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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 DISPOSAL OF THE INITIAL UNDERLYING ASSETS UNDER ABN SERIES I

DISPOSAL OF INITIAL UNDERLYING ASSETS UNDER ABN SERIES I

The Board is pleased to announce that on 21 April 2021, EB Greentech Management Shenzhen and JIC Trust entered into the Trust Agreement, pursuant to which, among other things, EB Greentech Management Shenzhen has conditionally agreed to entrust JIC Trust with the initial Underlying Assets and JIC Trust has conditionally agreed to be the trustee and manager of the Trust for the benefit of Beneficiaries for the purpose of the issuance of the ABN Series I. The ABN to be issued under ABN Series I will be at an aggregate face value of RMB589,000,000 (equivalent to approximately HK\$706,800,000).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the disposal of the initial Underlying Assets under ABN Series I is more than 5% but less than 25%, such transaction constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

1. THE TRUST AGREEMENT

Reference is made to the announcement of the Company dated 28 January 2021 in relation to, among other things, the possible ABN issuance.

On 21 April 2021, EB Greentech Management Shenzhen and JIC Trust entered into the Trust Agreement, pursuant to which, among other things, EB Greentech Management Shenzhen has conditionally agreed to entrust JIC Trust with the management of the initial Underlying Assets and JIC Trust has conditionally agreed to be the trustee and manager of the Trust for the benefit of the Beneficiaries for the purpose of the issuance of the ABN Series I.

Principal terms of the Trust Agreement

Date

21 April 2021

Parties

- (1) EB Greentech Management Shenzhen (as the trustor and the initiating entity);
and
- (2) JIC Trust (as the trustee and manager of the Trust).

As advised by JIC Trust, as at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, JIC Trust and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Underlying Assets under the Trust

The Underlying Assets under the Trust include the initial Underlying Assets and any eligible Underlying Assets that may subsequently be entrusted to JIC Trust during the Revolving Purchase Period (as described below).

As at the Initial Reference Date, the initial Underlying Assets amounted to RMB589,041,500 (equivalent to approximately HK\$706,849,800).

Upon the Trust becoming effective, the initial Underlying Assets shall become the assets under the Trust and EB Greentech Management Shenzhen will cease to have any rights or interests in, and will cease to bear any risks relating to, the initial Underlying Assets. JIC Trust, as the trustee and the manager under the Trust Agreement, shall hold the initial Underlying Assets for the benefits of the Beneficiaries and will be responsible for the management, application and disposal of the entrusted initial Underlying Assets.

Consideration

JIC Trust shall transfer the First ABN Proceeds (after deducting the expenses incurred for the issuance of ABN Series I) to the designated bank accounts of EB Greentech Management Shenzhen on the first business day immediately following the delivery of the initial Underlying Assets (the same date as the effective date of the Trust).

Revolving purchase arrangement

Under the Trust Agreement, JIC Trust may, to the extent there is any surplus in the Trust Account at the scheduled dates and upon application by EB Greentech Management Shenzhen, be entrusted with new eligible Underlying Assets from EB Greentech Management Shenzhen. JIC Trust shall pay for the new Underlying Assets using the disposable funds in the Trust Account. The face value of the ABN issued under ABN Series I will remain the same.

In consideration of the right to require such revolving purchases, EB Greentech Management Shenzhen has agreed to pay JIC Trust a fee of RMB78,751,215 (equivalent to approximately HK\$94,501,458), which is payable in stages. Such fee will be used to cover the relevant taxes payable by JIC Trust, the expenses payable out of the Underlying Assets, the expected returns of the preferential ABN and the periodic returns of the subordinated ABN during the relevant period, and will be distributed by JIC Trust to the Beneficiaries on the relevant payment dates after deducting the said taxes and expenses.

After the expiration of the Revolving Purchase Period, JIC Trust will no longer to be entrusted with new Underlying Assets from EB Greentech Management Shenzhen.

Conditions precedent

The Trust will become effective upon the satisfaction or waiver (save for item (vi) which is not waivable) of the following conditions, among others:

- (i) EB Greentech Management Shenzhen, in its capacity as the trustor, having delivered to JIC Trust copies of its business license and the resolutions approving and authorising the execution of the Transaction Documents and the performance of the transactions contemplated thereunder;
- (ii) EB Greentech Management Shenzhen, in its capacity as the assets service provider, having delivered to JIC Trust copies of the resolutions approving and authorising the execution of the Transaction Documents;
- (iii) originals of the duly executed Transaction Documents having been delivered to JIC Trust and the other relevant parties to the Transaction Documents;
- (iv) the issuance of the ABN having been duly registered with NAFMII and the notice of registration acceptance having been obtained;
- (v) JIC Trust having completed the registration of the Trust with China Trust Registration Co., Ltd;
- (vi) a legal adviser having issued a legal opinion to JIC Trust on the legality and validity of the Transaction Documents, the legality of the establishment the Trust, the authenticity and validity of the Underlying Assets, and the legality and validity of the formation, acquisition and transfer of the Underlying Assets;
- (vii) an overseas legal adviser having issued a legal opinion to JIC Trust on the legality and validity of the Liquidity Support Agreement;
- (viii) the completion of the delivery of the Underlying Assets by EB Greentech Management Shenzhen to JIC Trust in accordance with the terms of the Trust Agreement;
- (ix) a credit rating agency having issued a credit rating report on the preferential ABN;
- (x) an accounting firm having conducted agreed-upon procedures on the essential information and cash flow forecast of the sampled Underlying Assets, and issued a report on the cash flow forecast;
- (xi) registration of the transfer of the Underlying Assets with the CCRC Movable Financing Registry within five business days after the date of delivery of the Underlying Assets; and
- (xii) any other conditions stipulated by JIC Trust.

Redemption arrangement

During the term of the Trust, EB Greentech Management Shenzhen and JIC Trust shall notify each other of any discovery of Unqualified Assets. If the circumstances of the Unqualified Assets are not materially rectified in a timely manner, JIC Trust shall have the right to demand EB Greentech Management Shenzhen to redeem such Unqualified Assets in accordance with the terms of the Trust Agreement. The redemption price shall be equal to the book value of such Unqualified Assets.

Termination

The Trust may be terminated under, among other things, the following circumstances:

- (i) if the objective of the Trust can no longer be realised;
- (ii) if the Trust is revoked, determined to be invalid or terminated pursuant to a judgment or award by a court or arbitration institution in accordance with laws;
- (iii) by order of a relevant regulatory authority in accordance with laws;
- (iv) by a resolution passed at a meeting of the ABN holders;
- (v) upon the expiry of 36 months after the expected maturity of the ABN;
- (vi) when all Trust properties (excluding any qualified investments made by JIC Trust in accordance with the terms of the Trust Agreement) have been fully realised, taking into account of any repurchases made by EB Greentech Management Shenzhen pursuant to the terms of the Trust Agreement; and
- (vii) holders of the subordinated ABN may, by way of a written request in accordance with the terms of the Trust Agreement, exercise their right to terminate the Trust after all principal balances of the preferential ABN have been fully repaid.

The Trust Agreement will be terminated upon (i) the completion of the liquidation of all Trust properties; and (ii) the expiry of the announcement period of the liquidation report of the Trust, during which no objection has been raised by any holder of the ABN.

Financial impact and use of the First ABN Proceeds

Immediately upon the completion of the issuance of ABN Series I, EB Greentech Management Shenzhen will cease to have rights or interests in the initial Underlying Assets. As at the Initial Reference Date, the unaudited carrying value of the initial Underlying Assets was RMB589,041,500. It is anticipated that the First ABN Proceeds would amount to approximately RMB589,000,000. As a result, the net impact of the disposal of the initial Underlying Assets and the issuance of the ABN Series I on the profit and loss of the Company for the current period is expected to be in the amount of approximately RMB41,500 (equivalent to approximately HK\$49,800).

The Group intends to use the First ABN Proceeds for the replenishment of general working capital or repayment of borrowings to financial institutions.

Reasons for and benefits of the the disposal of the initial Underlying Assets and the issuance of ABN Series I

The Directors are of the view that the disposal of the initial Underlying Assets and the issuance of the ABN Series I can replenish the working capital of the Group within a reasonable time, enable the Group to optimize its financing structure, and manage the Group's overall financing cost within a reasonable range.

The Directors (including the independent non-executive Directors) are of the view that the disposal of the initial Underlying Assets and the issuance ABN Series I have been entered into in the ordinary and usual course of business of the Company and the terms of the Trust Agreement are on normal commercial terms that are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

2. OTHER MAJOR AGREEMENTS RELATED TO ABN SERIES I

Underlying Assets Transfer Agreements

On 19 January 2021, each of the Project Companies as the transferor entered into the Underlying Assets Transfer Agreements with EB Greentech Management Shenzhen as the transferee, pursuant to which the Project Companies agreed to transfer the Renewable Energy Subsidies Receivables amounting to RMB589,041,500 (equivalent to approximately HK\$706,849,800) to EB Greentech Management Shenzhen at carrying value, which constitute the initial Underlying Assets.

Service Agreement

On 21 April 2021, EB Greentech Management Shenzhen (as the assets service provider) entered into the Service Agreement with JIC Trust (as the trustee), pursuant to which EB Greentech Management Shenzhen agreed to provide the following services: debtor relationship maintenance, management of incoming cash, enquiring and reporting on the recovery progress of the Renewable Energy Subsidies Receivables under the Electricity Sale and Purchase Agreements, identification and notification of Unqualified Assets and defaulted Underlying Assets, renewal management of the Electricity Sale and Purchase Agreements, and data storage and transfer.

Pursuant to the Service Agreement, JIC Trust is not required to pay any service fee to EB Greentech Management Shenzhen.

Liquidity Support Agreement

On 21 April 2021, the Company (as the liquidity supporter) entered into the Liquidity Support Agreement with JIC Trust (as the trustee), pursuant to which the Company undertook to replenish the shortfall in the Trust Account in the following circumstances: (1) before the termination of the Trust, it is discovered before any interest payment date that the funds available for distribution in the Trust Account are insufficient to pay the relevant taxes, the expenses payable out of the Underlying Assets and the expected returns and/or the outstanding principal balance of the preferential ABN; or (2) after the termination of the Trust and in accordance with the liquidation plan, the funds in the Trust Account are insufficient to pay the relevant taxes, the expenses payable out of the Underlying Assets and all expected returns and principal balances of all outstanding preferential ABN.

The liquidity support undertaking shall be effective from the effective date of the Liquidity Support Agreement until the full repayment of the principal amount of the preferential ABN.

Underwriting Agreement

On 28 January 2021, EB Greentech Management Shenzhen entered into the Underwriting Agreement with Everbright Securities, SPDB and JIC Trust in respect of the possible issue of the ABN up to a maximum amount of RMB2 billion.

The principal terms of the Underwriting Agreement are disclosed in the section headed “2. The Underwriting Agreement” in the announcement of the Company dated 28 January 2021. The Underwriting Agreement will govern the underwriting services to be provided by Everbright Securities and SPDB for the issuance of the ABN.

3. ABN SERIES I

The principal terms of the ABN in ABN Series I are as follows:

Size of issue

The ABN to be issued under ABN Series I will be at an aggregate face value of RMB589,000,000 (equivalent to approximately HK\$706,800,000).

Classes

The ABN will be issued in two classes, namely preferential ABN and subordinated ABN.

Major differences between the two classes are set out below:

	Preferential ABN	Subordinated ABN
Principal amount (RMB)	569,000,000	20,000,000
Proportion	96.60%	3.40%
Term	3 years	3 years
Credit-rating	AAAsf	—
Interest rate	4.05%	—
Payment of interests	Payable by JIC Trust to the Beneficiaries annually during the Revolving Purchase Period, and quarterly afterwards	Payable by JIC Trust to the Beneficiaries annually during the Revolving Purchase Period, and quarterly afterwards until the full repayment of the principal of the preferential ABN; in each case at an annual rate not exceeding 5%
Repayment of principal	Not payable during the Revolving Purchase Period, and payable quarterly afterwards	One-off payment upon settlement of the principal amount and interest of the preferential ABN

4. INFORMATION OF THE PARTIES INVOLVED IN ABN SERIES I

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 14 provinces and autonomous regions in China, and in Germany.

EB Greentech Management Shenzhen is a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in providing management services to the Group.

The Project Companies are indirect wholly-owned subsidiaries of the Company incorporated in the PRC that are principally engaged in the business of power generation and the sale of on-grid electricity in the PRC.

Everbright Securities is a joint stock company incorporated in the PRC with limited liability and whose H shares and A shares are listed on the main board of the Hong Kong Stock Exchange (stock code: 6178) and the Shanghai Stock Exchange (stock code: 601788), respectively. The principal business of Everbright Securities includes brokerage services, securities investment advisory services, financial advisory services in relation to securities dealing and securities investment activities, securities underwriting services and acting as sponsor, proprietary securities dealing, intermediary services to futures company, agent for securities investment funds, margin financing and stock borrowing services, commission sale of financial products, share option settlement business, securities investment fund custody and any other businesses approved by the China Securities Regulatory Commission.

SPDB is a joint stock company incorporated in the PRC with limited liability and whose shares are listed on the Shanghai Stock Exchange (stock code: 600000). It is principally engaged in the provision of corporate and personal banking services, treasury business, asset management and trustee services and other financial services.

JIC Trust is a company incorporated in the PRC with limited liability principally engaged in provision of trust services in the PRC.

5. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of disposal of the initial Underlying Assets for ABN Series I is more than 5% but less than 25%, such transaction constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

6. DEFINITIONS

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

“ABN”	the various asset-backed notes to be issued by JIC Trust, backed by the Underlying Assets and to be subscribed by institutional investors
“ABN Series I”	the Everbright Greentech Management (Shenzhen) Company Limited Guangsui ABN Series I for the year 2021* (光大綠色環保管理(深圳)有限公司2021年度第一期光穗資產支持票據) issued by JIC Trust
“Beneficiaries”	the holder(s) of the ABN, also being the beneficiary(ies) of the Trust
“Board”	the board of Directors
“CCRC Movable Financing Registry”	the unified registration publicity system for movables financing operated by the Credit Reference Center of the People’s Bank of China (中國人民銀行徵信中心)
“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 Hong Kong Stock Exchange (stock code: 1257)
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EB Greentech Management Shenzhen”	Everbright Greentech Management (Shenzhen) Company Limited* (光大綠色環保管理(深圳)有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Electricity Sale and Purchase Agreements”	the electricity sale and purchase agreements entered into between the Project Companies and specific power companies for the sale of on-grid electricity, together with any modification and supplements, under which the Project Companies are entitled to receive the Renewable Energy Subsidies Receivables

“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 and whose H shares and A shares are listed on the main board of the Hong Kong Stock Exchange (stock code: 6178) and the Shanghai Stock Exchange (stock code: 601788), respectively
“First ABN Proceeds”	RMB589,000,000 (equivalent to approximately HK\$706,800,000), being the total amount of funds raised by the disposal of initial Underlying Asset
“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
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Initial Reference Date”	1 October 2020
“JIC Trust”	JIC Trust Company Limited* (中建投信托股份有限公司), a company incorporated under the laws of the PRC with limited liability which is principally engaged in the provision of trust services in the PRC
“Liquidity Support Agreement”	the liquidity support agreement dated 21 April 2021 entered into between the Company and JIC Trust in respect of the Company’s liquidity support undertaking
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“NAFMII”	the National Association of Financial Market Institutional Investors of the PRC (中國銀行間市場交易商協會)
“Project Companies”	certain indirect wholly-owned subsidiaries of the Company incorporated in the PRC that are principally engaged in the business of power generation and the sale of on-grid electricity in the PRC

“Renewable Energy Subsidies Receivables”	the subsidies that the Project Companies are entitled to receive under the Electricity Sale and Purchase Agreements pursuant to the Renewable Energy Law of the PRC* (《中華人民共和國可再生能源法》), the Interim Measures for the Administration of the Collection and Use of the Renewable Energy Development Fund* (《可再生能源發展基金征收使用管理暫行辦法》), the Administrative Measures for Additional Subsidies for Renewable Energy Power Prices* (《可再生能源電價附加補助資金管理辦法》), Several Opinions on Promotion of the Sound Development of Power Generation with Non-hydropower Renewable Energy Resources* (《關於促進非水可再生能源發電健康發展的若干意見》) and subsidies catalogues and/or checklists formally released by applicable governmental departments
“Revolving Purchase Period”	the period during which JIC Trust may be entrusted with new eligible Underlying Assets from EB Greentech Management Shenzhen pursuant to the terms of the Trust Agreement, being 24 months from the effective date of the Trust (unless terminated earlier)
“RMB”	Renminbi, the lawful currency of the PRC
“Service Agreement”	the service agreement dated 21 April 2021 entered into between EB Greentech Management Shenzhen and JIC Trust in respect of the asset services to be provided by EB Greentech Management Shenzhen
“Shareholder(s)”	the shareholder(s) of the Company
“SPDB”	Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability
“Transaction Documents”	the Trust Agreement, the Service Agreement, the Liquidity Support Agreement, the Underwriting Agreement, the Underlying Assets Transfer Agreements and other agreements or documents relating to the issuance of the ABN
“Trust”	the Everbright Greentech Management (Shenzhen) Company Limited Guangsui ABN Series 1 Trust for the year 2021* (光大綠色環保管理(深圳)有限公司2021年度第一期光穗資產支持票據信托), as established under the Trust Agreement

“Trust Account”	the trust account to be set up by JIC Trust for the purpose of the Trust
“Trust Agreement”	the trust agreement dated 21 April 2021 entered into between EB Greentech Management Shenzhen and JIC Trust in respect of the formation of the Trust and the transfer of the Underlying Assets
“Underlying Assets”	the Renewable Energy Subsidies Receivables to be or which may be entrusted to JIC Trust by EB Greentech Management Shenzhen for the purpose of establishment of the Trust on the effective date of the Trust and during the Revolving Purchase Period, and which EB Greentech Management Shenzhen is entitled to receive in accordance with the Underlying Assets Transfer Agreements
“Underlying Assets Transfer Agreements”	the transfer agreements dated 19 January 2021 entered into among EB Greentech Management Shenzhen as transferee and the Project Companies as transferors in respect of the Renewable Energy Subsidies Receivables
“Underwriting Agreement”	the underwriting agreement dated 28 January 2021 entered into among EB Greentech Management Shenzhen, Everbright Securities, SPDB and JIC Trust
“Unqualified Assets”	the Underlying Assets that do not meet the representations and warranties made by EB Greentech Management Shenzhen in the Trust Agreement
“%”	per cent

For the purpose of this announcement, the following exchange rate is used: RMB1.00 = HK\$1.20.

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

Hong Kong, 21 April 2021

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*