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CHINA EVERBRIGHT LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 165)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DEEMED DISPOSAL OF PARTNERSHIP INTERESTS

SUMMARY

On 4 December 2020, the General Partner, the Original Limited Partners and E-Town Capital entered into the Revised LPA, whereby E-Town Capital committed to contribute RMB1.5 billion to the Fund. The capital commitment of each Original Limited Partner remains unchanged at RMB500 million each. It was also agreed that the General Partner will increase its capital commitment from RMB15.16 million to RMB30.31 million. In addition, on 4 December 2020, the General Partner, the Manager and E-Town Capital entered into the Supplemental Agreement pursuant to which additional protective rights were given by the General Partner and the Manager to E-Town Capital as a Limited Partner. Following closing of transactions contemplated under the Revised LPA and the Supplemental Agreement, the Fund will cease to be a subsidiary of the Company.

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

As partnership interests of the CEL Limited Partner (a wholly-owned subsidiary of the Company and a Limited Partner) will be reduced from approximately 33% to approximately 16.5%, the transactions contemplated under the Revised LPA and the Supplemental Agreement constitute a deemed disposal of interests in the Fund under Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Deemed Disposal are more than 5% but all are less than 25%, entering into the Revised LPA and the Supplemental Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

Reference is made to the Announcement of the Company dated 21 April 2020 in relation to the Limited Partnership Agreement and the formation of the Fund. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meaning as defined in the Announcement.

On 4 December 2020, the General Partner, the Original Limited Partners and E-Town Capital entered into the Revised LPA, whereby E-Town Capital committed to contribute RMB1.5 billion to the Fund. The capital commitment from each Original Limited Partner remains unchanged at RMB500 million each. It was also agreed that the General Partner will increase its capital commitment from RMB15.16 million to RMB30.31 million. In addition, on 4 December 2020, the General Partner, the Manager and E-Town Capital entered into the Supplemental Agreement pursuant to which additional protective rights were given by the General Partner and the Manager to E-Town Capital as a Limited Partner. Following closing of transactions contemplated under the Revised LPA and the Supplemental Agreement, the Fund will cease to be a subsidiary of the Company.

By the time of entering into the Revised LPA, the Fund has not closed any investment transactions and capital commitments of the General Partner and the Original Limited Partners remain uncalled.

REVISED LPA

The principal terms of the Revised LPA are as follows:

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| Date | : | 4 December 2020 |
| Parties | : | <ul style="list-style-type: none">(i) the General Partner, as the general partner of the Fund;(ii) the Original Limited Partners; and(iii) E-Town Capital, as a Limited Partner. |
| Fund size and capital commitments | : | <p>On the date of this announcement, the respective capital commitments of the parties to the Revised LPA are as follows:</p> <ul style="list-style-type: none">(i) the General Partner will contribute RMB30.31 million in cash, representing approximately 1% of the total capital commitments of the Fund as at the date of this announcement;(ii) the CEL Limited Partner will contribute RMB500 million in cash, representing approximately 16.5% of the total capital commitments of the Fund as at the date of this announcement;(iii) CE Group will contribute RMB500 million in cash, representing approximately 16.5% of the total capital commitments of the Fund as at the date of this announcement;(iv) the CE International Limited Partner will contribute RMB500 million in cash, representing approximately 16.5% of the total capital commitments of the Fund as at the date of this announcement; and(v) E-Town Capital will contribute RMB1.5 billion in cash, representing approximately 49.5% of the total capital commitments 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 General Partner and the CEL Limited Partner will be funded from the existing internal resources of the Group.

Save as disclosed above, all the other principal terms of the Limited Partnership Agreement disclosed in the Announcement remain unchanged.

THE SUPPLEMENTAL AGREEMENT

On 4 December 2020, the General Partner, the Manager and E-Town Capital entered into the Supplemental Agreement pursuant to which additional protective rights were given by the General Partner and the Manager to E-Town Capital as a Limited Partner. E-Town Capital's additional rights include, amongst others, the right to exit from the Fund (including but not limited to by way of transfer of its partnership interests to third parties) if the investment field and direction of the Fund does not meet applicable requirements and directions issued by the Beijing Economic-Technological Development Area, the Beijing Municipal Government or higher PRC authorities.

NATURE OF THE TRANSACTION AND PARTNERSHIP INTERESTS TO BE DISPOSED OF

The Fund is a limited partnership established under the laws of the PRC pursuant to the Limited Partnership Agreement, with the purpose of investing in green environment, green energy, green manufacturing and green living industries 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 via investment methods including, but not limited to, start-up investments, equity investments, mergers and acquisitions, mezzanine financing, takeovers, convertible bonds, bridge facilities and fund investments.

After E-Town Capital joining as a Limited Partner, the total capital commitment of the Fund is increased from RMB1,515.16 million to RMB3,030.31 million. By the time of entering into the Revised LPA, the CEL Limited Partner, a wholly-owned subsidiary of the Company and also a Limited Partner, holds approximately 33% interest in the Fund. Following closing of the transactions contemplated in the Revised LPA and the Supplemental Agreement, the CEL Limited Partner's partnership interests in the Fund will be reduced to approximately 16.5% and the Fund will cease to be a subsidiary of the Company.

FINANCIAL EFFECTS OF THE TRANSACTION

By the time of entering into the Revised LPA, the Fund is a subsidiary of the Company. Upon closing of the transactions contemplated under the Revised LPA and the Supplemental Agreement, the Fund will cease to be a subsidiary of the Company. As a result, the financial results of the Fund will no longer be consolidated into the financial statements of the Group. It is expected that the Deemed Disposal would not have significant impact on the Group's consolidated financial statements.

REASONS FOR AND BENEFITS OF THE REVISED LPA AND THE SUPPLEMENTAL AGREEMENT

E-Town Capital is an investment platform of the Beijing Economic-Technological Development Area to promote technological innovation and industrial transformations in the area. It is also a leading and reputable RMB fund-of-funds investor with a comprehensive and full-process investment system. Introducing E-Town Capital as a new Limited Partner will increase the Group's assets under management and revenue, enhance its market brand and promote its long-term cooperation with the Beijing Economic-Technological Development Area.

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

LISTING RULES IMPLICATIONS

As partnership interests of the CEL Limited Partner (a wholly-owned subsidiary of the Company and a Limited Partner) will be reduced from approximately 33% to approximately 16.5%, the transactions contemplated under the Revised LPA and the Supplemental Agreement constitute a deemed disposal of interests in the Fund under Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Deemed Disposal are more than 5% but all are less than 25%, entering into the Revised LPA and the Supplemental Agreement and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

INFORMATION ON THE COMPANY AND THE PARTIES

Information on the General Partner

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

Information on the CEL Limited Partner

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

Information on the Group

The Company, 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.

Information on the CE International Limited Partner

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

CE International (now known as China Everbright Environment Group Limited) is a company incorporated under the laws of Hong Kong with limited liability and its shares are listed on the Stock Exchange (stock code: 257). The main businesses of CE International are 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.

CE Group, through its wholly-owned subsidiaries, is interested in approximately 43.01% of the total issued share capital of CE International and is the indirect controlling shareholder of CE International.

Information on the CE Group

CE Group is a joint stock company incorporated under the laws of the PRC and an indirect controlling shareholder of the Company. 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.

Information on the Manager

The Manager is a company incorporated under the laws of the PRC and is a wholly owned subsidiary of the Company. The Manager is principally engaged in investment and management services.

Information on E-Town Capital

E-Town Capital is a company incorporated under the laws of the PRC. E-Town Capital is principally engaged in industrial investment, industry promotion, industrial park operation and financial services.

To the best of the knowledge, information and belief and having made all reasonable enquiries by the Directors, E-Town Capital and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 21 April 2020 in relation to the Limited Partnership Agreement and the formation of the Fund
“Deemed Disposal”	the reduction of the CEL Limited Partner’s partnership interests in the Fund by approximately 16.5% upon closing of the transactions contemplated under the Revised LPA and the Supplemental Agreement
“E-Town Capital”	Beijing E-town International Investment & Development Co., Ltd., a company incorporated under the laws of the PRC
“Original Limited Partners”	the CEL Limited Partner, CE Group and the CE International Limited Partner

“Revised LPA”	the revised limited partnership agreement dated 4 December 2020 entered into between the General Partner, the Original Limited Partners and E-Town Capital
“Supplemental Agreement”	the supplemental agreement dated 4 December 2020 entered into between the General Partner, the Manager and E-Town Capital

By order of the Board
China Everbright Limited
Chan Ming Kin Desmond
Company Secretary

Hong Kong, 4 December 2020

As at the date of this announcement, the Directors of the Company are:

Executive Directors:

Dr. Zhao Wei (*Chairman and
Chief Executive Officer*)
Mr. Zhang Mingao
Mr. Tang Chi Chun Richard
Mr. Yin Lianchen

Independent Non-executive Directors:

Dr. Lin Zhijun
Dr. Chung Shui Ming Timpson
Mr. Law Cheuk Kin Stephen