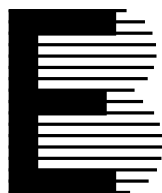


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## **CHINA EVERBRIGHT INTERNATIONAL LIMITED**

**中國光大國際有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 00257)

### **DISCLOSEABLE TRANSACTION IN RELATION TO WASTE-TO-ENERGY PLANT IN ZHENJIANG CITY, JIANGSU PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA**

The Board is pleased to announce that, on 19 October 2009, Everbright Zhenjiang (the project company established and indirectly wholly-owned by the Company) and the Zhenjiang Management Bureau entered into the following agreements in relation to the Waste-to-energy Project:

- (a) the Concession Right Agreement between Everbright Zhenjiang and the Zhenjiang Management Bureau, pursuant to which the Concession Right has been granted by the Zhenjiang Management Bureau to Everbright Zhenjiang to invest in, and to design, construct, operate and maintain, the Waste-to-energy Plant exclusively subject to the conditions and upon the terms of such agreement;
- (b) the Waste Treatment Service Agreement between Everbright Zhenjiang and the Zhenjiang Management Bureau, pursuant to which Everbright Zhenjiang will provide certain waste treatment services to the Zhenjiang Management Bureau subject to the conditions and upon the terms of such agreement.

The total asset ratio of the transaction contemplated under the Concession Right Agreement exceeds 5% but is less than 25%. Accordingly, the execution of the Concession Right Agreement constitutes a discloseable transaction for the Company under the Listing Rules.

#### **BACKGROUND**

The Board is pleased to announce that, on 19 October 2009, Everbright Zhenjiang (the project company established and indirectly wholly-owned by the Company) and the Zhenjiang Management Bureau entered into the following formal agreements in relation to the Waste-to-energy Project:-

- (a) the Concession Right Agreement between Everbright Zhenjiang and the Zhenjiang Management Bureau, pursuant to which the Concession Right has been granted by the Zhenjiang Management Bureau to Everbright Zhenjiang to invest in, and to design, construct, operate and maintain, the Waste-to-energy Plant exclusively subject to the conditions and upon the terms of such agreement;
- (b) the Waste Treatment Service Agreement between Everbright Zhenjiang and the Zhenjiang Management Bureau, pursuant to which Everbright Zhenjiang will provide certain waste treatment services to the Zhenjiang Management Bureau subject to the conditions and upon the terms of such agreement.

## CONCESSION RIGHT AGREEMENT

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

<b>Date:</b>	19 October 2009
<b>Parties:</b>	Everbright Zhenjiang Zhenjiang Management Bureau
<b>Grant of the Concession Right:</b>	Pursuant to the Concession Right Agreement, the Zhenjiang Management Bureau has granted the Concession Right to Everbright Zhenjiang to invest in, and to construct, operate and maintain, the Waste-to-energy Plant exclusively subject to the conditions and upon the terms of the Concession Right Agreement.
<b>Term of the Concession Right:</b>	30 years from the date of the Concession Right Agreement, which may be extended subject to the conditions and in accordance with the terms of the Concession Right Agreement by mutual agreement of Everbright Zhenjiang and the Zhenjiang Management Bureau in writing or in case any force majeure occurs.
<b>Total investment amount of the Waste-to-energy Project:</b>	As stated in the Business Plan, it is estimated that the total investment of the Waste-to-energy Project will amount to RMB413,338,300 (equivalent to approximately HK\$469,015,000, of which: (a) RMB186,002,200 (equivalent to approximately HK\$211,057,000 is intended to be funded by the Company's contribution to the registered capital of Everbright Zhenjiang; and (b) RMB227,336,100 (equivalent to approximately HK\$257,958,000) is intended to be funded by bank loans to be obtained by Everbright Zhenjiang and to be secured by: (i) an assignment of the rights of Everbright Zhenjiang to receive income in relation to the Concession Rights; and (ii) a pledge over all the assets and facility of the Waste-to-energy Project.
<b>Timetable for construction of the Waste-to-energy Plant:</b>	The construction of the Waste-to-energy Plant will commence on the Construction Commencement Date, which is expected to be no later than 28 October 2009.  The Expected Initial Construction Completion Date will be the date falling on the expiration of 16 months after the Construction Commencement Date.

The Expected Final Construction Completion Date will be the date falling on the expiration of 22 months after the Construction Commencement Date.

The above dates may be deferred subject to the conditions and in accordance with the terms of the Concession Right Agreement with the consent of the Zhenjiang Management Bureau.

**Operation and  
Maintenance  
Guarantee:**

During the period from the Final Construction Completion Date until 12 months after the Transfer Date or 3 months after the Early Termination Date, Everbright Zhenjiang will provide to the Zhenjiang Management Bureau letter(s) of guarantee to be issued by a financial institution acceptable to the Zhenjiang Management Bureau to secure performance by Everbright Zhenjiang of its obligations to operate and maintain the Waste-to-energy Plant under the Concession Right Agreement.

The first letter of guarantee will be provided within 30 days before discharge of the Performance Guarantee (and all subsequent letter(s) of guarantee will be provided no later than 60 days before expiry of the immediately preceding letter of guarantee) for the following amount: (a) RMB8,000,000 (equivalent to approximately HK\$9,078,000) for the first year of operation of the Waste-to-energy Plant; and (b) RMB8,000,000 (equivalent to approximately HK\$9,078,000) or an amount equivalent to 30% of the waste treatment service fee payable for the preceding year, whichever is the higher, for all subsequent years of operation of the Waste-to-energy Plant.

**Transfer of assets  
on the Transfer  
Date:**

On the Transfer Date, Everbright Zhenjiang will transfer to the Zhenjiang Management Bureau or its designated party, without additional consideration, all rights, ownership and benefits in and of the Waste-to-energy Plant, including but not limited to all facilities, equipment, buildings, structures and other tangible assets, intellectual property rights and rights to use free from any encumbrance. If the Zhenjiang Management Bureau decides to grant the Concession Right again, Everbright Zhenjiang will have a first right of refusal under the same conditions so long as permissible under law.

## **WASTE TREATMENT SERVICE AGREEMENT**

Pursuant to the Waste Treatment Service Agreement dated 19 October 2009 entered into between Everbright Zhenjiang and the Zhenjiang Management Bureau, the Zhenjiang Management Bureau has agreed to engage Everbright Zhenjiang to provide safe, stable and continuous waste treatment services exclusively to the Zhenjiang Management Bureau during the Term of Engagement subject to the conditions and upon the terms of the Waste Treatment Service Agreement.

Everbright Zhenjiang will, during the Term of Engagement, have the obligations to maintain the facilities and equipment of the Waste-to-energy Plant in good condition in accordance with all the provisions of the Waste Treatment Service Agreement.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CONCESSION RIGHT AGREEMENT**

To ensure the sustainability of the economic development in China, the PRC government has accorded environmental protection with a high degree of priority. With the increasing social awareness of the importance of environmental protection in general, there are enormous opportunities for growth of the environmental protection industry in the PRC.

The Board (including the independent non-executive Directors) believes that investment in the Waste-to-energy Project will further strengthen the Group's environmental protection business. To date, the Group has participated in waste treatment projects in Suzhou, Yixing, Jiangyin and Changzhou of Jiangsu Province and Jinan of Shandong Province, all of which have shown encouraging progress. On the basis of the success of these projects, the Group wishes to further expand its waste treatment business in Jiangsu Province. The execution of the Concession Right Agreement will further strengthen the Group's leading position in the environmental protection industry in the Jiangsu Province.

Taking into consideration of the above, the Board (including the independent non-executive Directors) believes that the Concession Right Agreement was entered into on normal commercial terms which are fair and reasonable, and that the entering into of such agreement is in the interest of the Company and its shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

The total asset ratio of the transaction contemplated under the Concession Right Agreement exceeds 5% but is less than 25%. Accordingly, the execution of the Concession Right Agreement constitutes a discloseable transaction for the Company under the Listing Rules.

## **GENERAL**

The Group is primarily engaged in the business of environmental protection investment, infrastructure operation and project management in the PRC, and has been developing its environmental protection business since 2002. Development of household waste treatment has been one of the key development goals of the Group's environmental protection business.

To the best of the Company's knowledge, information and belief and having made all reasonable enquiries, the Zhenjiang Management Bureau is the government authority in charge of urban management in Zhenjiang City, Jiangsu Province, the PRC.

To the best of the Company's knowledge, information and belief and having made all reasonable enquiries, the counter-party to the transactions under the Concession Right Agreement and the Waste Treatment Service Agreement (i.e., the Zhenjiang Management Bureau) is an Independent Third Party as at the date of this announcement. The Company and the Group did not have any prior transactions or relationship with the Zhenjiang Management Bureau.

## **DEFINITION**

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

<b>“Board”</b>	the board of Directors of the Company;
<b>“Business Plan”</b>	the business plan in respect of the Waste-to-energy Project attached to the Concession Right Agreement as an appendix;
<b>“Company”</b>	China Everbright International Limited (中國光大國際有限公司), a company incorporated under the laws of Hong Kong, the shares of which are listed on the Stock Exchange;
<b>“Concession Right”</b>	the concession right granted by the Zhenjiang Management Bureau to Everbright Zhenjiang to invest in, and to design, construct, operate and maintain, the Waste-to-energy Plant exclusively subject to the conditions and upon the terms of the Concession Right Agreement;
<b>“Concession Right Agreement”</b>	the formal concession right agreement dated 19 October 2009 between Everbright Zhenjiang and the Zhenjiang Management Bureau, pursuant to which the Concession Right has been granted by the Zhenjiang Management Bureau to Everbright Zhenjiang;
<b>“Construction Commencement Date”</b>	the date on which the construction of the Waste-to-energy Plant commences, which is expected to be no later than 28 October 2009;
<b>“Directors”</b>	the directors of the Company;
<b>“Early Termination Date”</b>	the date on which the Concession Right Agreement is terminated in accordance with its terms;
<b>“Everbright Zhenjiang”</b>	光大環保能源（鎮江）有限公司 (Everbright Environmental Energy (Zhenjiang) Limited*), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company;
<b>“Expected Final Construction Completion Date”</b>	the Final Construction Completion Date contemplated under the Concession Right Agreement, which will be the date falling on the expiration of 22 months after the Construction Commencement Date;
<b>Expected Initial Construction Completion Date</b>	the Initial Construction Completion Date contemplated under the Concession Right Agreement, which will be the date falling on the expiration of 16 months after the Construction Commencement Date;

<b>“Final Construction Completion Date”</b>	the date on which a confirmation on commencement of operation is issued by the Zhenjiang Management Bureau after conducting a final inspection on the construction of the Waste-to-energy Plant, or the fourth working day after such final inspection if neither a confirmation on commencement of operation nor a request for alteration is issued by the Zhenjiang Management Bureau in respect of the Waste-to-energy Plant within 3 working days after such final inspection;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC;
<b>“Independent Third Party”</b>	third parties not connected to the Company or any director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates under the Listing Rules;
<b>“Initial Construction Completion Date”</b>	the date on which a certificate of initial completion is issued by the Zhenjiang Management Bureau after conducting an initial inspection on the construction of the Waste-to-energy Plant, or the sixth working day after such initial inspection if neither a certificate of initial completion nor a request for alteration is issued by the Zhenjiang Management Bureau in respect of the Waste-to-energy Plant within 5 working days after such initial inspection;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
<b>“Performance Guarantee”</b>	a performance guarantee in the amount of RMB20,000,000 (equivalent to approximately HK\$22,694,000) which will be issued within five business days after the execution of the Concession Right Agreement to secure performance by the Company and Everbright Zhenjiang of their obligations under the Concession Right Agreement;
<b>“PRC”</b>	the People’s Republic of China;
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;

<b>“subsidiaries”</b>	has the meaning ascribed to it under the Listing Rules;
<b>“Term of Engagement”</b>	30 years from the date of the Concession Right Agreement;
<b>“Transfer Date”</b>	the working day immediately following the expiry of the term of the Concession Right;
<b>“Waste Treatment Service Agreement”</b>	the formal waste treatment service agreement dated 19 October 2009 between Everbright Zhenjiang and the Zhenjiang Management Bureau, pursuant to which Everbright Zhenjiang will provide certain waste treatment services to the Zhenjiang Management Bureau subject to the conditions and upon the terms of such agreement;
<b>“Waste-to-energy Plant”</b>	the waste-to-energy plant to be constructed, operated and managed by Everbright Zhenjiang in Zhenjiang City, Jiangsu Province, the PRC pursuant to the Concession Right Agreement;
<b>“Waste-to-energy Project”</b>	the project for constructing, operating and managing a waste-to-energy plant in Zhenjiang City, Jiangsu Province, the PRC in respect of which the Concession Right has been granted pursuant to the Concession Right Agreement; and
<b>“Zhenjiang Management Bureau”</b>	鎮江市城市管理局 (Zhenjiang City Urban Management Bureau*), the government authority in charge of urban management in Zhenjiang City, Jiangsu Province, 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\$1.1347. 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**  
**WONG, Kam Chung, Raymond**  
Executive Director

Hong Kong, 19 October 2009

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

*Executive Directors*

Mr. TANG Shuangning (Chairman)  
Mr. ZANG Qiutao (Vice-chairman)  
Mr. LI Xueming (Vice-chairman)  
Mr. CHEN Xiaoping (Chief Executive Officer)  
Mr. FAN Yan Hok, Philip  
Mr. WONG Kam Chung, Raymond  
Ms. ZHANG Weiyun

*Independent non-executive Directors*

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