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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)

VOLUNTARY ANNOUNCEMENT IN RESPECT OF THE PROPOSED ISSUE OF ASSET-BACKED NOTES AND THE UNDERWRITING AGREEMENT

THE PROPOSED ISSUE OF ASSET-BACKED NOTES

The Board is pleased to announce that on 27 October 2021, EEP China, a subsidiary of the Company, has applied to the NAFMII for the Asset-backed Notes to be traded in the national inter-bank bond market. The total registered issue size of the Asset-backed Notes shall not exceed RMB2 billion (equivalent to approximately HK\$2.4 billion), subject to the finalised limit accepted for registration by the NAFMII. The actual size of the issue shall be determined by EEP China within the issue limit based on its capital needs and the market conditions prevailing at the time of the issue. The targeted subscribers for the Asset-backed Notes shall be institutional investors in the national inter-bank bond market. It is proposed that the Asset-backed Notes will be issued in one or more tranches following the completion of necessary registration and issuance procedures. The term of the issue for the Asset-backed Notes shall be no more than 3 years (3 years inclusive).

Assuming the proposed issue of the Asset-backed Notes materialises and subject to any amendment made by the NAFMII, it is intended that the proceeds from the Asset-backed Notes 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.

The Board is of the view that the proposed issue of the Asset-backed Notes 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 financial cost within a reasonable scope.

The proposed issue of the Asset-backed Notes is subject to, among other things, the approval by the NAFMII and market conditions, which may or may not proceed. Shareholders of the Company and potential investors should therefore exercise caution in dealing in the securities of the Company. Further announcement(s) regarding the proposed issue of the Asset-backed Notes will be made by the Company as and when appropriate.

THE UNDERWRITING AGREEMENT

On 27 October 2021, EEP China entered into the Underwriting Agreement with Everbright Securities and JIC Trust in relation to the proposed issue of the Asset-backed Notes, pursuant to which Everbright Securities as the lead underwriter, will be responsible for the issue of the Asset-backed Notes in accordance with the terms of the Underwriting Agreement.

The conditions precedent of the Underwriting Agreement are, among other things, (1) the obtaining of approvals in respect of the issue of the Asset-backed Notes under the relevant PRC laws and regulations; and (2) having not breached any of its representations, warranties, undertakings or substantive obligations under the Underwriting Agreement and all other documents relating to the issue of the Asset-backed Notes. Upon satisfaction of the conditions precedent of the Underwriting Agreement, Everbright Securities shall underwrite each tranche of the Asset-backed Notes to be issued by EEP China by way of standby commitment underwriting in accordance with the terms of the Underwriting Agreement, and EEP China shall pay the underwriting service fees to Everbright Securities in this regard.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Underwriting Agreement and the transactions contemplated thereunder (including the payment of any underwriting commission) are determined after arm's length negotiations by the contracting parties and on normal commercial terms, and the terms of the Underwriting Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Listing Rules Implications

Everbright Securities is a 30%-controlled company of China Everbright Group, the indirect controlling shareholder of the Company. Accordingly, Everbright Securities is an associate of China Everbright Group and is regarded as a connected person of the Company under the Listing Rules. Therefore, the provision of underwriting services by Everbright Securities under the Underwriting Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Apart from the Underwriting Agreement, the Group has entered into agreements with Everbright Securities in relation to other underwriting arrangements, which under Rules 14A.81 and 14A.82 of the Listing Rules, shall be aggregated with the Underwriting Agreement as a series of transactions, and as all the applicable percentage ratios calculated on individual basis and on an aggregated basis are less than 0.1%, the entering into of the Underwriting Agreement constitutes a de minimis transaction pursuant to Rule 14A.76 of the Listing Rules and is fully exempt from the shareholders' approval and all disclosure requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“30%-controlled company”	has the same meaning as ascribed to it under the Listing Rules
“Asset-backed Notes”	The asset-backed notes with the total registered issue size of not exceeding RMB2 billion (equivalent to approximately HK\$2.4 billion) to be issued by JIC Trust, backed by the underlying assets of EEP China and to be subscribed by institutional investors
“Board”	the board of Directors
“China Everbright Group”	China Everbright Group Ltd.* (中國光大集團股份有限公司), a joint stock company incorporated in the PRC and the indirect controlling shareholder of the Company

“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 Stock Exchange (Stock Code: 257)
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“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 Group”	EEP China and its subsidiaries from time to time
“Everbright Securities”	Everbright Securities Company Limited (光大證券股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the main board of the Stock Exchange (Stock Code: 6178) and the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601788)
“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
“JIC Trust”	JIC Trust Company Limited* (中建投信託股份有限公司), a company incorporated in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“NAFMII”	National Association of Financial Market Institutional Investors of the PRC (中國銀行間市場交易商協會)

“percentage ratio(s)”	has the same meaning as ascribed to it under the Listing Rules
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Underwriting Agreement”	the underwriting agreement entered into among EEP China, Everbright Securities and JIC Trust pursuant to which Everbright Securities has been engaged as the lead underwriter responsible for the underwriting of the Asset-backed Notes proposed to be issued
“%”	per cent

For the purpose of illustration, the exchange rate used in this announcement is RMB1.00 = HK\$1.2.

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

Hong Kong, 27 October 2021

As at the date of this announcement, the Board comprises: (i) five executive Directors, namely Mr. Wang Tianyi (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. Mar Selwyn, Mr. Zhai Haitao and Mr. Suo Xuquan.

* *For identification purpose only*