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CHINA EVERBRIGHT ENVIRONMENT GROUP LIMITED

中國光大環境(集團)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 257)

**DISCLOSEABLE TRANSACTION IN RELATION TO
DISPOSAL OF UNDERLYING ASSETS
UNDER THE ABN SERIES 2
AND
COMPLETION OF ISSUE OF THE ABN SERIES 2**

**DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF UNDERLYING
ASSETS UNDER THE ABN SERIES 2**

The Board is pleased to announce that on 26 August 2022, EEP China (a wholly-owned subsidiary of the Company) and JIC Trust entered into the Trust Contract, pursuant to which, among other things, EEP China has agreed to entrust JIC Trust with the Underlying Assets and JIC Trust has agreed to be the trustee and manager of the Trust for the benefit of Beneficiaries for the purpose of the issue of the ABN Series 2.

COMPLETION OF ISSUE OF THE ABN SERIES 2

The Board is pleased to announce that EEP China has completed the issue of the ABN Series 2 on 26 August 2022. The ABN issued under the ABN Series 2 is at an aggregate face value of RMB857,618,299.93 (equivalent to approximately HK\$994,837,227.92).

LISTING RULES IMPLICATIONS

The EEP China Disposal, on a standalone basis, does not constitute a discloseable transaction for the Company and therefore is not subject to any notification and publication requirements under Chapter 14 of the Listing Rules. Pursuant to Rule 14.22 of the Listing Rules, the EEP China Disposal shall be aggregated with the Greentech Disposal and the EEP China Initial Disposal since these transactions are entered into by the Group with JIC Trust within a 12-month period. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the EEP China Disposal, when aggregated with the Greentech Disposal and the EEP China Initial Disposal, is more than 5% but less than 25%, the EEP China Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and publication requirements under Chapter 14 of the Listing Rules.

References are made to the announcements of the Company dated 27 October 2021, 16 December 2021 and 28 December 2021 (the “**Announcements**”) in relation to the proposed issue of the ABN by EEP China. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

DISPOSAL OF UNDERLYING ASSETS UNDER THE ABN SERIES 2

The Trust Contract

The Board is pleased to announce that on 26 August 2022, EEP China and JIC Trust entered into the Trust Contract, pursuant to which, among other things, EEP China has agreed to entrust JIC Trust with the Underlying Assets and JIC Trust has agreed to be the trustee and manager of the Trust for the benefit of Beneficiaries for the purpose of the issue of the ABN Series 2. The ABN issued under the ABN Series 2 are at an aggregate face value of RMB857,618,299.93 (equivalent to approximately HK\$994,837,227.92).

Principal terms of the Trust Contract

Date

26 August 2022

Parties

- (1) EEP China (as the trustor and the initiating entity); and
- (2) JIC Trust (as the trustee and manager of the Trust).

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, JIC Trust and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Underlying Assets under the Trust

Upon the Trust becoming effective, the Underlying Assets become the assets under the Trust and EEP China ceases to have any rights or interests in, and ceases to bear any risks relating to, the Underlying Assets. JIC Trust, as the trustee and the manager under the Trust Contract, holds the Underlying Assets for the benefits of the Beneficiaries and is responsible for the management, application and disposal of the entrusted Underlying Assets.

Consideration

JIC Trust shall transfer the ABN Proceeds (after deducting the expenses incurred for the issue of the ABN Series 2) to the designated bank accounts of EEP China on the first business day immediately following the delivery of the Underlying Assets (the same date as the effective date of the Trust). The basis of determination of the consideration was arrived at after arm's length negotiations between EEP China and JIC Trust with reference to assessment on the prospect of the benefits that can be created as described under the paragraphs headed "Financial impact and use of the ABN Proceeds" and "Reasons for and benefits of the disposal of the Underlying Assets for the issue of the ABN Series 2".

Conditions precedent

The Trust becomes effective upon the satisfaction or waiver of the following conditions (except that condition under paragraph (vii) below is not waivable), among other things:

- (i) EEP China, in its capacity as the trustor, having delivered to JIC Trust copies of its business license and the resolutions approving and authorising the execution of the Transaction Documents and the performance of the transactions contemplated thereunder;
- (ii) EEP China, in its capacity as the assets service provider, having delivered to JIC Trust copies of the resolutions approving and authorising the execution of the Transaction Documents;
- (iii) originals of the duly executed Transaction Documents having been delivered to JIC Trust and the other relevant parties to the Transaction Documents;
- (iv) the issue of the ABN having been duly registered with NAFMII and the notice of registration acceptance having been obtained;
- (v) JIC Trust having completed the registration of the Trust with China Trust Registration Co., Ltd.;
- (vi) a legal adviser having issued a legal opinion to JIC Trust on the legality and validity of the Transaction Documents, the legality of the establishment of the Trust, the authenticity and validity of the Underlying Assets, and the legality and validity of the formation, acquisition and transfer of the Underlying Assets;
- (vii) the completion of the delivery of the Trust Assets by EEP China to JIC Trust in accordance with the terms of the Trust Contract;
- (viii) a credit rating agency having issued a credit rating report on the preferential ABN;
and
- (ix) an accounting firm having conducted agreed-upon procedures on the essential information and cash flow forecast of the sampled Underlying Assets, and issued a report on the cash flow forecast.

As at the date of this announcement, all the conditions have been satisfied or waived.

Redemption of Unqualified Assets

During the term of the Trust, EEP China and JIC Trust shall notify each other of any discovery of Unqualified Assets. If the circumstances of the Unqualified Assets are not remediable or being rectified in a timely manner, JIC Trust shall have the right to demand EEP China to redeem such Unqualified Assets in accordance with the terms of the Trust Contract. The redemption price shall be at the carrying value of such Unqualified Assets.

Clearance repurchase arrangement

Under the Trust Contract, EEP China may repurchase the total amount of the remaining assets at their fair value on the repurchase commencement date during the term of the Trust under the following circumstances:

- (i) the total outstanding amount of the Renewable Energy Subsidies Receivables in the asset pool falls to 10% or less of the balance of the asset pool as at the Initial Reference Date;
- (ii) the sum of the outstanding principal amount of all the ABN falls to 10% or less of the initial size of the ABN Series 2 as at the Initial Reference Date thereof; or
- (iii) the 30th business day prior to the expected maturity date of all preferential ABN.

Termination

The Trust may be terminated under, among other things, the following circumstances:

- (i) if the purpose of the Trust can no longer be realised;
- (ii) if the Trust is revoked, determined to be invalid or terminated pursuant to a judgment by a court or an award by an arbitration institution in accordance with laws;
- (iii) by order of a relevant regulatory authority in accordance with laws;
- (iv) early termination by a resolution passed at a meeting of the holders of the ABN Series 2;
- (v) upon the expiry of 36 months after the expected maturity of the ABN Series 2;

- (vi) when all Trust Assets (excluding any qualified investments made by JIC Trust) have been fully realised and converted into cash, taking into account any clearance repurchases and redemption of Unqualified Assets made by EEP China pursuant to the terms of the Trust Contract;
- (vii) early termination by the holders of the subordinated ABN may, by way of a written request in accordance with the terms of the Trust Contract, exercise their rights to terminate the Trust after all principal balances and interest payable of the preferential ABN have been fully repaid; or
- (viii) the continuation of the Trust would be unlawful due to amendments or changes in PRC laws and regulations.

The Trust Contract will be terminated upon (i) the completion of the liquidation of all Trust Assets; and (ii) the expiry of the announcement period of the liquidation report of the Trust, during which no objection has been raised by any holder of the ABN Series 2.

Financial impact and use of the ABN Proceeds

As at the Initial Reference Date, the carrying value of the Underlying Assets was RMB857,618,299.93 (equivalent to approximately HK\$994,837,227.92). The ABN Proceeds under the ABN Series 2 amounts to RMB857,618,299.93 (equivalent to approximately HK\$994,837,227.92) and therefore the EEP China Disposal is not expected to result in any gain or loss to the Company.

The ABN Proceeds will be used by EEP China Group for replenishment of working capital, repayment of debts to financial institutions and/or any other purposes in compliance with relevant national industrial policies and applicable laws and regulations.

Reasons for and benefits of the disposal of the Underlying Assets for the issue of the ABN Series 2

The Directors are of the view that the issue of the ABN Series 2 can replenish the working capital of the Group as a whole within a reasonable time, enabling the Group to optimise its financing structure and manage the Group's overall financing cost within a reasonable scope.

The Directors are of the view that the terms of the Trust Contract are on normal commercial terms that are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

COMPLETION OF ISSUE OF THE ABN SERIES 2

The Board is pleased to announce that EEP China has completed the issue of the ABN Series 2 on 26 August 2022. The principal terms of the ABN Series 2 are as follows:

Size of issue

The ABN issued under the ABN Series 2 are at an aggregate face value of RMB857,618,299.93 (equivalent to approximately HK\$994,837,227.92).

Classes

The ABN Series 2 are issued in two classes, namely preferential ABN and subordinated ABN.

Major differences between the two classes are set out below:

	Preferential ABN	Subordinated ABN
Principal amount (RMB)	814,700,000.00	42,918,299.93
Proportion	95%	5%
Term	2.74 years	2.74 years
Credit-rating	AAAsf	–
Interest rate	2.80%	–
Payment of interests	Payable by JIC Trust to the holders of the preferential ABN annually	Payable by JIC Trust to the holders of the subordinated ABN annually
Repayment of principal	Annual repayment	Payment upon date(s) as specified in the Trust Contract after the settlement of the principal amount of the preferential ABN

INFORMATION OF THE PARTIES

The Group

The Company is the largest environmental protection enterprise in China and Asia's leading environmental protection enterprise, as well as a world-renowned ecological and environmental group. As the first one-stop integrated environmental solution provider in China, with a focus on the four areas of environment, resources, energy and climate, its main businesses cover 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. It has a business presence in over 210 locations across 25 provinces, municipalities, autonomous regions and special administrative region in China, as well as overseas markets including Germany, Poland, Vietnam and Mauritius.

EEP China is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in the business of provision of construction management and leachate treatment services and investment holding.

JIC Trust

JIC Trust is incorporated in the PRC with limited liability principally engaged in the provision of trust services in the PRC. JIC Trust is a wholly-owned subsidiary of China Jianyin Investment Ltd. (中國建銀投資有限責任公司), an indirect wholly-owned subsidiary of China Investment Corporation (中國投資有限責任公司) which was founded as China's sovereign wealth fund and ultimately controlled by State Council of the PRC.

LISTING RULES IMPLICATIONS

References are made to the announcements published by:

- (1) Everbright Greentech on 19 October 2021 concerning its indirect wholly-owned subsidiary, EB Greentech Management Shenzhen, which has entrusted further JIC Trust with the Greentech Disposal pursuant to the trust contract dated 21 April 2021 entered into between EB Greentech Management Shenzhen and JIC Trust. The carrying value of the underlying assets under the Greentech Disposal was RMB193,000,000; and

- (2) the Company on 28 December 2021 in relation to the issue of the ABN Series 1 by EEP China. The ABN issued under the ABN Series 1 is at an aggregate face value of RMB671,712,047.63. Pursuant to the trust contract entered into between EEP China and JIC Trust on 28 December 2021, JIC Trust, as the trustee and the manager under the trust contract, holds the underlying assets for the benefits of the beneficiaries and is responsible for the management, application and disposal of the entrusted underlying assets. The proceeds from the issue of the ABN Series 1 were used by the EEP China Group for replenishment of the working capital, repayment of debts to financial institutions and/or any other purposes in compliance with relevant national industrial policies and applicable laws and regulations.

The EEP China Disposal, on a standalone basis, does not constitute a discloseable transaction for the Company and therefore is not subject to any notification and publication requirements under Chapter 14 of the Listing Rules. Pursuant to Rule 14.22 of the Listing Rules, the EEP China Disposal shall be aggregated with the Greentech Disposal and the EEP China Initial Disposal since these transactions are entered into by the Group with JIC Trust within a 12-month period. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the EEP China Disposal, when aggregated with the Greentech Disposal and the EEP China Initial Disposal, is more than 5% but less than 25%, the EEP China Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and publication requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

“ABN”	the asset-backed notes with the total registered issue size of not exceeding RMB2 billion (equivalent to approximately HK\$2.32 billion) backed by the Underlying Assets of EEP China and to be subscribed by institutional investors
“ABN Proceeds”	RMB857,618,299.93 (equivalent to approximately HK\$994,837,227.92), being the total amount of funds raised by the disposal of the Underlying Assets

“ABN Series 1”	the Everbright Environmental Protection (China) Limited Series 1 Green Private Placement ABN (Carbon Neutrality Bond) for the year 2021* (光大環保(中國)有限公司二零二一年度第一期綠色定向資產支持票據(碳中和債)) issued on 28 December 2021
“ABN Series 2”	the Everbright Environmental Protection (China) Limited Series 1 Green Private Placement ABN (Carbon Neutrality Bond) for the year 2022* (光大環保(中國)有限公司二零二二年度第一期綠色定向資產支持票據(碳中和債)) issued on 26 August 2022
“Beneficiaries”	the holder(s) of the ABN Series 2, also being the beneficiary(ies) of the Trust
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China
“Company”	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, and a public company whose shares are listed on the main board of the Hong Kong Stock Exchange (Stock Code: 257)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EB Greentech Management Shenzhen”	Everbright Greentech Management (Shenzhen) Company Limited* (光大綠色環保管理(深圳)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Everbright Greentech
“EEP China”	Everbright Environmental Protection (China) Limited* (光大環保(中國)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company

“EEP China Disposal”	the disposal of the Underlying Assets to JIC Trust by EEP China in the amount of RMB857,618,299.93 (equivalent to approximately HK\$994,837,227.92) for the issue of ABN Series 2 on 26 August 2022
“EEP China Group”	EEP China and its subsidiaries from time to time
“EEP China Initial Disposal”	the disposal of the underlying assets by EEP China to JIC Trust in the amount of RMB671,712,047.63 for the issue of the ABN Series 1 on 28 December 2021
“Everbright Greentech”	China Everbright Greentech Limited (中國光大綠色環保有限公司), an exempted company incorporated under the laws of Cayman Islands with limited liability, and a public company whose shares are listed on the main board of the Hong Kong Stock Exchange (Stock Code: 1257) and a subsidiary of the Company
“Greentech Disposal”	the further disposal of the underlying assets, comprising the renewable energy subsidies receivables entrusted to JIC Trust by EB Greentech Management Shenzhen in the amount of RMB193,000,000 on 19 October 2021
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Initial Reference Date”	1 April 2022
“JIC Trust”	JIC Trust Company Limited* (中建投信託股份有限公司), a company incorporated under the laws of the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“NAFMII”	the National Association of Financial Market Institutional Investors of the PRC (中國銀行間市場交易商協會)
“Renewable Energy Subsidies Receivables”	the subsidies that the EEP China are entitled to receive pursuant to the Renewable Energy Law of the PRC* (《中華人民共和國可再生能源法》), the Interim Measures for the Administration of the Collection and Use of the Renewable Energy Development Fund* (《可再生能源發展基金徵收使用管理暫行辦法》), the Interim Administrative Measures for Additional Subsidies for Renewable Energy Power Prices* (《可再生能源電價附加補助資金管理暫行辦法》), the Administrative Measures for Additional Fund for Renewable Energy Power Prices* (《可再生能源電價附加資金管理辦法》), Several Opinions on Promotion of the Sound Development of Power Generation with Non-hydropower Renewable Energy Resources* (《關於促進非水可再生能源發電健康發展的若干意見》) and subsidies catalogues and/or checklists formally released by applicable governmental departments
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Transaction Documents”	the Trust Contract and other agreements or documents relating to the issue of the ABN Series 2
“Trust”	the ABN Series 2 Trust as established under the Trust Contract
“Trust Assets”	the aggregation of the assets acquired by JIC Trust from EEP China for the purpose of establishment of the Trust on the effective date of the Trust in accordance with the Trust Contract, the cash recovered, the assets that JIC Trust received through management, disposal, operation and any other way of the aforesaid assets, the fees paid by EEP China for the clearance repurchase arrangement, the damages and indemnities received under the Liquidity Support Agreement

“Trust Contract”	the trust contract dated 26 August 2022 entered into between EEP China and JIC Trust in respect of the formation of the Trust and the transfer of the Underlying Assets
“Underlying Assets”	the Renewable Energy Subsidies Receivables which EEP China entrusted to JIC Trust for the purpose of establishment of the Trust on the effective date of the Trust
“Unqualified Assets”	the Underlying Assets that do not meet the representations and warranties made by EEP China in the Trust Contract
“%”	per cent

For the purpose of this announcement, the following exchange rate is used: RMB1.00 = HK\$1.16.

By Order of the Board
China Everbright Environment Group Limited
Poon Yuen Ling
Company Secretary

Hong Kong, 26 August 2022

As at the date of this announcement, the Board comprises: (i) five Executive Directors, namely Mr. Huang Haiqing (Chairman of the Board), Mr. Luan Zusheng (Chief Executive Officer), Mr. Hu Yanguo (Vice President), Mr. Qian Xiaodong (Vice President) and Mr. An Xuesong (Vice President and Chief Financial Officer); and (ii) four Independent Non-executive Directors, namely Mr. Fan Yan Hok, Philip, Mr. Zhai Haitao, Mr. Suo Xuquan and Ms. Li Shuk Yin, Edwina.

* *For identification purpose only*