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CHINA EVERBRIGHT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 165)

DISCLOSEABLE TRANSACTION

ENTERING INTO LIMITED PARTNERSHIP AGREEMENT FOR THE ESTABLISHMENT OF INVESTMENT FUND

The Board announces that on 29 June 2016, the Limited Partnership Agreement was entered into between CEL Puyi (being a wholly owned subsidiary of the Company) and Harmony Zhuoyue as the General Partners, CEL Yixing (being a wholly owned subsidiary of the Company) and Everbright Prestige as the Limited Partners for the purpose of the establishment of the Investment Fund.

The total capital commitment to the Investment Fund under the Limited Partnership Agreement is RMB10,101 million, among which, RMB50.5 million is to be contributed by each of CEL Puyi (being a wholly owned subsidiary of the Company) and Harmony Zhuoyue as the General Partners; RMB2,000 million and RMB8,000 million are to be contributed by CEL Yixing (being a wholly owned subsidiary of the Company) and Everbright Prestige respectively as the Limited Partners.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Limited Partnership Agreement exceeds 5% but is less than 25%, the entering into of the Limited Partnership Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 29 June 2016, the Limited Partnership Agreement was entered into between CEL Puyi (being a wholly owned subsidiary of the Company) and Harmony Zhuoyue as the General Partners, CEL Yixing (being a wholly owned subsidiary of the Company) and Everbright Prestige as the Limited Partners for the purpose of the establishment of the Investment Fund.

THE LIMITED PARTNERSHIP AGREEMENT

Date

29 June 2016

Parties

- (a) General Partners: CEL Puyi (a wholly owned subsidiary of the Company) and Harmony Zhuoyue; and
- (b) Limited Partners: CEL Yixing (a wholly owned subsidiary of the Company) and Everbright Prestige.

Capital Contribution

The Investment Fund has a targeted size of RMB20 billion in capital commitment.

The total capital commitment to the Investment Fund under the Limited Partnership Agreement is RMB10,101 million which will be contributed as follows:

	Committed capital contribution amount (RMB million)	Percentage (%)
CEL Puyi, as General Partner	50.5	0.5
Harmony Zhuoyue, as General Partner	50.5	0.5
CEL Yixing, as Limited Partner	2,000	19.8
Everbright Prestige, as Limited Partner	8,000	79.2
Total	10,101	100%

The capital commitment to the Investment Fund was determined after arm's length negotiation between the General Partners and the Limited Partners with reference to the anticipated capital requirement of the Investment Fund.

Payment of the Capital Contribution

Under the Limited Partnership Agreement, save as otherwise agreed by the General Partners and the Limited Partners, each Limited Partner shall contribute its capital commitment to the Investment Fund in such amounts and at such time or times upon written notices to be issued by the General

Partners as the General Partners shall determine. Save as otherwise determined by the General Partners, in principle, each Limited Partner shall make an initial capital contribution to the Investment Fund equal to at least 30% of its commitment in cash upon receipt of a written notice to be issued by the General Partners which shall be settled within 10 business days of the date of the Initial Closing. Save as otherwise agreed by the General Partners and the Limited Partners, subsequent capital contributions shall be made by the Limited Partners as and when called upon by the General Partners with at least 10 business days' advance notice in writing during the investment period.

The Group intends to fund the capital contribution from its internal cash resources.

Information of the Investment Fund

The Investment Fund will be registered in the PRC as a limited partnership whose principal business is equity or quasi-equity investment in emerging growth entities and established entities within and outside the PRC.

Term of the Investment Fund

The term of the Investment Fund shall be five years from the date of the Initial Closing and may be extended by no more than two consecutive years according to the terms of the Limited Partnership Agreement.

Distributions

Amounts of the Investment Fund available for distribution will be distributed as follows:

- (i) Return of contributed capital: first, 100% to all Partners until such Partner has received its aggregate capital contributions;
- (ii) Preferred return: Only if there is surplus distributable cash after distributions made in paragraph (i), then, 100% to such Limited Partner until the cumulative distributions to such Limited Partner equal a preferred return on the amounts included in paragraph (i) above, at the internal rate of return of 8.0% (per annum) on the drawn down capital commitments of the Limited Partners calculated in each case from the date of the relevant capital contribution to the date of distribution of such amount to such Limited Partner;

- (iii) Catch up: Only if there is surplus distributable cash after distributions made in paragraph (i) and (ii), then, 100% to the General Partners until the cumulative distributions to such General Partner pursuant to this clause (iii) equals 20% of the amount distributed to the General Partners and the Limited Partners pursuant to clause (ii) above and this clause (iii); and
- (iv) 80/20 split: Only if there is surplus distributable cash after distributions made in paragraphs (i) (ii) and (iii), thereafter, 80% to such Limited Partner and 20% to such General Partner.

Management of the Investment Fund

The Investment Fund will be jointly managed by the General Partners. The General Partners are entitled to the management fee payable by the Fund from the date of the Initial Closing to the date of the dissolution of the Investment Fund.

The Fund will initially pay during the Investment Period an annual management fee equal to 2% of the capital commitment of each Partner to the Investment Fund, and subsequently after the Investment Period pay an annual management fee equal to 2% of the difference between (i) the capital commitment of such Partner and (ii) investment cost with respect to the investments of the Investment Fund which have been disposed of.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LIMITED PARTNERSHIP AGREEMENT

Establishment of the Investment Fund is in line with the Group's macro asset management strategy. The Board considers that the investment under the Investment Fund and entering into of the Limited Partnership Agreement will provide the Group with an opportunity to develop and expand its asset management businesses and investment portfolio. In light of the foregoing, the Directors (including the independent non-executive Directors) believe that the terms of the Limited Partnership Agreement 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.

INFORMATION OF THE GROUP AND THE PARTIES TO THE LIMITED PARTNERSHIP AGREEMENT

Information on the Group

The Company, through its subsidiaries (including CEL Puyi and CEL Yixing) 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.

Information on Harmony Zhuoyue

Harmony Zhuoyue is a limited partnership incorporated under the laws of the PRC and is principally engaged in project investments, equity investments and management, and assets management.

To the best of the knowledge, information and belief of Directors, and having made all reasonable enquiries, as at the date of this announcement, Harmony Zhuoyue and its ultimate beneficial owner(s) are Independent Third Parties.

Information on Everbright Prestige

Everbright Prestige is a company incorporated under the laws of the PRC and is principally engaged in asset management for specific clients and other business activities as authorized by the China Securities Regulatory Commission. As at the date of this announcement, the Company indirectly holds 35% equity interests of Everbright Prestige, and Everbright Prestige is an associate company of the Company.

Save as aforementioned and to the best of the knowledge, information and belief of Directors, and having made all reasonable enquiries, as at the date of this announcement, Everbright Prestige and its ultimate beneficial owner(s) are Independent Third Parties.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Limited Partnership Agreement exceeds 5% but is less than 25%, the entering into of the Limited Partnership Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“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
“Directors”	the directors of the Company
“CEL Puyi”	上海光控浦益股權投資管理有限公司 (Shanghai Everbright Puyi Equity Investment Management Company Limited*), a company incorporated under the laws of the PRC with limited liability and a wholly owned subsidiary of the Company
“CEL Yixing”	宜興光控投資有限公司 (Yixing Everbright Investment Company Limited*), a company incorporated under the laws of the PRC with limited liability and a wholly owned subsidiary of the Company
“Everbright Prestige”	首譽光控資產管理有限公司 (CEL Capital Prestige Asset Management Co., Ltd.), a company incorporated under the laws of the PRC with limited liability
“General Partners”	CEL Puyi and Harmony Zhuoyue
“Group”	the Company and its subsidiaries
“Harmony Zhuoyue”	珠海和諧卓越投資中心（有限合伙）(Zhuhai Harmony Zhuoyue Investment LLP*), a limited partnership incorporated under the laws of the PRC
“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 (as defined under the Listing Rules)
“Initial Closing”	the initial admission of the Limited Partner(s) into the Investment Fund
“Investment Period”	the period commencing on the date of the Initial Closing and ending on the third anniversary of the date of the Initial Closing
“Limited Partner(s)”	partner(s) to the Investment Fund with limited liability in proportion to their respective capital contribution under the Limited Partnership Agreement
“Limited Partnership Agreement”	the limited partnership agreement dated 29 June 2016 between CEL Puyi and Harmony Zhuoyue as the General Partners, CEL Yixing and Everbright Prestige as the Limited Partners for the purpose of the establishment of the Investment Fund
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partner(s)”	the partner(s) of the Investment Fund, including the General Partners and the Limited Partners
“Investment Fund”	愛奇光石股權投資基金（上海）合伙企業（有限合伙）(AiQi Everbright Equity Investment Fund (Shanghai) LLP*), a limited partnership to be established under the laws of the PRC
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 29 June 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

** For identification purposes only*