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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)

DISCLOSEABLE TRANSACTION

On 30 April 2017, CEWL (an indirect non wholly-owned subsidiary of the Company) and the Public Utility Bureau entered into the Concession Contract, pursuant to which, among other things, the parties have agreed to implement the Project by way of concession, which should include implementation of a MC sub-project by adopting the management contract (MC) model, implementation of a BOT sub-project by adopting the model of “Build-Operate-Transfer (BOT)” and implementation of a TOT sub-project by adopting the model of “Transfer-Operate-Transfer (TOT)”. The total investment amount of the Project is expected to be approximately RMB3,055,800,000 (equivalent to approximately HK\$3,453,054,000).

As the applicable percentage ratios are more than 5% but less than 25%, the transaction contemplated under the Concession Contract constitutes a discloseable transaction of the Company under the Listing Rules. Accordingly, such transaction is subject to the reporting and announcement requirements only but exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 30 April 2017, CEWL (an indirect non wholly-owned subsidiary of the Company) and the Public Utility Bureau entered into the Concession Contract, pursuant to which, among other things, the parties have agreed to implement the Project by way of concession, which should include implementation of a MC sub-project by adopting the management contract (MC) model, implementation of a BOT sub-project by adopting the model of “Build-Operate-Transfer (BOT)” and implementation of a TOT sub-project by adopting the model of “Transfer-Operate-Transfer (TOT)”. The total investment amount of the Project is expected to be approximately RMB3,055,800,000 (equivalent to approximately HK\$3,453,054,000).

CONCESSION CONTRACT

Set out below is a brief summary of the principal terms of the Concession Contract:-

(1) Signing Date

30 April 2017

(2) Parties

(a) CEWL; and

(b) The Public Utility Bureau.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the Public Utility Bureau and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

(3) The Project

Pursuant to the Concession Contract, the Project is a concession project for the urban-rural integration water supply in Zhangqiu District, Ji’nan City, Shandong Province, the PRC to be implemented by CEWL and the Public Utility Bureau, which shall include implementation of a MC sub-project by adopting the management contract (MC) model, implementation of a BOT sub-project by adopting the model of “Build-Operate-Transfer (BOT)” and implementation of a TOT sub-project by adopting the model of “Transfer-Operate-Transfer (TOT)”.

(a) *MC Sub-project*

Pursuant to the Concession Contract, the Project Company will be established by CEWL and the Government Representative (details of which will be further discussed in the paragraph headed “ (7) Establishment of the Project Company” below) to implement a MC sub-project by adopting the management contract (MC) model. The Project Company will maintain and operate the water supply assets mentioned below (the “**Water Supply Assets**”) and provide the related customer services for a period of not more than two years: (i) Zhangqiu District Tap-Water Corporation* (章丘區自來水公司), Zhangqiu District Public Utilities Services Centre* (章丘區公用事業服務中心), Zhangqiu District Water Management Services Centre* (章丘區水務管理服務中心), Zhangqiu District Xingquan Water Supply Co., Ltd.* (章丘區興泉供水有限責任公司) and Zhangqiu Municipal Public Utilities Installation Co., Ltd.* (章丘區市政公用工程安裝有限公司) (collectively, the “**Water Supply Entities**”); (ii) 17 water plants in towns and sub-districts within the Zhangqiu District, Ji’nan City; (iii) water transfer and replenishment pipeline network and pipelines for the Xinglin Reservoir; (iv) water transfer and replenishment pipelines for Dazhan Reservoir; and (v) Duo Zhuang Reservoir pipeline network and pipelines.

The abovementioned Zhangqiu District Tap-Water Corporation* (章丘區自來水公司), Zhangqiu District Public Utilities Services Centre* (章丘區公用事業服務中心) and Zhangqiu District Water Management Services Centre* (章丘區水務管理服務中心) are collectively-owned enterprises, and will be restructured and converted by the People’s Government of Zhangqiu District into companies (the “**Restructuring of Enterprises**”). The Project Company will participate in the Restructuring of Enterprises. Upon completion of the Restructuring of Enterprises, the Government Representative will consolidate the Water Supply Entities and undertake integration of the Water Supply Assets.

(b) *BOT Sub-project*

Pursuant to the Concession Contract, the Project Company will implement a BOT sub-project by adopting the model of “Build-Operate-Transfer (BOT)”, and will construct and operate new water supply plants and supporting water supply facilities within the administrative areas of the Zhanqiu District, Ji’nan City. The construction work of the BOT sub-project includes a series of: (i) construction of reservoirs, water plants and supporting water supply facilities; (ii) water source expansion; (iii) water transfer and replenishment projects; (iv) construction and upgrading of booster pump stations; (v) upgrading of water supply facilities in rural areas; (vi) construction of water transfer and distribution pipeline network; (vii) renovation of water meters for existing building users; and (viii) reusable water projects.

(c) *TOT Sub-project*

Pursuant to the Concession Contract, following the completion of MC sub-project, the Project Company will implement a TOT sub-project by adopting the model of “Transfer-Operate-Transfer (TOT)”, operate and maintain the Water Supply Assets, and will be responsible for providing water supply services to the general public and operating and maintaining the infrastructure and supporting facilities of water supply within the administrative areas of the Zhanqiu District, Ji’nan City.

(4) Total Investment Amount

The total investment amount of the Project is expected to be approximately RMB3,055,800,000 (equivalent to approximately HK\$3,453,054,000), which was determined with reference to a feasibility research report issued by Ji’nan Engineering Consulting Institute in October 2016 as delegated by the People’s Government of Zhangqiu District. Such feasibility research report has taken into account various factors, such as the volume of the construction work required, the construction and engineering cost, other related costs and expenses (including land use fees, designing and consultation fees, construction supervision fees, insurance premium, and etc), the estimated value of the Water Supply Assets and the required working capital for the Project, to determine the expected total investment amount mentioned above. The actual total investment amount will be determined by audited final accounts of the Project to be issued by a third-party professional agency duly delegated by the People’s Government of Zhangqiu District or its functional authorities or departments or mutually delegated by the People’s Government of Zhangqiu District or its functional authorities or departments and CEWL. Among such expected total investment amount, approximately RMB1,018,600,000 (equivalent to approximately HK\$1,151,018,000) will be the registered capital of the Project Company to be contributed by CEWL and the Government Representative (details of which will be further discussed in the paragraph headed “ (7) Establishment of the Project Company” below). The difference between the expected total investment amount and the amount of the registered capital, which will be approximately RMB2,037,200,000 (equivalent to approximately HK\$2,302,036,000), shall be resolved by the Project Company by way of financing. In case that the Project Company is not able to resolve the project financing in full, CEWL shall resolve such matter by way of provision of shareholder’s loan and guarantees, etc.

(5) Concession Rights

In accordance with the Concession Contract, the concession period of the Project shall be 30 years, including the construction period. Upon expiry of the concession period, CEWL shall, in accordance with the Concession Contract, transfer the facilities under the Project to the People’s Government of Zhangqiu District or its designated institution at nil consideration. Such concession rights are sole and exclusive to the Project Company.

(6) Return

Pursuant to the Concession Contract, during the concession period, the Project Company will be entitled to a return through the following means:

- (a) in relation to the construction work involved, a return from the People's Government of Zhangqiu District or its functional authorities or departments, to be calculated based on the investment amount in respect of the construction; and
- (b) in relation to the provision of water supply services, a return from the urban and rural residential users and industrial users by way of user fees, which shall be subject to adjustments under certain circumstances, and from the People's Government of Zhangqiu District or its functional authorities or departments by way of viability gap funding.

(7) Establishment of the Project Company

In accordance with the Concession Contract, CEWL and the Government Representative shall establish the Project Company, with a registered capital of RMB1,018,600,000 (equivalent to approximately HK\$1,151,018,000), among which, CEWL will agree to contribute RMB814,880,000 (equivalent to approximately HK\$920,814,400) in cash, representing 80% of the registered capital of the Project Company, and the Government Representative will agree to contribute RMB203,720,000 (equivalent to approximately HK\$230,203,600) by way of transferring equity interest, representing 20% of the registered capital of the Project Company.

In respect of the registered capital, CEWL shall make the first contribution in the amount of RMB200,000,000 (equivalent to approximately HK\$226,000,000) within 20 working days from the date of establishment of the Project Company to the account of the Project Company. The remaining contribution by CEWL shall be made to the account of the Project Company at the same period with the contribution to be made by the Government Representative. The contribution to be made by the Government Representative shall be completed after the Restructuring of Enterprises.

The business scope of the Project Company shall be limited to investment, financing, construction, operation and maintenance of the Project, repair and maintenance during the warranty period, etc. The Project Company shall distribute the profits to its shareholders according to their shareholdings.

The board of directors of the Project Company will comprise 5 directors, among which, 3 directors will be nominated by CEWL and 2 directors will be nominated by the Government Representative, and the chairman of the board of directors shall be nominated by CEWL. The general manager of the Project Company shall be nominated by the chairman of the board of directors from persons designated by the Government Representative.

The board of supervisors of the Project Company will comprise 3 supervisors, among which, a supervisor will be nominated by CEWL, a supervisor will be nominated by the Government Representative, and a supervisor will be the employee-representative supervisor.

(8) Conditions Precedent

After the Concession Contract comes into effect, the parties shall satisfy the following conditions precedent in order to implement the Project:

- (a) all approvals and confirmations in relation to the implementation of the Project having been obtained from the relevant regulatory authority(ies);
- (b) the Project Company having been established in accordance with the applicable laws and the Concession Contract, and the relevant procedures having been completed;
- (c) CEWL having made contribution to the registered capital in accordance with the agreement and articles of association of the Project Company;
- (d) the Public Utility Bureau having signed a supplemental agreement with the Project Company, pursuant to which, the Project Company shall inherit all the rights and obligations which shall have been performed by CEWL under the Concession Contract; and
- (e) CEWL having signed the relevant financing documents for the purpose of the Project's financing and having provided the same to the lending party(ies), and the conditions precedent therein in relation to obtaining the fund having been satisfied or waived.

If any of the above conditions precedent is not satisfied within the prescribed time, and the other party does not agree to waive such conditions precedent or extend the deadline, such other party is entitled to terminate the Concession Contract.

(9) Letters of Guarantee

(a) Letter of Guarantee in relation to Construction

CEWL shall, within 7 working days after the effective date of the Concession Contract, provide the Public Utility Bureau with a letter of guarantee in relation to construction to be issued by a financial institution of mainland China, in which the Public Utility Bureau will be the beneficiary, in the amount of RMB50,000,000 (equivalent to approximately HK\$56,500,000) to guarantee performance of the obligations of the Project Company during the construction period of the Project. The amount of guarantee in relation to construction should be maintained in full during the validity period of the Concession Contract.

(b) Letter of Guarantee in relation to Operation and Maintenance

CEWL shall, within the first month of each year during the operation period, provide the Public Utility Bureau with a letter of guarantee in relation to operation and maintenance to be issued by a financial institution of mainland China, in which the Public Utility Bureau will be the beneficiary, in the amount of RMB50,000,000 (equivalent to approximately HK\$56,500,000) to guarantee performance of the obligations of the Project Company during the operation period of the Project. Each of the letters of guarantee in relation to operation and maintenance will be valid for 12 months. The amount of guarantee in relation to operation and maintenance should be maintained in full until the 10th working day after the date of transfer of the Project.

(c) Letter of Guarantee in relation to Transfer and Repair

CEWL shall, prior to the end of the concession period, provide the Public Utility Bureau with a letter of guarantee in relation to transfer and repair to be issued by a financial institution of mainland China, in which the Public Utility Bureau will be the beneficiary, in the amount of RMB50,000,000 (equivalent to approximately HK\$56,500,000) to guarantee performance of the transfer and repair obligation of the Project Company under the Project. The amount of guarantee in relation to transfer and repair should be maintained in full until the expiry of 12 months after the date of transfer of the Project by the Project Company.

REASONS FOR ENTERING INTO THE CONCESSION CONTRACT

The Project is a new concession project obtained by CEWL within its scope of principal business of integrated environmental water services, which can assist the Company and CEWL in expansion of market share and in increasing their respective revenue and profit. The obtaining of the Project will be of great significance to the Company and CEWL in entering into the regional market, increasing the influence in the region and expanding their overall scale. The Project is expected to enhance long-term returns and value for the Shareholders.

The terms of the Concession Contract were determined after arm's length negotiations among the parties thereto. The Directors (including the independent non-executive Directors) consider that the terms of the Concession Contract are on normal commercial terms, fair and reasonable and in the interest of the Group and the Shareholders as a whole.

INFORMATION OF THE GROUP, CEWL AND THE PUBLIC UTILITY BUREAU

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.

CEWL is the indirect non wholly-owned subsidiary of the Company and is principally engaged in the integrated environmental water services, 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.

The Public Utility Bureau of Zhangqiu District, Ji'nan City, Shandong Province, the PRC is mainly responsible for the planning, construction and management of the public utilities in Zhangqiu District, Ji'nan City, including water supply, gas supply, centralized heating service, and waste water treatment. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Public Utility Bureau and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios are more than 5% but less than 25%, the transaction contemplated under the Concession Contract constitutes a discloseable transaction of the Company under the Listing Rules. Accordingly, such transaction is subject to the reporting and announcement requirements only but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“CEWL”	China Everbright Water Limited, a public company listed on the Singapore Exchange Securities Trading Limited and the 74.72%-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 main board of the Stock Exchange (stock code: 257)
“Concession Contract”	the concession contract entered into between CEWL and the Public Utility Bureau on 30 April 2017 in relation to the Project
“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
“Government Representative”	the investor representative of the People's Government of Zhangqiu District in relation to the Project 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

“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
“Project”	the concession project for the urban-rural integration water supply in Zhangqiu District, Ji’nan City, Shandong Province, the PRC
“Project Company”	a project company for the Project, which will be a limited liability company to be incorporated in the PRC by CEWL and the Government Representative in accordance with the Concession Contract
“Public Utility Bureau”	the Public Utility Bureau of Zhangqiu District, Ji’nan City, Shandong Province, the PRC
“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
“%”	per cent

*For the purpose of this announcement, the following exchange rate is used:
RMB1.00 = HK\$1.13*

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

Hong Kong, 30 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.

* *For identification purpose only*