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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 TRANSACTION**

On 21 July 2017, CEWL, the indirect non wholly-owned subsidiary of the Company, and Everbright Securities entered into the Underwriting Agreement in relation to the proposed issue of the Bonds with an aggregate principal amount of not exceeding RMB2,500,000,000 (equivalent to approximately HK\$2,892,500,000). Pursuant to the Underwriting Agreement, CEWL has engaged Everbright Securities as the lead underwriter in respect of the proposed issue of the Bonds.

CEWL is the indirect non wholly-owned subsidiary of the Company and Everbright Securities is the indirect non wholly-owned subsidiary of CE Hong Kong, the indirect controlling shareholder of the Company. Accordingly, Everbright Securities is an associate of CE Hong Kong and is thus regarded as a connected person of the Company under the Listing Rules. The provision of underwriting services by Everbright Securities contemplated under the Underwriting Agreement therefore constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect of the Underwriting Agreement is more than 0.1% but less than 5%, the connected transaction contemplated thereunder will be subject to the reporting and announcement requirements only but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Since Everbright Securities shall underwrite the Bonds by way of standby commitment underwriting and such underwriting of the Bonds will be conducted on normal commercial terms or better, and not to be secured by the assets of the Group, such underwriting transaction (if occurred) will be regarded as financial assistance to be provided by Everbright Securities to CEWL and will be fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements in accordance with Rule 14A.90 of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 21 July 2017, CEWL, the indirect non wholly-owned subsidiary of the Company, and Everbright Securities entered into the Underwriting Agreement in relation to the proposed issue of the Bonds.

## **PRINCIPAL TERMS OF THE UNDERWRITING AGREEMENT AND THE BONDS**

Set out below is a brief summary of the principal terms of the Underwriting Agreement:

Date: 21 July 2017

Parties: (1) CEWL, as the issuer; and  
(2) Everbright Securities, as the lead underwriter

Subject: Pursuant to the Underwriting Agreement, CEWL has engaged Everbright Securities as the lead underwriter to be responsible for the underwriting of the Bonds proposed to be issued by CEWL in accordance with the terms of the Underwriting Agreement. Everbright Securities may form the underwriting syndicate for the underwriting of the Bonds, and as a representative of the underwriting syndicate (if any), sign the Underwriting Agreement with CEWL.

Conditions precedent: The conditions precedent of the Underwriting Arrangement are: (1) the obtaining of approvals by CEWL to issue the Bonds; (2) CEWL having not breached any of its representations, warranties or material obligations under the Underwriting Agreement and/or all the issue documents relating to each issuance of the Bonds; and (3) CEWL and Everbright Securities having agreed on the interest rate of each issuance of the Bonds and confirmed it in writing.

Underwriting liability: Upon satisfaction of the conditions precedent of the Underwriting Arrangement, Everbright Securities shall underwrite each tranche of the Bonds to be issued by CEWL by way of standby commitment underwriting in accordance with the terms of the Underwriting Agreement.

Underwriting service fees: In consideration of completion of the underwriting services and other services under the Underwriting Agreement by Everbright Securities, CEWL shall pay the underwriting service fees to Everbright Securities. The underwriting service fees are to be calculated at 0.5% of the actual issue amount of each tranche of the Bonds and shall include the lead management fees and the underwriting commission for the lead underwriter.

The underwriting service fees were determined by the parties after arm's length negotiations with reference to the market price for similar services.

The book runner for the issue of the Bonds (i.e. Everbright Securities) will deduct the underwriting service fees from the proceeds after completion of issue of the Bonds.

Termination: The Underwriting Agreement can be terminated by the following reasons: (1) one party terminates it according to the force majeure clause; (2) the Underwriting Agreement is executed in full; or (3) both parties determine to terminate it after friendly negotiation.

Set out below is a brief summary of the principal terms of the Bonds:

|                           |                                                                                                                                                                                                                                                                                                                                    |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Issuer:                   | CEWL                                                                                                                                                                                                                                                                                                                               |
| Place of issue:           | The PRC                                                                                                                                                                                                                                                                                                                            |
| Registered size of issue: | The registered size of the proposed issue of the Bonds is RMB2,500,000,000 (equivalent to approximately HK\$2,892,500,000). The actual size of the issue of the Bonds may be equal to, or less than, the approved registered size, within which CEWL will have the absolute discretion in determining the actual size of the issue |
| Manner of issue:          | To be issued in single tranche or in multiple tranches, subject to market conditions                                                                                                                                                                                                                                               |
| Target subscribers:       | Qualified investors under the Measures for Issuance and Transaction of Corporate Bonds (公司債券發行與交易管理辦法) issued by the CSRC and applicable laws and regulations                                                                                                                                                                      |
| Maturity:                 | Not exceeding ten years                                                                                                                                                                                                                                                                                                            |
| Underwriter(s):           | Everbright Securities, as the lead underwriter, together with such other underwriter(s) as may be part of the underwriting syndicate                                                                                                                                                                                               |
| Issue price:              | To be issued at the face value of the Bonds                                                                                                                                                                                                                                                                                        |
| Interest rate:            | To be agreed and determined by CEWL and Everbright Securities                                                                                                                                                                                                                                                                      |
| Interest calculation:     | The interest of the Bonds will be calculated by way of simple interest instead of compound interest to be paid on an annual basis, and no interest will be accrued on the overdue amount                                                                                                                                           |
| Mode of repayment:        | To be agreed between CEWL and the underwriter(s), subject to the approval by the CSRC                                                                                                                                                                                                                                              |
| Listing of the Bonds:     | Subject to the approval by the relevant authorities and after the relevant issue period, it is expected that the Bonds will be listed for trading on the Shanghai Stock Exchange                                                                                                                                                   |

Use of proceeds: Partly for repayment of the existing indebtedness and replenishment of the general working capital of CEWL Group, and partly for construction of the Green Projects (defined below) and repayment of project borrowings of the Green Projects

“**Green Projects**” means the environmental water projects of CEWL Group, which are certified to be green projects by an independent professional party in accordance with the Directory of Green Bonds Supported Projects (2015 Version) composed and issued by Green Finance Committee, China Society for Finance and Banking in December 2015

## **REASONS FOR ENTERING INTO THE UNDERWRITING AGREEMENT**

The Board is of the view that the proposed issue of the Bonds by CEWL can replenish the working capital of CEWL Group within a reasonable time, enable the CEWL Group to optimize its financing structure, and manage the CEWL Group’s overall financial cost within a reasonable range.

The main reason for CEWL to enter into the Underwriting Agreement with Everbright Securities is to facilitate the proposed issue of the Bonds. The Directors consider that the terms of the Underwriting Agreement were reached on an arm’s length basis between the parties and not less favourable than those provided by other financial institutions under similar agreements.

The Directors (including the independent non-executive Directors) consider that the Underwriting Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms of the Underwriting Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## **INFORMATION OF THE GROUP, CEWL AND EVERBRIGHT SECURITIES**

The Group is principally engaged in the business of environmental protection within the territory of the PRC, including project investment, construction, operation and management, environmental protection equipment manufacturing as well as technological research and development, etc. The Group currently has a business presence in over 90 counties and cities across 17 provinces and municipalities in the PRC, and in overseas countries including Germany, Poland, Vietnam and Singapore.

CEWL is the indirect non wholly-owned subsidiary of the Company and is principally engaged in the water environment management, sponge city construction, waste water treatment, reusable water, waste water source heat pump, sludge treatment, river-basin ecological restoration, research and development of water technologies and engineering and construction, etc. CEWL's geographical footprint spans across Beijing, Jiangsu Province, Shandong Province, Shaanxi Province, Henan Province, Hubei Province, Liaoning Province and Inner Mongolia Autonomous Region in the PRC.

Everbright Securities is the indirect non wholly-owned subsidiary of CE Hong Kong, the indirect controlling shareholder of the Company, and its principal business includes securities brokerage, securities investment consulting, financial consulting relating to securities trading and securities investment, securities underwriting and sponsorship, proprietary trading of securities, intermediary introduction business for futures companies, proxy sale of securities investment funds, margin financing and securities lending business, proxy sale of financial products, market making of stocks and options and other businesses approved by the CSRC.

## **LISTING RULES IMPLICATIONS**

As mentioned above, CEWL is the indirect non wholly-owned subsidiary of the Company and Everbright Securities is the indirect non wholly-owned subsidiary of CE Hong Kong, the indirect controlling shareholder of the Company. Accordingly, Everbright Securities is an associate of CE Hong Kong and is thus regarded as a connected person of the Company under the Listing Rules. The provision of underwriting services by Everbright Securities contemplated under the Underwriting Agreement therefore constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios in respect of the Underwriting Agreement is more than 0.1% but less than 5%, the connected transaction contemplated thereunder will be 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 Company, and Mr. Tang Shuangning, the non-executive Director, have abstained from voting to approve the Underwriting Agreement in the Board meeting due to the fact that they have connected relationships with CE Hong Kong and are regarded not independent to make any recommendation to the Board.

Since Everbright Securities shall underwrite the Bonds by way of standby commitment underwriting and such underwriting of the Bonds will be conducted on normal commercial terms or better, and not to be secured by the assets of the Group, such underwriting transaction (if occurred) will be regarded as financial assistance to be provided by Everbright Securities to CEWL and will be fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements in accordance with Rule 14A.90 of the Listing Rules.

## **DEFINITIONS**

In this announcement, except where the context otherwise requires, the following expressions shall have the following meanings:

|                       |                                                                                                                                                                                                                          |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Board”               | the board of Directors                                                                                                                                                                                                   |
| “Bonds”               | the bonds proposed to be issued by CEWL with an aggregate principal amount of not exceeding RMB2,500,000,000 (equivalent to approximately HK\$2,892,500,000) and to be listed for trading on the Shanghai Stock Exchange |
| “CE Hong Kong”        | China Everbright Holdings Company Limited (中國光大集團有限公司), a company incorporated under the laws of Hong Kong with limited liability and the indirect controlling shareholder of the Company                                |
| “CEWL”                | China Everbright Water Limited, a public company whose shares are listed on the Singapore Exchange Securities Trading Limited (stock code: U9E) and the 74.85% owned subsidiary of the Company                           |
| “CEWL Group”          | CEWL and its subsidiaries                                                                                                                                                                                                |
| “Company”             | China Everbright International Limited, 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 same meaning as ascribed to it under the Listing Rules                                                                                                                                                           |

|                          |                                                                                                                                                                                                                                                                                                   |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “CSRC”                   | China Securities Regulatory Commission                                                                                                                                                                                                                                                            |
| “Directors”              | the directors of the Company, including the independent non-executive directors                                                                                                                                                                                                                   |
| “Everbright Securities”  | Everbright Securities Company Limited, a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the main board of the Stock Exchange (stock code: 6178) and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601788) |
| “Group”                  | the Company and its subsidiaries                                                                                                                                                                                                                                                                  |
| “HK\$”                   | 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 ratios”      | has the same meaning as ascribed to it under the Listing Rules, as applicable to a transaction                                                                                                                                                                                                    |
| “PRC”                    | The People’s Republic of China                                                                                                                                                                                                                                                                    |
| “RMB”                    | RMB, the lawful currency of the PRC                                                                                                                                                                                                                                                               |
| “Shareholder(s)”         | the shareholder(s) of the Company                                                                                                                                                                                                                                                                 |
| “Stock Exchange”         | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                                                                                           |
| “subsidiary(ies)”        | has the same meaning as ascribed to it under the Listing Rules                                                                                                                                                                                                                                    |
| “Underwriting Agreement” | the underwriting agreement dated 21 July 2017 entered into between CEWL and Everbright Securities, pursuant to which CEWL has engaged Everbright Securities as the lead underwriter in respect of the proposed issue of the Bonds                                                                 |



“Underwriting Arrangement” the underwriting arrangement contemplated under the Underwriting Agreement

“%” per cent

*For the purpose of this announcement, the following exchange rate is used: RMB1.00 = HK\$1.157*

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

Hong Kong, 21 July 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) three independent non-executive directors, namely Mr. Fan Yan Hok, Philip, Mr. Mar Selwyn and Mr. Zhai Haitao.*