



# CHINA EVERBRIGHT INTERNATIONAL LIMITED

## 中國光大國際有限公司

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock Code: 0257)

### GENERAL DISCLOSURE UNDER RULE 13.09(1)

#### COOPERATIVE AGREEMENT IN RELATION TO ACQUISITION OF WASTE WATER TREATMENT PLANTS IN JINAN CITY, SHANDONG PROVINCE, THE PRC AND ESTABLISHMENT OF THE PROJECT COMPANY

The Board wishes to announce that on 23 June 2006, Everbright Water Investments, a wholly-owned subsidiary of the Company, entered into the Cooperative Agreement with Jinan State-owned Assets Commission and Jinan Utilities Authority to agree to certain terms in relation to the Acquisition and the establishment of the Project Company.

The Formal Agreements (including the Asset Transfer Agreement) have not been formally executed by the respective parties as at the date of this announcement. The Project Company is expected to be established within 90 days from the date of signing of the Cooperative Agreement, and the Formal Agreements are expected to be formally executed within 15 days from the date of establishment of the Project Company.

The Board expects that the Asset Transfer Agreement, once executed, will potentially constitute a discloseable transaction of the Company under chapter 14 of the Listing Rules. Should the Asset Transfer Agreement be formally reached and executed, a further announcement will be made by the Company in compliance with the Listing Rules.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in shares of the Company.**

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

#### BACKGROUND

In order to improve operational efficiency of public utilities in Jinan City, the Jinan People's Government had decided to authorize Jinan State-owned Assets Commission to transfer the Transferred Assets to the Project Company to be established by Everbright Water Investments. Accordingly, on 23 June 2006, Everbright Water Investments entered into the Cooperative Agreement with Jinan State-owned Assets Commission and Jinan Utilities Authority to agree to certain terms in relation to the Acquisition and the establishment of the Project Company. Upon the establishment of the Project Company by Everbright Water Investments in accordance with the Cooperative Agreement, i) the Asset Transfer Agreement will be executed by Jinan State-owned Assets Commission and the Project Company and ii) the Concession Right Agreement, the Waste Water Treatment Service Agreement and the Employee Arrangement Agreement will be executed by Jinan Utilities Authority and the Project Company.

#### THE COOPERATIVE AGREEMENT

The principal terms of the Cooperative Agreement are set forth below:-

Date: 23 June 2006

Parties: Jinan State-owned Assets Commission, Jinan Utilities Authority and Everbright Water Investments

Transfer: The Jinan People's Government decided to i) transfer the Transferred Assets to the Project Company to be established by Everbright Water Investments, ii) permit the Project Company to reconstruct the Waste Water Treatment Plants and iii) grant an exclusive concession right to the Project Company to operate the Waste Water Treatment Plants in order to provide waste water treatment service during the Term. The Transferred Assets shall be transferred back to the Jinan People's Government at nil consideration in accordance with the Concession Right Agreement upon expiry of the Term.

**Project Company:** Everbright Water Investments shall establish the Project Company in Jinan City within 90 days from the date of signing of the Cooperative Agreement provided that Jinan Utilities Authority has completed the improvement for the equipment of the Waste Water Treatment Plants and the existing employees association for the Waste Water Treatment Plants has passed the resolution to approve the employee arrangement plan pursuant to the Employee Arrangement Agreement.

Everbright Water Investments shall be the sole shareholder of the Project Company. The registered capital of the Project Company shall exceed 1/3 of the total investment in the Project Company.

**Formal Agreements:** Within 15 days from the date of establishment of the Project Company, the following agreements will be formally executed:–

- i) the Asset Transfer Agreement in respect of the transfer of the Transferred Assets by Jinan State-owned Assets Commission to the Project Company at a total consideration of RMB400,000,000 (approximately HK\$386,720,000);
- ii) the Concession Right Agreement in respect of the granting of an exclusive concession right to the Project Company to operate the Waste Water Treatment Plants during the Term;
- iii) the Waste Water Treatment Service Agreement in respect of the provision of waste water treatment service by the Project Company during the Term; and
- iv) the Employee Arrangement Agreement in respect of various arrangement for the existing employees of the Waste Water Treatment Plants.

**Deposit:** Everbright Water Investments shall pay a deposit in the sum of RMB5,000,000 (approximately HK\$4,834,000) to Jinan State-owned Assets Commission within five business days from the date of signing of the Cooperative Agreement.

The deposit shall be returned to Everbright Water Investments by Jinan State-owned Assets Commission within five days after the full payment of the total consideration by the Project Company in accordance with the Asset Transfer Agreement.

Should the Project Company fail to pay the total consideration in accordance with the Asset Transfer Agreement, Jinan State-owned Assets Commission shall be entitled to deduct the relevant payment and penalty payable by the Project Company in accordance with the Asset Transfer Agreement from the deposit.

Should Everbright Water Investments fail to establish the Project Company in accordance with the Cooperative Agreement or should the Project Company fail to execute the Formal Agreements, Jinan State-owned Assets Commission shall be entitled to forfeit the deposit in the absence of fault of the Jinan State-owned Assets Commission or Jinan Utilities Authority, or force majeure.

**Governing law:** The law of the PRC

## **GENERAL**

The Formal Agreements (including the Asset Transfer Agreement) have not been formally executed by the respective parties as at the date of this announcement. The Project Company is expected to be established within 90 days from the date of signing of the Cooperative Agreement, and the Formal Agreements are expected to be formally executed within 15 days from the date of establishment of the Project Company.

The Board expects that the Asset Transfer Agreement, once executed, will potentially constitute a discloseable transaction of the Company under chapter 14 of the Listing Rules. Should the Asset Transfer Agreement be formally reached and executed, a further announcement will be made by the Company in compliance with the Listing Rules.

**Shareholders and potential investors in the Company are advised to exercise caution when dealing in shares of the Company.**

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

## **DEFINITION**

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

- “Acquisition” means the acquisition by the Project Company of the Transferred Assets from Jinan State-owned Assets Commission pursuant to the Asset Transfer Agreement;
- “Asset Transfer Agreement” means an asset transfer agreement to be entered into between Jinan State-owned Assets Commission and the Project Company in respect of the Acquisition;
- “Board” means the board of Directors;

“Company”	means China Everbright International Limited (中國光大國際有限公司), a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange of Hong Kong Limited;
“Concession Right Agreement”	means a concession right agreement to be entered into between Jinan Utilities Authority and the Project Company in respect of the granting of an exclusive right to the Project Company to operate the Waste Water Treatment Plants during the Term;
“Cooperative Agreement”	means a cooperative agreement dated 23 June 2006 and entered into between Jinan State-owned Assets Commission, Jinan Utilities Authority and Everbright Water Investments in respect of certain terms of the Acquisition and the establishment of the Project Company;
“Directors”	means the directors of the Company;
“Employee Arrangement Agreement”	means an employee arrangement agreement to be entered into between Jinan Utilities Authority and the Project Company in respect of the arrangement for the existing employees of the Waste Water Treatment Plants;
“Everbright Water Investments”	means China Everbright Water Investments Limited (中國光大水務投資有限公司), a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company;
“Formal Agreements”	means the Asset Transfer Agreement, the Concession Right Agreement, the Waste Water Treatment Service Agreement and the Employee Arrangement Agreement;
“Jinan State-owned Assets Commission”	means 濟南市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of Jinan People’s Government*);
“Jinan Utilities Authority”	means 濟南市市政公用事業局 (Jinan Municipal Public Utilities Authority*);
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“PRC”	means the People’s Republic of China;
“Project Company”	means a project company to be established by Everbright Water Investments to acquire the Transferred Assets and operate the Waste Water Treatment Plants during the Term; such project company will be wholly-owned by Everbright Water Investments, and thus will be a wholly-owned subsidiary of the Company;
“subsidiaries”	has meaning ascribed to it under the Listing Rules;
“Term”	means a period of 30 years commencing from the date of completion of the transfer of the Transferred Assets pursuant to the Asset Transfer Agreement;
“Transferred Assets”	means the assets relating to the Waste Water Treatment Plants to be transferred by Jinan State-owned Assets Commission to the Project Company pursuant to the Asset Transfer Agreement;
“Waste Water Treatment Plants”	means the waste water treatment plant no. 1 and waste water treatment plant no. 2 situated in Jinan City which are state-owned assets held by the Jinan People’s Government as at the date of the Cooperative Agreement including all facilities and equipments in connection therewith;
“Waste Water Treatment Service Agreement”	means a waste water treatment service agreement to be entered into between Jinan Utilities Authority and the Project Company in respect of the provision of waste water treatment service by the Project Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“RMB”	Renminbi, the lawful currency of the PRC.

\* For identification purpose only

*For the purposes of illustration only and unless otherwise stated, the conversion of RMB into HK\$ is based on the exchange rate of RMB 1.0 = HK\$0.9668. Such conversion should not be construed as a representation that the amount in question has been, could have been or could be converted at any particular rate or at all.*

By order of the Board  
**China Everbright International Limited**  
**CHEN Xiaoping**  
*Chief Executive Officer*

Hong Kong, 23 June 2006

As at the date of this announcement, the Board comprises the following members:

*Executive Directors*

Mr. WANG Mingquan (*Chairman*)  
Mr. ZANG Qiutao (*Vice-chairman*)  
Mr. LI Xueming (*Vice-chairman*)  
Mr. CHEN Xiaoping (*Chief Executive Officer*)  
Mr. FAN Yan Hok, Philip  
Mr. HUANG Chaohua  
Mr. WONG Kam Chung, Raymond  
Mr. CHEN Shuang  
Ms. ZHANG Weiyun

*Independent non-executive Directors*

Sir David AKERS-JONES  
Mr. LI Kwok Sing, Aubrey  
Mr. MAR Selwyn

“Please also refer to the published version of this announcement in The Standard.”