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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)

CONNECTED TRANSACTION ACQUISITION OF RIGHT-OF-USE ASSET IN RELATION TO A SUB-TENANCY AGREEMENT

THE SUB-TENANCY AGREEMENT

The Board announces that on 6 May 2022, CE Greentech Management entered into a Sub-Tenancy Agreement with CEIL in respect of the sub-tenancy of the Premises for a term of three years commencing from 18 May 2022 to 17 May 2025 (both days inclusive). The Premises will be used as the office of the Group in Hong Kong.

As at the date of this announcement, CEIL is a wholly-owned subsidiary of CEEGL and CEEGL is an indirect controlling Shareholder (which is interested in approximately 69.70% equity interests in the Company), hence CEIL is an associate of CEEGL and a connected person of the Company under Chapter 14A of the Listing Rules.

In accordance with HKFRS 16, the Group entering into a lease transaction as lessee will recognise an additional asset representing its right to use the Premises. As such, the transaction contemplated under the Sub-Tenancy Agreement will be recognised as acquisition of right-of-use asset which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the highest of all applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the value of the right-of-use asset recognised under the Sub-Tenancy Agreement is more than 0.1% but less than 5%, the connected transaction contemplated under the Sub-Tenancy Agreement is subject to the reporting and announcement requirements but exempt from circular and the independent Shareholders' approval requirements as set out in Chapter 14A of the Listing Rules.

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The principal terms of the Sub-Tenancy Agreement are as follows:

- Date: 6 May 2022
- Parties: CE Greentech Management as the sub-tenant; and CEIL as the principal tenant.
- The Premises: Unit 3602 of 36th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, with a gross floor area of approximately 300.9 square meters.
- Lease term: Three years commencing on 18 May 2022 and expiring on 17 May 2025 (both days inclusive).
- Monthly rental: HK\$194,400 (exclusive of rates, management fees, water, electricity, gas and other utility charges) to be paid in advance on or before the first day of each and every calendar month.
- Security deposit: HK\$668,229 (HK\$583,200 being rental deposit and HK\$85,029 being management fee and air-condition deposit).

As at the date of this announcement, CE Greentech Management has settled the security deposit in full.

BASIS FOR DETERMINATION OF CONSIDERATION

The monthly rent payable by the Company during the term of the Sub-Tenancy Agreement is determined by both parties after an arm's length negotiation with reference to prevailing market rent for comparable premises in the vicinity and the valuation report prepared by an independent property consulting firm.

RIGHT-OF-USE ASSET

Pursuant to HKFRS 16, the sub-tenancy of the Premises will be recognised as right-of-use asset for an amount of HK\$6,816,582, which is calculated with reference to the present value of the aggregated rental payments to be made under the Sub-Tenancy Agreement.

INFORMATION ABOUT THE PARTIES

The Company and CE Greentech Management

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, solar energy and wind power. The Company has its business coverage spanning across 15 provinces, autonomous region and Hong Kong in China, and spreads far to Germany.

CE Greentech Management is a wholly-owned subsidiary of the Company and the principal business of which is provision of management services and investment holding.

CEEGL and CEIL

CEEGL is the largest environmental protection enterprise in China and Asia's leading environmental protection enterprise, as well as a world-renowned ecological and environmental management group. As the first one-stop integrated environmental solution provider in China, CEEGL focuses on the 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 more than 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.

CEEGL is indirectly controlled by China Everbright Group Ltd.* (中國光大集團股份有限公司) which is controlled by Central Huijin Investment Ltd.* (中央匯金投資有限責任公司) and is indirectly wholly-owned by the State Council of the PRC.

CEIL is a wholly-owned subsidiary of CEEGL and its principal business is investment holding.

REASONS FOR AND BENEFITS OF THE SUB-TENANCY AGREEMENT

The Premises has been used by the Group as its office in Hong Kong since 2016 and is under a sub-tenancy which is expiring on 17 May 2022. The Premises was leased to CEIL by Lane Bright Limited (a wholly-owned subsidiary of CE Hong Kong).

The Board, including the independent non-executive Directors, is of the view that the Group has been operating in the Premises as office for a substantial period of time and thus the entering of the Sub-Tenancy Agreement will enable the Group to continue its operations at the Premises; and the terms of the Sub-Tenancy Agreement, including the monthly rent payable, are agreed on normal commercial terms which are fair and reasonable. The Board is also of the view that the transaction contemplated under the Sub-Tenancy Agreement is conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Mr. Wang Tianyi, the Non-executive Director and Chairman of the Board and Mr. Qian Xiaodong, the Executive Director and Chief Executive Officer, have abstained from voting on the Board's resolutions approving the Sub-tenancy Agreement due to the fact that they are also the directors of CEEGL. Save as disclosed above, none of the Directors has a material interest in the Sub-tenancy Agreement or is required to abstain from voting on the resolutions in relation to the transaction.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CEIL is a wholly-owned subsidiary of CEEGL and CEEGL is an indirect controlling Shareholder (which is interested in approximately 69.70% equity interests in the Company), hence CEIL is an associate of CEEGL and a connected person of the Company under Chapter 14A of the Listing Rules.

In accordance with HKFRS 16, the Group entering into a lease transaction as lessee will recognise an additional asset representing its right to use the Premises. As such, the transaction contemplated under the Sub-Tenancy Agreement will be recognised as acquisition of right-of-use asset which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the highest of all applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the value of the right-of-use asset recognised under the Sub-Tenancy Agreement is more than 0.1% but less than 5%, the connected transaction contemplated under the Sub-Tenancy Agreement is subject to the reporting and announcement requirements but exempt from circular and the independent Shareholders' approval requirements as set out in Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CE Greentech Management”	China Everbright Greentech Management Limited (中國光大綠色環保管理有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“CE Hong Kong”	China Everbright Holdings Company Limited (中國光大集團有限公司), a company incorporated under the laws of Hong Kong with limited liability and an indirect controlling shareholder of CEEGL
“CEEGL”	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 Stock Exchange (stock code: 257), and a controlling Shareholder
“CEIL”	China Everbright International Limited (中國光大國際有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of CEEGL
“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)
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“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

“HKFRS 16”	Hong Kong Financial Reporting Standards 16 “Leases” which includes standards and interpretations promulgated by the Hong Kong Institute of Certified Public Accountants
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Premises”	the commercial unit at Unit 3602 of 36th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-Tenancy Agreement”	the sub-tenancy agreement dated 6 May 2022 entered into between CE Greentech Management as the sub-tenant and CEIL as the principal tenant in relation to the sub-tenancy of the Premises

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

Hong Kong, 6 May 2022

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 purposes only*