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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)

CONNECTED TRANSACTIONS

IN RELATION TO

THE HONG KONG UNDERWRITING AGREEMENT AND INTERNATIONAL UNDERWRITING AGREEMENT

IN CONNECTION WITH THE GLOBAL OFFERING OF C EGL

The Company refers to the announcements made by it relating to the Proposed Spin-off. On 20 April 2017, the Company (as controlling shareholder of C EGL), C EGL (as the issuer), CEBI and CEBS (both as Joint Global Coordinators and Hong Kong Underwriters), among others, entered into the Hong Kong Underwriting Agreement in respect of the Hong Kong Public Offering. On 28 April 2017, the Company (as controlling shareholder of C EGL), C EGL (as the issuer), CEBI and CEBS (both as Joint Global Coordinators, for themselves and on behalf of the International Underwriters), among others, entered into the International Underwriting Agreement in respect of the International Offering.

As at the date of this announcement, CE Group is indirectly interested in approximately 41.40% of the total issued shares of the Company and is a controlling shareholder of the Company. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, CE Group is indirectly interested in approximately 29.17% and 49.86% of the interest of CEBI and CEBS, respectively. Accordingly, CEBI and CEBS are connected persons of the Company pursuant to the Listing Rules and the transactions contemplated under the Underwriting Agreements (including the payment of any underwriting commission, incentive fee and brokerage fees) constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the International Underwriting Agreement (as aggregated with the Hong Kong Underwriting Agreement) is less than 5% but more than 0.1%, the International Underwriting Agreement is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board wishes to emphasize that the Global Offering (including the Preferential Offering) is subject to, among other things, the granting of the approval of the listing of, and permission to deal in, the CEGL Shares on the Stock Exchange, and the Hong Kong Underwriting Agreement and the International Underwriting Agreement becoming unconditional. Accordingly, Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off and the listing of CEGL will take place and, if so, when they may take place. Shareholders and potential investors of the Company should exercise caution when dealing in or investing in the securities of the Company.

The Company refers to the announcements made by it relating to the Proposed Spin-off. On 20 April 2017, the Company (as controlling shareholder of CEGL), CEGL (as the issuer), CEBI and CEBS (both as Joint Global Coordinators and Hong Kong Underwriters), among others, entered into the Hong Kong Underwriting Agreement in respect of the Hong Kong Public Offering. Details of the Hong Kong Underwriting Agreement have been set out in the section headed "Underwriting" in the Prospectus. On 28 April 2017, the Company (as controlling shareholder of CEGL), CEGL (as the issuer), CEBI and CEBS (both as Joint Global Coordinators, for themselves and on behalf of the International Underwriters), among others, entered into the International Underwriting Agreement in respect of the International Offering. Among others, CEBI and CEBS are the Joint Global Coordinators, joint bookrunners, joint lead managers, Hong Kong Underwriters and International Underwriters of the Global Offering.

The Global Offering comprises:

- (i) the Hong Kong Public Offering of 56,000,000 CEGL Shares (subject to adjustment) in Hong Kong, representing 10% of the total number of Offer Shares initially available under the Global Offering; and
- (ii) the International Offering of 504,000,000 CEGL Shares (subject to adjustment and the Over-allotment Option and including the Preferential Offering of 56,000,000 Reserved Shares), representing 90% of the total number of Offer Shares initially available under the Global Offering.

KEY TERMS OF THE INTERNATIONAL UNDERWRITING AGREEMENT

The principal terms of the International Underwriting Agreement are as follows:

- Conditions precedent: The performance of the obligations of CEBI and CEBS and other International Underwriters pursuant to the International Underwriting Agreement is conditional upon satisfaction of, amongst others the following conditions:
- (i) the delivery to the Joint Global Coordinators of various certificates executed by officers of the Company and of CEGL, various legal opinions executed by legal advisers to CEGL and International Underwriters and comfort letters from the reporting accountants of the Global Offering;
 - (ii) none of the offering documents (as defined in the International Underwriting Agreement) shall include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading;
 - (iii) none of the directors of CEGL has revoked or withdrawn the authority and confirmations in the responsibility letter, statement of interests and power of attorney issued by him to CEGL and the joint sponsors, and such authority and confirmations remain in full force and effect;
 - (iv) none of the experts disclosed in the offering documents has withdrawn their consent to the issue of each of the offering documents with the inclusion of their reports, letters, summaries of valuations and legal opinions (as the case may be) and references to their names included in the form and context in which they appear in the offering documents;
 - (v) CEGL having obtained from the Stock Exchange approval of the listing of, and permission to deal in, the CEGL Shares on the Stock Exchange, and such approval not having been revoked;

- (vi) the Hong Kong Underwriting Agreement shall have been executed by the parties thereto, become unconditional (except with respect to the unconditionality of the International Underwriting Agreement) and not have been terminated or otherwise ceased to have effect, and the Hong Kong Public Offering contemplated by the Hong Kong Underwriting Agreement shall have become unconditional and shall be closing substantially concurrently with the closing contemplated under the International Underwriting Agreement; and
- (vii) subsequent to the respective dates of which information is given in the offering documents, CEGL shall not have purchased any of its issued capital stock, nor declared, paid or otherwise made any dividend or distribution of any kind on its capital stock of any class, nor transferred or distributed any cash or other assets to any third party or affiliate.

Underwriting commitment: Subject to the conditions set forth in the International Underwriting Agreement, the International Underwriters would severally but not jointly or jointly and severally agree to procure purchasers for or failing which to purchase, the CEGL Shares offered under the International Offering (other than the Reserved Shares for which valid applications are received under the Preferential Offering).

Among others, each of CEBI and CEBS severally agrees to procure purchasers for or failing which to purchase, approximately 118,529,200 and 118,104,000 CEGL Shares offered under the International Offering (excluding the Preferential Offering), respectively (assuming the exercise of the Over-allotment Option in full).

On this basis, the aggregate underwriting commitments of CEBI and CEBS under the International Underwriting Agreement (as aggregated with the Hong Kong Underwriting Agreement) will not exceed 131,006,000 CEGL Shares and 130,536,000 CEGL Shares, respectively (assuming the exercise of the Over-allotment Option in full).

Underwriting commission: The International Underwriters will receive an underwriting commission of 1.75% on the aggregate Offer Price of the CEGL Shares offered under the International Offering, out of which they will pay any sub-underwriting commission. CEGL may also pay to the Joint Global Coordinators (for their respective accounts only) a discretionary incentive fee of up to 0.5% of the Offer Price multiplied by the total number of Offer Shares in the Global Offering (subject to the Over-allotment Option).

The maximum aggregate amount of underwriting fee and incentive fee (if any) payable by CEGL to CEBI and CEBS under the International Underwriting Agreement (as aggregated with the Hong Kong Underwriting Agreement and assuming the exercise of the Over-allotment Option in full) shall not exceed HK\$39 million.

Termination:

The International Underwriting Agreement may be terminated under the following circumstances:

- (i) if any of the conditions precedent to the obligations of the International Underwriters have not been satisfied as required by the International Underwriting Agreement (unless otherwise waived or modified by the Joint Global Coordinators); or
- (ii) the obligations of the several International Underwriters shall be subject to termination in the sole and absolute discretion of the Joint Global Coordinators with immediate effect if prior to 8:00 a.m. on the date on which dealings in the CEGL Shares first commences on the Main Board of the Stock Exchange (expected to be 8 May 2017):
 - (a) there has been a breach of any of the representations, warranties, agreements and undertakings set forth in the International Underwriting Agreement, or there has been a material breach by CEGL or the Company of any of their respective obligations under the International Underwriting Agreement or the Hong Kong Underwriting Agreement;
 - (b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of the offering documents, result in a misstatement in, or constitute a material omission from, any of the offering documents and/or in any announcements issued by CEGL in connection with the Global Offering (including any supplement or amendment thereto);
 - (c) any of the offering documents and/or in any announcements issued by CEGL in connection with the Global Offering (including any supplement or amendment thereto) contains or has been discovered to contain any untrue statement with respect to a fact in any material respect, or omit to state any fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, or that any expression of opinion, intention, expectation or forward looking statement contained in any of the offering documents and/or any announcements, issued by CEGL in connection with the Global Offering (including any supplement or amendment thereto) is not fair, honest and based on reasonable assumptions, when taken as a whole;

- (d) there shall have occurred any event, act or omission which gives or is likely to give rise to any liability of any of CEGL or the Company pursuant to the indemnities under the International Underwriting Agreement;
- (e) there shall have been any material adverse change (as defined in the International Underwriting Agreement) or development involving a prospective material adverse change;
- (f) CEGL withdraws the offering documents (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering;
- (g) there has come to the notice of the Joint Global Coordinators any non-compliance of the offering documents (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law;
- (h) any prohibition on CEGL from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering;
- (i) except with the prior consent of the Joint Global Coordinators, CEGL is required to produce or issue a supplement or amendment to the Prospectus (or any other documents used in connection with the contemplated offer and sale of the Offer Shares) in certain circumstances where the matter to be disclosed is, in the sole opinion of the Joint Global Coordinators, adversely affecting the marketing for or implementation of the Global Offering;
- (j) any expert, whose consent is required for the issue of the Prospectus with the inclusion of its reports, letters or opinions and references to its name included in the form and context in which it respectively appears, has withdrawn its respective consent (other than the withdrawal of consent by the joint sponsors without a reason) prior to the issue of the Prospectus; or

- (k) there shall have developed, occurred, happened or come into effect, certain events specified in the International Underwriting Agreement, which, individually or in the aggregate, in the sole opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters and International Underwriters) (A) is or will be, or may result in a material adverse change, or any development involving a prospective material adverse change; or (B) has or is likely to have or will have a material adverse impact on the success of the Global Offering or the level of Offer Shares applied for or accepted or subscribed for or purchased or the distribution of the Offer Shares; or (C) makes it impracticable, inadvisable or inexpedient to proceed with the Hong Kong Public Offering and/or the International Offering on the terms and in the manner contemplated in the offering documents; or (D) has or will or may have the effect of making any part of the International Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

Please refer to the paragraph headed “5. Reasons for and benefits of the Proposed Spin-off” in the announcement made by the Company on 21 April 2017 for details. The Board is also of the view that the engagement of CEBI and CEBS may facilitate the Global Offering.

The Directors (including the independent non-executive Directors) are of the view that the Underwriting Agreements and the transactions contemplated thereunder (including the payment of any underwriting fee(s)) have been entered into on normal commercial terms that are fair and reasonable, in the ordinary and usual course of business of the Company, and in the interests of the Company and the Shareholders as a whole.

None of the Directors have a material interest in the Underwriting Agreements. However, in view of good corporate governance practices, Mr. Tang Shuangning, being a Director of the Company’s indirect controlling shareholders, CE Group and CE Hong Kong, and China Everbright Bank Company Limited, the sole shareholder of CEBI; and Mr. Cai Yunge, being a director of CE Hong Kong, an indirect controlling shareholder of the Company, had abstained from voting on the relevant Board resolution approving the connected transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CE Group is indirectly interested in approximately 41.40% of the total issued shares of the Company and is a controlling shareholder of the Company. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, CE Group is indirectly interested in approximately 29.17% and 49.86% of the interest of CEBI and CEBS, respectively. Accordingly, CEBI and CEBS are connected persons of the Company pursuant to the Listing Rules and the transactions contemplated under the Underwriting Agreements (including the payment of any underwriting commission, incentive fee and brokerage fees) constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

The underwriting commission, discretionary incentive fee and brokerage fees payable to CEBI and CEBS under the Hong Kong Underwriting Agreement and International Underwriting Agreement (assuming the exercise of the Over-allotment Option in full) is not expected to exceed HK\$55 million in aggregate.

As each of the applicable percentage ratio calculated in accordance with the Listing Rules in respect of the International Underwriting Agreement (as aggregated with the Hong Kong Underwriting Agreement) is less than 5% but more than 0.1%, the International Underwriting Agreement is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION ON THE GROUP, C EGL, CEBI AND CEBS

The Group is principally engaged in the business of environmental protection within the territory of the PRC, including project investment, construction, operation and management, equipment manufacturing as well as technological research and development. The Group currently has a business presence in over 80 counties and cities across 17 provinces and municipalities in the PRC. The Group also maintains an overseas business presence in countries including Germany, Poland, Vietnam and Singapore.

CEGL, through its subsidiaries, is principally engaged in the greentech business, which comprises (i) biomass, (ii) hazardous waste treatment, and (iii) solar energy and wind power. Assuming that the Over-allotment Option is not exercised, immediately following completion of the Proposed Spin-off, the Company will continue to hold approximately 72% of all the CEGL Shares in issue. If the Over-allotment Option is exercised in full, the Company's indirect shareholding in CEGL will be reduced to approximately 69.1%. In any of these events, CEGL will continue to be a subsidiary of the Company upon completion of the Proposed Spin-off and the operating results of the CEGL will continue to be consolidated into the consolidated financial statements of the Group.

CEBI is a Hong Kong-based financial service platform which is wholly-owned by China Everbright Bank Company Limited (中國光大銀行股份有限公司) (6818.HK listed on the Stock Exchange, 601818.SH listed on the Shanghai Stock Exchange). Through its subsidiaries, CEBI provides a wide range of financial services to its clients around the globe, including sponsoring and underwriting, financial advisory, corporate mergers and acquisitions and restructuring, as well as secondary equity offering share placement and refinancing for listed companies.

CEBS is a wholly-owned subsidiary of Everbright Securities Company Limited (6178.HK listed on the Stock Exchange). CEBS provides brokerage services as a participant at the Stock Exchange, and engages in securities brokerage, futures brokerage and leveraged foreign exchange trading.

GENERAL

The Board wishes to emphasize that the Global Offering (including the Preferential Offering) is subject to, among other things, the granting of the approval of the listing of, and permission to deal in, the CEGL Shares on the Stock Exchange, and the Hong Kong Underwriting Agreement and the International Underwriting Agreement becoming unconditional. Accordingly, Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off and the listing of CEGL will take place and, if so, when they may take place. Shareholders and potential investors of the Company should exercise caution when dealing in or investing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“CE Group”	China Everbright Group Ltd. (中國光大集團股份公司), a joint stock company incorporated under the laws of the PRC
“CE Hong Kong”	China Everbright Holdings Company Limited (中國光大集團有限公司), a company incorporated in Hong Kong with limited liability
“CEBI”	CEB International Capital Corporation Limited (光銀國際資本有限公司), a company incorporated under the laws of Hong Kong, licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), and a connected person of the Company
“CEBS”	China Everbright Securities (HK) Limited (中國光大證券(香港)有限公司), a company incorporated under the laws of Hong Kong, licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), and a connected person of the Company

“CEGL”	China Everbright Greentech Limited, an exempted company incorporated in the Cayman Islands with limited liability, and registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance of Hong Kong (Chapter 622 of the laws of Hong Kong)
“CEGL Share(s)”	ordinary share(s) in the share capital of CEGL
“Company”	China Everbright International Limited, a company incorporated under the laws of Hong Kong, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 257)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Public Offering”	the issue and offer of the CEGL Shares for subscription in Hong Kong on and subject to the terms and conditions described in the Prospectus and the relevant application forms
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering
“Hong Kong Underwriting Agreement”	the conditional underwriting agreement dated 20 April 2017 relating to the Hong Kong Public Offering entered into by, among others, the Company, CEGL, the Joint Global Coordinators and the Hong Kong Underwriters
“International Offering”	the placing of the CEGL Shares to professional, institutional and other investors (including, for the avoidance of doubt, the Preferential Offering)
“International Underwriters”	the several underwriters for the International Offering who entered into the International Underwriting Agreement to underwrite the International Offering

“International Underwriting Agreement”	the conditional underwriting agreement entered into on 28 April 2017 by, among others, the Company, CEGL, the Joint Global Coordinators (for themselves and on behalf of the International Underwriters), in respect of the International Offering
“Joint Global Coordinators”	China International Capital Corporation Hong Kong Securities Limited, CEBI and CEBS
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Offer Price”	the final offer price per Share under the Global Offering
“Offer Shares”	the CEGL Shares offered under the Hong Kong Public Offering and the CEGL Shares offered under the International Offering (including, for the avoidance of doubt, the Reserved Shares)
“Over-allotment Option”	the option granted by CEGL to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters pursuant to the International Underwriting Agreement, exercisable within 30 days from the last day for lodging applications under the Hong Kong Public Offering, to require CEGL to allot and issue up to 15% of the Offer Shares initially available under the Global Offering, at the same price per Offer Share under the International Offering, to, among other things, cover over-allocations in the International Offering, if any
“PRC”	the People’s Republic of China
“Preferential Offering”	the preferential offering of Reserved Shares to Shareholders of the Company, whose name appeared on the register of members of the Company at 4:30 p.m. on 13 April 2017, excluding those with registered addresses in, or who are otherwise known by the Company to be residents in any of certain specified territories
“Proposed Spin-off”	the proposed spin-off of CEGL by way of a separate listing of the CEGL Shares on the Main Board of the Stock Exchange
“Prospectus”	the prospectus dated 21 April 2017 issued by CEGL

“Reserved Shares”	the Offer Shares available in the Preferential Offering being offered by the Company to qualifying Shareholders pursuant to the Preferential Offering as assured entitlement at the Offer Price on and subject to the terms and conditions in the Prospectus and in the relevant application form
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“%”	per cent

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

Hong Kong, 28 April 2017

As at the date of this announcement, the Board comprises: (i) five executive directors, namely Mr. Cai Yunge (Chairman), Mr. Chen Xiaoping (Chief Executive Officer), Mr. Wang Tianyi, Mr. Wong Kam Chung, Raymond and Mr. Cai Shuguang; (ii) a non-executive director, namely Mr. Tang Shuangning; and (iii) four independent non-executive directors, namely Mr. Fan Yan Hok, Philip, Mr. Mar Selwyn, Mr. Li Kwok Sing, Aubrey and Mr. Zhai Haitao.