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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)**

**(1) PLACING OF EXISTING SHARES  
(2) SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE  
AND  
(3) RESUMPTION OF TRADING**

**J.P.Morgan**

**J.P. Morgan Securities (Asia Pacific) Limited**

**as**

**Placing Agent**

## **PLACING AND SUBSCRIPTION AGREEMENT**

On 28 August 2012, the Vendor (being the controlling shareholder of the Company as defined in the Listing Rules), the Company and the Placing Agent entered into the Placing and Subscription Agreement, pursuant to which: (a) the Placing Agent has agreed to act as the placing agent of the Vendor to procure purchasers for or, failing which, to purchase itself, the Sale Shares (being 350,000,000 Shares) at the Placing Price (being HK\$3.58 per Share); and (b) the Vendor has agreed to subscribe for, and the Company has agreed to allot and issue to the Vendor, the Subscription Shares (being 350,000,000 Shares, which is the same number of Shares as the Sale Shares) at the Subscription Price. The Placing is conditional on certain termination events upon the occurrence of which the Placing will not proceed to completion unless otherwise waived by the Placing Agent and the Subscription is subject to certain conditions set out below under the paragraph headed "Conditions of the Subscription" below.

The number of Sale Shares represents approximately 9.52% of the issued share capital of the Company as at the date of this announcement and approximately 8.69% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Placing Price of HK\$3.58 per Share, represents:

- (i) a discount of approximately 7.97% to the closing price of HK\$3.89 per Share as quoted on the Stock Exchange on 27 August 2012 as the last day before entering into the Placing and Subscription Agreement; and
- (ii) a discount of approximately 11.60% to the average closing price of HK\$4.05 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 27 August 2012.

## **GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES**

The Subscription Shares will be issued under the General Mandate granted to the Directors to allot, issue and deal with Shares by resolution of the shareholders of the Company passed at the AGM subject to the limit of up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorized to issue up to 735,092,340 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate. Following the completion of the Subscription, a total of 350,000,000 Shares will be allotted and issued, representing approximately 47.61% of the 735,092,340 Shares granted under the General Mandate.

## **USE OF PROCEEDS**

It is expected that the net proceeds (after deducting all applicable costs and expenses, including commission, legal fees, stamp duty and levies) from the Subscription will be approximately HK\$1,237,000,000 (being a net placing price of approximately HK\$3.53 per Share). The Company intends to use the net proceeds from the Subscription for the development of the environmental protection business and apply them as the general working capital of the Group.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on Tuesday, 28 August 2012 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on Wednesday, 29 August 2012.

## **THE PLACING AND SUBSCRIPTION AGREEMENT**

**Date:** 28 August 2012

**Parties:**

- (a) The Vendor;
- (b) The Company; and
- (c) The Placing Agent.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent and not connected persons (as defined in the Listing Rules) of the Company.

### **(1) THE PLACING**

The Vendor is a controlling shareholder (as defined in the Listing Rules) of the Company. As at the date of this announcement and prior to completion of the Placing and the Subscription, the Vendor holds 1,758,215,910 Shares (representing approximately 47.83% of the issued share capital of the Company).

Pursuant to the Placing and Subscription Agreement, the Vendor has agreed to appoint the Placing Agent as its placing agent and to sell, and the Placing Agent has agreed to act as the placing agent for the Vendor during the Placing Period and to procure purchasers for or, failing which, to purchase itself, the Sale Shares (being 350,000,000 Shares). The Sale Shares were placed to the Placees at the Placing Price (being HK\$3.58 per Share).

#### **Placees**

It is expected that there will be no fewer than six Placees, who and whose ultimate beneficial owners will not be connected persons (as defined in the Listing Rules) of the Company. It is not expected that any Placee will become a substantial shareholder (as defined under the Listing Rules) of the Company immediately after the Placing.

## **Placing Price**

The Placing Price is HK\$3.58 per Share (exclusive of stamp duty, brokerage, Stock Exchange trading fees and SFC transaction levies). The Placing Price represents:

- (i) a discount of approximately 7.97% to the closing price of HK\$3.89 per Share as quoted on the Stock Exchange on 27 August 2012 as the last day before entering into the Placing and Subscription Agreement; and
- (ii) a discount of approximately 11.60% to the average closing price of HK\$4.05 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 27 August 2012.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company, the Vendor and the Placing Agent and was determined in accordance with the terms of the Placing and Subscription Agreement as at the date of the Placing and Subscription Agreement. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and are in the interests of the Company and the shareholders of the Company as a whole.

## **Number of Sale Shares**

The Sale Shares (being 350,000,000 Shares) represent (i) approximately 9.52% of the existing issued share capital of the Company of 3,675,661,700 Shares as at the date of this announcement, and (ii) approximately 8.69% of the issued share capital of the Company of 4,025,661,700 Shares as enlarged by the Subscription. The aggregate nominal value of the Sale Shares is HK\$35,000,000.

## **Ranking of the Sale Shares**

The Sale Shares rank *pari passu* among themselves and with all of the Shares in issue as at the date of this announcement.

## **Rights**

The Sale Shares will be sold free from all liens, charges, options, warrants, pre-emptive rights or other encumbrances or security interests or third party rights and together with all rights attaching to them as at the Closing Date, including the right to receive all dividends declared, made or paid on or after the Closing Date.

## **Conditions of the Placing**

The Placing is conditional on certain termination events below, upon the occurrence of which the Placing will not proceed to completion unless otherwise waived by the Placing Agent.

## Termination Events

The Placing Agent may terminate the Placing and Subscription Agreement without liability to the Vendor and/or the Company by giving notice in writing to the Vendor and the Company if any of the following has occurred at any time prior to completion of the Placing:

- (i) there develops, occurs or comes into force:
  - (a) any new law or regulation or any change or a prospective change in existing laws or regulations in any relevant jurisdiction which in the opinion of the Placing Agent makes it impracticable or inadvisable or inexpedient to proceed with the Placing or has or is likely to have a material adverse effect on the financial position, business, results of operation or prospects of the Company and/or the Group as a whole; or
  - (b) any significant event, development or change or prospective change (whether or not permanent or forming part of a series of event, developments or changes occurring or continuing before, on and/or after the date of the Placing and Subscription Agreement) in local, national or international monetary, economic, financial, fiscal, industrial, regulatory, political or military conditions, local, national or international securities market conditions or currency exchange rates or foreign exchange rates or foreign exchange controls, including without limitation, any outbreak or escalation of hostilities, declaration by the United States, the United Kingdom, the PRC or Hong Kong of a national emergency or other calamity or crisis, the effect of which in the opinion of the Placing Agent is or would be materially adverse to the success of the Placing, or makes it impracticable or inadvisable or inexpedient to proceed therewith; or
  - (c) the declaration of a banking moratorium by United States, the United Kingdom, the PRC or Hong Kong authorities, or any moratorium, suspension or material restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange, the Shanghai Stock Exchange, New York Stock Exchange, or the London Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to the Closing Date; or
  - (d) any suspension of dealings in the Shares for any period whatsoever; or
- (ii) any breach of any of the representations, warranties and undertakings by the Vendor and/or the Company set out in the Placing and Subscription Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Closing Date which if it had occurred or arisen before the date hereof would have rendered any of such representations, warranties and undertakings untrue or incorrect or misleading or there has been a breach of, or failure to perform, any other provision of the Placing and Subscription Agreement on the part of the Vendor and/or the Company; or

- (iii) any change in the general affairs, prospects, earnings, business, properties, stockholders' equity or in the financial or trading position of the Group as a whole which in the sole opinion of the Placing Agent is so material and adverse as to make it impractical or inadvisable to proceed with the Placing.

### **Completion**

The Placing is expected to be completed on 31 August 2012 or such other date as the Vendor and the Placing Agent may agree in writing.

## **(2) THE SUBSCRIPTION**

Pursuant to the Placing and Subscription Agreement, the Subscriber has agreed to subscribe as principal for the Subscription Shares at the Subscription Price.

### **The Subscription Price**

The Subscription Price is HK\$3.58 per Share which is equal to the Placing Price.

### **Number of Subscription Shares**

The number of Subscription Shares is the same as the number of Sale Shares.

### **Ranking of the Subscription Shares**

The Subscription Shares, when issued and fully paid, will rank *pari passu* and with the other Shares in issue as at the date of completion of the Subscription, including the rights to all dividends and other distributions declared, made or paid at any time after the day on which the Subscription Shares are allotted.

### **Conditions of the Subscription**

Completion of the Subscription is conditional upon the fulfilment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares); and
- (ii) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement.

If the conditions of the Subscription are not fulfilled within 14 days after the date of the Placing and Subscription Agreement or such later date as the Subscriber and the Company may agree in writing (subject to compliance with the Listing Rules), the obligations and liabilities of the Subscriber and the Company under the Subscription will become null and void.

## Completion

Completion of the Subscription will take place on the second Business Day after the date upon which the last of the subscription conditions (set out above) to be satisfied has been so satisfied, provided that it will take place on a date no later than 14 days after the date of the Placing and Subscription Agreement or such other date as the Subscriber and the Company may agree in writing (subject to compliance with the Listing Rules).

## General Mandate to Issue the Subscription Shares

The Subscription Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the shareholders of the Company passed at the AGM subject to the limit of up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorized to issue up to 735,092,340 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate. Following the completion of the Subscription, a total of 350,000,000 Shares will be allotted and issued, representing approximately 47.61% of the 735,092,340 Shares granted under the General Mandate.

### (3) SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after completion of the Placing, and (iii) immediately after completion of the Placing and the Subscription:

Name of Shareholder	Shareholding as at the date of this announcement		Shareholding immediately after completion of the Placing		Shareholding immediately after completion of the Placing and the Subscription	
	% of		% of		% of	
	Number of Shares	shareholding (approximate)	Number of Shares	shareholding (approximate)	Number of Shares	shareholding (approximate)
Vendor and Parties acting in concert (Note 1)	1,843,951,910	50.17	1,493,951,910	40.65	1,843,951,910	45.81
Public (excluding Placees)	1,831,709,790	49.83	1,831,709,790	49.83	1,831,709,790	45.50
Placees	Nil	Nil	350,000,000	9.52	350,000,000	8.69
<b>TOTAL</b>	<b>3,675,661,700</b>	<b>100</b>	<b>3,675,661,700</b>	<b>100</b>	<b>4,025,661,700</b>	<b>100</b>

Notes:

- (1) 1,758,215,910 Shares are held by the Vendor, a company 55% owned by Datten Investments Limited (a wholly-owned subsidiary of China Everbright Holdings Company Limited) and 45% owned by China Everbright Holdings Company Limited; and 85,736,000 Shares are held by Everbright Investment & Management Limited, a wholly-owned subsidiary of China Everbright Holdings Company Limited.
- (2) The Vendor and its parties acting in concert has continuously held more than 50% of the voting rights of the Company for at least 12 months immediately preceding the date of the Placing and Subscription Agreement.

#### **(4) LOCK UP UNDERTAKINGS**

Pursuant to the Placing and Subscription Agreement, the Vendor has undertaken to the Placing Agent that (except for the sale of the Sale Shares pursuant to the Placing and Subscription Agreement) for a period of 90 days commencing from the Closing Date, it will not and will procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will:

- (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any interests therein beneficially owned or held by it or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; or
- (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or
- (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of the Placing Agent.

Pursuant to the Placing and Subscription Agreement, the Company has undertaken to the Placing Agent, and the Vendor undertakes to the Placing Agent to procure, that for a period of 90 days commencing on the Closing Date, the Company will not, except for the Subscription Shares and save pursuant to the terms of any share option scheme of the Company adopted on 26 May 2003:

- (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares; or
- (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above; or
- (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above without first having obtained the written consent of the Placing Agent.



**(5) REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS**

The Directors consider that the Placing and the Subscription represent an opportunity to raise capital for the Company while broadening the shareholder base and capital base of the Company. Further, the Directors are also of the view that the trading volume of the Shares may be enhanced with a broader shareholder base and more floating Shares. Accordingly, the Directors consider that the Placing and the Subscription are in the interests of the Company and the shareholders of the Company as a whole.

The net proceeds (after deducting all applicable costs and expenses, including commission, legal fees, stamp duty and levies) of approximately HK\$1,237,000,000 (being a net placing price of approximately HK\$3.53 per Share) from the Subscription are intended to be used for the development of the environmental protection business and to be applied as general working capital of the Group.

**(6) FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

**(7) APPLICATION FOR LISTING**

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in the Subscription Shares.

**(8) RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on Tuesday, 28 August 2012 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on Wednesday, 29 August 2012.

## TERMS AND DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 18 April 2012;
“Board”	the board of Directors of the Company;
“Business Day”	any day on which the Stock Exchange is open for business;
“Closing Date”	31 August 2012 or such other date as the Vendor and the Placing Agent may agree in writing;
“Company”	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;
“Directors”	the directors of the Company;
“General Mandate”	the mandate granted to the Directors by the shareholders of the Company at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM;
“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 PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Placee(s)”	any professional institutional and other investor whom the Placing Agent has procured to purchase any of the Sale Shares;
“Placing”	the placing of the Sale Shares on the terms and subject to the conditions set out in the Placing and Subscription Agreement;
“Placing Agent”	J.P. Morgan Securities (Asia Pacific) Limited;
“Placing and Subscription Agreement”	the agreement dated 28 August 2012 entered into between the Vendor, the Company and the Placing Agent in relation to the Placing and the Subscription;

“Placing Period”	the period commencing upon the execution of the Placing and Subscription Agreement and terminating on the Closing Date (or such later time and date as the Vendor and the Placing Agent may agree in writing);
“Placing Price”	HK\$3.58 per Share, as determined in accordance with the terms of the Placing and Subscription Agreement;
“PRC”	the People’s Republic of China;
“Sale Shares”	350,000,000 Shares, all beneficially owned by the Vendor as at the date of this announcement, to be placed pursuant to the Placing and Subscription Agreement;
“SFC”	The Securities and Futures Commission of Hong Kong;
“Share(s)”	the issued ordinary shares of HK\$0.10 each of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Guildford Limited, a company duly incorporated under the laws of British Virgin Islands;
“Subscription”	the subscription by the Vendor of the Subscription Shares on and subject to the terms and conditions set out in the Placing and Subscription Agreement;
“Subscription Price”	HK\$3.58 per Share, which is equal to the Placing Price;
“Subscription Shares”	350,000,000 new Shares to be issued by the Company to the Vendor, which is equal to the total number of the Sale Shares;
“Vendor”	the Subscriber; and
“%”	per cent.

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

Hong Kong, 29 August 2012

*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. CHEN Xiaoping (Chief Executive Officer)  
Mr. WANG Tianyi  
Mr. WONG Kam Chung, Raymond  
Mr. CAI Shuguang

*Non-executive Director*

Mr. FAN Yan Hok, Philip

*Independent non-executive Directors*

Mr. MAR Selwyn  
Mr. LI Kwok Sing, Aubrey  
Mr. ZHAI Haitao