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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)**

### **PROPOSED CHANGE OF AUDITOR**

This announcement is made by China Everbright Environment Group Limited (the “**Company**”) pursuant to Rule 13.51(4) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

### **RETIREMENT OF AUDITOR**

The board (the “**Board**”) of directors of the Company announces that Ernst & Young (“**EY**”) will retire as the auditor of the Company upon expiration of its term of office at the conclusion of the 2024 annual general meeting of the Company (the “**2024 AGM**”). Since the number of years that the Company has continuously engaged EY has reached the prescribed time limit, according to the relevant regulations issued by the Ministry of Finance of the People’s Republic of China, the State-owned Assets Supervision and Administration Commission of the State Council, and China Securities Regulatory Commission regarding the restriction on the years of services that an accounting firm can continuously provide to a state-owned enterprise, and in order to maintain good corporate governance and the independency of auditor, EY will not be reappointed as the auditor of the Company upon the expiration of its term of office. The audit committee of the Company (the “**Audit Committee**”), after having discussion with EY at the meeting of the Audit Committee held on 19 March 2024, was satisfied that all the underlying reasons leading to the EY’s retirement have been disclosed in this announcement.

The Company has received a written confirmation in the retirement letter dated 27 March 2024 from EY confirming that there are no circumstances relating to its retirement that need to be brought to the attention of the shareholders or creditors of the Company (the “**Shareholders**”). The Board and the Audit Committee have also confirmed that there are no disagreement or unsolved issues between the Board and EY, and there are no other matters relating to aforementioned retirement that need to be brought to the attention of the Shareholders.

The Board would like to take this opportunity to express its sincere gratitude to EY for providing the professional services to the Company over the years.

## **PROPOSED APPOINTMENT OF AUDITOR**

With the endorsement of the Audit Committee, the Board proposes to appoint KPMG (“**KPMG**”) as the auditor of the Company following the retirement of EY. The proposed appointment is subject to the approval of the Shareholders at the 2024 AGM. The new auditor will hold an office from the conclusion of 2024 AGM until the conclusion of the next annual general meeting of the Company.

The Audit Committee has considered a number of factors when endorsing KPMG to the Board as the new auditor of the Company, including but not limited to (i) its experience in handling audit work for companies listed on the Stock Exchange, its industry knowledge and its familiarity with the requirements under the Listing Rules and the Hong Kong Financial Reporting Standards; (ii) its resources allocation, quality and capability including but not limited to manpower, time and other resources allocation; (iii) its independency and objectivity; (iv) its audit fee; (v) its market reputation; (vi) the “Guidelines for Effective Audit Committees – Selection, Appointment and Reappointment of Auditors” issued by the Accounting and Financial Reporting Council (“**AFRC**”) in December 2021 (the “**Guide**”), including section 2 “Selection and Appointment of Auditors” of the Guide; and (vii) the “Guidance Notes on Change of Auditors” published by the AFRC in September 2023. Based on the above, the Audit Committee has assessed and considered that KPMG is independent, competent and capable (including manpower, expertise, time and other resources) to perform a high-quality audit and KPMG is eligible and suitable to act as the new auditor of the Company.

A special notice was given by a Shareholder, being an indirect subsidiary of China Everbright Group Ltd., pursuant to Sections 400(1)(a) and 578 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), of its intention to propose the following resolution as an ordinary resolution at the 2024 AGM:

“**THAT** KPMG be appointed as the auditor of the Company in place of the retiring auditor, Ernst & Young, to hold office until the conclusion of the next annual general meeting of the Company, at a remuneration to be fixed by the Board.”

The Board and the Audit Committee are of the view that the appointment of KPMG as the auditor of the Company is in the interest of the Company and the Shareholders as a whole.

A circular containing, among other matters, details relating to the proposed change of auditor and a notice of the 2024 AGM together with the related proxy form will be published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cebenvironment.com/en/ir/circulars.php](http://www.cebenvironment.com/en/ir/circulars.php)), and will be despatched to the Shareholders as soon as practicable.

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

Hong Kong, 27 March 2024

*As at the date of this announcement, the Board comprises: (i) two Executive Directors, namely Mr. Huang Haiqing (Chairman of the Board) and Mr. Luan Zusheng (Chief Executive Officer); (ii) two Non-executive Directors, namely Mr. Kang Guoming and Mr. Pan Jianyun; and (iii) four Independent Non-executive Directors, namely Mr. Fan Yan Hok, Philip, Mr. Zhai Haitao, Mr. Suo Xuquan and Ms. Li Shuk Yin, Edwina.*