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CHINA EVERBRIGHT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 165)

CONNECTED TRANSACTION

FORMATION OF A JOINT VENTURE

The Board announces that on 25 February 2016, Pioneer Act (a wholly owned subsidiary of the Company) and the JV Partner have formed the Joint Venture which is owned as to approximately 16.67% by Pioneer Act and 83.33% by the JV Partner for the purpose of the Acquisition, being the acquisition of the Target Company, which indirectly holds the Property.

On 25 February 2016, Pioneer Act, the JV Partner and the Joint Venture also entered into the Shareholders' Agreement in relation to, inter alia, the funding for the Acquisition and the management of the affairs of the Joint Venture. Pursuant to the Shareholders' Agreement, each of Pioneer Act and the JV Partner agreed to provide the Shareholders' Loan in the amount of HK\$1,000,000,000 and HK\$5,000,000,000, respectively, to the Joint Venture, in proportion to their respective shareholding in the Joint Venture.

Pursuant to the Sale and Purchase Agreement, the Joint Venture (through its wholly owned subsidiary) will acquire the entire issued share capital of the Target Company, which indirectly holds the Property, from the Vendor. The consideration for the Acquisition shall be HK\$10,000,000,000 (subject to adjustments as set forth in the Sale and Purchase Agreement, if any), and will be satisfied by (i) the Shareholders' Loans and (ii) secured loan facilities to be taken out by the Joint Venture and/or any of its wholly owned subsidiaries.

The Property is the entire office building located at No.108 Gloucester Road, Wanchai, Hong Kong, which is currently known as "Dah Sing Financial Centre". The Property is intended to be held by CE Hong Kong and the Group as long-term investment. The Property will be used by the Group and CE Hong Kong (together with their respective affiliates) as offices and any surplus space will be leased out to other tenants.

The JV Partner is a wholly owned subsidiary of CE Hong Kong. As at the date of this announcement, CE Hong Kong, through its wholly owned subsidiaries, is interested in approximately 49.74% of the total issued share capital of the Company and is the controlling shareholder of the Company. Accordingly, the JV Partner, being an associate of CE Hong Kong,

is a connected person of the Company and the JV Transaction constitutes a connected transaction of the Company under 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 JV Transaction are more than 0.1% but less than 5%, the JV Transaction 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 25 February 2016, Pioneer Act (a wholly owned subsidiary of the Company) and the JV Partner have formed the Joint Venture which is owned as to approximately 16.67% by Pioneer Act and 83.33% by the JV Partner for the purpose of the Acquisition, being the acquisition of the Target Company, which indirectly holds the Property.

On 25 February 2016, Pioneer Act, the JV Partner and the Joint Venture also entered into the Shareholders' Agreement in relation to, inter alia, the funding for the Acquisition and the management of the affairs of the Joint Venture.

The principal terms of the JV Transaction and other information relating thereto are set out below.

THE JV TRANSACTION

The Joint Venture

The Joint Venture is a company incorporated under the laws of the British Virgin Islands with limited liability and is an investment holding company. The Joint Venture was incorporated for the purpose of the Acquisition and as at the date of this announcement, the Joint Venture does not hold any assets nor does it have any operations.

The Joint Venture was formed on 25 February 2016 by way of transfer of certain initial nominal share capital of the Joint Venture from the JV Partner to Pioneer Act. As at the date of this announcement, the Joint Venture is owned as to approximately 16.67% by Pioneer Act and 83.33% by the JV Partner.

The interest in the Joint Venture shall be accounted for using equity method in accordance with applicable Hong Kong Financial Reporting Standards, and the Joint Venture will not be accounted for as a subsidiary of the Company.

Capital Commitment

Pursuant to the Shareholders' Agreement, each of Pioneer Act and the JV Partner agreed to provide the Shareholders' Loan in the amount of HK\$1,000,000,000 and HK\$5,000,000,000, respectively, to the Joint Venture, in proportion to their respective shareholding in the Joint Venture. The Shareholders' Loans will be interest-free, without security and repayable on demand.

The provision of the Shareholders' Loan by Pioneer Act to the Joint Venture will be financed by the Group's internal cash resources and/or bank borrowings. The amounts of the Shareholders' Loans were agreed upon by the parties after arm's length negotiations with reference to the estimated cost for the Acquisition and the associated transaction costs, as well as the proportion of the respective shareholding of Pioneer Act and the JV Partner in the Joint Venture.

Save as disclosed in this announcement, the Group does not have any other capital commitment (whether equity, loan or otherwise), including any contractual commitment to subscribe for capital, nor any guarantee or indemnity under the JV Transaction as at the date of this announcement.

Board composition of the Joint Venture

The board of directors of the Joint Venture will comprise six directors, of which one shall be appointed by Pioneer Act and five shall be appointed by the JV Partner.

The quorum for a meeting of the board of directors of the Joint Venture shall be two directors with one director nominated by each of Pioneer Act and the JV Partner.

Profit Sharing of the Joint Venture

Any profit of the Joint Venture shall be shared by Pioneer Act and the JV Partner in proportion to their respective shareholding in the Joint Venture.

The Acquisition

Pursuant to the Sale and Purchase Agreement, the Joint Venture (through its wholly owned subsidiary) will acquire the entire issued share capital of the Target Company, which indirectly holds the Property, from the Vendor. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties.

The consideration for the Acquisition shall be HK\$10,000,000,000, subject to adjustment by the difference in the net asset value of the Target Company at completion as set forth in the Sale and Purchase Agreement, if any. The consideration for the Acquisition was determined after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to the market price of comparable properties in the same area where the Property is situated.

The consideration for the Acquisition will be satisfied by (i) the Shareholders' Loans and (ii) secured loan facilities to be taken out by the Joint Venture and/or any of its wholly owned subsidiaries.

Completion of the Acquisition, which is subject to a number of conditions precedent as set forth in the Sale and Purchase Agreement, is expected to take place on 24 May 2016.

The Property

The Property is a Grade A commercial building completed in 1991 and located at No.108 Gloucester Road, Wanchai, Hong Kong, which is currently known as “Dah Sing Financial Centre”. The Property comprises a 39-storey commercial building and 158 car parking spaces with a site area of approximately 26,705 square feet and a gross floor area of approximately 400,113 square feet.

The Property is intended to be held by CE Hong Kong and the Group as long-term investment. The Property will be used by the Group and CE Hong Kong (together with their respective affiliates) as offices and any surplus space will be leased out to other tenants. In the event that the Group enters into any transaction with the Joint Venture or its subsidiary for the leasing of the Property which constitutes a connected transaction of the Company, the Company will comply with the applicable requirements under Chapter 14A of the Listing Rules accordingly.

REASONS FOR AND BENEFITS OF THE JV TRANSACTION

To cope with the future expansion and development of the Group’s business, the Group has been searching for additional space for the proposed expansion. The Property is a Grade A office building located on Gloucester Road, in the heart of Wanchai. The Group considers the Property to be an appropriate location for office premises and it is also intended that CE Hong Kong will occupy it as its future headquarter in Hong Kong. Further, to the extent that the Property is not to be fully utilized by the Group and CE Hong Kong, any surplus space in the Property will be leased out to generate rental income. Given that the JV Transaction provides an opportunity for the Group to acquire interest in the Joint Venture and that the Joint Venture is solely for the purpose of holding the Property, the Directors (including the independent non-executive Directors) are of the view that the terms of the JV Transaction (including the provision of the Shareholders’ Loan by Pioneer Act) are made on an arm’s length basis and on normal commercial terms, and are made in the ordinary and usual course of business of the Group and are fair and reasonable, and in the interest of the Company and the shareholders of the Company as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The JV Partner is a wholly owned subsidiary of CE Hong Kong. As at the date of this announcement, CE Hong Kong, through its wholly owned subsidiaries, is interested in approximately 49.74% of the total issued share capital of the Company and is the controlling shareholder of the Company. Accordingly, the JV Partner, being an associate of CE Hong Kong, is a connected person of the Company and the JV Transaction constitutes a connected transaction of the Company under 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 JV Transaction are more than 0.1% but less than 5%, the JV Transaction 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.

None of the Directors have any material interest in the JV Transaction. However, in view of good corporate governance practices, Mr. Tang Shuangning, Dr. Liu Jun and Mr. Chen Shuang, each of

them being both a Director of the Company and a director of CE Hong Kong, had abstained from voting on the relevant Board resolution approving the JV Transaction.

GENERAL

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 management and investment business, namely, primary market investment, secondary market investment, structured financing and investment, and aircraft leasing.

Pioneer Act is a company incorporated under the laws of the British Virgin Islands with limited liability and is a wholly owned subsidiary of the Company. Pioneer Act is an investment holding company.

CE Hong Kong is a conglomerate which, through its wholly owned subsidiaries, is interested in approximately 49.74% of the total issued share capital of the Company as at the date hereof and is principally engaged in investment holding.

The JV Partner is a company incorporated under the laws of Hong Kong with limited liability and a wholly owned subsidiary of CE Hong Kong. The JV Partner is an investment holding company.

DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“Acquisition”	the acquisition of the entire issued share capital of the Target Company by the Joint Venture (through its wholly owned subsidiary) from the Vendor pursuant to the Sale and Purchase Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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
“Company”	China Everbright Limited, a company incorporated under the laws of Hong Kong with limited liability and whose shares are listed on the Stock Exchange

“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the 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 People's Republic of China
“Independent Third Party(ies)”	party(ies) who is/are independent of the Company and its connected persons
“Joint Venture”	Profit Plus Global Limited, a company incorporated under the laws of the British Virgin Islands with limited liability which is owned as to approximately 16.67% by Pioneer Act and 83.33% by the JV Partner
“JV Partner”	Everbright Real Estate Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly owned subsidiary of CE Hong Kong
“JV Transaction”	the entering into of the Shareholders’ Agreement by Pioneer Act, the JV Partner and the Joint Venture in relation to the Joint Venture and all the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pioneer Act”	Pioneer Act Investments Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Property”	the entire office building located at No.108 Gloucester Road, Wanchai, Hong Kong, which is currently known as “Dah Sing Financial Centre”
“Sale and Purchase Agreement”	the sale and purchase agreement dated 25 February 2016 entered into between, among others, a wholly owned subsidiary of the Joint Venture as purchaser and the Vendor in relation to the Acquisition
“Shareholders’ Agreement”	the shareholders’ agreement dated 25 February 2016 entered into among Pioneer Act, the JV Partner and the Joint Venture

“Shareholders’ Loan(s)”	the shareholders’ loan in the amount of HK\$1,000,000,000 and HK\$5,000,000,000 to be provided by Pioneer Act and the JV Partner, respectively, pursuant to the Shareholders’ Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	SEA (BVI) Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, which will become a wholly owned subsidiary of the Joint Venture upon completion of the Acquisition
“Vendor”	the vendor of the Target Company

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

Hong Kong, 25 February 2016.

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

Executive Directors

Mr. Tang Shuangning (Chairman)
Dr. Liu Jun (Deputy Chairman)
Mr. Chen Shuang (Chief Executive Officer)
Mr. Tang Chi Chun, Richard
Mr. Jiang Yuanzhi

Independent Non-executive Directors

Mr. Seto Gin Chung, John
Dr. Lin Zhijun
Dr. Chung Shui Ming, Timpson

Non-executive Director

Mr. Wang Weimin