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If you have sold or transferred all your shares in China Everbright Greentech Limited, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

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

A letter from the Board is set out on pages 4 to 12 of this circular.

The Company has received written Shareholders' approval for the Underlying Asset Sale and Purchase Agreement and the transactions contemplated thereunder from CE Green Holdings, a Shareholder holding more than 50% of the issued shares of the Company. Accordingly, no general meeting of Shareholders will be convened to approve the Underlying Asset Sale and Purchase Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules. This circular is being published for information purpose only.

24 December 2024

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions 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 immediate controlling shareholder of the Company
“CEEGL”	China Everbright Environment Group Limited (中國光大環境(集團)有限公司), a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 257), and 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

* For identification only

DEFINITIONS

“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
“Latest Practicable Date”	19 December 2024, being the latest practicable date for ascertaining certain information contained in this circular
“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 circular, excludes the regions of Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“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 creditors’ rights on the Outstanding Account Receivables to be granted by Everbright Greentech Management Shenzhen to the project companies of the Group
“RMB”	Renminbi, the lawful currency of the PRC
“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

DEFINITIONS

“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 the Underlying Assets as at the Benchmark Date
“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 circular
“Unqualified Assets”	the Underlying Assets that do not meet the eligibility criteria as set out in the Underlying Asset Sale and Purchase Agreement as of the date of establishment of the ABS Program, the date of payment of the consideration of the Underlying Asset, or the Benchmark Date
“%”	per cent



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)

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)*

Registered Office

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head Office and Principal Place of
Business in Hong Kong*

Room 3602, 36/F.

Far East Finance Centre

16 Harcourt Road

Hong Kong

Hong Kong, 24 December 2024

To the Shareholders

Dear Sir or Madam,

**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**

**1. PROPOSED ESTABLISHMENT OF THE ABS PROGRAM AND THE PROPOSED
ISSUANCE OF THE FIRST TRANCHE OF ABS**

Reference is made to the announcement of the Company dated 22 November 2024 in respect of the proposed establishment of the ABS Program, proposed issuance of the First Tranche of ABS and the Underlying Asset Sale and Purchase Agreement.

LETTER FROM THE BOARD

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 launch of the ABS Program is subject to the approval by the SZSE, and an application in this regard has already been made to SZSE as at the Latest Practicable Date. Based on currently available information and estimation, it is expected that Everbright Greentech Management Shenzhen and AXA SPDB AM will execute the Underlying Asset Sale and Purchase Agreement as soon as the clearance from SZSE is obtained, the completion of which however will be subject to the then market conditions and the terms of the Underlying Asset Sale and Purchase Agreement (for details, please refer to the sub-paragraph headed “1.1 Underlying Asset Sale and Purchase Agreement — Completion” below).

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%

1.1 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

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(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 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

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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.

As a result of the aforesaid, the actual monetary sum of the consideration payable for the Underlying Assets, being RMB653.0 million, (i) equals to the unaudited book value of the Outstanding Account Receivables as at the Benchmark Date; and (ii) has already taken into account the funds from the Rights Maintenance Fee, which is however set off against the estimated interest payment of the First Tranche of ABS and relevant taxes and expenses at the level of the ABS Program, and therefore not reflected in the monetary sum of the consideration payable.

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

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Program, the original interest owner and the manager of the ABS Program shall confirm the list of qualified Underlying Assets (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.

Pursuant to the Underlying Asset Sale and Purchase Agreement, upon completion of payment of the consideration for the Underlying Asset, the Underlying Assets shall thereby be transferred to the ABS Program, and the ABS Program shall bear all the risks and enjoy all the income arising from the Underlying Assets since the Benchmark Date.

Redemption Arrangement

Pursuant to the Underlying Asset Sale and Purchase Agreement, during the term of the ABS Program, AXA SPDB AM may by itself or through an asset service agent notify Everbright Greentech Management Shenzhen of any discovery of Unqualified Assets in writing, and Everbright Greentech Management Shenzhen shall redeem such Unqualified Assets in accordance with the terms of the Underlying Asset Sale and Purchase Agreement. The consideration for the redemption of the Unqualified Assets shall be determined with reference to the value of the relevant Unqualified Assets as set out in the List of Qualified Underlying Assets.

After Everbright Greentech Management Shenzhen has redeemed the Unqualified Assets in accordance with the Underlying Asset Sale and Purchase Agreement, the Unqualified Assets no longer belong to the ABS Program, and Everbright Greentech Management Shenzhen shall no longer be liable to AXA SPDB AM for the Unqualified Assets.

Clearance Repurchase

Pursuant to the Underlying Asset Sale and Purchase Agreement, Everbright Greentech Management Shenzhen shall be entitled to carry out the clearance repurchase if any of the following conditions are met: (a) the total outstanding principal amount of the Outstanding Account Receivables under the Underlying Assets falls to 10% or less of the balance of Underlying Assets as of the Benchmark Date; (b) the total outstanding principal amount of the priority tranche of the First Tranche of ABS falls to 10% or less of the initial size of the

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priority tranche of the First Tranche of ABS as of the date of establishment of the ABS Program; or (c) the 30th working day before the maturity date of the priority tranche of the First Tranche of ABS.

The clearance repurchase price shall be the market fair value of the outstanding Underlying Assets as at 24:00 on the clearance repurchase commencement date (such date to be specified by Everbright Greentech Management Shenzhen in the clearance repurchase notice to be served to AXA SPDB AM).

Others

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

1.2 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.

1.3 Liquidity Support Agreement

The Company will enter into a liquidity support agreement with AXA SPDB AM (the “**Liquidity Support Agreement**”). Pursuant to the Liquidity Support Agreement, at the time the ABS Program is required to make a distribution (such as for payment of the tax and expenses of the ABS Program, payment of the expected return to the holders of the priority tranche and subordinated tranche of the First Tranche of ABS, and/or payment of the principal to the holders of the priority tranche of the First Tranche of ABS, etc.), if the funds available for distribution held by the ABS Program is insufficient to cover the payment of the aforesaid distribution, the Company shall pay the shortfall (the “**Liquidity Support Payment**”) to the ABS Program. AXA SPDB AM shall repay the Liquidity Support Payment and the corresponding capital occupancy fee (which is expected to be calculated at the rate which is equal to the one-year loan prime rate) to the Company in accordance with the terms of the Liquidity Support Agreement and the ABS Program Standard Terms Agreement.

2. 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 currently 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. Besides, the payments of the Rights Maintenance Fees will be booked as finance costs and recognized as other payables and accrued expenses of the Company (the total amount of the Rights

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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. Shareholders should note that the financial effect shown above is for reference only and is subject to the final audit (e.g. of any actual gain or loss arising from the derecognition of cumulative gains and losses in other comprehensive income reserve to profit and loss as a result of the disposal, which will then eventually be reflected in the consolidated financial statements of the Group). 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.

3. 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.

4. 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.

LETTER FROM THE BOARD

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 Latest Practicable Date.

5. 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 Latest Practicable Date, CE Green Holdings holds approximately 69.7% of the issued shares of the Company.

In this connection, the Company has received 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. Accordingly, no Shareholders' meeting will be convened by the Company to approve the Underlying Asset Sale and Purchase Agreement and the transactions contemplated thereunder.

6. RECOMMENDATION

Although no general meeting will be convened for approving the Underlying Asset Sale and Purchase Agreement and the transactions contemplated thereunder, the Directors are of the view that the terms thereof and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Accordingly, if the general meeting was convened for approving the Underlying Asset Sale and Purchase Agreement and transactions contemplated thereunder, the Directors would recommend the Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the general meeting to approve the Underlying Asset Sale and Purchase Agreement and the transactions contemplated thereunder.

7. OTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
On behalf of the Board
China Everbright Greentech Limited
ZHU Fugang
Executive Director and Chief Executive Officer

1. FINANCIAL INFORMATION OF THE GROUP

Details of the audited financial statements of the Group for each of the financial years ended 31 December 2021, 2022, 2023 and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 are disclosed in the following documents which have been published on the website of the HKEXnews (<http://www.hkex.com.hk>) and the website of the Company (www.ebgreentech.com).

- (i) Annual report of the Company for the year ended 31 December 2021 (pages 153–286), which can be accessed via the link at:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0330/2022033000659.pdf>
- (ii) Annual report of the Company for the year ended 31 December 2022 (pages 153–290), which can be accessed via the link at:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0420/2023042001154.pdf>
- (iii) Annual report of the Company for the year ended 31 December 2023 (pages 154–298), which can be accessed via the link at:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0418/2024041801516.pdf>
- (iv) Interim report of the Company for the six months ended 30 June 2024 (pages 46–90), which can be accessed via the link at:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0903/2024090301610.pdf>

2. STATEMENT OF INDEBTEDNESS OF THE GROUP

As at the close of business on 31 October 2024, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the details of the Group's indebtedness are as follows:

Borrowings

The Group had aggregate outstanding interest-bearing bank and other borrowings of approximately HK\$21,455,426,000, details of which are set out below:

	<i>HK\$'000</i>
Interest-bearing bank and other borrowings	
Secured with guarantee	745,093
Secured without guarantee	8,081,411
Unsecured with guarantee	598,851
Unsecured without guarantee	5,257,749
Medium-term notes — unsecured without guarantee	<u>6,772,322</u>
Total	<u><u>21,455,426</u></u>

Certain banking facilities and other loans of the Group are secured by certain revenue, contract assets, intangible assets and receivables in connection with the Group's service concession arrangements, bank deposit, property, plant and equipment and right-of-use assets of the Group.

Lease liabilities

The Group had lease liabilities with outstanding amount of approximately HK\$22,859,000.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, as at the close of business on 31 October 2024, being the latest practicable date of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the Group did not have any material mortgages, charges, debentures, loan capital, debt securities, term loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade payables) or acceptance credits, guarantees or other material contingent liabilities.

3. SUFFICIENCY OF WORKING CAPITAL

Taking into account the financial effect from the proposed issuance of the First Tranche of ABS and the financial resources of the Group (including the Group's internal resources, available interest-bearing banking and other borrowing facilities), the Directors are of the opinion that the Group will have sufficient working capital for the Group's requirements for at least the next 12 months from the date of this circular.

4. MATERIAL CHANGES

As at the Latest Practicable Date, there had not been any material change in the financial or operation position or outlook of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND OPERATION PROSPECTS OF THE GROUP

The Group is principally engaged in the businesses of integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation, solar energy and wind power.

With respect to the integrated biomass utilisation business, as of 30 June 2024, the Group had a total of 56 integrated biomass utilization projects, which provided an aggregate power generation designed capacity of 1,069 MW, an aggregate annual biomass processing designed capacity of approximately 8,209,800 tonnes, and a daily aggregate household waste processing designed capacity of approximately 11,610 tonnes.

With respect to the hazardous and solid waste treatment business, as of 30 June 2024, the Group has a total 51 hazardous and solid waste treatment projects, with an aggregate annual processing designed capacity of approximately 2,466,400 tonnes.

With respect to the environmental remediation business, as of 30 June 2024, the Group had 16 environmental remediation projects under implementation, with a total contract amount of approximately RMB693 million.

With respect to the solar energy and wind power businesses, apart from the County-wide Advancement Solar Project in Feng County, Jiangsu Province, as of 30 June 2024, the Group had 24 operating and completed solar energy projects and 2 wind power projects in operation, providing an aggregate power generation designed capacity of 142.41 MW. As of 30 June 2024, the Group's County-wide Solar Energy Advancement Project in Feng County, Jiangsu Province included 17 subsidiary projects with an aggregate power generation designed capacity of 29.61 MW.

Going forward, for the purpose of strengthening its principal businesses, the Group will continue to closely monitor and actively address policy and market developments, persistently raising the standard of its delicacy operation and management and seeking improvements in quality and efficiency while nurturing strengths and rectifying deficiencies in ongoing enhancement of its general competitiveness. For integrated biomass utilisation projects, the Group will strive for long cycles of safe and stable operation and enhance the economic benefits and social contributions of its heat supply operations. In connection with the hazardous and solid waste disposal business, the Group will play to its advantages in scale and delicacy management to apply strategies with precision, while continuously consolidating the effectiveness of its mechanism of "Major Market, Major Customer Service" and implementing maximum cost reduction measures in proactive response to the challenge of continuous market decline. Moreover, the Group will drive construction of its subsidiary projects and operation and management of asset-light projects in a systematic manner. The Group will continue to seek reductions in finance cost and enhance empowering through innovation in a consistent effort to fortify the foundation for growth in operating results, so as to generally improve its ability to deliver value.

In view of the challenges posed by the withdrawal of national tariff subsidies and lacklustre economic recovery, the Group will explore ways to foster capabilities in asset management and operation for the full business cycle from carbon emission to carbon demand with an innovation-driven approach to serve the national energy security strategy and the goal of "Dual Carbon", as it strives to develop into a clean energy operator claiming new-quality productivity and core competitiveness. On the back of the Group's existing integrated biomass utilisation projects, the Group will develop a model of "Zero-carbon Industry Park + Virtual Power Plant" featuring primarily "solar energy storage and charging, cooling, heating and power cogeneration, hydrogen cloud carbon", which will generate new driving force for innovative development through large-scale development. In the meantime, major efforts will be devoted to the implementation of asset-light projects such as ecological restoration, solar energy operation and green power trading, so as to provide effective assurance for enhancing the Group's profitability and sustainability.

On the back of the extensive experience in the development and operation of diversified project portfolio as well as its unparalleled market expansion capability, the Group will continue to uphold its corporate vision of “Create Better Investment Value and Undertake More Social Responsibility” in close tandem with national policies and the latest trends in industry development with an unwavering strategic focus.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Interests of Directors and chief executives of the Company and its associated corporation

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C1 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in shares of the Company

Name of Director	Capacity	Nature of interest	Number of shares held	Approximate percentage of total issued shares
SONG Jian	Interest of spouse	Family interest	3,000	0.0001%

Notes:

- (i) All those Shares are beneficially owned by Mr. SONG Jian’s spouse.
- (ii) As at the Latest Practicable Date, the number of shares of the Company in issue was 2,066,078,000 shares.

Long positions in shares of CEEGL, a listed intermediate holding company of the Company

Name of Director	Capacity	Nature of interest	Number of shares held	Approximate percentage of total issued shares
SONG Jian	Interest of spouse	Family interest	7,851	0.0001%

Notes:

- (i) All those shares are beneficially owned by Mr. SONG Jian's spouse.
- (ii) As at the Latest Practicable Date, the number of shares of CEEGL in issue was 6,142,975,292 shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

3. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or claim of material importance and there is no litigation or claim of material importance known to the Directors pending or threatened by or against any member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors and any member of the Group other than service contracts that are expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTOR'S INTERESTS IN ASSETS AND CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group and no Director was interested in any assets which have been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2023 (being the date of which the latest published audited financial statements of the Group were made up).

6. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their close associates had interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

7. MATERIAL ADVERSE CHANGES

The Directors confirm that, as at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. MATERIAL CONTRACTS

No contracts (which are not being entered into in the ordinary course of business) had been entered into by member of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material or of significance.

9. GENERAL

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands; and the principal place of business in Hong Kong is situated at Room 3602, 36/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (b) The Company's Hong Kong branch share registrar and transfer office is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) The company secretary of the Company is Ms. CHOW Wing Man, a fellow member of both Hong Kong Chartered Governance Institute and The Chartered Governance Institute.
- (d) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.