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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)

RESPONSES TO QUERY FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED IN RELATION TO THE COMPANY'S FY2020 ANNUAL REPORT

The board of directors (the “**Board**”) of China Everbright Water Limited (the “**Company**”) wishes to update shareholders of the Company (the “**Shareholders**”) that the Company has received a query from Singapore Exchange Securities Trading Limited (“**SGX-ST**”) relating to the Company’s annual report for the financial year ended 31 December 2020 (“**FY2020**”) published on 22 March 2021 (“**FY2020 Annual Report**”), which SGX-ST wishes that the Company addresses to the Shareholders. The query from SGX-ST and the Company’s response to such query are set out below.

QUERY FROM SGX-ST

Rule 1207(10C) of the listing manual of SGX-ST requires the Audit Committee’s comments on whether the internal audit function is independent, effective and adequately resourced. Please provide information on the relevant experience of internal audit team and whether the Audit Committee is of the view that the internal auditors were effective and adequately resourced.

The Company's Response:

As disclosed in the FY2020 Annual Report, the Audit Committee (the “AC”) is tasked to review the Company’s internal audit function to ensure the adequacy and that an effective system of control is maintained in the Company and its subsidiaries (collectively, the “Group”). The Company’s Internal Audit Department (the “IA”) reports primarily to the AC and has full access to the documents, records, properties and personnel of the Company and of the Group, and has appropriate standing within the Company.

The IA conducts annual review of the adequacy and effectiveness of the Group’s key internal controls including management of financial, operational, compliance, information technology and sustainability risks. Any material non-compliance and recommendation for improvements are reported to the AC. The IA reports to the AC at least twice in a year regarding the progress and major findings of the internal audit process. The AC reviews at least annually the adequacy and effectiveness of the internal audit function of the Company and ensures that the Company’s internal audit team is formed by the sufficient number of personnel with relevant qualifications and experience.

The IA comprises employees whose roles and responsibilities are dedicated to carrying out the internal audit function for the Company. In FY2020, the IA was headed by Mr. Siu Ho Fai, who is a Certified Public Accountant in Hong Kong and has 18 years of relevant experience. He was supported by a team of five employees, all of whom have finance, internal audit or project operation experience. None of the personnel of the IA had any relationship or conflict of interest that could impair their objectivity and independence in conducting their internal audit function.

The AC is of the view that the Company’s internal audit function is independent, effective and adequately resourced.

By Order of the Board
China Everbright Water Limited
An Xuesong

Executive Director and Chief Executive Officer

Hong Kong and Singapore, 16 April 2021

As at the date of this announcement, the Board comprises: (i) a non-executive director, Mr. Wang Tianyi (Chairman); (ii) two executive directors, namely Mr. An Xuesong (Chief Executive Officer) and Mr. Luo Junling; and (iii) four independent non-executive directors, namely Mr. Zhai Haitao, Mr. Lim Yu Neng Paul, Ms. Cheng Fong Yee and Ms. Hao Gang.