter into separate agreement(s) for detailed service scope subject to the financing needs of the Group as and when necessary.</p>
Fee Standards	<p>The time and means of payment are to be agreed by the parties with reference to customary business terms through arm's length negotiations.</p> <p>The amount payable by the Group under each loan services contract should be determined with respect to the specific financing needs of the Group. The loan services to be provided by CE Bank as procured by China Everbright Group shall be on normal commercial terms, agreed through arm's length negotiations between the parties and no less favourable than the terms available to the Group from Independent Third Parties. When determining the interest rates for loans to be granted to the Group by CE Bank, the Group shall obtain the interest rate provided by CE Bank, and make reference to the interest rates of the same type of loans on the same conditions quoted by not less than two major commercial banks in the PRC.</p>

### C. The 2023-2025 Underwriting and Advisory Services Framework Agreement

Date 15 December 2022

Parties the Company; and  
China Everbright Group

Term For the three years from 1 January 2023 to 31 December 2025

Service Scope China Everbright Group shall procure its subsidiaries and associates, including but not limited to EB Securities and its associates, to provide underwriting and advisory services to the Group with respect to the 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) by the Group within or outside the PRC in accordance with relevant rules and regulations.

The 2023-2025 Underwriting and Advisory Services Framework Agreement shall be on a non-exclusive basis and the Company is at liberty to obtain underwriting and advisory services from other third parties.

The parties shall enter into separate agreement(s) for detailed service scope subject to the needs of the Group's businesses as and when necessary.

Fee Standards The time and means of payment are to be agreed by the parties with reference to customary business terms through arm's length negotiations.

The amount payable by the Group under each underwriting and advisory services contract should be determined with respect to the specific needs of the financial operations of the Group and the proportion of underwriting fee payable to the subsidiaries and associates of China Everbright Group shall correspond with their proportion of underwriting commitment. The underwriting and advisory services to be provided by the subsidiaries and associates of China Everbright Group, as procured by China Everbright Group, shall be on normal commercial terms, agreed through arm's length negotiations between the parties and no less favourable than the terms available to the Group from Independent Third Parties. The underwriting fees and service fees charged by the subsidiaries and associates of China Everbright Group shall not be higher than the underwriting fees and service fees charged by other commercial banks or other financial institutions in respect of the provision of comparable and similar services.

**D. The 2023-2025 Sludge Treatment and Hazardous Waste Treatment Services Framework Agreement**

Date 15 December 2022

Parties the Company; and

Everbright Environment

Term For the three years from 1 January 2023 to 31 December 2025

Service Scope Everbright Environment shall procure its subsidiaries and associates to provide sludge treatment and hazardous waste treatment services to the Group in respect of the specific needs of the Group's waste water treatment or water environment treatment projects.

The 2023-2025 Sludge Treatment and Hazardous Waste Treatment Services Framework Agreement shall be on a non-exclusive basis and the Company is at liberty to obtain sludge treatment and hazardous waste treatment services from other third parties.

The parties shall enter into separate agreement(s) for detailed service scope subject to the needs of the Group's various projects as and when necessary.

Fee Standards The time and means of payment are to be agreed by the parties with reference to customary business terms through arm's length negotiations.

The amount payable by the Group under each sludge treatment and hazardous waste treatment services contract should be determined with respect to the specific needs of the project and the amount and type of waste to be disposed, with reference to prevailing market prices based on the pricing quoted by Independent Third Parties on a fair and reasonable basis for the same or similar services in the geographical area where the Group's relevant waste water treatment projects and/or water environment treatment projects are carried out. The prices quoted by the subsidiaries and associates of Everbright Environment to the Group shall be no less favourable to the Group than the terms it quotes to Independent Third Parties for the same services.

## **E. The 2023-2025 Property Lease Framework Agreement**

Date 15 December 2022

Parties the Company; and  
Everbright Environment

Term For the three years from 1 January 2023 to 31 December 2025

Service Scope Everbright Environment shall or shall procure its subsidiaries and associates to lease office premises, meeting rooms and guest rooms to the Group with a total leased area of approximately 3,288 square metres in Mainland China and Hong Kong. The leased area may be adjusted depending on the needs of the Group's operation.

The 2023-2025 Property Lease Framework Agreement shall be on a non-exclusive basis and the Company is at liberty to lease property from other third parties.

The parties shall enter into separate agreement(s) for detailed service scope subject to the needs of the Group's businesses as and when necessary.

Fee Standards The time and means of payment are to be agreed by the parties with reference to customary business terms through arm's length negotiations.

The rent payable by the Group under each tenancy agreement should be determined through arm's length negotiations between the parties with reference to the prevailing market conditions and the rental level of similar properties in the vicinity.

## **F. The 2023-2025 Employee Healthcare Protection Services Framework Agreement**

Date	15 December 2022
Parties	the Company; and  China Everbright Group
Term	For the three years from 1 January 2023 to 31 December 2025
Service Scope	<p>China Everbright Group shall procure its subsidiaries and associates, including but not limited to Sun Life Everbright and its associates, to provide the Healthcare Protection Entrusted Management Scheme, the Long-term Supplemental Medical Insurance Protection Scheme and other employee healthcare protection services to the Group in accordance with the relevant laws, rules and regulations.</p> <p>The 2023-2025 Employee Healthcare Protection Services Framework Agreement shall be on a non-exclusive basis and the Company is at liberty to obtain similar services from other third parties.</p> <p>The parties shall enter into separate agreement(s) for detailed service scope subject to the needs of the Group as and when necessary.</p>
Fee Standards	The time and means of payment are to be agreed by the parties with reference to customary business terms through arm's length negotiations.

The principal amounts to be deposited and the management fees and medical insurance fees to be paid under the relevant schemes of the employee healthcare protection services under the 2023-2025 Employee Healthcare Protection Services Framework Agreement shall be on normal commercial terms, agreed through arm's length negotiations between the parties and no less favourable than the terms available to the Group from Independent Third Parties.

## HISTORICAL TRANSACTION AMOUNTS AND 2022 ANNUAL CAPS

The table below sets out (i) the historical transaction amounts for the years ended 31 December 2020 and 31 December 2021; and (ii) the historical transaction amounts for the nine months ended 30 September 2022 against the 2022 Annual Caps, under the 2022 Framework Agreements:

	Historical Transaction Amounts <sup>(Note 1)</sup>			2022
	For the year ended 31 December 2020 (HK\$)	For the year ended 31 December 2021 (HK\$)	For the nine months ended 30 September 2022 (HK\$)	Annual Caps (HK\$)
Deposit Services Framework Agreement (the maximum daily closing balance of deposits (including interests accrued thereon))	253,470,000	215,017,000	185,061,000	200,000,000
Loan Services Framework Agreement (the maximum daily closing balance of loans (including interests accrued thereon, but excluding loans which do not require security over the assets of the Group))	0	0	0	200,000,000

	Historical Transaction Amounts <sup>(Note 1)</sup>			2022
	For the year ended 31 December 2020 (HK\$)	For the year ended 31 December 2021 (HK\$)	For the nine months ended 30 September 2022 (HK\$)	Annual Caps (HK\$)
Underwriting and Advisory Services Framework Agreement <sup>(Note 2)</sup>	0	0	1,656,000	25,000,000
Sludge Treatment and Hazardous Waste Treatment Services Framework Agreement	0	0	0	150,000,000
Property Lease Framework Agreement	7,167,000	7,392,000	4,795,000	9,500,000
Employee Healthcare Protection Services Framework Agreement	RMB1,476,000 (equivalent to approximately HK\$1,659,000)	RMB14,671,000 (equivalent to approximately HK\$17,648,000)	0	RMB20,000,000 (equivalent to approximately HK\$24,000,000)

*Notes:*

- (1) The relevant figures are rounded to the nearest thousand.
- (2) The historical transaction amount for the nine months ended 30 September 2022 is only comprised of the underwriting commission with no sponsor fees and financial advisory service fees having been incurred; and the 2022 Annual Cap can be broken down to HK\$15,000,000 representing the underwriting commission and HK\$10,000,000 being the sponsor fees and financial advisory service fees.

The Company confirms that, from the date which the 2022 Framework Agreements came into effect to the date of this announcement, the transaction amounts under each of the corresponding 2022 Framework Agreements are all within the 2022 Annual Caps.

## THE 2023-2025 ANNUAL CAPS

The table below sets out the 2023-2025 Annual Caps under each of the 2023-2025 Framework Agreements:

	2023-2025 Annual Caps		
	For the year ending 31 December 2023 (HK\$)	For the year ending 31 December 2024 (HK\$)	For the year ending 31 December 2025 (HK\$)
Deposit Services Framework Agreement (the maximum daily closing balance of deposits (including interests accrued thereon))	150,000,000	150,000,000	150,000,000
Loan Services Framework Agreement (the maximum daily closing balance of loans (excluding loans which do not require security over the assets of the Group))	150,000,000	150,000,000	150,000,000
Underwriting and Advisory Services Framework Agreement	20,000,000	20,000,000	20,000,000
Sludge Treatment and Hazardous Waste Treatment Services Framework Agreement	155,000,000	160,000,000	170,000,000
Property Lease Framework Agreement <sup>(Note)</sup>	10,000,000	12,000,000	14,000,000
	RMB28,000,000 (equivalent to approximately HK\$30,800,000)	RMB35,000,000 (equivalent to approximately HK\$38,500,000)	RMB41,000,000 (equivalent to approximately HK\$45,100,000)
Employee Healthcare Protection Services Framework Agreement			

*Note:* According to the International Financial Reporting Standard 16, the rent payable by the Group consists of different components and therefore requires different accounting treatments to be applied. Fixed lease payments payable by the Group will be recognised as a right-of-use asset of the Group, while variable lease payments payable by the Group will be recognised as expenses of the Group.

## **BASIS OF DETERMINATION OF THE 2023-2025 ANNUAL CAPS**

### **A. The Annual Cap under the 2023-2025 Deposit Services Framework Agreement**

The 2023-2025 Annual Cap under the 2023-2025 Deposit Services Framework Agreement is determined after considering a number of factors, including (i) the historical maximum daily closing balance of deposits (including interest accrued thereon) of the Group with CE Bank in the previous years which was HK\$253,470,000; (ii) the Group's business development plans and financing needs for the next three years, from 2023 to 2025; (iii) the expected amount of deposits of the Group according to its annual revenue and expected interest income from CE Bank; and (iv) the cash management needs of the Group.

### **B. The Annual Cap under the 2023-2025 Loan Services Framework Agreement**

The 2023-2025 Annual Cap under the 2023-2025 Loan Services Framework Agreement is determined after considering a number of factors, including (i) the Group's business development plans and financing needs for the next three years, from 2023 to 2025; (ii) the amount of loans that may be required by the Group to complement the growth in the Group's future business operation; and (iii) the buffer for additional financial assistance regarding the operational and/or funding needs of the Group (if any).

### **C. The Annual Cap under the 2023-2025 Underwriting and Advisory Services Framework Agreement**

The 2023-2025 Annual Cap under the 2023-2025 Underwriting and Advisory Services Framework Agreement is determined after considering a number of factors, including (i) the historical prices of the underwriting and advisory services provided by the subsidiaries and associates of China Everbright Group to the Group; (ii) the historical amounts of debt securities issued by the Group in previous years; and (iii) the projections for the Group's financing needs given its expected business growth and development for the next three years, from 2023 to 2025.

The Group issued asset-backed securities in Mainland China with a size of RMB300,000,000 in June 2020. The Group issued medium-term notes to institutional investors in the national inter-bank bond market of Mainland China with principal amounts of RMB1,000,000,000 in August 2020, RMB1,000,000,000 in January 2021 and RMB1,000,000,000 in April 2022 respectively. The Group issued perpetual medium-term notes to institutional investors in the national inter-bank bond market of Mainland China with a principal amount of RMB700,000,000 in June 2022. The Group issued super and short-term commercial papers to institutional investors in the national inter-bank bond market of Mainland China with principal amounts of RMB800,000,000 in August 2021, RMB1,000,000,000 in January 2022 and RMB1,000,000,000 in September 2022 respectively.

With reference to the issuance of debt securities by the Group in previous years, it is expected that the Group's financing needs and the need of issuing debt securities will remain as the Group continues to expand its business operations for the next three years, from 2023 to 2025. Hence, it is expected that there shall be underwriting commission, sponsor fees and financial advisory service fees to be incurred.

**D. The Annual Cap under the 2023-2025 Sludge Treatment and Hazardous Waste Treatment Services Framework Agreement**

The 2023-2025 Annual Cap under the 2023-2025 Sludge Treatment and Hazardous Waste Treatment Services Framework Agreement is determined after considering a number of factors, including (i) the historical amount of sludge or hazardous waste produced per tonne of waste water treated; and (ii) the estimated capacity of the Group's waste water treatment projects which are located near Everbright Environment's subsidiaries and associates providing the respective services. Considering the growth of the Group in the water treatment business in the PRC, it is estimated that at most 310,200 tonnes, 354,730 tonnes and 362,030 tonnes of sludge would be produced in 2023, 2024 and 2025 respectively; and, 50 tonnes of hazardous waste and 20 tonnes of laboratory waste would be produced for each of 2023, 2024 and 2025 by the Group's waste water treatment projects which are near and could use the respective services provided by Everbright Environment's subsidiaries and associates.

**E. The Annual Cap under the 2023-2025 Property Lease Framework Agreement**

The 2023-2025 Annual Cap under the 2023-2025 Property Lease Framework Agreement is determined after considering a number of factors, including (i) the monthly rents and other fees (including utility fees and property management fees) payable by the Group under the existing tenancy agreements; (ii) the prevailing and projected market rates of similar properties in the vicinity; (iii) the expiry dates of the lease of office premises; (iv) the Group's preliminary negotiations in respect of the terms of leasing upon expiration of the existing tenancy agreements; (v) the Group's expected needs to rent offices, meeting rooms and guest rooms; and (vi) the estimated annual maximum amount of total value of right-of-use assets and expenses in respect of the fixed lease payments and variable lease payments under the tenancy agreements contemplated by the Group.

Due to the plans of expanding the Group's businesses, it is expected that the total leased area will increase to approximately 3,288 square meters for the next three years, from 2023 to 2025, and taking into account the rising property prices and inflation rates, it is therefore expected that the rentals payable by the Group will increase.

**F. The Annual Cap under the 2023-2025 Employee Healthcare Protection Services Framework Agreement**

The 2023-2025 Annual Cap under the 2023-2025 Employee Healthcare Protection Services Framework Agreement is determined after considering a number of factors, including (i) the recurring three-year medical insurance fee to be paid; (ii) the expected increase in the number of employees; and (iii) various insurance products and services to be provided by China Everbright Group and their respective coverage.

**REASONS FOR AND BENEFITS OF ENTERING INTO THE 2023-2025 FRAMEWORK AGREEMENTS**

In relation to the 2023-2025 Deposit Services Framework Agreement and the 2023-2025 Loan Services Framework Agreement entered into between the Company and China Everbright Group, the Group believes that since CE Bank and the Group have a long-term relationship of cooperation, CE Bank has a better understanding of the operations and development of the Group and is in a better position to serve the financial arrangements of the Group. It is also expected that it will be cost-efficient, expedient and beneficial for the Group to receive deposit and loan services from CE Bank. In addition, CE Bank is regulated by the CBIRC and is subject to the rules and requirements of CBIRC, thus reducing risks to the Group in receiving financial services from CE Bank.

In relation to the 2023-2025 Underwriting and Advisory Services Framework Agreement, the Group believes that the long-term cooperative relationship between the Group and China Everbright Group will continue to facilitate the provision of underwriting and advisory services to the Group. Based on the knowledge of China Everbright Group regarding the financial operations of the Group, China Everbright Group would be more capable of providing more suitable and effective services to the Group as compared to other Independent Third Parties.

In relation to the 2023-2025 Sludge Treatment and Hazardous Waste Treatment Services Framework Agreement, the Group believes that it is in the interests of the Group to engage Everbright Environment in providing sludge and hazardous waste treatment services. In light of the future plans of development, the waste water treatment and water environment treatment business of the Group will expand and grow accordingly. The Group believes that Everbright Environment is well positioned to serve the development needs of the Group's waste water treatment and water environment treatment projects as it has a thorough understanding of the operations of the Group and it is a leading sludge and hazardous waste treatment service provider in Mainland China.

In relation to the 2023-2025 Property Lease Framework Agreement, the Group is of the view that the rental payments under these leases are in line with, if not more favourable than, the market rents in the proximity of the premises leased from Everbright Environment. The continuation of these leasing arrangements will also avoid unnecessary disruptions and additional costs that might be caused by relocation, and will ensure the continuity of its operations. Therefore, the Group is of the view that it is in the interest of the Group in terms of cost, time, and stability to continue to lease the premises from Everbright Environment.

In relation to the 2023-2025 Employee Healthcare Protection Services Framework Agreement, the Group is of the view that upon consideration of various factors such as the scope of protection, the rates of insurance, and the scope of healthcare protection services, China Everbright Group offered a wide range of insurance products that would provide ample medical and healthcare protection for its employees. Accordingly, the Group believes that China Everbright Group is able to serve the medical and healthcare needs required.

The terms of the 2023-2025 Framework Agreements have been agreed upon arm's length negotiations between the Company and China Everbright Group, and between the Company and Everbright Environment. The Board (including the independent non-executive Directors) are of the view that (i) the continuing connected transactions contemplated under the 2023-2025 Framework Agreements will be carried out in the ordinary and usual course of business of the Group; (ii) the terms of the 2023-2025 Framework Agreements are normal commercial terms, fair and reasonable, and in the interests of the Group and the Shareholders as a whole; and (iii) the proposed annual caps of the transactions contemplated under the 2023-2025 Framework Agreements are fair and reasonable, and in the interests of the Group and the Shareholders as a whole.

## **DIRECTORS' INTEREST IN THE ABOVE TRANSACTIONS**

Mr. Hu Yanguo, an executive Director and the Chairman of the Board, serves as an executive director and the vice president of Everbright Environment; Mr. Zhai Haitao, an independent non-executive Director, serves as an independent non-executive director of Everbright Environment. They have abstained from voting to approve each of the 2023-2025 Sludge Treatment and Hazardous Waste Treatment Services Framework Agreement and the 2023-2025 Property Lease Framework Agreement and the 2023-2025 Annual Caps in respect thereof in the Board meeting due to their connected relationship with Everbright Environment. Save as disclosed above, none of the Directors has a material interest in any of the 2023-2025 Framework Agreements or is required to abstain from voting on the resolutions in relation to the transactions under each of the 2023-2025 Framework Agreements.

## **INFORMATION OF THE PARTIES**

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

China Everbright Group is a conglomerate which, through its subsidiaries and associates, engages in a diverse range of businesses, including banking, securities, insurance, asset management, trusts, futures, financial leasing, ecological and environmental management, new energy, cultural travel, and medical care.

Everbright Environment is principally engaged in business areas of waste-to-energy and integrated waste treatment, integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation, water environment management, equipment manufacturing, waste sorting, environmental sanitation integration, resource recycling, development of zero-waste cities, energy-saving lighting, analysis and testing, research and development relating to green technologies, ecological and environmental planning and designing, as well as environmental protection industrial parks.

CE Bank is a joint stock company incorporated in the PRC with limited liability and is one of the major commercial banks in the PRC, and primarily engages in the commercial banking business, including retail banking, corporate banking and treasury operation, etc.

EB Securities is a joint stock company incorporated in the PRC with limited liability and is principally engaged in brokerage and wealth management, credit business, institutional securities services, and investment management.

## **INTERNAL CONTROL MEASURES**

In order to protect the interests of the Shareholders, the Group will adopt the following internal control procedures in relation to the 2023-2025 Framework Agreements:

- (a) the Group will comply with its internal control procedures in respect of related party transactions before the Company or any of its subsidiaries enters into any separate agreement that sets out the specific terms of the relevant services to be procured under the 2023-2025 Framework Agreements;
- (b) in relation to the 2023-2025 Deposit Services Framework Agreement, the Group shall obtain quotations from CE Bank and at least two other banks for rates of deposits of an equivalent amount and for the equivalent period, and will only deposit its funds with CE Bank if the terms quoted are no less favourable than the terms quoted by such two other banks;
- (c) in relation to the 2023-2025 Loan Services Framework Agreement, the Group shall obtain quotations from CE Bank and at least two other banks for rates of loans of an equivalent amount and for the equivalent period, and will only borrow funds from CE Bank if the terms quoted are no less favourable than the terms quoted by such two other banks;
- (d) in relation to the 2023-2025 Underwriting and Advisory Services Framework Agreement, the Group shall obtain quotations from the subsidiaries and associates of China Everbright Group and at least two other counterparties, and will only engage the subsidiaries and associates of China Everbright Group if the price(s) or fee(s) quoted to underwrite and/or advise such securities are not higher than the price(s) or fee(s) at which such securities are underwritten or advised by Independent Third Parties;
- (e) in relation to the 2023-2025 Sludge Treatment and Hazardous Waste Treatment Services Framework Agreement, the Group shall obtain quotations from the subsidiaries and associates of Everbright Environment and at least two Independent Third Parties for the same or similar services on a fair and reasonable basis, and will only engage the subsidiaries and associates of Everbright Environment if the price(s) or fee(s) quoted are not higher than the price(s) or fee(s) for such services to be provided by Independent Third Parties;
- (f) in relation to the 2023-2025 Property Lease Framework Agreement, the rentals payable by the Group shall be in the region of the prevailing market rental for the property, where the Group shall collect and make reference to data of market rents of comparable properties;

- (g) in relation to the 2023-2025 Employee Healthcare Protection Services Framework Agreement, the Group shall obtain quotations from the subsidiaries and associates of China Everbright Group and at least two other independent insurers for quotations of similar insurance products and services for an equivalent number of the employees, and for an equivalent period, and will use the employee healthcare protection services of the subsidiaries and associates of China Everbright Group only if the terms quoted are equivalent to or no less favourable than the price and terms quoted by such two other independent insurers;
- (h) the audit committee of the Company shall trace, monitor and evaluate the payment arrangements and transaction amounts under agreements on connected transactions so as to ensure that the agreements are executed in accordance with the relevant pricing policies and that the 2023-2025 Annual Caps will not be exceeded; and
- (i) the 2023-2025 Framework Agreements and the transactions thereunder will be reviewed annually by the independent non-executive Directors and independent auditor of the Company.

The Board considers that the above internal control procedures adopted by the Group in connection with the continuing connected transactions under the 2023-2025 Framework Agreements are appropriate and sufficient, and will give sufficient assurance that the continuing connected transactions will be appropriately monitored by the Group.

## **IMPLICATIONS UNDER THE SEHK LISTING RULES**

As at the date of this announcement, Everbright Environment holds approximately 72.87% of the shares in the share capital of the Company through its wholly-owned subsidiary and is a controlling shareholder of the Company and therefore a connected person of the Company under Rule 14A.07(1) of the SEHK Listing Rules. China Everbright Group is a controlling shareholder of Everbright Environment, which is in turn the controlling shareholder of the Company. China Everbright Group is therefore an associate of Everbright Environment, and a connected person of the Company under Rule 14A.07(4) of the SEHK Listing Rules. The transactions contemplated under the 2023-2025 Framework Agreements therefore constitute continuing connected transactions of the Company under Chapter 14A of the SEHK Listing Rules.

As one or more applicable percentage ratios in respect of the annual caps of each of the 2023-2025 Framework Agreements are over 0.1% but less than 5%, the transactions contemplated under each of the 2023-2025 Framework Agreements are subject to the reporting, announcement and annual review requirements but exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the SEHK Listing Rules.

## **IMPLICATIONS UNDER THE SGX-ST LISTING MANUAL**

The entry into, and the transactions contemplated under, the 2023-2025 Framework Agreements fall under the scope of activities set out under the Company's IPT Mandate, which was renewed with the approval of the Shareholders at the annual general meeting of the Company held on 26 April 2022.

## **DEFINITIONS**

In this announcement, the following terms have the following meanings unless the context otherwise requires:

“2022 Annual Caps”	the annual caps for the year ended 31 December 2022 under the respective 2022 Framework Agreements
“2022 Deposit Services Framework Agreement”	the deposit services framework agreement dated 22 December 2021 entered into between the Company and China Everbright Group, pursuant to which China Everbright Group agreed to procure CE Bank to provide deposit services to the Group commencing from 1 January 2022 to 31 December 2022, the details of which are set out in the announcement of the Company dated 22 December 2021
“2022 Employee Healthcare Protection Services Framework Agreement”	the employee healthcare protection services agreement dated 22 December 2021 entered into between Everbright Water Shenzhen and Sun Life Everbright, an entity owned as to 50% by China Everbright Group, pursuant to which Sun Life Everbright agreed to provide employee healthcare protection services to Everbright Water Shenzhen for the years 2021 and 2022, the details of which are set out in the announcement of the Company dated 22 December 2021

“2022 Framework Agreements”	the 2022 Deposit Services Framework Agreement, the 2022 Loan Services Framework Agreement, the 2022 Underwriting and Advisory Services Framework Agreement, the 2022 Sludge Treatment and Hazardous Waste Treatment Services Framework Agreement, the 2022 Property Lease Framework Agreement and the 2022 Employee Healthcare Protection Services Framework Agreement
“2022 Loan Services Framework Agreement”	the loan services framework agreement dated 22 December 2021 entered into between the Company and China Everbright Group, pursuant to which China Everbright Group agreed to procure CE Bank to provide loan services to the Group commencing from 1 January 2022 to 31 December 2022, the details of which are set out in the announcement of the Company dated 22 December 2021
“2022 Property Lease Framework Agreement”	the property lease framework agreement dated 22 December 2021 entered into between the Company and Everbright Environment, pursuant to which Everbright Environment agreed to procure its subsidiaries to lease properties to the Group commencing from 1 January 2022 to 31 December 2022, the details of which are set out in the announcement of the Company dated 22 December 2021
“2022 Sludge Treatment and Hazardous Waste Treatment Services Framework Agreement”	the sludge treatment and hazardous waste treatment services framework agreement dated 22 December 2021 entered into between the Company and Everbright Environment, pursuant to which Everbright Environment agreed to procure its subsidiaries to provide sludge treatment and hazardous waste treatment services to the Group commencing from 1 January 2022 to 31 December 2022, the details of which are set out in the announcement of the Company dated 22 December 2021

<p>“2022 Underwriting and Advisory Services Framework Agreement”</p>	<p>the underwriting and advisory services framework agreement dated 22 December 2021 entered into between the Company and China Everbright Group, pursuant to which China Everbright Group agreed to procure EB Securities, CEB International Investment Corporation Limited (光銀國際投資有限公司) and/or China Everbright Securities International Limited (中國光大證券國際有限公司) to provide underwriting and advisory services to the Group commencing from 1 January 2022 to 31 December 2022, the details of which are set out in the announcement of the Company dated 22 December 2021</p>
<p>“2023-2025 Annual Cap(s)”</p>	<p>the annual caps for the years ended 31 December 2023, 2024 and 2025 respectively under the respective 2023-2025 Framework Agreements</p>
<p>“2023-2025 Deposit Services Framework Agreement”</p>	<p>the deposit services framework agreement dated 15 December 2022 entered into between the Company and China Everbright Group, pursuant to which China Everbright Group agreed to procure CE Bank to provide deposit services to the Group commencing from 1 January 2023 to 31 December 2025</p>
<p>“2023-2025 Employee Healthcare Protection Services Framework Agreement”</p>	<p>the employee healthcare protection services framework agreement dated 15 December 2022 entered into between the Company and China Everbright Group, pursuant to which China Everbright Group agreed to procure its subsidiaries and associates, including but not limited to Sun Life Everbright, to provide the Healthcare Protection Entrusted Management Scheme, the Long-term Supplemental Medical Insurance Protection Scheme and other employee healthcare protection services to the Group</p>
<p>“2023-2025 Framework Agreements”</p>	<p>the 2023-2025 Deposit Services Framework Agreement, the 2023-2025 Loan Services Framework Agreement, the 2023-2025 Underwriting and Advisory Services Framework Agreement, the 2023-2025 Sludge Treatment and Hazardous Waste Treatment Services Framework Agreement, the 2023-2025 Property Lease Framework Agreement and the 2023-2025 Employee Healthcare Protection Services Framework Agreement</p>

“2023-2025 Loan Services Framework Agreement”	the loan services framework agreement dated 15 December 2022 entered into between the Company and China Everbright Group, pursuant to which China Everbright Group agreed to procure CE Bank to provide loan services to the Group commencing from 1 January 2023 to 31 December 2025
“2023-2025 Property Lease Framework Agreement”	the property lease framework agreement dated 15 December 2022 entered into between the Company and Everbright Environment, pursuant to which Everbright Environment agreed to lease properties or to procure its subsidiaries and associates to lease properties to the Group commencing from 1 January 2023 to 31 December 2025
“2023-2025 Sludge Treatment and Hazardous Waste Treatment Services Framework Agreement”	the sludge treatment and hazardous waste treatment services agreement dated 15 December 2022 entered into between the Company and Everbright Environment, pursuant to which Everbright Environment agreed to procure its subsidiaries and associates to provide sludge treatment and hazardous waste treatment services to the Group commencing from 1 January 2023 to 31 December 2025
“2023-2025 Underwriting and Advisory Services Framework Agreement”	the underwriting and advisory services framework agreement dated 15 December 2022 entered into between the Company and China Everbright Group, pursuant to which China Everbright Group agreed to procure its subsidiaries and associates, including but not limited to EB Securities, to provide underwriting and advisory services to the Group commencing from 1 January 2023 to 31 December 2025
“associate(s)”	has the meaning given to it under the SEHK Listing Rules
“Board”	the board of Directors of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)

“CE Bank”	China Everbright Bank Company Limited (中國光大銀行股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability, whose H shares and A shares are listed on the Main Board of the SEHK (Stock Code: 6818) and the Shanghai Stock Exchange (Stock Code: 601818) respectively, and an associate of China Everbright Group
“China Everbright Group”	China Everbright Group Ltd.* (中國光大集團股份公司), a joint stock company incorporated under the laws of the PRC with limited liability, a controlling shareholder and an associate of Everbright Environment
“Company”	China Everbright Water Limited (中國光大水務有限公司), a company incorporated under the laws of Bermuda with limited liability, whose shares are listed on the Main Board of the SGX-ST (Stock Code: U9E) and the Main Board of the SEHK (Stock Code: 1857)
“connected person(s)”	has the meaning ascribed to it under the SEHK Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the SEHK Listing Rules
“Director(s)”	the director(s) of the Company
“EB Securities”	Everbright Securities Company Limited (光大證券股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability, whose shares are listed on the Main Board of the SEHK (Stock Code: 6178) and the Shanghai Stock Exchange (Stock Code: 601788), an associate of China Everbright Group with China Everbright Group being its controlling shareholder

“Everbright Environment”	China Everbright Environment Group Limited (中國光大環境(集團)有限公司), a company incorporated under the laws of Hong Kong with limited liability, whose shares are listed on the Main Board of the SEHK (Stock Code: 257), and the controlling shareholder of the Company
“Everbright Water Shenzhen”	Everbright Water (Shenzhen) Limited (光大水務(深圳)有限公司), a company incorporated under the laws of the PRC with limited liability, an indirectly wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent shareholder(s)”	shareholders of the Company (except China Everbright Group and its associates)
“Independent Third Party(ies)”	an entity which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the SEHK Listing Rules
“IPT Mandate”	the general mandate pursuant to Chapter 9 of the SGX-ST Listing Manual
“Mainland China”	The PRC excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan
“PBOC”	People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“SEHK”	The Stock Exchange of Hong Kong Limited
“SEHK Listing Rules”	the Rules Governing the Listing of Securities on the SEHK
“SGX-ST”	the Singapore Exchange Securities Trading Limited
“SGX-ST Listing Manual”	the listing manual of the SGX-ST
“Shareholder(s)”	shareholder(s) of the Company
“Sun Life Everbright”	Sun Life Everbright Life Insurance Co., Ltd. (光大永明人壽保險有限公司), a company incorporated under the laws of the PRC with limited liability
“%”	per cent

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

Hong Kong and Singapore, 15 December 2022

*As at the date of this announcement, the Board comprises: (i) three executive directors, namely Mr. Hu Yanguo (Chairman), Mr. Tao Junjie (Chief Executive Officer) and Mr. Luo Junling; and (ii) four independent non-executive directors, namely Mr. Zhai Haitao, Mr. Lim Yu Neng Paul, Ms. Cheng Fong Yee and Ms. Hao Gang.*