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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 THE PROJECT CONTRACT IN RELATION TO THE CENTRALISED HAZARDOUS WASTE TREATMENT FACILITY IN WENLING

SUMMARY

The Board is pleased to announce that, on 16 December 2019, EB Solid Waste Treatment and Infrastructure Group entered into the Project Contract, pursuant to which EB Solid Waste Treatment (an indirect wholly-owned subsidiary of the Company) and Infrastructure Group shall form the Project Company and be responsible for the construction and operation of the Project. The total estimated investment amount of the Project is approximately RMB1,366,214,700 (equivalent to approximately HK\$1,523,329,400) (including RMB455,404,900 (equivalent to approximately HK\$507,776,500) as the registered capital of the Project Company and out of which RMB129,190,500 (equivalent to approximately HK\$144,047,400) shall be the first installment of the registered capital). EB Solid Waste Treatment shall contribute approximately RMB114,979,500 (equivalent to approximately HK\$128,202,100) as its first installment of capital contribution. Upon payment of the first installment of capital contribution, EB Solid Waste Treatment and Infrastructure Group shall be interested in 89% and 11%, respectively, of the Project Company. EB Solid Waste Treatment and Infrastructure Group shall agree on the proportion of capital contribution for the balance of the registered capital at a later stage.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio is above 5% but less than 25%, entering into the Project Contract 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 16 December 2019, EB Solid Waste Treatment and Infrastructure Group entered into the Project Contract, pursuant to which EB Solid Waste Treatment (an indirect wholly-owned subsidiary of the Company) and Infrastructure Group shall form the Project Company and be responsible for the construction and operation of the Project. The total estimated investment amount of the Project is approximately RMB1,366,214,700 (equivalent to approximately HK\$1,523,329,400) (including RMB455,404,900 (equivalent to approximately HK\$507,776,500) as the registered capital of the Project Company and out of which RMB129,190,500 (equivalent to approximately HK\$144,047,400) shall be the first installment of the registered capital). EB Solid Waste Treatment shall contribute approximately RMB114,979,500 (equivalent to approximately HK\$128,202,100) as its first installment of capital contribution. Upon payment of the first installment of capital contribution, EB Solid Waste Treatment and Infrastructure Group shall be interested in 89% and 11%, respectively, of the Project Company. EB Solid Waste Treatment and Infrastructure Group shall agree on the proportion of capital contribution for the balance of the registered capital at a later stage.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Infrastructure Group and its ultimate beneficial owner, the People's Government in Wenling, are third parties independent of the Company and its connected persons.

PROJECT CONTRACT

(1) Date

16 December 2019

(2) Parties

- (i) EB Solid Waste Treatment; and
- (ii) Infrastructure Group.

(3) Overview of the Project

The Project comprises two sections, namely, the Incineration and Physicochemical Treatment Facility and the Landfill Site.

The Incineration and Physicochemical Treatment Facility shall have a target treatment capacity for the incineration of 30,000 tonnes of hazardous waste per annum and physicochemical treatment of 10,000 tonnes of hazardous waste per annum. Construction (commencement of pile foundation installation and pile testing) shall start by the end of 2019 and the facility shall meet incineration conditions by the end of 2020.

The Landfill Site shall have a target treatment capacity of approximately 30,000 tonnes per annum (subject to the final approval document of the Relevant Authorities). Construction of the Landfill Site shall be carried out simultaneously with construction of the Incineration and Physicochemical Treatment Facility, depending on the status of implementation of standards stipulated by the State and the Relevant Authorities and availability of the site.

The Project shall be implemented by the Project Company at the Project Site (with an area of approximately 209.15 mu). The land use right for the Project Site shall be assigned to the Project Company by Infrastructure Group in three phases (scheduled to be taken place before 31 December 2021) for a consideration, the total amount of which shall be determined based on the value of the land use right for the Project at different phases. Infrastructure Group and the Project Company will separately sign a contract setting out the consideration and terms of the land use right for the Project Site. The Company will make disclosures in accordance with the Listing Rules as and when appropriate.

(4) The Project Company and its capital contribution

EB Solid Waste Treatment and Infrastructure Group shall establish the Project Company. The Project Company shall be principally engaged in the construction and operation of the Project.

The registered capital of the Project Company shall be RMB455,404,900 (equivalent to approximately HK\$507,776,500) and out of which RMB129,190,500 (equivalent to approximately HK\$144,047,400) shall be the first installment of the registered capital. EB Solid Waste Treatment and Infrastructure Group have agreed to subscribe for the first installment of the registered capital of the Project Company as follows:

- (i) EB Solid Waste Treatment shall contribute approximately RMB114,979,500 (equivalent to approximately HK\$128,202,100) in cash, accounting for 89% of the Project Company's registered capital upon payment of the first installment of capital contribution; and
- (ii) Infrastructure Group shall contribute RMB14,211,000 (equivalent to approximately HK\$15,845,300) in cash, accounting for 11% of the Project Company's registered capital upon payment of the first installment of capital contribution.

EB Solid Waste Treatment shall pay part of the first installment of the registered capital in the amount of RMB96,892,900 (equivalent to approximately HK\$108,035,600) within 30 days following the establishment of the Project Company. Infrastructure Group shall pay part of the first installment of the registered capital in the amount of approximately RMB11,975,600 (equivalent to approximately HK\$13,352,700) within 15 days upon receipt of the first phase consideration for the transfer of the land use right for the Project Site. The remaining amount of registered capital shall be paid in batches by EB Solid Waste Treatment and Infrastructure Group as agreed at a later stage based on the construction and operational needs of the Project Company.

Upon completion of payment of the first installment of capital contribution, the equity interest in the Project Company shall be held as to 89% by EB Solid Waste Treatment (representing, 89% indirectly held by the Company) and 11% by Infrastructure Group respectively. The Project Company shall become a non-wholly owned subsidiary of the Company.

Unless approved by the other party, EB Solid Waste Treatment and Infrastructure Group shall not create any form of security on the Project Company's shares or provide guarantee with such shares in any manner.

The term of operation of the Project Company shall be 30 years from the date of issuance of the business licence. Where it is mutually agreed that the term of operation shall be extended, EB Solid Waste Treatment and Infrastructure Group shall process formalities for the extension with the Relevant Authorities six months prior to the expiry of the term of operation of the Project Company.

Other than equity interests in the Project Company held by Infrastructure Group, EB Solid Waste Treatment must solely hold all remaining equity interests in the Project Company. After the commencement of operation of the Project, EB Solid Waste Treatment shall not lease or sub-contract the operation to third parties. EB Solid Waste Treatment shall not transfer its equity interests in the Project Company to third parties within 10 years, save for under exceptional circumstances with the consent of Wenling Ecology and Environment Bureau and the approval of the People's Government in Wenling.

(5) Scope of business of the Project Company

The Project to be implemented by the Project Company shall involve the construction and operation of a centralised hazardous waste treatment facility in Wenling, including:

- (i) the undertaking of the construction of the Project;

- (ii) the operation and maintenance of the assets of the Project and the collection of service fees for hazardous waste treatment services as agreed under the Project Contract; and
- (iii) other business activities as approved by Wenling Ecology and Environment Bureau.

The Project Company shall not operate businesses outside the scope of businesses as agreed under the Project Contract, details of which shall be subject to registration with Wenling City Market Supervision and Administration Bureau.

(6) Total investment of the Project

According to the Project Contract, the estimated total investment in the Project shall amount to approximately RMB1,366,214,700 (equivalent to approximately HK\$1,523,329,400) (including the registered capital of the Project Company), out of which approximately RMB387,571,500 (equivalent to approximately HK\$432,142,200) shall be invested in the Incineration and Physicochemical Treatment Facility and approximately RMB978,643,200 (equivalent to approximately HK\$1,091,187,200) shall be invested in the Landfill Site.

INFORMATION ON THE COMPANY, EB SOLID WASTE TREATMENT AND INFRASTRUCTURE GROUP

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, municipalities and autonomous regions in China, and in Germany.

EB Solid Waste Treatment is a company incorporated in Hong Kong with limited liability by the Company to facilitate the full implementation of the Project Contract and an indirect wholly-owned subsidiary of the Company.

Infrastructure Group is principally engaged in investments permissible under PRC laws, regulations and policies (provided that engagement in financial services, such as public finance deposit, finance guarantee and wealth management for customers, among others, without the approval of financial and other regulatory authorities of the PRC is prohibited), infrastructure investment, real estate development and operation, lease service for owned properties, engineering work prospecting and design, survey and mapping service, engineering work supervision and other engineering work management services (excluding licensed projects); garden landscape construction, treeing, potted plant (excluding seedling plantation in relation to two items aforementioned), wholesale and retail of construction materials (commencement of operations subject to approval of

relevant authorities insofar as such approval is required under the law). It is the principal designated by Wenling Ecology and Environment Bureau to enter into the Project Contract for the establishment of the Project Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROJECT CONTRACT AND CONDUCTING THE PROJECT

Zhejiang Province, China, is a market for the Group's business and the Project represents a new project secured by the Group in Zhejiang Province within the principal business of hazardous waste treatment. Accordingly, the Project will allow the Group to extend its reputation and influence to Zhejiang Province and its peripheral areas. It will also provide a solid foundation for the undertaking of further projects for centralised hazardous waste treatment facilities by the Group in the future. The Project is expected to enhance long-term return and value for the Shareholders.

The Directors are of the view that the terms of the Project (including the Project Contract) 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 the highest applicable percentage ratio is above 5% but less than 25%, entering into the Project Contract 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 same meaning as ascribed to it under the Listing Rules
“Directors”	the directors of the Company

“EB Solid Waste Treatment”	EB Greentech Solid Waste Treatment (Zhejiang) Holdings Limited (光大綠色環保固廢處置(浙江)控股有限公司), a company incorporated in Hong Kong 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
“Incineration and Physicochemical Treatment Facility”	a facility for the incineration and physicochemical treatment of hazardous waste under the Project
“Infrastructure Group”	Wenling Infrastructure Investment Group Company Limited* (溫嶺市基礎設施投資集團有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the People’s Government in Wenling and the principal designated by Wenling Ecology and Environment Bureau to enter into the Project Contract
“Landfill Site”	a facility for the burial of hazardous waste under the Project
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Project”	the project for a centralised hazardous waste treatment facility in Wenling, the details of which are set out the sections headed “Project Contract — (3) Overview of the Project; and (5) Scope of business of the Project Company” in this announcement
“Project Company”	a company to be established in the PRC with limited liability in joint venture by EB Solid Waste Treatment and Infrastructure Group pursuant to the Project Contract, which shall be principally engaged in the construction and operation of the Project
“Project Contract”	the contract entered into by EB Solid Waste Treatment and Infrastructure Group on 16 December 2019 (as supplemented and amended from time to time) in relation to the establishment of the Project Company
“Project Site”	a site situated at the northern part of Wenling Eastern New District (Eastern Land Lot No. DB240202) (溫嶺市東部新區北區(東部DB240202 地塊)) with an area of approximately 209.15 mu

“Relevant Authorities”	authorities under the People’s Government in Wenling and other PRC government institutions or authorities governing construction works involved in the Project
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wenling”	Wenling City, Zhejiang Province, the PRC
“Wenling Ecology and Environment Bureau”	Wenling Branch of Taizhou Ecology and Environment Bureau* (台州市生態環境局溫嶺分局)
“%”	per cent

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

Hong Kong, 16 December 2019

For the purposes of this announcement and illustration only, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.000 to HK\$1.115. 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.

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*