光大國際
Everbright International

CHINA EVERBRIGHT INTERNATIONAL LIMITED
中國光大國際有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code : 257)

DISCLOSEABLE TRANSACTION DISPOSAL OF 80% SHARE CAPITAL OF AND SHAREHOLDER LOAN DUE FROM GREENWAY VENTURE LIMITED

On 25 May 2012, the Company and the Purchaser entered into (i) the Share SPA, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, representing 80% of the issued share capital of the Target Company at a consideration of approximately RMB384,769,000; and (ii) the Loan SPA, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Shareholder Loan at a consideration of approximately HK$188,568,000.

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Share Disposal and the Loan Disposal, on an aggregated basis, exceed 5% but are less than 25%, the entering into of the Agreements constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE AGREEMENTS

On 25 May 2012, the Company and the Purchaser entered into the Share SPA and the Loan SPA, the principal terms of which are as follows:

Subject Matters

Pursuant to the Share SPA, the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, representing 80% of the issued share capital of the Target Company.

Pursuant to the Loan SPA, the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Shareholder Loan.

Consideration and payment

The consideration for the Share Disposal payable by the Purchaser to the Company is approximately RMB384,769,000 which will be paid upon signing of the Share SPA.

The consideration for the Loan Disposal payable by the Purchaser to the Company is approximately HK$188,568,000 which will be paid upon completion of the Loan Disposal. If completion of the Loan Disposal takes place after 1 June 2012, interest shall accrue on the consideration from (and including) 1 June 2012 to (but excluding) the date of completion at the rate per annum equal to 3% above HIBOR. Any interest accruing will be paid by the Purchaser to the Company upon completion of the Loan Disposal.

The total consideration payable by the Purchaser under the Agreements was arrived at after arm's length negotiations between the Company and the Purchaser after considering a number of factors, including (i) the appraised value of the 80% equity interest of Fuzhou Guang Min Road and Bridge Construction & Development Company Limited, a subsidiary of the Target Company in the PRC, of RMB385,202,000 as at 31 March 2012 contained in the valuation report prepared by Grant Sherman Appraisal Limited dated 14 May 2012 based upon discounted future estimated cash flows; and (ii) the actual shareholder's loan advanced by the Company to the Target Company.

Conditions to completion

Pursuant to the Share SPA, completion of the Share Disposal is conditional upon the fulfillment of the following conditions:

(i) there being no material breach of the warranties which will have a material adverse effect on the financial condition, prospects, earnings, business, undertaking or assets of any of the Target Group and/or any other terms of the Agreements;

(ii) if there is any restriction on transfer of the Sale Shares pursuant to the articles of association or shareholders agreement (if applicable and as the case may be) of the Target Company, the wavier from the relevant person; and

(iii) satisfactory due diligence on the Target Group by the Purchaser.

Pursuant to the Loan SPA, completion of the Loan Disposal is conditional upon the fulfillment of the following conditions:

(i) there being no material breach of the warranties which will have a material adverse effect on the financial condition, prospects, earnings, business, undertaking or assets of any of the Target Group and/or any other terms of the Agreements; and

(ii) completion of the Share Disposal shall have taken place prior to completion of the Loan Disposal.

Completion

Subject to the fulfillment of the conditions precedent under the Agreements, completion of the Share Disposal and completion of the Loan Disposal will take place on the date of completion, being a date to be specified in a written notice from the Purchaser to the Company at least two clear days before such date and which date shall not be later than 1 June 2012 and 30 June 2012, respectively.

Post-Completion obligation

Pursuant to the Share SPA, the Purchaser shall procure China Everbright Road & Bridge (Fujian) Investment Limited 中國光大路橋(福建)投資有限公司, a subsidiary of the Target Company in Hong Kong, to (i) pass relevant resolutions immediately after completion of the Share Disposal to change its name to remove the reference to "China Everbright", "Everbright", "中國光大" and/or "光大"; (ii) complete such change of name; and (iii) provide the Company with the relevant documentary evidence of such change of name within one month after completion of the Share Disposal.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company incorporated under the laws of the British Virgin Islands. It is an investment holding company and operates the Qingzhou Bridge through its subsidiaries in Hong Kong and the PRC.

Based on the unaudited consolidated accounts of the Target Group for the two years ended 31 December 2011 and 2010, its unaudited consolidated net profit (before taxation and extraordinary items) amounted to approximately HK$115,713,000 and HK$90,095,000, respectively, and the Group's share of its 80% interest in the unaudited consolidated net profit (after taxation and extraordinary items) amounted to approximately HK$64,380,000 and HK$50,693,000, respectively.

The unaudited consolidated net asset value of the Target Group as at 31 December 2011 amounted to approximately HK$462,297,000.

Prior to completion of the Share Disposal, the Target Company is a 80%-owned subsidiary of the Company. Upon completion of the Share Disposal, the Target Company will cease to be a subsidiary of the Company.

INFORMATION ON THE GROUP AND THE COUNTERPARTY

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.

The Purchaser is a limited liability company incorporated under the laws of the Cayman Islands. The principal activity of the Purchaser is investment holding. The principal activities of its group are the development, operation and management of expressways in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) were third parties independent of the Company and its connected persons as defined in the Listing Rules.

REASONS AND BENEFITS OF ENTERING INTO THE AGREEMENTS

The Qingzhou Bridge is currently the only asset of the non-core business of the Group, which has been a concern of the investors for long. Despite the fact that the Qingzhou Bridge has been generating a decent return to the Group, in order to further optimize and pool the Group's resources to the environmental protection business so that the traditional advantages of the Group's core business can be further developed and improved, the Directors consider the Disposal has provided an excellent opportunity and timing for the Group to realize its infrastructure investment in the Qingzhou Bridge. With the cash inflow of approximately HK$660,098,000 generated as a result of the Disposal, the Directors believe that the Disposal will enhance the cash position of the Group and provide additional resources for the expansion and development of its core environmental protection business. All the net proceeds from the Disposal will be used for further development of the Group's waste-to-energy projects, waste water treatment projects and other environmental protection projects.

Provided that completion of the Share Disposal and completion of the Loan Disposal will have taken place on the same date on or prior to 1 June 2012, it is expected that the Disposal will give rise to an estimated gain before deduction of expenses and taxation of approximately HK$247,174,000, based on (i) the consideration equivalent to approximately HK$660,098,000; (ii) the Group's share of unaudited consolidated net assets of the Target Group of approximately HK$224,356,000 as at 30 April 2012; and (iii) the outstanding amount due from the Target Company of approximately HK$188,568,000. It is expected that the estimated gain of approximately HK$247,174,000 (before deduction of expenses and taxation) will be realized by the Group for the year ending 31 December 2012. The actual gain as a result of the Disposal will be adjusted to reflect for the Group's share of the results and reserves of the Target Group up to the date of completion of the Disposal.

The Directors are of the view that the terms of the Agreements and the Disposal are on normal commercial terms, which are fair and reasonable and are in the best interest of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Share Disposal and the Loan Disposal, on an aggregated basis, exceed 5% but are less than 25%, the entering into of the Agreements constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Given that the appraisal of the 80% equity interest of Fuzhou Guang Min Road and Bridge Construction & Development Company Limited involves the use of the discounted cash flows approach, such valuation is regarded as a profit forecast under Rule 14.61 of the Listing Rules and the Company is required to, and has, fully complied with Rule 14.62 of the Listing Rules. The Directors have confirmed that they have made the forecast after due and careful enquiry, and the auditor of the Company, KPMG, has reported on the calculations of the discounted future estimated cash flows on which the valuation is based.

The valuation contained in the valuation report has been prepared on the following principal bases and assumptions:

– There will be no major changes in the existing political, legal, and economic conditions in the PRC, in which the Qingzhou Bridge is located and operated;

– There will be no major changes in the taxation law in the PRC, that the rates of tax payable will remain unchanged and that all applicable laws and regulations will be complied with;

– Exchange rates and interest rates will not differ materially from those presently prevailing;

– Industry trends and market conditions for related industries will not deviate significantly in future;

– The availability of finance will not be a constraint on operation of the Qingzhou Bridge;

– All necessary permits, license, certificates and approvals to carry out the business operations of the Qingzhou Bridge will be retained; and

– Competent management, key personnel and technical staff will be recruited and in place to support the ongoing business operation of the Qingzhou Bridge.

EXPERTS AND CONSENTS

The qualifications of the experts who have given their opinion and advice included in this announcement are as follows:

Name	**Qualification**
Grant Sherman Appraisal Limited	Independent professional valuer
KPMG	Certified public accountants

As at the date of this announcement, neither Grant Sherman Appraisal Limited nor KPMG has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for the securities in any member of the Group.

To the best knowledge, information and belief of the Board and having made all reasonable enquiries, each of Grant Sherman Appraisal Limited and KPMG is a third party independent of and not connected with the Company or the connected persons (as defined in the Listing Rules) of the Group.

Each of Grant Sherman Appraisal Limited and KPMG has given and has not withdrawn its consent to the publication of this announcement with inclusion of its report and all references to its name in the form and context in which it respectively appears in this announcement.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"Agreements"	collectively, the Share SPA and the Loan SPA
"Board"	the board of Directors
"Company"	China Everbright International Limited, a company incorporated under the laws of the Hong Kong with limited liability and whose shares are listed on The Stock Exchange of Hong Kong Limited
"Directors"	the directors of the Company
"Disposal"	collectively, the Share Disposal and the Loan Disposal
"Group"	the Company and its subsidiaries
"HIBOR"	the rate quoted by Hang Seng Bank Limited in the Hong Kong interbank market to leading banks in the Hong Kong interbank market as at 11:00 a.m. on 1 June 2012 for the offering of deposits in HK$ for one (1) week period
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Loan Disposal"	the disposal of the Shareholder Loan by the Company to the Purchaser pursuant to the terms of the Loan SPA
"Loan SPA"	the sale and purchase agreement dated 25 May 2012 entered into between the Company as vendor and the Purchaser as purchaser in relation to the Loan Disposal

"PRC"	the People's Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region and Taiwan)
"Purchaser"	TransGlobal (Asia) Holdings Limited, a limited liability company incorporated under the laws of the Cayman Islands
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	80 issued shares of US$1.00 in the capital of the Target Company beneficial owned by and registered in the name of the Company, representing 80% of the issued share capital of the Target Company
"Share Disposal"	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the terms of the Share SPA
"Share SPA"	the sale and purchase agreement dated 25 May 2012 entered into between the Company as vendor and the Purchaser as purchaser in relation to the Share Disposal
"Shareholder Loan"	an interest-free unsecured loan with no fixed term of repayment in the principal sum of approximately HK$188,568,000 outstanding and due from the Target Company to the Company
"Target Company"	Greenway Venture Limited, a limited liability company incorporated under the laws of the British Virgin Islands, and a 80%-owned subsidiary of the Company as at the date of this announcement
"Target Group"	the Target Company and its subsidiaries
"Qingzhou Bridge"	Fuzhou Qingzhou Bridge, being the major bridge over Minjiang that connects to the "Shenhai Expressway" (a coastal expressway in eastern China that runs from Shenyang City of Liaoning Province in the north to Haikou City of Hainan Province in the south), is 1,196 meter long with dual six lane carriageways and operated by Fuzhou Guang Min Road and Bridge Construction & Development Company Limited, a sino-foreign co-operative joint venture established in the PRC and a subsidiary of the Target Company
"US$"	United States dollars, the lawful currency of the United States of America

For the purposes of this announcement, the exchange rate of HK$1 = RMB0.816 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amounts has been, could have been or may be exchanged at any particular rate on the date or dates in question or any other date.

By Order of the Board
China Everbright International Limited
Chen Xiaoping
Chief Executive Officer

Hong Kong, 25 May 2012

As at the date of this announcement, the Board comprises: (i) 6 executive directors, namely Mr. Tang Shuangning, Mr. Zang Qiutao, Mr. Chen Xiaoping, Mr. Wang Tianyi, Mr. Raymond Wong Kam Chung and Mr. Cai Shuguang; (ii) 1 non-executive director, Mr. Philip Fan Yan Hok; and (iii) 3 independent non-executive directors, namely Mr. Selwyn Mar, Mr. Aubrey Li Kwok Sing and Mr. Zhai Haitao.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

25 May 2012

The Directors
China Everbright International Limited (the "Company")

Dear Sirs,

We have been engaged to report on the arithmetical calculations of the discounted future estimated cash flows on which the valuation of the 80% equity interest of Fuzhou Guang Min Road and Bridge Construction & Development Company Limited (the "Valuation") dated 14 May 2012, prepared by Grant Sherman Appraisal Limited, is based. The valuation based upon discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set out in the Valuation. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Auditors' Responsibility

It is our responsibility to report, as required by Rule 14.62(2) of the Listing Rules, on the arithmetical calculations of the discounted future estimated cash flows on which the Valuation is based.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the arithmetical calculations are concerned, have been properly compiled in accordance with the bases and assumptions as set out in the Valuation. We re-performed the arithmetical calculations and compared the compilation of the discounted future estimated cash flows with the bases and assumptions.

We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any asset valuation of the toll bridge, business valuation or an expression of an audit or review opinion of the Valuation.

The discounted future estimated cash flows do not involve the adoption of accounting policies. The discounted future estimated cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period covered in the Valuation. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the arithmetical calculations are concerned, have been properly compiled in all material respects in accordance with the bases and assumptions made by the directors of the Company as set out in the Valuation.

Yours faithfully,

KPMG
Certified Public Accountants
Hong Kong

APPENDIX II – LETTER FROM THE BOARD

The following is the text of a letter from the Board of the Company prepared for the purpose of incorporation in this announcement.

光大國際
Everbright International

CHINA EVERBRIGHT INTERNATIONAL LIMITED
中國光大國際有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code : 257)

25 May 2012

Dear Sirs,

We refer to the announcement of the Company dated 25 May 2012 (the "Announcement") of which this letter forms part. Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We have reviewed and discussed the bases and assumptions upon which the valuation of the 80% equity interest of Fuzhou Guang Min Road and Bridge Construction & Development Company Limited has been made with Grant Sherman Appraisal Limited. The auditor of the Company, KPMG, has reported on the calculations of the discounted future estimated cash flows on which the valuation is based.

On the basis of the assumptions and on the calculations reviewed by KPMG, we confirm that the valuation prepared by Grant Sherman Appraisal Limited has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of the Board
China Everbright International Limited
Chen Xiaoping
Chief Executive Officer