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CHINA EVERBRIGHT GREENTECH LIMITED

中國光大綠色環保有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1257)

DISCLOSEABLE TRANSACTION ENTERING INTO NANJING LIUHE WASTE-TO-ENERGY PROJECT THE SHARE CAPITAL INCREASE AGREEMENT

SUMMARY

The Board is pleased to announce that, on 30 September 2020, EB Energy (Nanjing), Liuhe Environment and the Project Company entered into the Share Capital Increase Agreement, pursuant to which EB Energy (Nanjing) and Liuhe Environment shall make capital contributions in cash in the amounts of RMB70,560,000 (equivalent to approximately HK\$80,508,960) and RMB79,440,000 (equivalent to approximately HK\$90,641,040), respectively. The total committed investment amount in the Project Company shall be RMB792,450,000 (equivalent to approximately HK\$904,185,450), including RMB160,000,000 (equivalent to approximately HK\$182,560,000) as registered capital. Upon completion of the contributions, the Project Company shall be owned as to 44.1% by EB Energy (Nanjing) and 55.9% by Liuhe Environment. Accordingly, the Project Company will not become a subsidiary of the Company, and its financial results will not be consolidated into the consolidated financial statements of the Group.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Liuhe Environment and the People's Government of Liuhe District, Nanjing, its ultimate beneficial owner, are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios is above 5% but less than 25%, entering into the Share Capital Increase Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 30 September 2020, EB Energy (Nanjing), Liuhe Environment and the Project Company entered into the Share Capital Increase Agreement, pursuant to which EB Energy (Nanjing) and Liuhe Environment shall make capital contributions in cash in the amounts of RMB70,560,000 (equivalent to approximately HK\$80,508,960) and RMB79,440,000 (equivalent to approximately HK\$90,641,040), respectively. The total committed investment amount in the Project Company shall be RMB792,450,000 (equivalent to approximately HK\$904,185,450), including RMB160,000,000 (equivalent to approximately HK\$182,560,000) as registered capital. Upon completion of the contributions, the Project Company shall be owned as to 44.1% by EB Energy (Nanjing) and 55.9% by Liuhe Environment. Accordingly, the Project Company will not become a subsidiary of the Company, and its financial results will not be consolidated into the consolidated financial statements of the Group.

On 11 June 2020, the Project Company and the Nanjing Liuhe District Urban Administration Bureau entered into the IBO Contract in respect of the Project, agreeing on terms to improve the environmental quality, enhance efficiency in the construction and operation of environmental facilities in Liuhe District, Nanjing, and to effectively alleviate the investment (financing), design, construction, operation, maintenance and delivery work relating to household waste treatment in Liuhe District, Nanjing.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Liuhe Environment and the People's Government of Liuhe District, Nanjing, its ultimate beneficial owner, are third parties independent of the Company and its connected persons.

SHARE CAPITAL INCREASE AGREEMENT

1. Date

30 September 2020

2. Parties

- (1) EB Energy (Nanjing);
- (2) Liuhe Environment; and
- (3) the Project Company.

3. Project Company and capital contribution

The Project Company is a company established in the PRC with limited liability. As at the date of this announcement, the Project Company is a wholly-owned subsidiary of Liuhe Environment. It will be principally engaged in investment, financing and construction relating to the Project. Prior to the execution of Share Capital Increase Agreement, the Project Company had a registered capital of RMB10,000,000 (equivalent to approximately HK\$11,410,000) which had been paid up by Liuhe Environment. Pursuant to the Share Capital Increase Agreement, the registered capital of the Project Company shall be increased to RMB160,000,000 (equivalent to HK\$182,560,000), out of which EB Energy (Nanjing) and Liuhe Environment shall contribute in cash RMB70,560,000 (equivalent to approximately HK\$80,508,960) and RMB79,440,000 (equivalent to approximately HK\$90,641,040), respectively.

Upon completion of the contributions, the Project Company shall be owned as to 44.1% by EB Energy (Nanjing) and 55.9% by Liuhe Environment. Accordingly, the Project Company will not become a subsidiary of the Company, and its financial results will not be consolidated into the consolidated financial statements of the Group.

The total committed investment amount in the Project Company is RMB792,450,000 (equivalent to approximately HK\$904,185,450), and the Project Company shall be responsible for seeking finance for the portion of the total committed investment amount in excess of the amount of registered capital. If the Project Company fails to secure project financing, EB Energy (Nanjing) and Liuhe Environment, as shareholders of the Project Company, shall take actions in a timely manner to assume liability for the Project Company according to their respective shareholding percentages (i.e. EB Energy (Nanjing) may contribute 44.1% of the total committed investment amount in excess of the registered capital amount). The timing and frequency of capital contributions shall be subject to the actual construction and financing requirements of the Project and requirements under the law.

The paid-up amount and total committed investment amount have been determined by EB Energy (Nanjing) and Liuhe Environment on the basis of normal commercial terms following arm's length negotiations. The amount of registered capital contribution in the Project Company to be undertaken by EB Energy (Nanjing) shall be financed by the Group's internal resources.

4. Term of the Project

The Project shall have a term of thirty years commencing on the date of execution of the IBO Contract (i.e., 11 June 2020), unless terminated prematurely or extended in accordance with the provisions of the Share Capital Increase Agreement. Subject to compliance with the provisions of applicable laws then prevailing, the IBO Contract and the Share Capital Increase Agreement and with the approval of the People's Government of Liuhe District, Nanjing, the term of cooperation of the Project may be extended as appropriate.

5. Scope of business of the Project Company

The Project Company shall implement and operate the Project in Liuhe District, Nanjing, which implementation and operation shall involve the investment in financing, construction, operation, maintenance and management of the Project, which shall comprise licensed urban household waste business services and power generation, transmission and supply, among others, subject to details as registered with the Market Supervision Administration of Liuhe District, Nanjing.

6. Payment of the capital contribution amount

The amount of registered capital shall be deposited in the bank account of the Project Company within thirty days after the alteration of business registration information of the Project Company.

7. General meeting

The general meeting of the Project Company shall be the company's supreme authority, which shall exercise the duties and powers to, among others, elect or replace directors and supervisors other than the employee-representative director and employee-representative supervisor, consider the profit distribution proposal of the Project Company, adopt resolutions regarding the increase or reduction of registered capital and merger, division or modification to the corporate structure, amend the articles of association, and determine the caps for corporate financing, all of which mentioned above shall be subject to the approval of shareholders representing more than two-thirds of the voting rights.

8. Governance and management of the Project Company

The board of directors of the Project Company shall consist of three directors, including one chairman. The chairman shall concurrently serve as the legal representative and shall be appointed by Liuhe Environment. EB Energy (Nanjing) and Liuhe Environment shall each nominate one of the two remaining directors. A director of the Project Company shall serve a term of three years and may be re-appointed for consecutive terms.

The supervisory committee of the Project Company shall consist of three supervisors. EB Energy (Nanjing) and Liuhe Environment shall each appoint one supervisor, and there shall be one employee-representative supervisor. The employee-representative supervisor shall be elected by the employees of the Project Company at the employee-representatives' assembly, employees' assembly or otherwise.

The general manager of the Project Company shall be nominated by EB Energy (Nanjing) and shall be responsible mainly for organising and providing leadership over the Project Company's day-to-day operation and management.

THE PROJECT AND THE IBO CONTRACT

On 11 June 2020, the Project Company and the Nanjing Liuhe District Urban Administration Bureau entered into the IBO Contract in respect of the Project, agreeing on terms to improve the environmental quality, enhance efficiency in the construction and operation of environmental facilities in Liuhe District, Nanjing, and to effectively alleviate the investment (financing), design, construction, operation, maintenance and delivery work relating to household waste treatment in Liuhe District, Nanjing.

Pursuant to the IBO Contract, the Project Company shall construct a waste-to-energy power plant (including ash landfill) with a capacity of 1,000 tonnes/day together with ancillary facilities in Liuhe District, Nanjing, and shall operate and maintain the household waste-to-energy power plant and its related ancillary facilities for the harmless disposal of household waste and supply of on-grid electricity in Liuhe District, Nanjing.

The site for the Project shall be acquired by way of allocation. Nanjing Liuhe District Urban Administration Bureau shall provide the project construction site and temporary sites for construction work of the Project, and shall be responsible for the land requisitioning, compensation, demolition and relocation arrangements relating to the project construction site.

INFORMATION ON THE COMPANY, EB ENERGY (NANJING), LIUHE ENVIRONMENT AND THE PROJECT COMPANY

The Company is a professional environmental protection service provider in China, with its businesses focusing on integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation and solar energy and wind power. The Company has its business coverage spanning across 14 provinces and autonomous regions in China, and in Germany.

EB Energy (Nanjing) is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. Its scope of business includes the construction and operation of biomass energy power stations, incineration and treatment of household waste, sales of self-generated electricity and its by-products.

Liuhe Environment is a wholly-owned subsidiary of Liuhe Utilities, which is in turn wholly-owned by the People's Government of Liuhe District, Nanjing. Its scope of business includes work construction activities, urban household waste services, kitchen waste treatment, urban construction waste disposal (clearing), hazardous waste operation and construction work design, etc. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Liuhe Environment and its ultimate beneficial owner, the People's Government of Liuhe District, Nanjing, are third parties independent of the Company and its connected persons.

The Project Company is wholly-owned by Liuhe Environment as at the date of this announcement. Its scope of business includes urban household waste business services and power generation, transmission and supply.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SHARE CAPITAL INCREASE AGREEMENT

The Project is located in Liuhe District, Nanjing in a provincial capital in the developed eastern region of China which is a strong and influential regional hub. The Group will participate in the investment in the Project, which is expected to generate long-term return and value for the Shareholders.

The Directors are of the view that the terms of the Share Capital Increase Agreement have been arrived at through arm's length negotiations between the parties based on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios is above 5% but less than 25%, entering into the Share Capital Increase Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“China” or “PRC”	The People’s Republic of China
“Company”	China Everbright Greentech Limited (中國光大綠色環保有限公司), an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1257)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“EB Energy (Nanjing)”	EB Urban and Rural Biomass Energy (Nanjing) Limited* (光大城鄉生物能源(南京)有限公司) is a company established in Liuhe District, Nanjing, Jiangsu Province, the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IBO Contract”	the integrated invest-build-operate contract for the operation of the Nanjing Liuhe waste-to-energy project, entered into by the Project Company with Nanjing Liuhe District Urban Administration Bureau on 11 June 2020
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Liuhe District, Nanjing”	Liuhe District, Nanjing, Jiangsu Province, the PRC
“Liuhe Environment”	Nanjing Liuhe Environment Company Limited* (南京六合環境有限公司), a company established in Liuhe District, Nanjing, Jiangsu Province, the PRC with limited liability and wholly-owned by Liuhe Utilities
“Liuhe Utilities”	Nanjing Liuhe Municipal Utilities Group Company Limited* (南京六合市政公用集團有限公司), a company established in Liuhe District, Nanjing, Jiangsu Province, the PRC with limited liability and wholly-owned by the People’s Government of Liuhe District, Nanjing
“Project”	the Nanjing Liuhe waste-to-energy project, the details of which are set out in the section headed “The Project and the IBO Contract” in this announcement
“Project Company”	Nanjing Liuhe Jasmine Green Energy Company Limited* (南京六合茉莉綠色能源有限公司), a company established in Liuhe District, Nanjing, Jiangsu Province, the PRC with limited liability and wholly-owned by Liuhe Environment as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Share Capital Increase Agreement”	the Share Capital Increase Agreement in relation to the Project Company entered into by EB Energy (Nanjing), Liuhe Environment and the Project Company on 30 September 2020
“Shareholders”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

For the purpose of this announcement and illustration only, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.000 to HK\$1.141. No representation is made that any amount in HK\$ or RMB could have been or could be converted at the above rate or at any other rates.

By Order of the Board
China Everbright Greentech Limited
QIAN Xiaodong
Executive Director and Chief Executive Officer

Hong Kong, 30 September 2020

As at the date of this announcement, the members of the Board comprise:

Mr. WANG Tianyi (*Chairman, non-executive Director*)
Mr. QIAN Xiaodong (*Chief Executive Officer, executive Director*)
Mr. YANG Zhiqiang (*Vice President, executive Director*)
Mr. LO Kam Fan (*Chief Financial Officer, executive Director*)
Ms. GUO Ying (*Non-executive Director*)
Mr. SONG Jian (*Non-executive Director*)
Mr. CHOW Siu Lui (*Independent non-executive Director*)
Mr. Philip TSAO (*Independent non-executive Director*)
Prof. YAN Houmin (*Independent non-executive Director*)

* *For identification purpose only*