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## **CHINA EVERBRIGHT INTERNATIONAL LIMITED**

**中國光大國際有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 257)**

### **ENTERING INTO OF CONTINUING CONNECTED TRANSACTIONS AGREEMENTS**

Reference is made to the announcement of the Company dated 3 August 2018 in respect of the Proposed Separate Listing of CEWL.

The Board hereby announced that on 15 April 2019, CEWL entered into the CEWL Deposit Services Framework Agreement with China Everbright Group, pursuant to which China Everbright Group has agreed to procure CE Bank to provide deposit services to CEWL Group in accordance with the terms thereunder for the years ending 31 December 2019, 2020 and 2021. On the same date, CEWL also entered into the CEWL Loan Services Framework Agreement with China Everbright Group, pursuant to which China Everbright Group has agreed to procure CE Bank to provide loan services to CEWL Group in accordance with the terms thereunder for the years ending 31 December 2019, 2020 and 2021.

Since China Everbright Group is the controlling shareholder of the Company, indirectly holding approximately 41.95% equity interest in the Company, China Everbright Group and its associates, including CE Bank, are connected persons of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under each of the CEWL Services Framework Agreements constitute continuing connected transactions of the Company.

As certain applicable percentage ratios in respect of each of the CEWL Services Framework Agreements exceed 0.1% but are less than 5%, the continuing connected transactions contemplated thereunder are subject to the reporting and announcement requirements only but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **I. INTRODUCTION**

Reference is made to the announcement of the Company dated 3 August 2018 in respect of the Proposed Separate Listing of CEWL.

The Board hereby announced that on 15 April 2019, CEWL entered into the CEWL Deposit Services Framework Agreement with China Everbright Group, pursuant to which China Everbright Group has agreed to procure CE Bank to provide deposit services to CEWL Group in accordance with the terms thereunder for the years ending 31 December 2019, 2020 and 2021. On the same date, CEWL also entered into the CEWL Loan Services Framework Agreement with China Everbright Group, pursuant to which China Everbright Group has agreed to procure CE Bank to provide loan services to CEWL Group in accordance with the terms thereunder for the years ending 31 December 2019, 2020 and 2021.

## **II. THE CEWL DEPOSIT SERVICES FRAMEWORK AGREEMENT**

The principal terms of the CEWL Deposit Services Framework Agreement are summarized below:

Date: 15 April 2019

Parties: (a) CEWL; and  
(b) China Everbright Group

Services to be provided: Provision of deposit services (including current and fixed term deposit) in accordance with rules and regulations prescribed by the PBOC and/or other relevant rules and regulations within or outside the PRC by CE Bank, as procured by China Everbright Group, to CEWL Group.

Term: The CEWL Deposit Services Framework Agreement shall take effect from the date of signing the agreement and shall expire on 31 December 2021.

Payment: The time and means of payment are to be agreed by CE Bank and CEWL Group with reference to customary business terms of specific deposit services through arm's-length negotiations.

Others: The CEWL Deposit Services Framework Agreement shall be on a non-exclusive basis and CEWL Group is at liberty to obtain deposit services from other third parties.

The deposit services to be provided pursuant to the CEWL Deposit Services Framework Agreement shall be on normal commercial terms and no less favourable than the terms available to CEWL Group from independent third parties.

### **Historical Figures and Proposed Annual Monetary Caps**

The following table sets out the amounts of historical transactions for deposit services provided by CE Bank to CEWL Group for the three years ended 31 December 2018:

	<b>For the year ended 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
The maximum daily closing balance of deposits (including interests accrued thereon)	198,770	5,606,105	6,925,520

The following table sets out the pricing standard and the proposed annual monetary caps of the continuing connected transactions contemplated under the CEWL Deposit Services Framework Agreement for the three years ending 31 December 2021:

	<b>For the year ending 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
The maximum daily closing balance of deposits (including interests accrued thereon)	300,000,000	300,000,000	300,000,000
Pricing standard	The interest rate for deposit services shall be based on normal commercial terms, agreed through arm's-length negotiations between CE Bank and CEWL Group and no less favourable than the terms available to CEWL Group from independent third parties.		

#### **Basis for the Annual Monetary Caps Contemplated under the CEWL Deposit Services Framework Agreement**

The Directors (including the independent non-executive Directors) consider that it is in the interests of the Company that CEWL entered into the transactions under the terms and conditions set out in the CEWL Deposit Services Framework Agreement. The annual monetary caps for the deposit services were determined with reference to a number of factors, including (i) the historical figures of the maximum closing balance of deposits (including interests accrued thereon) of CEWL Group with CE Bank in previous years, (ii) the business development plans and financial needs of CEWL Group, (iii) the expected continuous growth in assets and amount of deposits of CEWL Group, and (iv) the cash management needs of CEWL Group.

### III. THE CEWL LOAN SERVICES FRAMEWORK AGREEMENT

The principal terms of the CEWL Loan Services Framework Agreement are summarized below:

Date: 15 April 2019

Parties: (a) CEWL; and  
(b) China Everbright Group

Services to be provided: Provision of loan services (including revolving credit facility and fixed term loan), in accordance with rules and regulations prescribed by the PBOC and/or other relevant rules and regulations within or outside the PRC, by CE Bank, as procured by China Everbright Group, to CEWL Group.

Term: The CEWL Loan Services Framework Agreement shall take effect from the date of signing the agreement and shall expire on 31 December 2021.

Payment: The time and means of payment are to be agreed by CE Bank and CEWL Group with reference to customary business terms of specific loan services through arm's-length negotiations.

Others: The CEWL Loan Services Framework Agreement shall be on a non-exclusive basis and CEWL Group is at liberty to obtain loan services from other third parties.

The loans services to be provided pursuant to the CEWL Loan Services Framework Agreement shall be on normal commercial terms and no less favourable than the terms available to CEWL Group from independent third parties.

It is possible that CEWL Group may need to pledge its assets for some of the loan facilities to be provided by CE Bank, as procured by China Everbright Group, under the CEWL Loan Services Framework Agreement, and such loans facilities will be subject to the annual monetary caps as set out in this announcement. In the circumstances whereby the loans to be provided by CE Bank, as procured by China Everbright Group, are on normal commercial terms or better where no security over the assets of CEWL Group is granted, such loan facilities will be fully exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules, and will not be subject to the annual monetary caps as set out in this announcement.

### **Historical Figures and Proposed Annual Monetary Caps**

The following table sets out the amounts of historical transactions for loan services provided by CE Bank to CEWL Group for the three years ended 31 December 2018:

	<b>For the year ended 31 December</b>		
	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
The maximum daily closing balance of loans (including interests accrued thereon, but excluding loans which do not require security over the assets of CEWL Group)	34,860,496	1,237,590	0

The following table sets out the pricing standard and the proposed annual monetary caps of the continuing connected transactions contemplated under the CEWL Loan Services Framework Agreement for the three years ending 31 December 2021:

	<b>For the year ending 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
The maximum daily closing balance of loans (including interests accrued thereon, but excluding loans which do not require security over the assets of CEWL Group)	300,000,000	300,000,000	300,000,000

Pricing standard

The interest rate for loan services shall be based on normal commercial terms, agreed through arm's-length negotiations between CE Bank and CEWL Group and no less favourable than the terms available to CEWL Group from independent third parties.

#### **Basis for the Annual Monetary Caps Contemplated under the CEWL Loan Services Framework Agreement**

The Directors (including the independent non-executive Directors) consider that it is in the interests of the Company that CEWL entered into the transactions under the terms and conditions set out in the CEWL Loan Services Framework Agreement. The annual monetary caps for the loan services were determined with reference to a number of factors, including (i) the historical amount of loans of CEWL Group obtained from CE Bank, (ii) the business development plans and financial needs of CEWL Group over the next three years (in particular the potential financing needs of three projects of CEWL in the three years ending 31 December 2021, and the loan amount which CEWL may need to obtain for each project on average being approximately HK\$100 million), and (iii) the expected increase in the amount of loans required by CEWL Group to complement the growth in its future business operations.

#### **IV. INTERNAL CONTROL MEASURES**

The following internal control procedures in relation to use of the services provided by CE Bank, as procured by China Everbright Group, under the CEWL Services Framework Agreements will be adopted:

- CEWL will comply with its internal control procedures in respect of related party transactions before CEWL or any of its subsidiaries enters into any deposit services or any loan or credit facilities agreements with CE Bank;
- the finance departments of CEWL Group shall obtain quotations from CE Bank and from at least two other independent banks for rates of deposits/loans of an equivalent amount and for the equivalent period, and will only use the deposits/loans services of CE Bank if the terms quoted by CE Bank are no less favourable than the terms quoted by such two other banks; and
- the deposit services or any loan or credit facilities entered into with CE Bank will be reviewed annually by the independent non-executive directors of CEWL.

The Board considers that the above internal control procedures adopted in connection with the continuing connected transactions contemplated under the CEWL Services Framework Agreements are appropriate and sufficient, and will give sufficient assurance that the continuing connected transactions will be appropriately monitored.

## **V. REASONS FOR AND BENEFITS OF THE CEWL SERVICES FRAMEWORK AGREEMENTS**

In light of the future plans of development and expansion of business and operation of CEWL Group, the assets, amount of deposits and financial needs of CEWL Group will continue to grow accordingly. The Directors (including the non-executive independent Directors) believe that CE Bank is well positioned to serve the financial needs of CEWL Group as it has a thorough understanding of the operations and development needs of CEWL Group, in particular with its experience in dealing with CEWL Group in previous years. It is also expected that it will be cost-efficient, expedient and beneficial for CEWL Group to receive deposit and loan services from CE Bank. In addition, CE Bank is regulated by China Banking Regulatory Commission and is subject to the rules and requirements of such regulatory authority, thus reducing risks to CEWL Group in receiving financial services from CE Bank.

The terms of the CEWL Services Framework Agreements have been agreed upon arm's-length negotiations between CEWL and China Everbright Group.

The Directors (including the independent non-executive Directors) are of the view that (i) the continuing connected transactions contemplated under the CEWL Services Framework Agreements will be carried out in the ordinary and usual course of business of the Group and/or CEWL Group; (ii) the terms of the CEWL Services Framework Agreements are normal commercial terms, fair and reasonable, and in the interests of the Group and the Shareholders as a whole; and (iii) the proposed annual monetary caps of the continuing connected transactions contemplated under the CEWL Services Framework Agreements are fair and reasonable, and in the interests of the Group and the Shareholders as a whole.

## **VI. LISTING RULES IMPLICATIONS**

Since China Everbright Group is the controlling shareholder of the Company, indirectly holding approximately 41.95% equity interest in the Company, China Everbright Group and its associates, including CE Bank, are connected persons of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under each of the CEWL Services Framework Agreements constitute continuing connected transactions of the Company.



As certain applicable percentage ratios in respect of each of the CEWL Services Framework Agreements exceed 0.1% but are less than 5%, the continuing connected transactions contemplated thereunder are subject to the reporting and announcement requirements only but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Cai Yunge, the executive Director and Chairman of the Board, Mr. Wang Tianyi, the executive Director and Chief Executive Officer, and Mr. Zhai Haitao, the independent non-executive Director, have abstained from voting to approve each of the CEWL Services Framework Agreements and the proposed annual monetary caps thereunder in the Board meeting due to the fact that they have connected relationships with China Everbright Group or CEWL. Save as disclosed above, none of the Directors has a material interest in either of the CEWL Services Framework Agreements or is required to abstain from voting on the resolutions in relation to such transactions.

## **VII. GENERAL INFORMATION**

The Group is a leading player in China's environmental protection industry. The Group has seven major business sectors, namely environmental energy, environmental water, greentech, envirotech, equipment manufacturing, eco-recycling and international business. It also manages a large number of industry-leading and world-class projects in the areas of waste-to-energy, food waste treatment, water environment management, biomass integrated utilisation, hazardous waste and solid waste treatment, environmental remediation, solar energy, wind power, environmental protection engineering, technology research and development, environmental protection equipment manufacturing, and the planning and construction of environmental protection industrial parks.

CEWL is the indirect non-wholly owned subsidiary of the Company and is a leading integrated water environmental solution provider in the PRC, providing comprehensive range of environmental water services. Its business areas include waste water treatment, water environment management, river-basin ecological restoration, water supply, sludge treatment and disposal, sponge city construction, reusable water, waste water source heat pump, leachate treatment, research and development of water technologies, and engineering and construction, etc.

China Everbright Group is the indirect controlling shareholder of the Company. It is a conglomerate which, through its subsidiaries and associates, engages in a diverse range of businesses including banking, securities and asset management.

CE Bank was incorporated as a joint stock company with limited liability in the PRC and is one of the major commercial banks in the PRC, and primarily engages in the commercial banking business, including retail banking, corporate banking and treasury operation, etc.

## VIII. DEFINITIONS

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

“associate”	has the meaning ascribed thereto under Chapter 14A of the Listing Rules
“Board”	the board of Directors
“CEWL”	China Everbright Water Limited (中國光大水務有限公司), a company incorporated in Bermuda with limited liability and a public company whose shares are listed on the Singapore Exchange Securities Trading Limited (stock code: U9E), and a non-wholly owned subsidiary of the Company
“CEWL Deposit Services Framework Agreement”	the framework agreement entered into between CEWL and China Everbright Group on 15 April 2019, pursuant to which China Everbright Group has agreed to procure CE Bank to provide deposit services to CEWL Group in accordance with the terms thereunder for the years ending 31 December 2019, 2020 and 2021
“CEWL Group”	CEWL and its subsidiaries
“CEWL Loan Services Framework Agreement”	the framework agreement entered into between CEWL and China Everbright Group on 15 April 2019, pursuant to which China Everbright Group has agreed to procure CE Bank to provide loan services to CEWL Group in accordance with the terms thereunder for the years ending 31 December 2019, 2020 and 2021

“CEWL Services Framework Agreements”	the CEWL Deposit Services Framework Agreement and the CEWL Loan Services Framework Agreement
“CE Bank”	China Everbright Bank Company Limited* (中國光大銀行股份有限公司), a joint stock limited company incorporated in the PRC and the H shares and A shares of which are listed on the Stock Exchange (stock code: 6818) and the Shanghai Stock Exchange (stock code: 601818), respectively, and an associate of China Everbright Group
“China Everbright Group”	China Everbright Group Ltd.* (中國光大集團股份有限公司), a joint stock company incorporated in the PRC and the indirect controlling shareholder of the Company
“Company”	China Everbright International Limited (中國光大國際有限公司), a company incorporated under the laws of Hong Kong with limited liability and whose shares are listed on the Stock Exchange (stock code: 257)
“connected person(s)”	has the meaning ascribed thereto under Chapter 14A of the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), 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

“PBOC”	The People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC”	The People’s Republic of China (excluding for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Proposed Separate Listing of CEWL”	the proposed dual listing of the shares of CEWL on the Stock Exchange
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board  
**China Everbright International Limited**  
**Poon Yuen Ling**  
*Company Secretary*

Hong Kong, 15 April 2019

*As at the date of this announcement, the Board comprises: (i) five executive Directors, namely Mr. Cai Yunge (Chairman), Mr. Wang Tianyi (Chief Executive Officer), Mr. Wong Kam Chung, Raymond, Mr. Hu Yanguo and Mr. Qian Xiaodong; and (ii) four independent non-executive Directors, namely Mr. Fan Yan Hok, Philip, Mr. Mar Selwyn, Mr. Zhai Haitao and Mr. Suo Xuquan.*

\* *For identification purposes only*