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CHINA EVERBRIGHT ENVIRONMENT GROUP LIMITED

中國光大環境(集團)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 257)

**DISCLOSEABLE TRANSACTION
PRELIMINARY CONCESSION AGREEMENT,
PROPOSED SHAREHOLDERS' AGREEMENT AND
PROPOSED CONCESSION AGREEMENT**

SUMMARY

The Board is pleased to announce that, on 23 October 2026, the Consortium and Dongguan City Appearance and Environmental Sanitation Center entered into the Preliminary Concession Agreement, in respect of the investment, financing, construction, operation and maintenance of the Project. The Project will be implemented by way of a build-own-operate-transfer (BOOT) model. The Consortium will establish a new company as the Project Company to undertake the Project and will enter into the proposed Shareholders' Agreement shortly before the incorporation of the Project Company. Following its incorporation, the Project Company will enter into the formal Concession Agreement with Dongguan City Appearance and Environmental Sanitation Center and assume the relevant rights and obligations of the Consortium under the Preliminary Concession Agreement.

The total investment amount for Phase I of the Project is expected to be approximately RMB2,252,035,800 (equivalent to approximately HKD2,631,503,800), which includes the expected registered capital of the Project Company amounting to approximately RMB675,610,700 (equivalent to approximately HKD789,451,100). The total investment amount for Phase II kitchen waste treatment facilities will be determined by the Project Company at the relevant time. EEP China will make a capital contribution of approximately RMB537,110,500 (equivalent to approximately HKD627,613,600) into the Project Company as a portion of the registered capital of the Project Company. Upon completion of the capital contribution, EEP China, CSCEC Third Engineering and Guangzhou WeTech shall hold 79.5%, 20% and 0.5% equity interests in the Project Company, respectively. Following its incorporation, the Project Company will be accounted for as a subsidiary of the Company with its financial results to be consolidated into the Company's consolidated financial statements.

During the Concession Period, the Project Company will be responsible for the investment, financing, construction, operation and maintenance of the Project and the provision of municipal solid waste treatment services and kitchen waste treatment services, and will be entitled to receive municipal solid waste treatment service fees, kitchen waste treatment service fees, on-grid tariff income from waste-to-energy generation and income from relevant resource utilisation products.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated with reference to Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the transaction contemplated under the Preliminary Concession Agreement, the proposed Shareholders' Agreement and the proposed Concession Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under the Listing Rules.

SUMMARY

The Board is pleased to announce that, on 23 October 2026, the Consortium and Dongguan City Appearance and Environmental Sanitation Center entered into the Preliminary Concession Agreement, in respect of the investment, financing, construction, operation and maintenance of the Project. The Project will be implemented by way of a build-own-operate-transfer (BOOT) model.

The Consortium will establish a new company as the Project Company to undertake the Project and will enter into the proposed Shareholders' Agreement shortly before the incorporation of the Project Company. Following its incorporation, the Project Company will enter into the formal Concession Agreement with Dongguan City Appearance and Environmental Sanitation Center and assume the relevant rights and obligations of the Consortium under the Preliminary Concession Agreement.

THE PROJECT AND THE CONCESSION ARRANGEMENTS

(1) The Preliminary Concession Agreement and the proposed Concession Agreement

On 23 October 2026, the Consortium (comprising EEP China, CSCEC Third Engineering and Guangzhou WeTech) and Dongguan City Appearance and Environmental Sanitation Center entered into the Preliminary Concession Agreement.

Pursuant to the Preliminary Concession Agreement, the Consortium shall establish the Project Company within a prescribed period after the signing of the Preliminary Concession Agreement, and the Project Company shall enter into the formal Concession Agreement with Dongguan City Appearance and Environmental Sanitation Center within a prescribed period after its establishment.

(2) Overview of the Project

The Project involves the investment, financing, construction, operation and maintenance of municipal solid waste and kitchen waste treatment facilities, as well as the supply of green electricity to the power grid in Dongguan City.

The Project will be located in Dongguan City. The Project is designed to have a municipal solid waste treatment capacity of 3,000 tonnes per day, and will also include kitchen waste treatment facilities with an aggregate treatment capacity of 500 tonnes per day. Phase I of the Project will construct, *inter alia*, facilities with a designed municipal solid waste treatment capacity of 3,000 tonnes per day and a designed kitchen waste treatment capacity of 300 tonnes per day, while Phase II will construct, *inter alia*, facilities with a designed kitchen waste treatment capacity of 200 tonnes per day.

During the Concession Period, the Project Company will provide municipal solid waste treatment services and kitchen waste treatment services, and will be entitled to receive municipal solid waste treatment service fees, kitchen waste treatment service fees, on-grid tariff income from waste-to-energy generation and income from relevant resource utilisation products.

As the Project has not yet commenced, no book value has been generated in respect of the Project, and no profit is attributable to the Project.

(3) Concession model

The Project will be implemented under the build-own-operate-transfer (BOOT) model. During the Concession Period, the Project Company will be granted concession rights to invest in, finance, construct, operate and maintain the Project, and to provide municipal solid waste treatment services and kitchen waste treatment services within the concession service scope.

The Concession Period is set at 31 years (including the preliminary phase and construction period). The Concession Period shall commence from the effective date of the formal Concession Agreement and end on the transfer date. The preliminary phase and construction period shall not exceed 2.25 years (27 months), and the remaining period shall be the operation period. Upon expiry of the Concession Period, the Project Company shall transfer the Project facilities to Dongguan City Appearance and Environmental Sanitation Center or the municipal government's designated entity at nil consideration.

(4) The Project Company

The Project Company will be responsible for the implementation of the Project, including investment, financing, construction, operation and maintenance.

The Project Company shall be incorporated by the Consortium and funded by the Consortium members in accordance with the equity proportions agreed to in the proposed Shareholders' Agreement. The registered capital of the Project Company is expected to be approximately RMB675,610,700 (equivalent to approximately HKD789,451,100), representing 30% of the total investment amount of Phase I of the Project.

(5) The investment amount of the Project and the financing obligations

The total investment amount for Phase I of the Project is expected to be approximately RMB2,252,035,800 (equivalent to approximately HKD2,631,503,800), which includes the expected registered capital of the Project Company amounting to approximately RMB675,610,700 (equivalent to approximately HKD789,451,100). The total investment amount for Phase II kitchen waste treatment facilities will be determined by the Project Company at the relevant time. At that time, the Project Company shall be responsible for the investment, construction and operation of Phase II.

The difference between the investment amount required for Phase I of the Project and the registered capital of the Project Company will be financed by the Project Company, which shall be the financing entity, through financing methods including bank loans and shareholder loans.

The total investment amount of Phase I of the Project was determined after arm's length negotiation among the Consortium with reference to the complexity and size of the Project and the projected municipal solid waste treatment service fees, kitchen waste treatment service fees, on-grid tariff income from waste-to-energy generation and income from relevant resource utilisation products to be received.

As at the date of this announcement, the total investment amount in relation to Phase II of the Project remains subject to determination. The Company will make further announcement(s) as and when appropriate and in accordance with the Listing Rules upon the determination of the total investment amount for Phase II of the Project.

(6) Performance bonds

The Consortium and/or the Project Company shall provide performance bonds in relation to the Project by bank letter of guarantee, comprising:

- (i) a construction period performance bond of RMB60,000,000, to be submitted within 25 Business Days after the signing of the formal Concession Agreement. The construction period performance bond bank letter of guarantee shall be released or discharged within 15 Business Days after the Project Company formally commences operation, the construction period assessment has been completed and any assessment-linked deduction from the performance bond has been completed;

- (ii) an operation period performance bond of RMB20,000,000, to be submitted within one month before commencement of the operation period. The operation period performance bond bank letter of guarantee shall be released or discharged within 15 Business Days after the transfer date; and
- (iii) a transfer performance bond of RMB60,000,000, to be submitted before 12 months of the transfer of the Project. The transfer performance bond bank letter of guarantee shall be released or discharged after the transfer of the Project have been completed and upon expiry of the quality warranty period (being 2 years after the transfer date).

Such performance bonds shall be issued by commercial banks or other financial institutions recognised by Dongguan City Appearance and Environmental Sanitation Center and shall be irrevocable and payable on demand if provided in the form of bank letter of guarantee.

THE PROPOSED SHAREHOLDERS' AGREEMENT

The principal terms of the proposed Shareholders' Agreement are set out below:

(1) Parties

- (a) EEP China;
- (b) CSCEC Third Engineering; and
- (c) Guangzhou WeTech.

(2) Formation of Project Company

EEP China shall take the lead, with the cooperation of CSCEC Third Engineering and Guangzhou WeTech, to complete the incorporation registration procedures for the Project Company within 30 days after the signing of the proposed Shareholders' Agreement.

The Project Company shall be established as a limited liability company with a long-term operating period commencing from the date of issuance of its business licence.

(3) Purpose of the Project Company

The Project Company will be established for the purpose of undertaking the Project, including operating municipal solid waste treatment services, power generation, transmission and power supply or distribution businesses, and kitchen waste treatment.

(4) Capital Contribution and Shareholding

The registered capital of the Project Company is expected to be approximately RMB675,610,700 (equivalent to approximately HKD789,451,100), of which:

- (i) EEP China shall contribute in cash RMB537,110,500 (equivalent to approximately HKD627,613,600), accounting for 79.5% of the registered capital of the Project Company;
- (ii) CSCEC Third Engineering shall contribute in cash RMB135,122,100 (equivalent to approximately HKD157,890,200), accounting for 20% of the registered capital of the Project Company; and
- (iii) Guangzhou WeTech shall contribute in cash RMB3,378,100 (equivalent to approximately HKD3,947,300), accounting for 0.5% of the registered capital of the Project Company.

The Parties shall contribute their respective capital contributions within 15 Business Days after receipt of a written capital contribution payment notice from the Project Company, according to the Project's construction progress and actual funding needs, and all subscribed capital contributions shall be fully paid within two years from the establishment of the Project Company.

The capital contribution by EEP China into the Project Company was determined after arm's length negotiation among the Consortium with reference to the expected registered capital of the Project Company (being 30% of the total investment amount of Phase I of the Project), the Project's actual funding needs, and the Consortium's respective shareholding percentages in the Project Company.

The capital contribution to be made by EEP China will be funded by the Group's internal resources.

(5) Corporate Governance

Upon incorporation of the Project Company, EEP China, CSCEC Third Engineering and Guangzhou WeTech shall hold 79.5%, 20% and 0.5% equity interests in the Project Company, respectively.

Subject to the terms of the proposed Shareholders' Agreement, certain matters of the Project Company will require the approval of shareholders representing more than five-sixths of the voting rights, including but not limited to (i) amendments to the articles of association; (ii) increases or decreases in registered capital; (iii) the company's merger, division, dissolution, or change of corporate form; and (iv) material matters involving public interest and public safety.

The board of directors of the Project Company shall consist of three directors, of whom two shall be nominated by EEP China and one shall be nominated by CSCEC Third Engineering, and the chairman of the board shall be elected by the board from the directors nominated by EEP China.

(6) Management of the Project Company

The Project Company shall have one general manager appointed by EEP China and four deputy general managers, of whom three shall be appointed by EEP China and one shall be appointed by CSCEC Third Engineering, with such deputy general manager concurrently serving as the chief financial officer of the Project Company.

(7) Profit Sharing

After the Project Company has made up losses and appropriated statutory and discretionary reserves in accordance with applicable laws and as required by relevant internal policies, its remaining after-tax profits shall be distributed among the shareholders in proportion to their respective paid-up capital contributions.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PRELIMINARY CONCESSION AGREEMENT, THE PROPOSED SHAREHOLDERS' AGREEMENT, THE PROPOSED CONCESSION AGREEMENT AND UNDERTAKING THE PROJECT

The Project is a waste-to-energy and integrated waste treatment project within the Group's principal businesses. The entering into of the Preliminary Concession Agreement and undertaking of the Project are expected to further strengthen the Group's market presence in Guangdong Province and the Guangdong-Hong Kong-Macao Greater Bay Area, enhance the Group's project portfolio in the environmental protection sector and generate sustainable returns for the Shareholders.

The Directors (including the independent non-executive Directors) consider that the terms of the Preliminary Concession Agreement, the proposed Shareholders' Agreement and the proposed Concession Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Company

The Company is the largest environmental enterprise in China, a leading player in Asia's environmental protection industry, the world's largest waste-to-energy investor and operator, and a world-renowned environmental group. As a pioneering one-stop integrated environmental solution provider in China, the Company focuses on three major areas: solid waste, water-related business and clean energy. Its main businesses encompass waste-to-energy and integrated waste treatment, integrated biomass utilisation, hazardous and solid waste treatment, new energy, environmental remediation, water environment management, equipment manufacturing, waste sorting, integrated environmental sanitation, resource recycling, zero-waste city development, research and development relating to green technologies, ecological and environmental planning and designing, as well as environmental protection industrial parks. The Company operates in more than 220 locations across 25 provinces, autonomous regions, municipalities and a special administrative region in China, as well as in 20 overseas markets, including Germany, Poland, Vietnam and Uzbekistan.

EEP China

EEP China is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. Its businesses encompass waste-to-energy, food and kitchen waste treatment, leachate treatment, fly ash treatment, methane-to-energy, sludge treatment and disposal, construction and decoration waste treatment, development of environmental protection industrial parks, integrated urban services, resource utilisation and recycling, as well as technical consultancy and engineering design relating to environmental protection.

CSCEC Third Engineering

CSCEC Third Engineering was established in the PRC with limited liability and is principally engaged in building construction, infrastructure investment and construction and real estate development. CSCEC Third Engineering is an indirectly wholly-owned subsidiary of China State Construction Engineering Corporation Limited (中國建築股份有限公司), a joint stock limited company established in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (Shanghai stock code: 601668).

Guangzhou WeTech

Guangzhou WeTech was established in the PRC with limited liability and is principally engaged in comprehensive engineering and technical services centered on the energy and environmental protection sectors. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Guangzhou WeTech is owned as to 54%, 40%, 3% and 3% by He Weicai (何偉才), Chen Boning (陳柏寧), Liu Hong (劉紅) and Wu Liang (吳亮), respectively.

Dongguan City Appearance and Environmental Sanitation Center

Dongguan City Appearance and Environmental Sanitation Center is a governmental authority under the Dongguan Municipal People's Government.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of CSCEC Third Engineering, Guangzhou WeTech and Dongguan City Appearance and Environmental Sanitation Center and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

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DEFINITIONS

The following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors of the Company
“Business Day(s)”	any day (excluding a statutory rest day and statutory holiday or public holiday in the Chinese Mainland) on which institutions generally work
“Company”	China Everbright Environment Group Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 257)
“Concession Agreement”	the concession agreement to be entered into between the Project Company and Dongguan City Appearance and Environmental Sanitation Center in relation to the Project
“Concession Period”	the concession period of the Project pursuant to the Concession Agreement
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Consortium”	a consortium comprising of EEP China, CSCEC Third Engineering and Guangzhou WeTech

“CSCEC Third Engineering”	China Construction Third Engineering Bureau Group Co., Ltd.* (中建三局集團有限公司), a company incorporated in the PRC with limited liability
“Director(s)”	the directors of the Company
“Dongguan City”	Dongguan City, Guangdong Province, the PRC
“Dongguan City Appearance and Environmental Sanitation Center”	Dongguan City Appearance and Environmental Sanitation Center* (東莞市市容環衛中心), a governmental authority authorised by the Dongguan Municipal Government of Guangdong Province to act as the implementation agency for the Project
“EEP China”	Everbright Environmental Protection (China) Limited* (光大環保 (中國) 有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Guangzhou WeTech”	Guangzhou WeTech Engineering Co., Ltd.* (廣州華科工程技術有限公司), a company incorporated in the PRC with limited liability
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules

“PRC”	the People’s Republic of China
“Preliminary Concession Agreement”	the preliminary concession agreement dated 23 October 2026 entered into between the Consortium and Dongguan City Appearance and Environmental Sanitation Center in relation to the Project
“Project”	Dongguan Southeast Environmental Energy Project* (東莞市東南部環保熱電廠項目), involving the investment, financing, construction, operation and maintenance of the municipal solid waste and kitchen waste treatment facilities in Dongguan City, details of which are set out in the section headed “The Project and the Concession Arrangements” in this announcement
“Project Company”	a company to be incorporated with limited liability under PRC law pursuant to the Preliminary Concession Agreement for the purpose of undertaking the Project
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the shares of the Company
“Shareholder(s)”	holder(s) of Share(s) in the Company
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into by EEP China, CSCEC Third Engineering and Guangzhou WeTech in relation to the Project Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

“%”

per cent

By order of the Board
China Everbright Environment Group Limited
Wang Silian
Chairman of the Board

Hong Kong SAR of China, 23 October 2026

In this announcement, the English names of PRC government authorities or entities are translations of their Chinese names and included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

For the purpose of this announcement, unless otherwise specified, the conversion of RMB into HKD is based on the exchange rate from RMB1.00 to HKD1.1685. The exchange rate is adopted for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rate at all.

As at the date of this announcement, the Board comprises: (i) an Executive Director, namely Mr. Wang Silian (Chairman of the Board); (ii) two Non-executive Directors, namely Mr. Kang Guoming and Ms. Qu Li; and (iii) three Independent Non-executive Directors, namely Mr. Fan Yan Hok, Philip, Ms. Li Shuk Yin, Edwina and Mr. Fok Kai Man.

* *For identification purpose only*