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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)**

### **CONTINUING CONNECTED TRANSACTIONS ANNOUNCEMENT**

Reference is made to the announcement of the Company dated 14 May 2015, whereby the Board announced that the CEG Restructuring was completed on 14 May 2015.

Following the completion of the CEG Restructuring, CE Group became the sole shareholder of CE Hong Kong. CE Hong Kong indirectly holds approximately 41.39% equity interest in the Company. Accordingly, CE Group is now a controlling shareholder of the Company, and thus CE Group and its associates, including CE Bank, have become connected persons of the Company upon completion of the CEG Restructuring. As a result, the ongoing arrangements between the Group and CE Group and its associates entered into prior to the completion of the CEG Restructuring have become continuing connected transactions of the Company.

CE Bank has been providing deposit and loan services to the Group on a non-exclusive basis prior to completion of the CEG Restructuring. In order to facilitate the Group's business operation and satisfy its needs for financial services upon completion of the CEG Restructuring, the Company has entered into the Deposit Services Framework Agreement and Loan Services Framework Agreement with CE Group on 14 May 2015. Pursuant to the Deposit Services Framework Agreement and Loan Services Framework Agreement, CE Group will, through its associate CE Bank, provide deposit, loan and related services to the Group.

As each of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Deposit Services Framework Agreement and the Loan Services Framework Agreement exceeds 0.1% but is less than 5%, the continuing connected transactions contemplated thereunder will be subject to reporting and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **I. BACKGROUND INFORMATION**

Reference is made to the announcement of the Company dated 14 May 2015, whereby the Board announced that the CEG Restructuring was completed on 14 May 2015.

Following the completion of the CEG Restructuring on 14 May 2015, CE Group became the sole shareholder of CE Hong Kong. CE Hong Kong indirectly holds approximately 41.39% equity interest in the Company. Accordingly, CE Group is now a controlling shareholder of the Company, and thus CE Group and its associates, including CE Bank, have become connected persons of the Company upon completion of the CEG Restructuring. As a result, the ongoing arrangements between the Group and CE Group and its associates entered into prior to the completion of the CEG Restructuring have become continuing connected transactions of the Company.

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

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

Date: 14 May 2015

Parties: (i) the Company; and

(ii) CE Group

Subject matter: Provision of deposit services by CE Group, through CE Bank, to the Group.

Term: The Deposit Services Framework Agreement shall take effect from the date of the agreement and shall expire on 31 December 2017.

Payment: The time and means of payment is to be agreed by the parties with reference to customary business terms through arm's-length negotiations.

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

CE Group shall procure CE Bank to provide to the Group 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.

The deposit services to be provided by CE Group shall be on normal commercial terms and no less favourable than the terms available to the Group from independent third parties.

### Historical Figures and Proposed Annual Caps

The following table sets out the amount of historical transactions for deposit services provided by CE Bank to the Group for the three years ended 31 December 2014 and the four months ended 30 April 2015:

	For the year ended 31 December			For the four months ended
	2012	2013	2014	30 April
	HK\$	HK\$	HK\$	2015 HK\$
Maximum daily closing balance of deposits (including interests accrued thereon)	<u>503,328,000</u>	<u>1,393,921,000</u>	<u>1,393,921,000</u>	<u>922,515,000</u>

The following table sets out the pricing standard and the proposed annual monetary caps of the continuing connected transactions contemplated under the Deposit Services Framework Agreement:

	<b>For the year ending 31 December</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Maximum daily closing balance of deposits (including interests accrued thereon)	<u>1,200,000,000</u>	<u>1,200,000,000</u>	<u>1,200,000,000</u>
Pricing Standard	The interest rate for deposit services shall be based on normal commercial terms, agreed through arm's-length negotiations between the parties and no less favourable than the terms available to the Group from independent third parties.		

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

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

### III. THE LOAN SERVICES FRAMEWORK AGREEMENT

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

Date:	14 May 2015
Parties:	(i) the Company; and  (ii) CE Group
Subject matter:	Provision of loan services by CE Group, through CE Bank, to the Group.
Term:	The Loan Services Framework Agreement shall take effect from the date of the agreement and shall expire on 31 December 2017.
Payment:	The time and means of payment is to be agreed by the parties with reference to customary business terms through arm's-length negotiations.
Others:	The Loan Services Framework Agreement shall be on a non-exclusive basis and the Company is at liberty to obtain loan services from other third parties.  CE Group shall procure CE Bank to provide loans (including revolving credit facility and fixed term loan) to the Group, in accordance with rules and regulations prescribed by the PBOC and/or other relevant rules and regulations within or outside the PRC.  The loans services to be provided by CE Group shall be on normal commercial terms and no less favourable than the terms available to the Group from independent third parties.

It is possible that the Group may need to pledge its assets for some of the loan facilities to be provided by CE Group under the Loan Services Framework Agreement, and such loans will be subject to the annual monetary caps set out in this announcement. In the circumstances whereby the loans to be provided by CE Group are on normal commercial terms or better where no security over the assets of the 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 set out in this announcement.

## Historical Figures and Proposed Annual Caps

The following table sets out the amount of historical transactions for loan services provided by CE Bank to the Group for the three years ended 31 December 2014 and the four months ended 30 April 2015:

	For the year ended 31 December			For the four months ended
	2012	2013	2014	30 April 2015
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Maximum daily closing balance of loans	<u>193,877,000</u>	<u>193,877,000</u>	<u>295,925,000</u>	<u>295,925,000</u>

The following table sets out the pricing standard and the proposed annual monetary caps of the continuing connected transactions contemplated under the Loan Services Framework Agreement:

	For the year ended 31 December		
	2015	2016	2017
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Maximum daily closing balance of loans (excludes loans which do not require security over the assets of the Group)	<u>1,200,000,000</u>	<u>1,200,000,000</u>	<u>1,200,000,000</u>

### Pricing Standard

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

### Basis for the Annual Monetary Caps Contemplated Under the Loan Services Framework Agreement

The Directors (including the independent non-executive Directors) consider that it is in the interests of the Company to enter into the transactions under the terms and conditions set out in the Loan Services Framework Agreement. The Directors have determined the annual caps for the loan services with reference to a number of factors, including (i) the historical figures of the maximum closing balance of loans in previous years, (ii) the expected increase in the amount of loans required by the Group arising from the anticipated tremendous increase in the Group's future business operations, and (iii) the business development plans and financial needs of the Group.

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

In order to protect the interests of the Shareholders, the Company will adopt the following internal control procedures in relation to its use of the services provided by CE Group, through CE Bank, under the Deposit Services Framework Agreement and the Loan Services Framework Agreement:

- the Group will comply with its internal control procedures in respect of related party transactions before the Company or any of its subsidiaries enters into any deposit services or any loan or credit facilities agreements with CE Bank; and
- the deposit services or any loan or credit facilities agreements entered into with CE Bank will be reviewed annually by the audit committee of the Company.

The Board considers that the above internal control procedures adopted by the Company in connection with the continuing connected transactions with CE Group are appropriate and sufficient, and will give sufficient assurance that the continuing connected transactions will be appropriately monitored by the Company.

#### **V. REASONS FOR AND BENEFITS OF THE AGREEMENTS**

The Directors believe that CE Bank is well positioned to serve the financial needs of the Group as it has a thorough understanding of the operations and development needs of the Group, it is expected that it will be cost-efficient, expedient and beneficial for the Group to receive deposit and loan services from CE Bank. In addition, CE Bank is regulated by the China Banking Regulatory Commission and is subject to the rules and requirements of such regulatory authority, thus reducing risks to the Group in receiving financial services from CE Bank.

The terms of the Deposit Services Framework Agreement and Loan Services Framework Agreement have been agreed upon arm's-length negotiations between the Company and CE Group.

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

## **VI. LISTING RULES IMPLICATIONS**

As each of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Deposit Services Framework Agreement and the Loan Services Framework Agreement exceeds 0.1% but is less than 5%, the continuing connected transactions contemplated thereunder will be subject to reporting and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Tang Shuangning, an executive Director and Chairman of the Company, and Mr. Liu Jun, an executive Director and Vice-chairman of the Company, have abstained from voting to approve the Deposit Services Framework Agreement and Loan Services Framework Agreement and the proposed annual monetary caps in the Board meeting due to the fact that they have connected relationships with CE Group and CE Bank. Save as disclosed above, none of the Directors has a material interest in the Deposit Services Framework Agreement and Loan Services Framework Agreement or is required to abstain from voting on the resolutions in relation to such transactions.

## **VII. GENERAL INFORMATION**

The Group is principally engaged in the business of environmental protection, project investment, construction, operation and management in the PRC.

CE Group is a company transformed from CE Beijing pursuant to the Restructuring Plan and the Founder Agreement, and upon the completion of the CEG Restructuring, is owned as to 44.33% and 55.67% by MOF and Huijin Limited, respectively. CE Group 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
“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 is an associate of CE Group upon completion of the CEG Restructuring
“CE Beijing”	China Everbright Group Limited* (中國光大(集團)總公司), a wholly state-owned enterprise incorporated under the laws of the PRC
“CE Group”	China Everbright Group Ltd.* (中國光大集團股份公司), a company transformed from CE Beijing under the laws of the PRC pursuant to the Restructuring Plan and the Founder Agreement
“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
“CEG Restructuring”	the restructuring pursuant to which MOF made capital contribution of 100% equity interest in CE Beijing, which had been transformed from a wholly state-owned enterprise to a joint stock limited company, and the name of which had been changed to China Everbright Group Ltd.* (中國光大集團股份公司) (i.e. CE Group); MOF made capital contributions to CE Group by and through injecting (1) the 100% equity interest in CE Hong Kong, with the authorization from the State Council; and (2) a loan and its interest accrued to CE Beijing; and Huijin Limited made capital contributions to CE Group by and through injecting the assets as specified in the Restructuring Plan

“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 meaning ascribed thereto under Chapter 14A of the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under Chapter 1 of the Listing Rules
“Deposit Services Framework Agreement”	the agreement entered into between the Company and CE Group on 14 May 2015, pursuant to which CE Group has agreed to provide, through CE Bank, deposit services to the Group in accordance with the terms thereunder for the years ending 31 December 2015, 2016 and 2017
“Director(s)”	the director(s) of the Company
“Founder Agreement”	the founder agreement (發起人協議) dated 6 November 2014 entered into between MOF and Huijin Limited
“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
“Huijin Limited”	Central Huijin Investment Limited* (中央匯金投資有限責任公司), a company incorporated under the laws of the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Services Framework Agreement”	the agreement entered into between the Company and CE Group on 14 May 2015, pursuant to which CE Group has agreed to provide, through CE Bank, loan services to the Group in accordance with the terms thereunder for the years ending 31 December 2015, 2016 and 2017

“MOF”	the Ministry of Finance of the PRC
“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)
“Restructuring Plan”	the restructuring plan of CE Beijing as approved by the State Council
“Shareholder(s)”	the shareholder(s) of the Company
“State Council”	the State Council of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board  
**China Everbright International Limited**  
**Chen Xiaoping**  
*Chief Executive Officer*

Hong Kong, 14 May 2015

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

\* *For identification purposes only*