

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

POTENTIAL MAJOR TRANSACTION IN RELATION TO THE PROPOSED ESTABLISHMENT OF THE ABS PROGRAM, THE PROPOSED ISSUANCE OF THE FIRST TRANCHE OF ABS AND THE UNDERLYING ASSET SALE AND PURCHASE AGREEMENT

PROPOSED ESTABLISHMENT OF THE ABS PROGRAM AND PROPOSED ISSUANCE OF THE FIRST TRANCHE OF ABS

Everbright Greentech Management Shenzhen, as the original interest owner, proposes to transfer the Underlying Assets to the ABS Program to be launched and established by AXA SPDB AM on the SZSE, pursuant to which ABS will be issued to qualified institutional investors in the PRC through the ABS Program to be managed by AXA SPDB AM.

UNDERLYING ASSET SALE AND PURCHASE AGREEMENT

For the purpose of the proposed issuance of the First Tranche of ABS, Everbright Greentech Management Shenzhen as the vendor and the original interest owner and AXA SPDB AM as the manager and acting on behalf of the ABS Program as the purchaser, will enter into the Underlying Asset Sale and Purchase Agreement, pursuant to which Everbright Greentech Management Shenzhen agree to transfer the Underlying Assets to AXA SPDB AM acting on behalf of the ABS Program at a cash consideration expected to be not less than RMB653.0 million.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Underlying Asset Sale and Purchase Agreement and the transactions contemplated thereunder exceeds 25% but is less than 75%, the Underlying Asset Sale and Purchase Agreement and the transactions contemplated thereunder constitutes a major transaction of the Company and therefore is subject to the reporting, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, shareholders' approval may be obtained by written shareholders' approval without the need of convening a general meeting. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, none of the Shareholders is materially interested in the Underlying Asset Sale and Purchase Agreement and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting if a general meeting is to be convened to approve the Underlying Asset Sale and Purchase Agreement and the transactions contemplated thereunder. As at the date of this announcement, CE Green Holdings holds approximately 69.7% of the issued shares of the Company. In this connection, the Company will obtain a written Shareholders' approval from CE Green Holdings in respect of the Underlying Asset Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules. After obtaining the aforesaid written Shareholders' approval from CE Green Holdings, no Shareholders' meeting will be convened by the Company to approve the Underlying Asset Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, details of the proposed establishment of the ABS Program, the proposed issuance of the First Tranche of ABS, the Underlying Asset Sale and Purchase Agreement and the transactions contemplated thereunder, is expected to be published on the websites of the Stock Exchange and the Company and despatched to the Shareholders who have elected to receive printed copies on or before 13 December 2024.

GENERAL

The credit rating in relation to the priority tranche of the ABS mentioned herein is strictly for information purpose only. Such rating does not constitute a recommendation to buy, sell or hold any securities of the Company.

Shareholders and potential investors of the Company are advised not to rely solely on the information contained herein and should exercise caution when dealing in the securities of the Company. When in doubt, Shareholders and potential investors of the Company are advised to seek professional advice from their own professional or financial advisers.

PROPOSED ESTABLISHMENT OF THE ABS PROGRAM AND PROPOSED ISSUANCE OF THE FIRST TRANCHE OF ABS

The Board is pleased to announce that Everbright Greentech Management Shenzhen, as the original interest owner, proposes to transfer the Underlying Assets to the ABS Program to be launched and established by AXA SPDB AM on the SZSE, pursuant to which ABS will be issued to qualified institutional investors in the PRC through the ABS Program to be managed by AXA SPDB AM.

The ABS Program will adopt a shelf offering model with a total registration size of RMB2,000.0 million to be approved by the SZSE. The current proposed issue size of the First Tranche of ABS is expected to be RMB653.0 million, which will be backed by the Underlying Assets. For the purpose of the ABS Program, Everbright Greentech Management Shenzhen (as the vendor and original interest owner) will enter into the Underlying Asset Sale and Purchase Agreement with AXA SPDB AM (acting on behalf of the ABS Program as the purchaser), and AXA SPDB AM will further enter into the ABS Program Standard Terms Agreement, pursuant to which AXA SPDB AM will provide management services for the ABS Program.

The First Tranche of ABS will be classified into priority and subordinated tranches. The book value of the Outstanding Account Receivables under the Underlying Assets which will back the First Tranche of ABS is expected to be approximately RMB653.0 million. A summary of the material terms for the First Tranche of ABS is set out below:

Tranche of the First Tranche of ABS	Size of issuance (RMB million) (Approximately)	Credit rating by an independent credit rating agency	Coupon rate
Priority	630.0	AAAsf	Expected to be 2.5% to 3.5%
Subordinated	23.0	Not applicable	Expected to be 8%

Underlying Asset Sale and Purchase Agreement

The principal terms of the Underlying Asset Sale and Purchase Agreement are summarized below:

Parties

- (i) Everbright Greentech Management Shenzhen, as the vendor and original interest owner; and
- (ii) AXA SPDB AM, as the purchaser acting on behalf of the ABS Program.

For the purpose of the issuance of the First Tranche of ABS, Everbright Greentech Management Shenzhen, as the original interest owner, will transfer the Underlying Assets to AXA SPDB AM (acting on behalf of the ABS Program as the purchaser), and will be responsible for providing underlying assets management services, such as selection of qualified underlying assets, safekeeping of documents of underlying assets and transfer of the funds received from the Outstanding Account Receivables to the ABS Program pursuant to an asset service agreement, etc.

AXA SPDB AM, as the manager of the ABS Program, will be responsible for purchasing the Underlying Assets on behalf of the ABS Program, establishment of the ABS Program, subsequent management of the ABS Program and distribution of the interests derived from the ABS Program, etc., pursuant to the ABS Program Standard Terms Agreement.

Underlying Assets

For the purpose of the establishment of the ABS Program, prior to the transfer of the Underlying Assets pursuant to the Underlying Asset Sale and Purchase Agreement, Everbright Greentech Management Shenzhen will first enter into creditor's rights transfer agreements with 13 project companies of the Group, pursuant to which (i) Everbright Greentech Management Shenzhen will acquire from these project companies at book value the rights (present and future, existing and contingent) on the Outstanding Account Receivables and (ii) Everbright Greentech Management Shenzhen will grant a right of first refusal to such project companies to reacquire the rights on the Outstanding Account Receivables in consideration of the payment of a Rights Maintenance Fee by the project companies to Everbright Greentech Management Shenzhen.

As a result of the above arrangement, Everbright Greentech Management Shenzhen will be entitled to the right on the Outstanding Account Receivables and the right on the Rights Maintenance Fee, which shall then be transferred to AXA SPDB AM (as the purchaser acting on behalf of the ABS Program) pursuant to the Underlying Asset Sale and Purchase Agreement and serve as the Underlying Assets of the ABS Program. Pursuant to the terms of the Underlying Asset Sale and Purchase Agreement, the Company will ensure that the Outstanding Account Receivables are free from any encumbrances prior to the transfer under the Underlying Asset Sales and Purchase Agreement.

Consideration

The consideration for the Underlying Assets is approximately RMB653.0 million, which is equivalent to the principal amount of the First Tranche of ABS. Subject to the fulfilment of the conditions of completion as set out below, AXA SPDB AM shall pay the consideration to the designated account of Everbright Greentech Management Shenzhen on the date of establishment of the ABS Program. The consideration was determined by the arm's length negotiations between Everbright Greentech Management Shenzhen and AXA SPDB AM, after taking into account (i) the unaudited book value of the Outstanding Account Receivables of approximately RMB653.0 million as at the Benchmark Date; and (ii) the funds from the Rights Maintenance Fee, the amount of which shall be equal to the sum of the estimated interest payment of the First Tranche of ABS and relevant taxes and expenses at the level of the ABS Program (the total amount is estimated to be approximately RMB18.0 million, but the final actual payment amount may be subject to adjustment depending on the actual circumstances), will be used for covering the costs of the aforesaid payments.

The Directors consider that the terms of the Underlying Asset Sale and Purchase Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Completion

The completion of the Underlying Asset Sale and Purchase Agreement is conditional upon the confirmation of the eligibility of the assets as follows:

- (i) By noon on the seventh business days before the day of establishment of the ABS Program, the original interest owner shall provide a list of Underlying Assets and the corresponding Underlying Assets documents to be included in the asset pool of the ABS Program to the manager of the ABS Program or its designated legal advisor and/or rating agency;
- (ii) The manager of the ABS Program shall review the Underlying Assets to be included in the asset pool of the ABS Program and the corresponding documents in accordance of the applicable laws and regulations and the terms of the Underlying Asset Sale and Purchase Agreement; and
- (iii) Subject to the review of the Underlying Assets to be included in the asset pool of the ABS Program and the corresponding documents, the original interest owner shall provide the list of qualified Underlying Assets to be included in the asset pool of the ABS Program no later than two business days before the establishment of the ABS Program to the manager of the ABS Program (or its designated legal advisers and/or rating agency). Upon the final approval by the manager of the ABS Program and on or before the date of establishment of the ABS Program, the original interest owner and the manager of the ABS Program shall confirm the list of qualified Underlying Assets by signing and affixing the seal thereto.

Subject to the completion of the aforesaid, on the date of establishment of the ABS Program, the manager of the ABS Program shall issue a payment instruction to the escrow bank (which provide capital escrow services to the ABS Program) to transfer the consideration of the Underlying Assets to the designated bank account of the original interest owner. Completion shall take place on the date of establishment of the ABS Program upon the completion of (i) the payment of the consideration to the designated account of the original interest owner; and (ii) the delivery of the Underlying Assets and the relevant documents to the manager of the ABS Program by noon that day.

Others

The Underlying Asset Sales and Purchase Agreement shall become effective upon due execution by the parties thereto.

ABS Program Standard Terms Agreement

AXA SPDB AM as the manager of the ABS Program will enter into the ABS Program Standard Terms Agreement, pursuant to which, AXA SPDB AM will provide management services in relation to the ABS Program and distribute interests derived from the ABS Program.

FINANCIAL IMPACT AND USE OF PROCEEDS FROM THE ISSUANCE OF THE FIRST TRANCHE OF ABS

Immediately upon the completion of the Underlying Assets Sale and Purchase Agreement, Everbright Greentech Management Shenzhen will cease to have rights or interests in the Underlying Assets. It is expected that the Company will not recognise any gain or loss from the disposal of the Underlying Assets at book value pursuant to the Underlying Asset Sale and Purchase Agreement, whereas the payments of the Rights Maintenance Fees will be booked as finance costs and recognized as account payable of the Company (the total amount of the Rights Maintenance Fee is expected to be approximately RMB18.0 million, but the final actual payment amount may be subject to adjustment depending on the actual circumstances), thus increasing the total liabilities of the Group. The total assets of the Group is expected to remain unchanged immediately upon the disposal of the Underlying Assets. The proceeds received from the issuance of the First Tranche of ABS will be used for, including but not limited to, replenishing the Group's working capital, repayment of interest bearing loans, provision of loans to members of the Group, acquisition of fixed assets, investment in the Group's projects and/or other purposes as permitted under the applicable laws and regulations, provided that the final particulars and adjustments of the use of the proceeds (if any) shall be determined by the Company depending on the actual funding needs of the Group.

REASONS FOR AND BENEFITS OF THE PROPOSED ISSUANCE OF THE FIRST TRANCHE OF ABS

The Board believes that the issuance of the First Tranche of ABS under the ABS Program can diversify the Group's financing channels to access additional capital, which in turn can be used to improve the financing structure of the Group and promote its operating and investment activities. It also allows the Group to achieve the goal of reducing the balance of accounts receivable and optimize the debt to asset ratio of the Group. The Directors believe that the issuance of the First Tranche of ABS will accelerate the overall turnover of the Group's assets. Furthermore, the proposed transfer of the Underlying Assets will accelerate the collection of the accounts receivables of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Underlying Asset Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

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 and autonomous region and Hong Kong in China, and spreads far to Germany.

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

AXA SPDB AM is a company incorporated in the PRC with limited liability. It is a subsidiary of Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司), which is in turn listed on the Shanghai Stock Exchange (stock code: 600000). AXA SPDB AM primarily engages in provision of asset management services for its clients.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, AXA SPDB AM and its ultimate beneficial owners are independent third parties of the Company and not connected persons of the Company as at the date of this announcement.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Underlying Asset Sale and Purchase Agreement and the transactions contemplated thereunder exceeds 25% but is less than 75%, the Underlying Asset Sale and Purchase Agreement and the transactions contemplated thereunder constitutes a major transaction of the Company and therefore is subject to the reporting, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, shareholders' approval may be obtained by written shareholders' approval without the need of convening a general meeting. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, none of the Shareholders is materially interested in the Underlying Asset Sale and Purchase Agreement and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting if a general meeting is to be convened to approve the Underlying Asset Sale and Purchase Agreement and the transactions contemplated thereunder. As at the date of this announcement, CE Green Holdings holds approximately 69.7% of the issued shares of the Company.

In this connection, the Company will obtain a written Shareholders' approval from CE Green Holdings in respect of the Underlying Asset Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules. After obtaining the aforesaid written Shareholders' approval from CE Green Holdings, no Shareholders' meeting will be convened by the Company to approve the Underlying Asset Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, details of the proposed establishment of the ABS Program, the proposed issuance of the ABS, the Underlying Asset Sale and Purchase Agreement and the transactions contemplated thereunder, is expected to be published on the website of the Stock Exchange and the Company and despatched to the Shareholders who have elected to receive printed copies on or before 13 December 2024.

The credit rating in relation to the priority tranche of the First Tranche of ABS mentioned herein is strictly for information purpose only. Such rating does not constitute a recommendation to buy, sell or hold any securities of the Company.

Shareholders and potential investors of the Company are advised not to rely solely on the information contained herein and should exercise caution when dealing in the securities of the Company. When in doubt, Shareholders and potential investors of the Company are advised to seek professional advice from their own professional or financial advisers.

DEFINITIONS

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

“ABS”	the asset-backed securities to be issued under the ABS Program
“ABS Program”	the asset-backed securities program to be established and managed by AXA SPDB AM
“ABS Program Standard Terms Agreement”	the standard terms agreement of the ABS Program to be entered into by AXA SPDB AM (as the manager of the ABS Program), pursuant to which AXA SPDB AM shall provide management services to the ABS Program
“AXA SPDB AM”	Shanghai AXA SPDB Assets Management Co., Ltd. (上海浦銀安盛資產管理有限公司), the manager of the ABS Program and the purchaser (acting on behalf of the ABS Program) of the Underlying Asset Sale and Purchase Agreement
“Benchmark Date”	tentatively 1 October 2024
“Board”	the board of Directors of the Company
“CE Green Holdings”	China Everbright Green Holdings Limited (中國光大綠色控股有限公司), a company limited by shares incorporated in the British Virgin Islands, being the controlling shareholder of the Company
“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”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Everbright 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
“First Tranche of ABS”	the first tranche of ABS to be issued under the ABS Program with a proposed issue size of RMB653.0 million, which will be backed by the Underlying Assets

“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Outstanding Account Receivables”	the entitlement of the Group’s project companies to the full outstanding sum of receivables of subsidy funds of renewable energy as of the Benchmark Date pursuant to the relevant underlying assets documents and applicable laws and regulations as a result of the completion of the obligation of power generation and sale within the specific period (including without limitation all receivables of subsidy funds for tariff premium of renewable energy and any other income arising thereof), and all ancillary interests arising from such entitlement, if any
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes the regions of Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Rights Maintenance Fee”	the rights maintenance fee payable by the project companies of the Group to Everbright Greentech Management Shenzhen, in consideration of the first right of refusal to reacquire the rights on the Outstanding Account Receivables to be granted by Everbright Greentech Management Shenzhen to the project companies of the Group
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SZSE”	the Shenzhen Stock Exchange
“Underlying Assets”	comprising the rights to the Outstanding Account Receivables and the rights to the Rights Maintenance Fee. For further details, please refer to the sub-paragraph headed “Underlying Assets” in this announcement

“Underlying Asset Sale and Purchase Agreement” the underlying asset sale and purchase agreement to be entered into between Everbright Greentech Management Shenzhen, as the vendor and original interest owner, and AXA SPDB AM, as the purchaser (acting for and on behalf of the ABS Program) and manager of the ABS Program in relation to the transfer of Underlying Assets as at the Benchmark Date

“%” per cent

By order of the Board
China Everbright Greentech Limited
ZHU Fugang
Executive Director and Chief Executive Office

Hong Kong, 22 November 2024

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

Mr. WANG Silian (*Chairman, Non-executive Director*)
Mr. ZHU Fugang (*Chief Executive Officer, Executive Director*)
Mr. WANG Dianer (*Vice President, Executive Director*)
Mr. HUANG Chaoxiong (*Executive Director*)
Mr. SONG Jian (*Non-executive Director*)
Ms. MAO Jing (*Non-executive Director*)
Mr. CHOW Siu Lui (*Independent Non-executive Director*)
Prof. YAN Houmin (*Independent Non-executive Director*)
Mr. LI Huaqiang (*Independent Non-executive Director*)

* *For identification purposes only*