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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 ENTERING INTO THE LIMITED PARTNERSHIP AGREEMENT

THE LIMITED PARTNERSHIP AGREEMENT

The Board announces that on 21 April 2020, the CE International Limited Partner (a wholly-owned subsidiary of the Company, as a Limited Partner), CE Group (an indirect controlling shareholder of the Company, as a Limited Partner), the CEL Limited Partner (a wholly-owned subsidiary of CEL, as a Limited Partner) and the General Partner (a wholly-owned subsidiary of CEL, as the General Partner) entered into the Limited Partnership Agreement. Pursuant to the Limited Partnership Agreement, each of the CE International Limited Partner, the CE Group and the CEL Limited Partner committed to contribute RMB500 million to the Fund.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Limited Partnership Agreement are fair and reasonable, that the Limited Partnership Agreement is on normal commercial terms and in the ordinary and usual course of business of the Company, and the entering into of the Limited Partnership Agreement is in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CE Group, through its wholly-owned subsidiaries, is interested in approximately 42.01% of the total issued share capital of the Company, thus an indirect controlling shareholder of the Company. In addition, CE Group, through its wholly-owned subsidiaries, is interested in approximately 49.74% of the total issued share capital of CEL, thus also an indirect controlling shareholder of CEL. The CEL Limited Partner and the General Partner, both being wholly-owned subsidiaries of CEL, are associates of CE Group. Accordingly, CE Group, the CEL Limited Partner and the General Partner are connected persons of the Company and the entering into of the Limited Partnership Agreement and the formation of the Fund constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the Limited Partnership Agreement is more than 0.1% but less than 5%, the entering into of the Limited Partnership Agreement and the formation of the Fund will be subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement as set out in Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that on 21 April 2020, the CE International Limited Partner (a wholly-owned subsidiary of the Company, as a Limited Partner), CE Group (an indirect controlling shareholder of the Company, as a Limited Partner), the CEL Limited Partner (a wholly-owned subsidiary of CEL, as a Limited Partner) and the General Partner (a wholly-owned subsidiary of CEL, as the General Partner) entered into the Limited Partnership Agreement. Pursuant to the Limited Partnership Agreement, each of the CE International Limited Partner, the CE Group and the CEL Limited Partner committed to contribute RMB500 million to the Fund.

THE LIMITED PARTNERSHIP AGREEMENT

The principal terms of the Limited Partnership Agreement are as follows:

- Date : 21 April 2020
- Parties : (i) The CE International Limited Partner (a wholly-owned subsidiary of the Company), as a Limited Partner;
- (ii) CE Group (an indirect controlling shareholder of the Company), as a Limited Partner;
- (iii) the CEL Limited Partner (a wholly-owned subsidiary of CEL), as a Limited Partner; and
- (iv) the General Partner (a wholly-owned subsidiary of CEL), as the General Partner.
- Purpose of the Fund : The Fund shall invest in green environment, green energy, green manufacturing and green living enterprises that provide products and services to the PRC, countries along the Belt and Road initiative and other businesses related to the Belt and Road initiative.
- Such investments may include start-up investments, equity investments, mergers and acquisitions, mezzanine financing, takeovers, exchangeable debt, bridge facilities and fund investments, etc.

Exclusion arrangement : Where the Fund intends to make any investment(s) which involve or may involve any business that is in competition with CEWL and/or C EGL (i.e. the environmental water business involving wastewater treatment, reusable water projects or wastewater source heat pump projects (the “**Relevant Environmental Water Business**”), the biomass business, the hazardous waste treatment business, or the solar energy and wind power business), the General Partner shall in advance give notice in writing to the CE International Limited Partner, and exempt the CE International Limited Partner from participating in such investment(s) in accordance with the terms and conditions of the Limited Partnership Agreement, meaning that the CE International Limited Partner does not bear the costs and losses of such investment(s), and is not entitled to any distribution derived from such investment(s) (the “**Exclusion Arrangement**”).

Fund size and capital commitments : The target size of the Fund is RMB5 billion. If capital commitments of the Fund exceed RMB5 billion, the General Partner shall determine at its discretion whether to accept any additional capital commitments.

As at the date of this announcement, the respective capital commitments of the parties to the Limited Partnership Agreement are as follows:

- (i) The CE International Limited Partner will contribute RMB500 million, representing approximately 33% of the total capital commitments of the Fund as at the date of this announcement;
- (ii) CE Group will contribute RMB500 million, representing approximately 33% of the total capital commitments of the Fund as at the date of this announcement;

- (iii) the CEL Limited Partner will contribute RMB500 million, representing approximately 33% of the total capital commitments of the Fund as at the date of this announcement; and
- (iv) the General Partner will contribute RMB15,160,000, representing approximately 1% of the total capital commitment of the Fund as at the date of this announcement.

These capital commitments were determined after arm's length negotiations between the parties with reference to the strategies and business prospects of the Fund.

The capital commitments to be contributed by the CE International Limited Partner will be funded from the existing internal resources of the Group.

Investment Period and Term of the Fund : The Investment Period begins from the Initial Closing Date until the fifth (5th) anniversary of the Initial Closing Date, unless the General Partner Termination Event occurs before the latter date.

The Fund shall continue until the eighth (8th) anniversary of the Initial Closing Date. The General Partner may, for the purpose of liquidating investment projects of the Fund in an orderly manner, extend such term by up to two additional periods (each being no more than one year).

Management of the Fund : The General Partner may appoint itself or another person to act as manager of the Fund.

As at the date of this announcement, the Manager has been appointed to act as manager of the Fund to provide daily operational and investment management services in accordance with the Entrusted Management Agreement. In the event of the termination of Fund, the occurrence of the General Partner Termination Event, or the Manager no longer being the manager of the Fund, the Entrusted Management Agreement will be terminated. Under the Entrusted Management Agreement, the Fund shall pay Management Fees to the Manager from the Initial Closing Date, calculated annually as follows:

- (i) during the Investment Period, 1.2% of the aggregate capital commitments of the Limited Partners (per year); and
- (ii) following the expiry of the Investment Period, 1.2% of the aggregate actual capital contributions made by the Limited Partners to the Fund which have not yet been exited.

Distributions : Subject to the terms under the Limited Partnership Agreement, distributable profits from each investment (other than any bridge facilities) shall first be distributed to all the Partners participating in such investment in proportion to the ratio of cost-sharing in respect of such investment, and distribute to the General Partner the portion to be allocated to the General Partner. The portion to be allocated to each of the Limited Partners shall be distributed between that Limited Partner and the General Partner as follows:

- (i) *repayment of the Limited Partners' cumulative capital contributions*: first, 100% to the Limited Partner until the cumulative distribution amount obtained in accordance with this item (i) equals to the Limited Partners cumulative capital contributions to the Fund at that point in time;

- (ii) *payment of the Limited Partners' priority returns*: second, 100% to the Limited Partners until the Limited Partners have received a return equal to 6% per annum (simple interest) on the cumulative distribution amount obtained by such Limited Partners in accordance with item (i) above (“**Priority Returns**”);
- (iii) *Catch-up*: third, 100% to the General Partner until the General Partner's amount received pursuant to this paragraph (iii) is equal to the amount of the aggregate Priority Returns received by the Limited Partners pursuant to paragraph (ii) above divided by 80% and multiplied by 20%; and
- (iv) *80/20 distribution*: in respect of the balance after the above distributions, 80% to the Limited Partners and 20% to the General Partner.

Right of first refusal : Where the Fund withdraws from any Specified Investment, under the same terms, the Fund shall transfer its stake in such Specified Investment to the CE International Limited Partner (or any connected person(s) nominated by the CE International Limited Partner) in priority:

- (i) if the Fund, in relation to its stake in a Specified Investment, intends to transfer the same to any third party, or to accept any third party's purchase offer in respect of the same, the General Partner shall issue a sale notice in writing to the CE International Limited Partner at least 30 calendar days in advance, which specifies (to the extent of the General Partner's knowledge and disclosure is possible): (a) an overview of such investment; (b) the number and class of shares to be transferred (if applicable); (c) the Fund's proportion of shareholding in the company invested in as at the date of the sale notice; and (d) the sale price and all material terms and conditions in relation to the intended transfer;

- (ii) within 5 calendar days after receiving the said sale notice, the CE International Limited Partner is entitled to issue an exercise notice in writing to the Fund, specifying its intention to take the sale shares in accordance with the terms and conditions set out in the sale notice; and
- (iii) if the CE International Limited Partner fails to issue an exercise notice within the said period, or if the CE International Limited Partner fails to complete the transfer of shares within 30 days after the exercise notice is issued without reasonable grounds, the CE International Limited Partner shall be deemed to have waived its right of first refusal.

Transfer of interests in the Fund by the Limited Partners : A Limited Partner may not sell, swap, pledge, transfer, transmit, grant security over, create any security interests in or use other means to dispose of all or part of its interests in the Fund unless it has obtained the General Partner's prior written consent.

A Limited Partner may not redeem its interests in the Fund without the prior written consent of the General Partner.

Liquidation of the Fund : A liquidator of the Fund shall terminate the Fund and liquidate its assets in accordance with the Applicable Laws within 15 calendar days of any of the following events occurring:

- (i) expiry of the term of the Fund without any extension;
- (ii) expiry of the Investment Period and all investments of the Funds have been exited or disposed of;
- (iii) the occurrence of the General Partner Termination Event;

- (iv) material breach of the Limited Partnership Agreement by any of the Limited Partners such that the General Partner determines that the Fund could no longer continue to operate;
- (v) revocation of the business licence, receiving order to close down or the Fund being struck off as required by Applicable Laws;
- (vi) the Fund not having sufficient partners and such default continues for 30 calendar days;
- (vii) all partners of the Fund (other than any defaulting partner) agreeing to terminate the Fund; and
- (viii) any other reasons specified under the Limited Partnership Agreement or the Partnership Business Law of PRC (中華人民共和國合夥企業法).

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE LIMITED PARTNERSHIP AGREEMENT

The Fund will focus on ecological environmental protection and green development, and focus on PRC and markets along the Belt and Road initiative, which is in line with the trend of sustainable development and would create better investment value for investors. The Company could enrich its financial instruments through participation in the Fund, and could further enhance the investment and financing capacity of the Company. The Company, as a leading player in ecological environment industries, could provide technical and business support to the Fund's investment, which could improve the investment quality. The Company would also advise the Fund to invest in the Company's major business including waste-to-energy, energy-saving lighting and resource recycling, in order to enhance the development ability of the Company. The Fund plans to cooperate with local governments in the PRC to establish regional sub-funds, so as to enable the Company to expand the domestic market together with the Fund, to enrich the market expansion methods and to diversify the investment risks. In respect of certain new technology and new business in ecological environment areas, the Fund could make initial investment, which could also provide acquisition opportunities to the Company in the future, so as to effectively buffer investment risks. In a summary, the entering into of the Limited Partnership Agreement and the formation of the Fund will provide strong support to enforce the long-term development strategy of the Company.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Limited Partnership Agreement are fair and reasonable, that the Limited Partnership Agreement is on normal commercial terms and in the ordinary and usual course of business of the Company, and the entering into of the Limited Partnership Agreement is in the interests of the Company and its Shareholders as a whole.

Mr. Cai Yunge, the executive Director of the Company and the chairman of the Board, had abstained from voting on the relevant Board resolutions approving the Limited Partnership Agreement and the transactions contemplated thereunder due to the fact that he is also an executive director and chairman of the board of directors of CEL. Save as disclosed above, none of the Directors has a material interest in the Limited Partnership Agreement and the transactions contemplated thereunder, or is required to abstain from voting on the resolutions in relation to such transactions.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CE Group, through its wholly-owned subsidiaries, is interested in approximately 42.01% of the total issued share capital of the Company, thus an indirect controlling shareholder of the Company. In addition, CE Group, through its wholly-owned subsidiaries, is interested in approximately 49.74% of the total issued share capital of CEL, thus also an indirect controlling shareholder of CEL. The CEL Limited Partner and the General Partner, both being wholly-owned subsidiaries of CEL, are associates of CE Group. Accordingly, CE Group, the CEL Limited Partner and the General Partner are connected persons of the Company and the entering into of the Limited Partnership Agreement and the Formation of the Fund constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the Limited Partnership Agreement is more than 0.1% but less than 5%, the entering into of the Limited Partnership Agreement and the formation of the Fund will be subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement as set out in Chapter 14A of the Listing Rules.

INFORMATION ON THE EXCLUSION ARRANGEMENT

In addition to the Exclusion Arrangement, the General Partner will, following the end of each year, issue a written confirmation to the CE International Limited Partner that it has complied with the Exclusion Arrangement and none of the investment(s) of the Fund in which CE International Limited Partner has an economic interest involved or might have involved any Relevant Environmental Water Business, the biomass business, the hazardous waste treatment business or the solar energy and the wind power business.

Accordingly, the Company will eventually issue the same annual written confirmation to CEWL.

INFORMATION ON THE COMPANY AND THE PARTIES

CE International Limited Partner

The CE International Limited Partner is a company incorporated under the laws of the PRC with limited liability and is a wholly-owned subsidiary of the Company. The CE International Limited Partner is principally engaged in investment and management.

Group

The Group is a leading player in China and Asia's environmental protection industries, as well as a world-renowned ecological and environmental management group, with its main businesses covering: waste-to-energy, food waste treatment, waste sorting, environmental sanitation integration, development of "zero-waste cities", waste water treatment, reusable water, water supply, water environment management, biomass integrated utilisation, hazardous and solid waste treatment, ecological restoration, technology research and development, planning and designing, equipment manufacturing, analysis and testing, as well as environmental protection industrial parks. It has a business presence in over 180 locations across more than 20 provinces, municipalities and autonomous regions in China, as well as in overseas markets including Germany, Poland and Vietnam.

General Partner

The General Partner is a company incorporated under the laws of the PRC with limited liability and is a wholly-owned subsidiary of CEL. The General Partner is principally engaged in advisory and management services.

CEL Limited Partner

The CEL Limited Partner is a company incorporated under the laws of the PRC with limited liability and is a wholly-owned subsidiary of CEL. The CEL Limited Partner is principally engaged in the provision of investment advisory services and investment.

CEL

CEL through its subsidiaries and associates, is principally engaged in the provision of financial services and persistently pursues the cross-border macro asset management strategy, with specific focuses on fund and investment business, namely, primary market investment, secondary market investment, structured financing and investment, and aircraft leasing.

CE Group

CE Group is a joint stock company incorporated under the laws of the PRC and an indirect controlling shareholder of the Company and CEL. CE Group is a conglomerate which, through its subsidiaries and associates, engages in a diverse range of businesses including banking, securities and asset management. It is owned by Central Huijin, MOF and SSF.

DEFINITIONS

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

“Applicable Laws”	the laws, regulations, rules, ordinances, other regulatory documents and regulatory requirements of appropriate regulatory bodies (for the avoidance of doubt, including self-regulatory bodies) of any applicable jurisdiction
“associate”	has the meaning ascribed to it under the Listing Rules
“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, an indirect controlling shareholder of the Company and CEL
“CE International Limited Partner”	Everbright Environmental Protection (China) Limited* (光大環保(中國)有限公司), a company incorporated under the laws of the PRC with limited liability and is a wholly-owned subsidiary of the Company
“CEGL”	China Everbright Greentech Limited (中國光大綠色環保有限公司), an exempted company incorporated in the Cayman Islands with limited liability, and a public company whose shares are listed on the Stock Exchange (stock code: 1257), and a non-wholly owned subsidiary of the Company
“CEL”	China Everbright Limited (中國光大控股有限公司), a company incorporated under the laws of Hong Kong with limited liability, and a public company whose shares are listed on the Stock Exchange (stock code: 165)

“CEL Limited Partner”	CEL Venture Capital (Shenzhen) Limited* (光大控股創業投資(深圳)有限公司), a company incorporated under the laws of the PRC with limited liability and is a wholly-owned subsidiary of CEL
“Central Huijin”	Central Huijin Investment Ltd.* (中央匯金投資有限責任公司), a company incorporated under the laws of the PRC with limited liability
“CEWL”	China Everbright Water Limited (中國光大水務有限公司), a company incorporated in Bermuda with limited liability and a public company whose shares are dually listed on the Singapore Exchange Securities Trading Limited (stock code: U9E) and the Stock Exchange (stock code: 1857), and a non-wholly owned subsidiary of the Company
“Company”	China Everbright International Limited (中國光大國際有限公司), a company incorporated under the laws of Hong Kong with limited liability, and a public company whose shares are listed on 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
“Entrusted Management Agreement”	an entrusted management agreement dated 21 April 2020 entered into between the General Partner (in the capacity of the general partner for and on behalf of the Fund) and the Manager in relation to the provision of management services to the Fund
“Fund”	Everbright Belt And Road Green Equity Investment Fund, L.P.* (光大一帶一路綠色股權投資基金合夥企業(有限合夥)), a limited partnership established under the laws of the PRC pursuant to the Limited Partnership Agreement

“General Partner”	Everbright Green Belt And Road Investment Management Co., Ltd.* (光大綠色絲路投資管理有限公司), a company incorporated under the laws of the PRC with limited liability and is a wholly-owned subsidiary of CEL, the general partner of the Fund
“General Partner Termination Event”	a ruling (in civil or arbitration proceedings initiated by Limited Partners with aggregate capital commitments of not less than 80% of the Fund’s total capital commitments) holds that the Fund has suffered significant losses due to the wilful act or serious negligence on the part of the General Partner, or that the General Partner is in material breach of the Limited Partnership Agreement, or that the General Partner fails to make capital contributions in accordance with the terms of the Limited Partnership Agreement, and Limited Partners with aggregate capital commitments of not less than 85% of the Fund’s total capital commitments agree to terminate the appointment of the General Partner
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Initial Closing Date”	the date determined by the General Partner to be the initial closing date of the Fund
“Investment Period”	the period from the Initial Closing Date until the fifth (5th) anniversary of the Initial Closing Date, unless the General Partner Termination Event occurs before the latter date, during which the Fund may make investments
“Limited Partner(s)”	the limited partner(s) of the Fund
“Limited Partnership Agreement”	a limited partnership agreement dated 21 April 2020 entered into among the General Partner, the CE International Limited Partner, CE Group and the CEL Limited Partner in relation to the Fund, as may be amended or supplemented by such parties from time to time

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Fees”	the management fees payable by the Fund to the Manager pursuant to the Entrusted Management Agreement
“Manager”	Everbright Huiyi Weiye Investment Management (Beijing) Co., Ltd.* (光大匯益偉業投資管理(北京)有限公司), a company incorporated under the laws of the PRC with limited liability and is a wholly-owned subsidiary of CEL
“MOF”	the Ministry of Finance of the PRC
“Partner(s)”	the partner(s) of the Fund, including the General Partner and the Limited Partners
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Specified Investment”	any investment projects involving waste-to-energy, kitchen waste and food waste treatment, waste sorting, leachate treatment, fly ash treatment, sludge treatment, methane-to-energy, the environmental water business involving wastewater treatment, reusable water projects, wastewater source heat pump, biomass business, hazardous waste treatment business, environmental remediation, solar energy and wind power business, environmental protection equipment manufacturing, environmental protection technology research and development, etc.
“SSF”	National Council for Social Security Fund of the PRC* (全國社會保障基金理事會)

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent.

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

Hong Kong, 21 April 2020

As at the date of this announcement, the Board comprises: (i) five executive Directors, namely Mr. Cai Yunge (Chairman), Mr. Wang Tianyi (Chief Executive Officer), Mr. Wong Kam Chung, Raymond, Mr. Hu Yanguo and Mr. Qian Xiaodong; and (ii) four independent non-executive Directors, namely Mr. Fan Yan Hok, Philip, Mr. Mar Selwyn, Mr. Zhai Haitao and Mr. Suo Xuquan.

* *For identification purpose only*