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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 TRANSACTION

On 18 May 2016, CE Environmental, a direct wholly-owned subsidiary of the Company, as tenant, entered into the Tenancy Agreement with Lane Bright, as landlord, in respect of the lease of the Premises.

Lane Bright is an indirect wholly-owned subsidiary of CE Hong Kong, an indirect controlling shareholder of the Company. Accordingly, Lane Bright is an associate of CE Hong Kong and is thus regarded as a connected person of the Company under the Listing Rules. The transaction contemplated under the Tenancy Agreement therefore constitutes a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As certain applicable percentage ratios in respect of the Tenancy Agreement are more than 0.1% but less than 5%, the continuing 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.

INTRODUCTION

The Board is pleased to announce that CE Environmental, a direct wholly-owned subsidiary of the Company, as tenant, entered into the Tenancy Agreement with Lane Bright, as landlord, in respect of the lease of the Premises on 18 May 2016.

TENANCY AGREEMENT

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

Date:	18 May 2016
Landlord:	Lane Bright
Tenant:	CE Environmental
Premises:	The whole of 36th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, with a total gross floor area of approximately 1,003 sq.m.
Lease Term:	3 years commencing on 18 May 2016 and expiring on 17 May 2019 (both days inclusive)
Rent:	<p>Monthly rent of HK\$1,026,000 (exclusive of rates, management fees, water, electricity, gas and other utility charges payable to independent third parties not connected with the Company in respect of the use of the Premises during the lease term) payable monthly in advance on or before the first day of each and every calendar month.</p> <p>The monthly rent was determined by the parties on an arm's length basis with reference to the prevailing market rent and the rental valuation report of the Premises conducted by an independent property consulting firm engaged by the Company, where the monthly market rent of the Premises was valued at HK\$1,026,000.</p>
Rent free period:	CE Environmental shall be entitled to a rent free period of 3 months, which shall be from 18 May 2016 to 17 June 2016, from 1 May 2017 to 31 May 2017 and from 1 May 2018 to 31 May 2018.

Annual rent payable for	2016: HK\$6,600,600
each of the financial years	2017: HK\$11,286,000
ending 31 December 2016,	2018: HK\$11,286,000
31 December 2017,	2019: HK\$4,666,646
31 December 2018 and	
31 December 2019:	

Use: Office

Sublet: CE Environmental agrees not to sublet any part of the Premises except to its related companies (including its subsidiaries).

ANNUAL CAPS

Based on (1) the monthly rent of HK\$1,026,000 payable under the Tenancy Agreement in the Company's financial years ending 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019, and (2) the three-month rent free period as mentioned above, the annual caps for the Tenancy Agreement for the Company's financial years ending 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019 shall not exceed HK\$6,600,600, HK\$11,286,000, HK\$11,286,000 and HK\$4,666,646 respectively.

SUBLETTING THE PREMISES

Upon execution of the Tenancy Agreement, CE Environmental further entered into two sub-tenancy agreements on 18 May 2016 to sublet 2 units of the Premises to two of the Company's subsidiaries, i.e. CE Greentech Management and CE Water Management, for uses as their offices. The lease term of such sub-tenancy agreements is the same as that of the Tenancy Agreement and the total monthly rent payable by CE Greentech Management and CE Water Management is HK\$615,600.

The transactions contemplated under the sub-tenancy agreements as mentioned above are neither notifiable transactions nor connected transactions of the Company under the Listing Rules and are disclosed by the Company on a voluntary basis.

REASONS FOR ENTERING INTO THE TENANCY AGREEMENT

The Company's current principal place of business is at the same building of the Premises and the Premises were rented for uses as the Company's office and for the Company's further subletting to its subsidiaries for uses as their offices. The terms of the Tenancy Agreement were reached on an arm's length basis between the parties. The Directors (including the independent non-executive Directors) consider that the Tenancy Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and the Tenancy Agreement and its annual caps are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

INFORMATION OF THE GROUP, CE ENVIRONMENTAL AND LANE BRIGHT

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

CE Environmental is a direct wholly-owned subsidiary of the Company and is principally engaged in investment holding.

Lane Bright is an indirect wholly-owned subsidiary of CE Hong Kong, an indirect controlling shareholder of the Company, and is principally engaged in property investment.

LISTING RULES IMPLICATIONS

As mentioned above, CE Environmental is a direct wholly-owned subsidiary of the Company and Lane Bright is an indirect wholly-owned subsidiary of CE Hong Kong, an indirect controlling shareholder of the Company. Accordingly, Lane Bright is an associate of CE Hong Kong and is thus regarded as a connected person of the Company under the Listing Rules. The transaction contemplated under the Tenancy Agreement therefore constitutes a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As certain applicable percentage ratios in respect of the Tenancy Agreement are more than 0.1% but less than 5%, the continuing 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. Tang Shuangning, the executive Director and Chairman of the Company, and Mr. Liu Jun, the executive Director and Vice-chairman of the Company, have abstained from voting to approve the Tenancy Agreement and its annual caps 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.

DEFINITIONS

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

“Board”	the board of Directors
“CE Environmental”	China Everbright Environmental Group Limited, a limited liability company incorporated in Hong Kong and a direct wholly-owned subsidiary of the Company
“CE Greentech Management”	China Everbright Greentech Management Limited, a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“CE Hong Kong”	China Everbright Holdings Company Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect controlling shareholder of the Company
“CE Water Management”	China Everbright Water Management Limited, a limited liability company incorporated in Hong Kong and an indirect non wholly-owned subsidiary of the Company
“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
“Directors”	the directors of the Company, including the independent non-executive directors of the Company
“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

“Lane Bright”	Lane Bright Limited, a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of CE Hong Kong
“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 which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Premises”	the whole of 36th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“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
“Tenancy Agreement”	the tenancy agreement dated 18 May 2016 entered into between Lane Bright and CE Environmental, pursuant to which Lane Bright has agreed to lease to CE Environmental the Premises
“%”	per cent

By order of the Board
China Everbright International Limited
Wong Kam Chung, Raymond
Executive Director

Hong Kong, 18 May 2016

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.