

## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this Prospectus or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand this Prospectus and the accompanying PAL and EAF to the purchaser(s) or transferee(s) or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

A copy of this Prospectus, together with copies of the PAL and the EAF, and (where applicable) the document specified in the paragraph headed "Documents Delivered to the Registrar of Companies" in Appendix III to this Prospectus have been registered by the Registrar of Companies in Hong Kong as required under Section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Registrar of Companies in Hong Kong, the Stock Exchange and the SFC take no responsibility as to the contents of any of these documents.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, the PAL and the EAF, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of its contents of these documents.

Dealing in securities of the Company, the Rights Shares in both their nil-paid and fully-paid forms may be settled through CCASS and you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

The attention of Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or holding shares on behalf of Beneficial Owners with such addresses is drawn to the paragraphs headed "Non-Qualifying Shareholders" and "Limited Categories of persons in the Specified Territories who may be able to take up their nil-paid Rights Shares and subscribe for the Rights Shares under the Rights Issue" in the "Letter from the Board" in this Prospectus.

The securities described in this Prospectus have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States, absent registration or an available exemption from the registration requirements of the US Securities Act and applicable US state securities laws. There is no intention to register any portion of the Rights Shares or any securities described in this Prospectus in the United States or to conduct a public offering of securities in the United States.

Distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession this Prospectus comes should inform themselves of and observe any such restrictions. This Prospectus is not for release, publication or distribution, directly or indirectly, in or into the United States. This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or Rights Shares or to take up any entitlements to the nil-paid Rights Shares or Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.



## CHINA EVERBRIGHT INTERNATIONAL LIMITED

中國光大國際有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 257)

### RIGHTS ISSUE ON THE BASIS OF 10 RIGHTS SHARES FOR EVERY 27 EXISTING SHARES HELD ON THE RECORD DATE AT THE SUBSCRIPTION PRICE OF HK\$6.00 PER RIGHTS SHARE

The Sole Global Coordinator, the Sole Bookrunner and  
the Sole Underwriter to the Rights Issue



China International Capital Corporation Hong Kong Securities Limited

The Latest Time for Acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares is 4:00 p.m. on Thursday, 13 September 2018. The procedures for application of Rights Shares are set out in the paragraph headed "Procedures for Acceptance or Transfer" on pages 40 to 50 of this Prospectus.

It should be noted that the Sole Underwriter may, upon giving notice in writing to the Company, terminate the Underwriting Agreement with immediate effect at any time prior to the Latest Time for Termination, upon the occurrence of certain events, including force majeure events. These events are set out in the section headed "Termination of the Underwriting Agreement" on pages 11 to 13 of this Prospectus. If the Sole Underwriter exercises such right, the Rights Issue will not proceed. In the event the Sole Underwriter exercises its rights to terminate the Underwriting Agreement prior to the Latest Time for Termination, all obligations of the Sole Underwriter hereunder shall cease and determine and none of the parties hereto shall have any claim against the other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of any antecedent breaches and claims).

Shareholders should note that the Existing Shares have been dealt in on an ex-rights basis from Tuesday, 21 August 2018. The nil-paid Rights Shares will be dealt in from Monday, 3 September 2018 to Monday, 10 September 2018 (both days inclusive). If, prior to the Latest Time for Termination, the Sole Underwriter terminates the Underwriting Agreement or if the conditions of the Rights Issue as set out in the paragraph headed "Underwriting Arrangement – Conditions of the Rights Issue" in the "Letter from the Board" on pages 53 to 54 of this Prospectus are otherwise not fulfilled or waived (as applicable), the Rights Issue will not proceed.

Any dealings in the Shares from the date of this Prospectus up to the date on which the conditions of the Rights Issue are fulfilled or waived (as applicable), which is currently expected to be 5:00 p.m. on Friday, 14 September 2018, and any dealings in the nil-paid Rights Shares from Monday, 3 September 2018 to Monday, 10 September 2018 (both days inclusive) are accordingly subject to the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the nil-paid Rights Shares, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

30 August 2018

## NOTICE

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If the conditions of the Rights Issue as set out in the section headed “Letter from the Board — Underwriting Arrangement — Conditions of the Rights Issue” are not fulfilled or waived (as applicable), the Rights Issue will not proceed, in which case, a further announcement will be made by the Company at the relevant time. It should be noted that the Existing Shares have been dealt in on an ex-rights basis from Tuesday, 21 August 2018, and the nil-paid Rights Shares will be dealt in from Monday, 3 September 2018 to Monday, 10 September 2018 (both days inclusive). Such dealings will take place when the conditions of the Rights Issue remain unfulfilled. Any person dealing in the securities of the Company up to the date on which such conditions are fulfilled or waived (as applicable) and any person dealing in the nil-paid Rights Shares from Monday, 3 September 2018 to Monday, 10 September 2018 (being the first and last day of dealings in the nil-paid Rights Shares, respectively) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the nil-paid Rights Shares, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

**EXCEPT AS OTHERWISE SET OUT IN THIS PROSPECTUS, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO CERTAIN SHAREHOLDERS, BENEFICIAL OWNERS OR INVESTORS IN MACAU AND THE UNITED STATES (THE “SPECIFIED TERRITORIES”).** This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. The Rights Issue Documents will not be registered or filed under any applicable securities or equivalent legislation of any jurisdiction other than (i) Hong Kong and (ii) the PRC, in accordance with the CSRC Notice. Accordingly, the nil-paid Rights Shares and the fully-paid Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any of the Specified Territories absent registration or qualification under the respective securities laws of such Specified Territories (other than pursuant to any applicable exceptions as agreed by the Company).

Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or holding Shares on behalf of Beneficial Owners with such addresses should refer to the paragraphs headed “Non-Qualifying Shareholders” and “Limited Categories of persons in the Specified Territories who may be able to take up their nil-paid Rights Shares and subscribe for the Rights Shares under the Rights Issue” under the section headed “Letter from the Board” of this Prospectus.

Each person acquiring the nil-paid Rights Shares and/or fully-paid Rights Shares under the Rights Issue will be required to confirm, or be deemed by his/her/its acquisition of the nil-paid Rights Shares and/or fully-paid Rights Shares to confirm, that he/she/it is aware of the restrictions on offers and sales of the nil-paid Rights Shares and/or fully-paid Rights Shares described in this Prospectus.

For a description of certain restrictions regarding the taking up of the nil-paid Rights Shares for, and the offering and sale of, the Rights Shares, see the notices below.

## NOTICE

### NOTICE TO THE PRC SOUTHBOUND TRADING INVESTORS

For the avoidance of doubt, the PRC Southbound Trading Investors can participate in the Rights Issue through China Clear. China Clear will provide nominee services for the PRC Southbound Trading Investors to (i) sell (in full or in part) their nil-paid Rights Shares on the Stock Exchange under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect; and/or (ii) subscribe (in full or in part) for their pro-rata entitlement in respect of Shares held on the Record Date at the Subscription Price under the Rights Issue in accordance with the relevant laws and regulations.

**However, China Clear will not support applications by such PRC Southbound Trading Investors for excess Rights Shares under the Rights Issue through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.** The PRC Southbound Trading Investors (or the relevant China Clear participants as the case may be) whose stock accounts in the China Clear are credited with nil-paid Rights Shares can only sell those nil-paid Rights Shares on the Stock Exchange via China Clear under Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect and can neither purchase any nil-paid Rights Shares nor transfer such nil-paid Rights Shares to other PRC Southbound Trading Investors. For the purpose of this Prospectus, PRC Southbound Trading Investors are not the Shareholders or the Beneficial Owners in the Specified Territories.

### NOTICE TO OVERSEAS INVESTORS

Based on the legal advice of the Company's legal advisers in relation to the laws of the relevant overseas restrictions, the following notices are set out for the attention of the overseas investors in the following jurisdictions:

#### *NOTICE TO INVESTORS IN MACAU*

There are no legal restrictions prohibiting the offering of the Rights Issue in Macau, nor is any local or regulatory compliance required to be made in this jurisdiction.

## NOTICE

### *NOTICE TO INVESTORS IN AUSTRALIA*

This Prospectus, and any other document issued by the Company in connection with the Rights Issue, does not constitute a disclosure document under Part 6D.2 of the Corporations Act 2001 (Cth) of the Commonwealth of Australia (the “**Corporations Act**”) and will not be lodged with the Australian Securities and Investments Commission or ASX Limited. The offer to which this Prospectus relates is being made in Australia in reliance upon ASIC Corporations (Foreign Rights Issues) Instrument 2015/356. This Prospectus only constitutes an offer in Australia to persons who are recorded as Shareholders on the Record Date.

### *NOTICE TO INVESTORS IN THE UNITED STATES*

The PAL, the EAF, the Rights Shares in nil-paid or fully-paid forms have not been and will not be registered under the US Securities Act or securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, pledged, transferred or delivered, directly or indirectly, in or into the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offering of the Rights Shares in nil-paid or fully-paid forms in the United States.

The PAL, the EAF, the Rights Shares in nil-paid or fully-paid forms have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Rights Issue, the PAL, the EAF, the Rights Shares in nil-paid or fully-paid forms or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Subject to certain exceptions, none of this Prospectus, the PAL or the EAF constitutes or will constitute, or forms or will form, part of any offer or invitation to issue, purchase or acquire the Rights Shares in nil-paid or fully-paid forms to any person with a registered address, or who is located, in the United States. The Rights Shares in nil-paid or fully-paid forms are being offered outside the United States in reliance on Regulation S under the US Securities Act.

In addition, until 40 days after the commencement of the offering of the Rights Shares in nil-paid or fully-paid forms, or the procurement of purchasers by the Sole Underwriter of the Rights Shares not initially taken up, any offer, sale or transfer of the Rights Shares in nil-paid or fully-paid forms in or into the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the US Securities Act.

## NOTICE

The Sole Underwriter may arrange for the offer of the Rights Shares not taken up in the Rights Issue only outside the United States in reliance on Regulation S under the US Securities Act. Each purchaser or subscriber of the Rights Shares being offered and sold outside the United States will be deemed to have represented and agreed, among other things, that the purchaser or subscriber is acquiring the Rights Shares in an “offshore transaction” meeting the requirements of Regulation S under the US Securities Act.

Notwithstanding the foregoing, in certain limited circumstances, the Company may allow persons in the United States whom the Company reasonably believes to be “qualified institutional buyers” (as defined in Rule 144A of the US Securities Act) to take up the Rights Shares in nil-paid or fully-paid forms in transactions that are exempt from the registration requirements under the US Securities Act, provided that such persons fulfil relevant requirements to the satisfaction of the Company. Shareholders and Beneficial Owners in the United States should contact the Company’s investor relations department for further details on whether they would be allowed to participate in the Rights Issue in these limited circumstances.

### **GENERAL**

Notwithstanding the above or any other provisions in the Rights Issue Documents, the Company reserves the right to permit any Shareholder or Beneficial Owner (including a Shareholder or Beneficial Owner in any of the Specified Territories) to participate in the Rights Issue and take up his/her/its entitlement to Rights Shares if the Company, in its absolute discretion, is satisfied that the offer under the Rights Issue is exempt from or not subject to or can otherwise be lawfully made to them without contravention of any relevant legal or regulatory requirements.

### **ENFORCEABILITY OF JUDGMENTS**

The Company is incorporated under the laws of Hong Kong with limited liability and whose issued Shares are listed on the Stock Exchange. Most of the members of the Board and most of the Company’s employees are citizens or residents of countries other than the United States. A substantial portion of the assets of such persons and all or substantially all of the Company’s assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or upon the Company, or to enforce judgments obtained in US courts, including judgments predicated upon civil liabilities under the securities laws of the United States or any state or territory within the United States. In addition, there may be substantial doubt as to the enforceability, in Hong Kong, of original actions or actions for enforcement based on the federal securities laws of the United States or judgments of US courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States.

## NOTICE

### FORWARD-LOOKING STATEMENTS

All statements in this Prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this Prospectus include, without limitation, statements in respect of the Group’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this Prospectus are based on management’s present expectations about future events. Management’s present expectations reflect numerous assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this Prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this Prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this Prospectus, be it as a result of new information, future events or otherwise.

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## DEFINITIONS

*In this Prospectus, unless the context otherwise requires, the following terms shall have the following meanings:*

“2018 Interim Dividend”	the Company’s interim dividend of HK12.0 cents per Share for the six months ended 30 June 2018 as announced by the Company on 14 August 2018
“Announcement”	the announcement of the Company dated 14 August 2018 relating to the Rights Issue
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beneficial Owner(s)”	any beneficial owner(s) of Shares whose Shares are registered in the name of a Registered Owner
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for business of dealings in securities
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CE Hong Kong”	China Everbright Holdings Company Limited (中國光大集團有限公司), a company incorporated under the laws of Hong Kong with limited liability which is wholly owned by China Everbright Group, and is a controlling shareholder of the Company
“China Clear”	China Securities Depository and Clearing Corporation Limited
“China Everbright Group”	China Everbright Group Ltd. (中國光大集團股份公司), a limited liability company incorporated under the laws of the PRC which is indirectly owned as to 55.67% equity interest by Huijin and 44.33% by Ministry of Finance of the PRC, and is a controlling shareholder of the Company
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time

## DEFINITIONS

“Company”	China Everbright International Limited, a company incorporated under the laws of Hong Kong with limited liability and whose issued Shares are listed on the Stock Exchange (Stock Code: 257)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“CSRC”	the China Securities Regulatory Commission
“CSRC Notice”	the notice of the CSRC <i>Filing Requirements for Hong Kong Listed Issuers Making Rights Issue to Mainland Shareholders through Mainland-Hong Kong Stock Connect (Announcement [2016] No. 21)</i>
“Despatch Date”	Thursday, 30 August 2018 or such later date as may be agreed between the Company and the Sole Underwriter for the despatch of the Rights Issue Documents
“Director(s)”	director(s) of the Company
“EAF(s)”	the excess application form(s) for additional Rights Shares to be applied by the Qualifying Shareholders (other than the PRC Southbound Trading Investors)
“Existing Shares”	the Shares which are in issue on the Record Date
“Final Acceptance Date”	Thursday, 13 September 2018 (or such other date as the Company and the Sole Underwriter may agree in writing as the latest date for acceptance of, and payment for, the Rights Shares under the Rights Issue)
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huijin”	Central Huijin Investment Limited* (中央匯金投資有限責任公司), a company incorporated under the laws of the PRC with limited liability

## DEFINITIONS

“Intermediary”	in relation to a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the Beneficial Owner’s broker, custodian, nominee or other relevant person who is a CCASS participant or who has deposited the Beneficial Owner’s Shares with a CCASS participant
“Investor Participant”	a person admitted to participate in CCASS as an investor participant
“Irrevocable Undertaking”	the irrevocable undertaking dated 14 August 2018 given by CE Hong Kong in favour of the Company and the Sole Underwriter to, among other things, take up and/or procure its subsidiaries to take up 800,722,928 Rights Shares
“Last Trading Day”	Monday, 13 August 2018, being the last full trading day of the Shares on the Stock Exchange immediately before the release of the Announcement
“Latest Practicable Date”	Friday, 24 August 2018, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information for inclusion herein
“Latest Time for Acceptance”	a time which is currently expected to be 4:00 p.m. on the Final Acceptance Date, being the latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares
“Latest Time for Termination”	5:00 p.m. on the first Business Day following the Final Acceptance Date, or such later date as the Company and the Sole Underwriter may agree in writing
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

## DEFINITIONS

“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) in respect of whom the Directors, based on enquiries made by and legal advices in the relevant jurisdictions obtained by the Company, consider it necessary or expedient not to offer the Rights Shares on account either of legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that/those place(s)
“Overseas Shareholder(s)”	(i) Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register is/are outside Hong Kong, and (ii) Shareholder(s) or Beneficial Owner(s) who is/are otherwise known by the Company to be resident(s) of any jurisdictions outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) representing the Rights Shares proposed to be issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue
“PRC” or “China”	the People’s Republic of China
“PRC Southbound Trading Investors”	the PRC investors who hold the shares of Hong Kong listed companies through China Clear as nominee under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect
“Prospectus”	this prospectus
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholders (if any)
“Record Date”	Wednesday, 29 August 2018, the record date to determine entitlements to the Rights Issue (or such other date as may be agreed between the Company and the Sole Underwriter)

## DEFINITIONS

“Registered Owner”	in respect of a Beneficial Owner, means a nominee, trustee, depository or any other authorized custodian or third party which is the registered holder in the register of members of the Company of the Shares in which the Beneficial Owner is beneficially interested
“Registrar”	the share registrar and transfer office of the Company, being Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the issue of Rights Shares at the Subscription Price on the basis of 10 Rights Shares for every 27 Existing Shares, payable in full upon acceptance
“Rights Issue Documents”	the Prospectus, the PAL(s) and the EAF(s) proposed to be despatched to the Qualifying Shareholders on the Despatch Date and any such supplementary prospectus to be despatched to the Qualifying Shareholders (if required)
“Rights Share(s)”	the 1,660,263,592 new Share(s) to be issued and allotted under the Rights Issue
“RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Shanghai-Hong Kong Stock Connect” or “Shenzhen-Hong Kong Stock Connect”	a securities trading and clearing platform under which PRC domestic investors may trade in the Stock Exchange via China Clear
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) of the Company
“Sole Underwriter”	China International Capital Corporation Hong Kong Securities Limited, a company incorporated under the laws of Hong Kong with limited liability

## DEFINITIONS

“Specified Territories”	Macau and the United States
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$6.00 per Rights Share
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Underwriting Agreement”	the underwriting agreement dated 14 August 2018 entered into between the Company and the Sole Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	859,540,664 Rights Shares, being such number of Rights Shares to be issued pursuant to the Rights Issue less the number of the Rights Shares which CE Hong Kong has undertaken to take up pursuant to the Irrevocable Undertaking
“US Securities Act”	the US Securities Act of 1933, as amended
“United States” or “US”	the United States of America (including its territories and possessions, any state in the US and the district of Columbia)
“%”	percentage or per centum

\* *English translation is for identification purposes only*

## EXPECTED TIMETABLE

*The expected timetable for the Rights Issue is set out below:*

2018

Last day of dealing in Shares on a cum-rights basis for the Rights Issue .....	Monday, 20 August
First day of dealing in Shares on an ex-rights basis for the Rights Issue .....	Tuesday, 21 August
Latest time for lodging transfer documents of Shares in order to be qualified for the Rights Issue .....	4:30 p.m. on Wednesday, 22 August
Closure of the register of members of the Company for determining entitlements under the Rights Issue .....	Thursday, 23 August to Wednesday, 29 August (both days inclusive)
Record Date for determining entitlements under the Rights Issue .....	Wednesday, 29 August
Register of members of the Company reopens .....	Thursday, 30 August
Despatch of Rights Issue Documents .....	Thursday, 30 August
First day of dealing in nil-paid Rights Shares .....	9:00 a.m. on Monday, 3 September
Latest time for splitting nil-paid Rights Shares .....	4:30 p.m. on Wednesday, 5 September
Last day of dealings in the Shares on a cum-rights basis for the 2018 Interim Dividend <sup>(Note 1)</sup> .....	Thursday, 6 September
First day of dealings in the Shares on an ex-rights basis for the 2018 Interim Dividend <sup>(Note 1)</sup> .....	Friday, 7 September
Last day of dealing in nil-paid Rights Shares .....	Monday, 10 September
Latest time for lodging transfer documents of the Shares in order to be qualified for the 2018 Interim Dividend <sup>(Note 1)</sup> .....	4:30 p.m. on Monday, 10 September

<b>EXPECTED TIMETABLE</b>
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Closure of the register of members of the Company for determining entitlements under the 2018 Interim Dividend <sup>(Note 1)</sup> . . . . .	Tuesday, 11 September to Thursday, 13 September (both days inclusive)
Record Date for determining entitlements to the 2018 Interim Dividend <sup>(Note 1)</sup> . . . . .	Thursday, 13 September
Latest Time for Acceptance of and payment for Rights Shares and application and payment for excess Rights Shares . . . . .	4:00 p.m. on Thursday, 13 September
Latest time for the Rights Issue to become unconditional . . . . .	5:00 p.m. on Friday, 14 September
Publication of announcement of results of the Rights Issue and excess applications . . . . .	Thursday, 20 September
Refund cheques for wholly or partially unsuccessful excess applications to be posted . . . . .	Friday, 21 September
Share certificates for fully-paid Rights Shares to be posted . . . . .	Friday, 21 September
Dealing of fully-paid Rights Shares commences . . . . .	9:00 a.m. on Monday, 24 September
Designated broker starts to stand in the market to provide matching service for odd lots of Shares . . . . .	Monday, 24 September
Designated broker ceases to stand in the market to provide matching service for odd lots of Shares . . . . .	Tuesday, 16 October

*Note:*

1. The register of members of the Company will be closed from Tuesday, 11 September 2018 to Thursday, 13 September 2018 to ascertain the Shareholders who are entitled to receive the 2018 Interim Dividend. In order to qualify for the 2018 Interim Dividend, all transfer documents along with relevant share certificates must be lodged for registration with the Registrar by not later than 4:30 p.m. on Monday, 10 September 2018. Further details of the closure of register of members in relation to the 2018 Interim Dividend are set out in the announcement of the Company dated 14 August 2018.

All times and dates in this Prospectus refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above or in other parts of this Prospectus are indicative only and may be extended or varied by the agreement between the Company and the Sole Underwriter and as appropriate, in accordance with the Listing Rules. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

## EXPECTED TIMETABLE

### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES**

The Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place as shown if there is:

1. a typhoon signal No. 8 (or above); or
2. a “black” rainstorm warning
  - (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Final Acceptance Date. Instead the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
  - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Final Acceptance Date. Instead the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the currently scheduled date for the Final Acceptance Date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

## SUMMARY OF THE RIGHTS ISSUE

*The following information is derived from, and should be read in conjunction with and, subject to, the full text of this Prospectus.*

### RIGHTS ISSUE

A summary of the Rights Issue is set out below:

Basis of the Rights Issue	:	10 Rights Shares for every 27 Existing Shares held on the Record Date
Number of Shares in issue at the close of business on the Record Date	:	4,482,711,700 Shares
Number of Rights Shares to be issued under the Rights Issue	:	1,660,263,592 Rights Shares (assuming no new Shares are issued (other than the Rights Shares) and no buy-back of Shares on or before the Record Date)
Subscription Price	:	HK\$6.00 per Rights Share
Sole Global Coordinator, Sole Bookrunner and Sole Underwriter	:	China International Capital Corporation Hong Kong Securities Limited
Enlarged number of Shares in issue upon completion of the Rights Issue	:	6,142,975,292 Shares (assuming no new Shares are issued (other than the Rights Shares) and no buy-back of Shares on or before the completion of Rights Issue)
Right to make excess applications	:	Qualifying Shareholders (other than the PRC Southbound Trading Investors) may apply, by way of excess application, for Rights Shares in excess of their provisional allotments

## TERMINATION OF THE UNDERWRITING AGREEMENT

### Termination of the Underwriting Agreement

The Sole Underwriter may, in its discretion (acting reasonably), terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company by the Sole Underwriter at any time prior to the Latest Time for Termination with immediate effect if:-

- (i) there shall have developed, occurred, happened or come into effect any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting the assets, liabilities, business, operations, general affairs, management, prospects, results of operations, position or condition, financial or otherwise, or performance of the Company and the other members of the Group, taken as a whole, the effect of which change, development, event or circumstance is, individually or in the aggregate, in the reasonable judgment of the Sole Underwriter, so material and adverse as to make it or likely to make it impracticable or inadvisable or inexpedient to proceed with the Rights Issue or the delivery of the Rights Shares on the terms and in the manner contemplated in the Prospectus or likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
- (ii) any breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Sole Underwriter, or there has been a material breach on the part of the Company of any other provision of the Underwriting Agreement; or
- (iii) there shall have developed, occurred, happened or come into effect any of the following: (A) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; (B) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in any securities of the Company listed or quoted on a stock exchange; (C) any downgrading or any notice or announcement of any intended or potential downgrading or of any watch, review or possible change that does not indicate an affirmation or improvement in the rating accorded any securities of or guaranteed by the Company or any other member of the Group by any national or international rating agency; (D) a general moratorium on commercial banking activities declared by relevant authorities in Hong Kong, the PRC, the United States, or the United Kingdom or a disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in Hong Kong, the PRC, the United States or the United Kingdom; (E) any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting any taxation, exchange controls or currency exchange rates in Hong Kong, the PRC, the United States or the

## TERMINATION OF THE UNDERWRITING AGREEMENT

United Kingdom; (F) any new laws or any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting existing laws or the interpretation or application of existing laws by any court or other competent authority in Hong Kong, the PRC, the United States or the United Kingdom; (G) any event or circumstance in the nature of force majeure (including, without limitation, any act of government, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in each case, involving or affecting Hong Kong, the PRC, the United States or the United Kingdom; or (H) any change or development or any event or series of events involving a prospective change or any event or series of events or circumstance likely to result in a change or a development involving a prospective change (whether or not permanent) in any local, national or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets and credit markets) in or affecting Hong Kong, the PRC, the United States or the United Kingdom, if the effect of any such event or circumstance specified above, individually or in the aggregate, in the reasonable judgment of the Sole Underwriter, makes it or may make it impracticable or inadvisable or inexpedient to proceed with the Rights Issue or the delivery of the Rights Shares on the terms and in the manner contemplated in the Prospectus or, have or will have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or

- (iv) any statement contained in any of the Relevant Documents (as defined in the Underwriting Agreement) was or has become untrue, incorrect in any material respect or misleading; or
- (v) any matter has arisen or been discovered which would, if the Announcement or the Prospectus (or any supplement or amendment thereto) had been issued at that time, constitute a material omission therefrom if it had not been disclosed in the Announcement or the Prospectus (or any supplement or amendment thereto); or
- (vi) the Company is required to issue a supplementary prospectus in connection with the Rights Issue; or
- (vii) the permission to deal in and the listing of the Rights Shares (in their nil-paid and fully-paid forms) has been withdrawn by the Stock Exchange; or

## TERMINATION OF THE UNDERWRITING AGREEMENT

- (viii) an authority or a political body or organization in any relevant jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Group, which in the reasonable judgment of the Sole Underwriter, makes it or may make it impracticable or inadvisable or inexpedient to proceed with the Rights Issue or the delivery of the Rights Shares on the terms and in the manner contemplated in the Prospectus or, have or will have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
- (ix) any Director committing any act of fraud or other indictable offense which, in the reasonable judgment of the Sole Underwriter, makes it or may make it impracticable or inadvisable or inexpedient to proceed with the Rights Issue or the delivery of the Rights Shares on the terms and in the manner contemplated in the Prospectus or, have or will have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
- (x) any material breach by CE Hong Kong of the Irrevocable Undertaking which, in the reasonable judgment of the Sole Underwriter, makes it or may make it impracticable or inadvisable or inexpedient to proceed with the Rights Issue or the delivery of the Rights Shares on the terms and in the manner contemplated in the Prospectus or, have or will have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up.

**In the event the Sole Underwriter exercises its rights to terminate the Underwriting Agreement prior to the Latest Time for Termination, all obligations of the parties hereto shall cease and determine and none of the parties hereto shall have any claim against the other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of any antecedent breaches and claims).**

**If the Sole Underwriter exercises such right, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Sole Underwriter.**

## RISK FACTORS

### RISKS RELATING TO THE BUSINESS OF THE GROUP

#### **Existing policy support for the Group's projects may be reduced, modified or eliminated**

The Group's projects enjoy various policy support. Preferential power tariff represent the primary policy support for the Group's environmental energy, environmental water and greentech projects, without which the Group's project profitability may be impacted. In addition to preferential power tariff, the Group also enjoys direct government subsidies. Some of the Group's projects enjoy additional government subsidies pursuant to the concession agreements for the relevant projects.

Going forward, the availability and size of such economic incentives in the PRC depend, to a large extent, on political and policy developments relating to environmental concerns and the development of the relevant business sectors in which the Group operates, namely environmental energy, environmental water, greentech, envirotech and equipment manufacturing. Changes in policies could lead to a significant reduction in or a discontinuation of such government support for environmental protection businesses. Some of these reductions may apply retroactively to existing projects, which could significantly reduce the economic benefits the Group receives. Some of the reductions may apply to future projects, which could diminish the economic incentives or economic feasibility of continuing to develop or acquire new projects. A significant reduction in the scope or discontinuation of government incentive programmes relating to the Group's projects or business sectors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

#### **The preferential tax treatments granted to the Group could expire or be discontinued**

The Group is entitled to various preferential tax treatments in the PRC, including tax exemptions and reductions for enterprise income taxes and value-added tax ("VAT") refunds. For example, under the relevant tax rules and regulations, an eligible environmental protection project is entitled to an enterprise income tax exemption for the first three years after such project generates revenue and a 50% tax reduction for the following three years. Some of the Group's projects in operation are eligible for, and currently enjoy, this tax exemption or reduction. In addition, project companies for the Group's environmental energy, environmental water and greentech projects are entitled to refunds of up to 50% to 100% of the VAT. If the Group fails to maintain its qualification for preferential tax treatment, or if any such preferential tax treatment expires or is discontinued, the Group's tax expenses could increase substantially, and the Group's results of operations and financial condition could be materially and adversely affected.

## RISK FACTORS

**The development of the Group's business sectors is highly dependent on the PRC government's environmental protection and energy policies, which may change from time to time**

The PRC government has promulgated a series of laws and regulations and adopted preferential policies to support the development of the PRC environmental protection industry. The Group benefits directly and indirectly from many laws, regulations and policies, including preferential on-grid tariffs for renewable energy, mandatory off-take of electricity output, governmental subsidies and favourable tax treatments. Going forward, although the PRC government has stated its intention to increase environmental protection related investment and enforcement, and named building an eco-friendly society as one of its core goals for the 13th Five-Year Plan, there can be no assurance that the favourable laws, regulations, and policies which the Group currently benefits from will be maintained, become more favourable or continue to exist. The Group is unable to predict how and to what extent any increased investment will affect the environmental protection industry as a whole or any sub-segments, including the segments that the Group operates in. Therefore, the PRC government's intentions or announcements should not be regarded as an indication of the future prospects of the Group's business sectors or its future performance. In the event the Group is unable to respond effectively and in a timely manner to any changes in laws, regulations or government policies, the Group's business, results of operations and prospects may be materially and adversely affected.

**Certain construction and management risks may arise within the Group's projects**

The Group's Build-Operate-Transfer ("BOT"), Build-Operate-Own ("BOO") and Build-Transfer ("BT") arrangements are project-based, and proper project management including, but not limited to, management of time, procurement of materials and allocation of resources are important factors for the successful completion of projects. Mismanagement may result in delays in the completion of the projects and hence adversely affect the Group's profitability.

BOT, BOO and BT projects are subject to inherent risks such as cost overruns and construction delays. When construction costs exceed original estimates, either due to inflation or design changes, draw-downs from loans may not be sufficient to match payments due from the Group and additional financing may be required to be arranged. A delay in completion of a project may result in a corresponding increase of capitalised costs of the projects as interest on the loan continues to accrue and, at the same time, the receipt of revenue is delayed. Further, the Group typically has arrangements with sub-contractors that are essential to its operations. Should the Group's sub-contractors fail to perform their obligations or if the credit-worthiness of any of these counterparties deteriorates, the Group's business and results of operations may be adversely affected.

## RISK FACTORS

In addition, the construction and development of projects also entail significant risks, including shortages of materials or skilled labour, unforeseen engineering, environmental or geological problems, work stoppages, strikes or other labour problems, litigation, weather interference, floods and unforeseen cost increases, any of which could give rise to delayed completions or cost overruns. Difficulties in obtaining any requisite licences, permits, allocations or authorisations from government or regulatory authorities could also increase the costs, or delay the construction or opening of, new projects. Any or all of the above factors may adversely affect the Group's business, financial condition and results of operations.

### **The Group is subject to numerous environmental laws and regulations**

The Group and its subcontractors are required to comply with numerous environmental protection, health and safety laws and regulations in the PRC and in any other jurisdictions in which the Group currently operates, such as Germany, Poland and Vietnam, or may operate in the future. These laws and regulations in the jurisdictions in which the Group operates require it to adopt certain measures to effectively control and properly dispose of waste gases, waste water, industrial waste, dust and other environmental waste materials. The Group produces a certain amount of waste in its production processes and is subject to restrictions relating to the discharge of such waste. Due to the nature and scale of the Group's operations, it is inevitable that a certain quantity of waste and emissions is produced, which requires appropriate disposal in accordance with the relevant PRC laws and regulations. In the event environmental laws, regulations or government policies are amended and more stringent requirements are imposed on the Group, the Group may incur increased costs and expenses and need to allocate additional resources to comply with such requirements.

If the Group fails to comply with any of the relevant environmental laws and regulations, or is unable to adequately and efficiently operate its facilities in compliance with the relevant environmental requirements, depending on the type and severity of any violation, the Group may be subject to, among others, warnings from relevant authorities, imposition of fines and/or criminal liability, being ordered to close down its business operations and suspension of relevant permits. As a result, the Group's reputation may be harmed and its business and results of operations could be materially and adversely affected. In addition to monetary penalties, the Group may have to modify or upgrade its facilities or equipment to satisfy tightened requirements, or perform major maintenance on its facilities or overhaul its equipment, which may lead to the incurrence of substantial costs and reduced utilisation. Further, as these laws and regulations are becoming increasingly more stringent both within the PRC and globally, there can be no assurance that the Group will not be required to incur additional expenses to comply with such laws and regulations in the future.

## RISK FACTORS

### **The Group's profit may be adversely affected if its cost estimates deviate significantly or if there are delays in the completion of the projects**

The Group attempts to forecast its costs of labour and supplies when it enters into concession agreements. However, the actual costs incurred and profits that the Group eventually realises on an agreement may vary from its estimates due to factors including, but not limited to, the following:

- underestimation of its costs and construction time at the initial project bidding stage;
- unanticipated variations in costs of labour, equipment, supplies, materials, parts, sub-contracting and overheads, which may result from factors such as unforeseeable general cost increases, inflation, shortages, increased demand, regulatory changes and unfavorable weather conditions;
- unanticipated delays in the delivery of equipment, components and supplies;
- failures or defaults by suppliers and defects in components and supplies; and
- delays and corrective measures that may be undertaken due to poor workmanship of its sub-contractors or any other failure to meet the customer's specifications.

In the event that the Group's initial cost estimates deviate significantly or delays occur during the contract progress that result in cost overruns, the Group's profitability under that contract may be adversely affected and the Group may then suffer loss. In addition, the Group's project companies may be liable for liquidated damages should there be a delay in the completion of the projects. This could increase the Group's costs and have a material adverse effect on the Group's business, financial condition and results of operations.

### **Negative public response to the waste-to-energy business in general or to the Group's projects specifically may adversely affect the Group's business**

Due to the growing concern of local residents about pollution risks, local economy, land use, corruption and governmental transparency, local residents may object to the location or construction of waste-to-energy projects in their neighborhood which may, among others, negatively affect the Group's corporate image and reputation. There can be no assurance that such incident due to negative public response or otherwise will not arise again in the future and the Group's business and operations will not be disrupted by any such protests or objection. While the Group has implemented public outreach programmes including publicly disclosing environmental protection and pollutant emission information and inviting local residents to participate in its facility tours, there can be no assurance that these measures will successfully prevent any future protests against its facilities and/or projects. In the event of any protests or negative publicity against the Group's facilities, the business and results of operations of the Group may be materially and adversely affected.

## RISK FACTORS

### **Failure to achieve the projected utilisation of the facilities that the Group operates may adversely affect its earnings**

Almost all of the Group's projects have been, or will be, built to a specified capacity in accordance with the terms of the relevant concession agreements. A number of factors may affect the utilisation of the Group's facilities, including operating hours and efficiency of the facilities. The ability of the Group's projects to operate at the forecasted utilisation capacity is dependent on the demand of the Group's services by its customers, population growth and the level of industrialisation in the area serviced by the relevant facilities. There is no assurance that the facilities the Group operates will be able to achieve the forecasted utilisation of their designed capacities. If the facilities the Group operates are not utilised to their designed capacities, the Group may not generate the revenue and profit it has expected from the relevant projects and its business and results of operations may be adversely affected.

### **The business sectors that the Group operates in are highly competitive**

The business sectors that the Group operates in are highly competitive. The Group competes with both domestic and international companies with respect to factors such as precincts, facilities, services and pricing. Intensified competition may result in increased costs for land, raw materials, overheads and delays in the approval process for new projects by the government, all of which may adversely affect the Group's business and results of operations.

While the Group leverages on its extensive experience in the PPP field and focuses on research and development to remain competitive, some of the Group's competitors may have more advanced technologies, a lower cost structure, better customer service, stronger and more established relationships with local governments, greater familiarity with local market conditions and greater financial, technical, marketing and other resources than it does. In addition, some foreign companies with more advanced technologies may try to enter the PRC market or otherwise compete with the Group. If the Group's existing or potential competitors lower their costs or engage in aggressive pricing in order to increase their market share, the Group's revenue and profitability may decline if the Group is unable to match its competitors' lower costs or aggressive pricing in a timely manner. Failure to maintain competitiveness could adversely impact the Group's ability to expand or maintain its market position, increase its market share, or promote its brands. Any or all of these factors may materially and adversely affect the Group's business and prospects.

## RISK FACTORS

**The Group may not be able to identify and secure new projects on commercially acceptable terms, or at all**

The ability of the Group to expand depends on its ability to identify and secure suitable projects at its target regions. The key factors the Group considers in project selection include the following, among others:

- the severity and public awareness of environmental issues, including environmental pollution, in the target area, as well as the level of environmental compliance enforcement;
- the strength and availability of policy support from the local government, and the Group's relationship with local government;
- local demand for the Group's services;
- industrialisation and urbanisation level and population density;
- convenience and accessibility for the Group's target customers;
- location and nature of the Group's existing projects;
- the availability of supporting facilities;
- possessing the relevant technical expertise;
- having an established track record in the specific fields;
- competition (including existing projects of the Group's competitors) in the surrounding areas;
- availability and cost of financing;
- general economic conditions and development prospects of the local area; and
- infrastructure, urban planning, zoning and the development plan of the local government.

The supply of suitable new projects is limited. Even if the Group is able to identify opportunities for new projects, the Group may need to negotiate with the relevant local governments in relation to the commercial terms for its projects, and may face competition from other companies providing similar services. There can be no assurance that in the future the Group will be able to identify and obtain suitable new projects on terms commercially acceptable to it, or at all. In the event that the Group encounters difficulties in securing suitable projects for its expansion, the Group's results of operations and prospects may be materially and adversely affected.

## RISK FACTORS

**If the Group defaults on the obligations contained in the concession agreements for any of its projects, the relevant local governments may make claims against the Group or terminate the relevant agreements with the Group**

The Group typically enters into BOO or BOT concession agreements for its projects with local governments, under which the Group is entitled to operate and manage the relevant facilities or landfills. The concession agreements for the Group's projects typically impose various obligations on the Group, which include construction of the relevant facility, arranging sufficient financing, submitting appropriate development plans for the project, complying with applicable regulatory requirements, meeting construction deadlines and fulfilling production targets. These agreements may also impose ownership or other restrictions on the Group. If the Group fails to meet the contractual standards, abide by the restrictions, respond effectively to various technological, management or regulatory changes during the contractual period, or if it mismanages its facilities or otherwise default under the relevant agreements, the relevant local governments may terminate the relevant agreements with the Group prior to their expiration, which would materially and adversely affect the Group's financial condition and results of operations. In addition, the Group's reputation may be negatively affected under these circumstances, which could further adversely affect its ability to obtain new projects.

As of 30 June 2018, the Group had 114 projects under construction or at the preparatory stage. There can be no assurance that the development of the Group's projects will not be delayed or that these projects will meet the requirements and expectations of the local governments. If the Group fails to complete the projects according to the requirements or otherwise default on its obligations under any of these agreements and the agreements are terminated by the relevant governments, there is no assurance that the Group will be able to maintain its interest in the relevant project or that the project would generate the revenue that the Group had originally expected. The Group may also lose all or part of its investment in a project in the event of the termination of the relevant agreements. In addition, the local government may make claims against the Group for its failure to implement the projects pursuant to the relevant agreements and if the Group is found liable for such failure, it may be required to compensate for the losses of the local governments, the amount of which could be substantial. The Group's business, results of operations, financial condition and prospects may be materially and adversely affected as a result of any such situations.

**The Group is exposed to risks associated with entering into contracts with the PRC government and other public organisations, and its performance may be significantly affected by government spending on infrastructure and other projects**

The majority of the Group's customers include agencies or entities owned or otherwise controlled by the PRC government. Accordingly, PRC government funded projects may be subject to delays or changes as a result of changes in the PRC government's budgets or for other policy considerations. To the extent that the Group's projects involve providing services to, or receiving payments from, PRC governmental entities, the Group is exposed to the risks associated with contracting with state organisations. The failure of any of the Group's governmental customers to make timely

## RISK FACTORS

payments for its services could have a material and adverse impact on the Group's results of operations and financial condition.

In the event of changes to the PRC government's budgets or policies, the customers of the Group may require the Group to change its construction methods, equipment or other performance terms, direct it to reconfigure its designs or purchase specific equipment for the relevant project in connection with its engineering and construction projects, or undertake additional obligations or change other contractual terms, thereby subjecting the Group to additional costs and potentially result in delays in project commencement or completion.

### **The Group may fail to obtain or maintain the approvals, permits, licenses and certificates required for the construction and operations of its projects**

The Group is required to obtain various approvals, permits, licenses and certificates from various governmental authorities for the construction and operation of its projects. Procedures for granting such permits vary geographically, and certain projects may not timely receive their permits for a variety of reasons. In addition, some of these approvals, licenses, permits and certificates are subject to periodic review and renewal by governmental authorities and the standards of compliance required in relation thereto may from time to time be subject to changes without substantial advance notice. Any changes in the existing policies in relation to the renewal criteria or standards of compliance may result in failure to obtain or maintain such approvals, permits, licenses and certificates, imposition of fines and other penalties or incurrence of additional costs of compliance, which would in turn have a material adverse effect on the Group's business and results of operations. There can be no assurance that the Group will be able to obtain the required approvals, licenses, permits and certificates in a timely manner or at all. If the Group fails to obtain the required approvals, permits, licenses and certificates, it may be subject to fines and penalties imposed by the relevant governmental authorities and may be required to suspend the operation of its facilities. Any penalties, allegations or proceedings arising from the lack of required approvals, licenses, permits and certificates may have an adverse effect on the Group's business and results of operations.

### **The Group's projects are capital intensive, and the Group may fail to obtain sufficient funding for these projects**

The Group's business and operations are capital intensive and the recovery of the capital investment in a project could take a long period of time. The Group's projects typically require significant initial cash outlays as it acquires land use rights, construct facilities and purchase property, plant and equipment. The project construction phase typically lasts approximately 12 to 18 months. The Group is responsible for the costs of construction of its facilities. With respect to the Group's BOT, BOO and Transfer-Operate-Transfer ("TOT") projects, the Group is responsible for the cost of operations, repairs and maintenance during the relevant concession periods. Expenses in connection with any major overhaul, renovations, remodeling or upgrade of the Group's existing facilities or equipment could be substantial.

## RISK FACTORS

Accordingly, the success of the Group is heavily dependent on its ability to obtain sufficient external financing, which is subject to a number of uncertainties including, among others, regulatory approvals required to obtain financing in the domestic or international markets, the Group's financial condition, results of operations, cash flows and credit history, restrictive covenants under the Group's existing debt instruments, the conditions of the global and domestic credit and capital markets, and changes in PRC monetary policies with respect to bank lending practices and conditions. In addition, with respect to each project the Group undertakes, it is required by PRC laws to contribute at least 20% of the total project investment amounts from its own funds. If the Group fails to generate sufficient cash from its operations, the Group may not have sufficient funds to finance the required portion to be contributed by it for its projects. In addition, if the Group incurs substantial amounts of additional debt, its finance costs may increase substantially, which could increase its vulnerability to general economic and industry conditions, requiring the Group to dedicate a substantial portion of cash flow to service its debts, limiting its flexibility in planning and further increasing the costs of additional financing. If the Group fails to secure sufficient external financing or generate sufficient cash from its operations to finance its projects, or if its finance costs increase materially, the Group's financial condition and results of operations may be materially and adversely affected.

### **Due to the Group's rapid expansion, the historical results of operations of the Group may not be indicative of its future performance**

The Group's business has expanded from a total of 122 projects as of 1 January 2015 to 299 projects as of 30 June 2018. Due to the Group's significant and rapid growth, some of its projects have only recently commenced commercial operation and have limited operation history, and the Group has a large portfolio of pipeline projects compared with its projects in operation. Accordingly, the historical financial results of the Group may be of limited value in assessing its performance, and its results of operations for any period should not be relied upon as an indication of its performance for any future period. The Group's results of operations, financial condition and future success depend, to a significant extent, on its ability to continue to identify suitable new projects, obtain required regulatory approvals, arrange financing from various sources, complete the projects currently under construction or at the planning stage in a cost-effective and timely manner, and effectively manage and operate projects in operation, among others. There can be no assurance that the Group will be able to increase or maintain its historical revenue or profit levels, or its growth or size of project portfolio.

### **The Group depends on its key personnel and skilled labour**

The Group's future success is heavily dependent upon the continued service of its senior management, key executive officers and other key employees. The Group also relies on a number of key technology officers, engineers and staff for the operation and maintenance of its facilities to maintain its competitiveness. If one or more of the Group's key personnel are unable or unwilling to continue in their present positions, the Group may not be able to replace them easily or at all and may incur additional expenses to recruit and train new personnel. Accordingly, the Group's business could be severely disrupted and its results of operations could be adversely affected.

## RISK FACTORS

In addition, the Group's ability to develop and implement new technologies, respond to changes in industry trends and offer high-quality services depends on its ability to hire and retain qualified employees in the long term. While the Group enhances recruitment efficiency and expands its recruitment channels through professional recruitment agencies and coordinating with reputable universities to recruit talent, the Group competes with other companies in similar industries in recruiting adequately skilled employees. Due to the specialised nature of the work, there is a limited supply of such employees. If the Group is unable to attract and retain a sufficient number of suitably skilled and qualified employees, its business and results of operations could be adversely affected.

### **The Group may not be able to adapt to rapidly changing technologies**

The Group's continued success and competitiveness depend on its ability to adapt to rapidly changing technologies. Changes in governmental regulations and industry standards may impose more stringent performance or requirements with respect to operating efficiency, emissions and discharge which may require the Group to adopt new technologies, perform equipment upgrades or improve its existing technologies. Such changes could require substantial investments and increase the Group's operating and research and development costs. There can be no assurance that the Group will be able to keep up with changes in technology in a timely manner or at a reasonable cost. In addition, the Group may adopt advanced technologies, including mature technologies available overseas, which may turn out to be unsuitable or non-optimal for use due to unexpected raw material conditions in China or regions where the Group operates, or the need to invest in research and development efforts to test, modify and customise such technologies for local conditions. If the Group fails to adapt to rapidly changing technologies, the Group may not be able to maintain or improve its competitive position, which will have a material adverse impact on its business and prospects.

### **Unauthorised use of the Group's technology or any claims or litigation that the Group may initiate in the future to protect its intellectual property rights may have material adverse impacts on its business**

The Group relies substantially on a combination of patents and other proprietary rights. The Group's intellectual property has contributed significantly to the efficiency of its facilities, the quality of its operation and its ability to secure new projects and purchase orders. Such intellectual property is subject to risks of infringement. If the Group fails to protect its intellectual property rights adequately, its competitors might gain access to its technology. There can be no assurance that the steps taken by the Group will prevent unauthorised use or misappropriation of its technology. Further, there is no assurance that third parties will not assert infringement claims against the Group in respect of its intellectual property or that such claims will not be successful. In addition, the Group relies on the China Everbright Group to protect the "Everbright" brand. Monitoring unauthorised use of its intellectual property is difficult and expensive, and the Group may not be able to immediately detect the unauthorised use of its intellectual property and take remedial steps to protect its rights. Applicable laws may also be unable to fully protect the Group's intellectual property rights. Any claims or litigation that the Group may initiate in the future to protect its intellectual property rights could be

## RISK FACTORS

time-consuming and expensive, diverting management resources regardless of whether or not the disputes are decided in its favour. Moreover, any significant infringement upon its technologies could weaken the Group's competitive position, increase its operating costs and have an adverse effect on the Group's business and results of operations.

### **The Group's efforts to expand into international markets may not be successful**

Despite the Group's focus on the PRC market, it may expand into markets outside the PRC to increase its revenue and enhance its reputation. As of the Latest Practicable Date, the Group has a presence in Germany, Poland and Vietnam. As the Group has limited experience in international operation, any future international expansion could face considerable business and regulatory risks, including:

- market demand for its services;
- a lack of local presence and familiarity with the cultural, regulatory and business environment and practices;
- shortage of personnel with necessary language skills and technical capabilities;
- a lack of familiarity with international suppliers and sub-contractors;
- burden or cost of complying with foreign laws and regulations, including unexpected changes in laws that may have an adverse effect on foreign businesses;
- inherent difficulties and delays in contract enforcement through the use of foreign legal systems;
- difficulties in identifying suitable investment opportunities in a foreign jurisdiction;
- changes in political, regulatory or economic conditions;
- political and social instability, wars and terrorism;
- volatility in currency exchange rates;
- potentially adverse tax consequences;
- foreign exchange control or regulatory restrictions that could prevent the Group from repatriating income earned in such countries;
- difficulties in obtaining necessary permits, approvals, licenses or authorisations for the Group's business and operations; and
- longer payment cycles and problems in collecting accounts receivables.

## RISK FACTORS

There can be no assurance that the Group's efforts to enter into any international markets will be successful. Any of the foregoing risks could result in failure to introduce the Group's services in those markets, which in turn could materially and adversely affect its business, financial condition, results of operations and prospects.

### **The Group's insurance coverage may be inadequate to cover all the risks associated with its business operations**

During the course of its operations, the Group may face various claims and disputes against liabilities that are not insured adequately, or at all, or liabilities that cannot be insured. The Group cannot predict the availability of insurance at acceptable premium levels, or at all. As such the Group may not be able to maintain insurance policies at economically acceptable premiums. The Group may not be able to obtain certain types of insurance (such as insurance covering losses from acts of war and natural catastrophe) at a reasonable cost, or at all. There is no assurance that the Group's insurance policies are sufficient to cover all risks associated with its business operations. Losses incurred due to liabilities not sufficiently covered by insurance policies may have a material and adverse effect on the Group's business, financial condition and results of operations.

### **RISKS RELATING TO THE PRC**

#### **Adverse changes in economic and political policies of the PRC government could have an adverse effect on the overall economic growth in China, which could adversely affect the Group's business**

Substantially all of the Group's operations are conducted in China and substantially all of the Group's revenues are generated from China. Accordingly, the Group's business, financial condition, results of operations and prospects depend to a significant extent on the economic, political and legal developments in China. China's economy has its own characteristics in many respects, including the degree of government involvement in the economy such as government control of foreign exchange and the allocation of resources, the general level of economic development and growth rates. While the PRC economy has experienced significant growth in the past 30 years, the growth varies across different regions and periods and among various economic sectors. The PRC government has implemented various measures to encourage economic development and guide the allocation of resources. In addition, in the past the PRC government implemented certain measures, including interest rate increases, to monitor the pace of economic growth. These measures may hinder economic activity in the PRC. Any future actions and policies adopted by the PRC government could adversely affect the Chinese economy, which may adversely affect the Group's business.

China has been one of the world's fastest growing economies as measured by GDP growth in the past 30 years and has become the world's second largest economy by gross GDP since 2010. However, there is no guarantee that such growth will continue and any slow-down may have a negative effect on the Group's business. Since the second half of 2008, the global economic slowdown, the weak US economy and the sovereign debt crisis in Europe have collectively increased downward pressure on China's economic growth. China's real GDP growth rate has decreased and China's economy is still facing

## RISK FACTORS

considerable downward pressure. Since mid-June 2015, the PRC stock market has experienced a decline and volatility, which led to increased concerns regarding financial stability in China and elsewhere in the world. If the economic growth of China cannot maintain, the Group's business and results of operations may be adversely affected.

### **PRC regulations of loans to and direct investment in PRC entities by offshore holding companies may delay or prevent the Company from transferring funds to its PRC operating subsidiaries**

Any loans to the Company's PRC operating subsidiaries, which are foreign-invested enterprises, cannot exceed statutory limits and are subject to registration with the relevant governmental authorities in the PRC. The Company may not be able to obtain these government registrations or approvals on a timely basis, or at all. If the Company fails to receive such registration, its ability to provide loans to its PRC operating subsidiaries may be negatively affected, which could adversely affect the Group's liquidity and its ability to fund and expand the Group's business.

### **The payment of dividends by the Company's operating subsidiaries in the PRC is subject to restrictions under PRC law**

The Company operates its businesses mainly through its operating subsidiaries in the PRC. The PRC laws require that dividends be paid out of net profit, calculated according to the PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions. The PRC law requires foreign-invested enterprises, including some of the Company's subsidiaries in the PRC, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. Since the availability of funds to fund the Company's operations and to service its indebtedness depends upon dividends received from these subsidiaries, any restrictions on the availability and usage of the Company's major source of funding may impact its ability to fund its operations and to service its indebtedness.

### **The PRC legal system could limit the legal protections available to the Group and the Shareholders**

The PRC legal system is based on written statutes. The PRC government has promulgated laws and regulations dealing with economic matters, such as the issuance and trading of securities, shareholder rights, foreign investment, corporate organization and governance, commerce, taxation and trade. However, many of these laws and regulations are relatively new, will continue to evolve, are subject to different interpretations and may be inconsistently enforced. In addition, the published court decisions may be cited for reference, but such cases have limited precedential value because they are not binding on subsequent cases. These uncertainties relating to the interpretation of PRC laws and regulations can affect the legal remedies and protections available to the Group and the Shareholders and may adversely affect the business of the Group.

## RISK FACTORS

### **The Group may be classified as a “PRC resident enterprise” for PRC enterprise income tax purposes, which could result in the Group’s global income being subject to 25% PRC enterprise income tax**

Under the Enterprise Income Tax Law of the PRC (the “EIT Law”) and its implementation rules, if an enterprise incorporated outside the PRC has its “*de facto* management bodies” located within the PRC, such enterprise may be recognised as a PRC tax resident enterprise and be subject to the unified enterprise income tax rate of 25% on its worldwide income. Under the implementation rules for the EIT Law, “*de facto* management bodies” is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. Since all of our management is currently located in the PRC, we may be recognised as a PRC tax resident enterprise for the purpose of the EIT Law and therefore we would be subject to PRC income tax at the rate of 25% on our worldwide income. In such event, our income tax expenses may increase significantly and our net profit and profit margin could be materially and adversely affected.

### **Shareholders may be subject to PRC withholding tax on dividends from the Company and PRC income tax on any gain realised on the transfer of the Shares**

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and the investor’s jurisdiction of residence that provides otherwise, PRC withholding tax at the rate of 10% is typically applicable to dividends from PRC sources paid to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business. Any gain realised on the transfer of shares by such investors is generally subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC. Under the PRC Individual Income Tax Law and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realised by such investors on the transfer of shares are generally subject to PRC income tax at a rate of 20% for individuals. Any PRC tax may be reduced or exempt under applicable tax treaties or similar arrangements.

If the Company is treated as a PRC resident enterprise, dividends the Company pays with respect to the Shares, or the gain realised from the transfer of the Shares, may be treated as income derived from sources within the PRC and as a result be subject to the PRC income taxes described above. If PRC income tax is imposed on gains realised through the transfer of the Shares or on dividends paid to the Company’s non-resident investors, the value of Shareholders’ investment in the Shares may be adversely affected. Furthermore, Shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not be able to obtain benefits under such tax treaties or arrangements.

## RISK FACTORS

### **The PRC government's control of foreign currency conversion may limit the Group's foreign exchange transactions, including dividend payments on the Shares**

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and conversion and remittance of foreign currencies are subject to PRC foreign exchange laws and regulations which would affect exchange rates and the Group's foreign exchange transactions. There can be no guarantee that under a certain exchange rate, the Group will have sufficient foreign exchange to meet its foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by the Group, including the payment of dividends, do not require prior approval from the SAFE if such transactions comply with certain procedural requirements. The Group's foreign exchange transactions under the capital account, however, must be approved in advance by the appropriate governmental authorities. There can be no assurance that the Group will be able to obtain such approval in a timely manner, or at all.

In addition, there can be no assurance that the policies regarding foreign exchange transactions under the current account and the capital account will continue in the future. These foreign exchange policies may restrict the Group's ability to obtain sufficient foreign exchange, which could have an effect on its foreign exchange transactions and the fulfillment of its other foreign exchange requirements. If there are changes in the policies regarding the payment of dividends in foreign currencies to shareholders or other changes in foreign exchange policies resulting in insufficient foreign exchange, the Group's payment of dividends in foreign currencies may be affected. If the Group fails to obtain approval from the appropriate governmental authorities to convert RMB into any foreign exchange for foreign exchange transactions, the Group's financial condition may be adversely affected.

### **Fluctuations in exchange rates could result in foreign currency exchange losses**

The value of the RMB against the Hong Kong dollar and the US dollar and other currencies fluctuates, is subject to changes resulting from the PRC government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. Most of the Group's assets are denominated in RMB. As a result, any depreciation of the RMB against the US dollar or the Hong Kong dollar may result in the decrease in the value of the Group's RMB-denominated assets. Conversely, any appreciation of the RMB may adversely affect the value of investment sum in the Group's projects in China. As the Group does not have a foreign currency hedging policy, there is no assurance that it will be able to reduce its foreign currency risk exposure relating to its RMB-dominated assets and liabilities. In addition, there are limited instruments available for the Group to reduce its foreign currency risk exposure at reasonable costs. Further, the Group is also currently required to obtain approvals from the appropriate governmental authorities before converting significant sums of foreign currencies into RMB or vice versa. All of these factors could adversely affect the Group's financial condition and results of operations.

## RISK FACTORS

### RISKS RELATING TO THE RIGHTS ISSUE

**Unless you take up all of your nil-paid Rights Shares and subscribe for all the Rights Shares provisionally allotted to you, this offering will dilute your investment and proportionate interest in the Company**

If you choose not to take up your nil-paid Rights Shares in full, your proportionate ownership and voting interest in the Company will be diluted. Even if you elect to sell your nil-paid Rights Shares prior to the expiration of the applicable trading period, or such nil-paid Rights Shares are sold on your behalf, the consideration received may not be sufficient to fully compensate you for such dilution of your proportionate ownership and voting interest in the Company.

**The market price of the Shares may fluctuate and may fall below the Subscription Price prior to the expiration of the subscription period**

Once you take up your nil-paid Rights Shares to the Rights Issue, you may not revoke such take up. Although the Subscription Price of HK\$6.00 per Rights Share represented a discount to the closing price of HK\$8.75 on the Last Trading Day, the market price of the Shares may fall below the Subscription Price prior to the expiration of the subscription period as a result of, among others, global or the PRC's economic or political conditions, the market's perception of the likelihood of completion of the Rights Issue, regulatory changes affecting the Group's operations and variations in the Group's financial results. Many of these factors are beyond the Group's control. If you take up your nil-paid Rights Shares and the market price of the Shares trades below the Subscription Price on the date the Rights Shares are issued to you in respect of such nil-paid Rights Shares, you will have purchased the Rights Shares at prices higher than the market price. Any decrease in market prices may continue after the completion of the Rights Issue and, as a result, you may not be able to sell such Rights Shares at a price equal to or greater than the Subscription Price.

**An active trading market for the nil-paid Rights Shares may not develop on the Stock Exchange or any over-the-counter trading market and, even if a market does develop, the trading price of the nil-paid Rights Shares may fluctuate**

A trading period has been set for the nil-paid Rights Shares from Monday, 3 September 2018 to Monday, 10 September 2018 (both days inclusive). There is no assurance that an active trading market in the nil-paid Rights Shares on the Stock Exchange will develop during the applicable trading period for nil-paid Rights Shares or that any over-the-counter trading market in the nil-paid Rights Shares will develop. Even if an active market develops, the trading price of the nil-paid Rights Shares may be volatile and subject to the same factors affecting the price of the Shares.

## RISK FACTORS

### **The Subscription Price is not an indication of the Group's underlying value**

Consistent with the customary practice for a rights issue, the Subscription Price was determined based on a discount to the recent closing price of the Shares prior to the issue of the Announcement. The Subscription Price does not bear a direct relationship to past operations, cash flows, earnings, financial condition or any other established criteria for value and you should not consider the Subscription Price to be any indication of the Group's underlying value.

### **You may not be able to participate in future rights issues or to elect to receive stock dividends and may experience dilution of your shareholdings**

The Company may, from time to time, distribute additional rights to the Shareholders, including rights to acquire securities. The Company will not distribute rights to Shareholders, unless the distribution and sales of rights and the securities to which these rights relate are either exempt from registration under the applicable securities laws of the relevant jurisdictions, including the US Securities Act, with respect to all holders of the Company's Shares, or are registered or qualified under the applicable securities law of relevant jurisdictions, including the US Securities Act. There can be no assurance that the Company will be able to establish an exemption from registration under the applicable securities law of any jurisdictions, including the US Securities Act, and the Company is under no obligation to file a registration statement or other similar document with respect to these rights or underlying securities or to endeavour to have a registration statement declared effective under the applicable securities law of any jurisdictions, including the US Securities Act. Accordingly, Shareholders may be unable to participate in rights offerings and may experience dilution of their holdings as a result. In addition, if the Company is unable to sell rights that are not exercised or not distributed or if the sale is not lawful or reasonably practicable, the Company will allow the rights to lapse, in which case Shareholders will receive no value for these rights.



**CHINA EVERBRIGHT INTERNATIONAL LIMITED**

**中國光大國際有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 257)**

**Board of Directors:**

*Executive Directors:*

CAI Yunge (*Chairman*)

WANG Tianyi (*Chief Executive Officer*)

WONG Kam Chung, Raymond (*Chief Financial Officer*)

HU Yanguo (*Deputy General Manager*)

QIAN Xiaodong (*Deputy General Manager*)

**Registered Office:**

Room 2703, 27th Floor

Far East Finance Centre

16 Harcourt Road

Hong Kong

*Independent Non-executive Directors:*

FAN Yan Hok, Philip

MAR Selwyn

ZHAI Haitao

SUO Xuquan

30 August 2018

*To the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders*

Dear Sirs/Madams,

**RIGHTS ISSUE ON THE BASIS OF 10 RIGHTS SHARES FOR  
EVERY 27 EXISTING SHARES HELD ON THE RECORD DATE  
AT THE SUBSCRIPTION PRICE OF HK\$6.00 PER RIGHTS SHARE**

**INTRODUCTION**

Reference is made to the Announcement. On 14 August 2018, the Company announced that it proposed to raise approximately HK\$9,962 million before expenses, by issuing 1,660,263,592 Rights Shares to the Qualifying Shareholders by way of the Rights Issue on the basis of 10 Rights Shares for every 27 Existing Shares at the Subscription Price of HK\$6.00 per Rights Share. The Company will provisionally allot 10 Rights Shares in nil-paid form for every 27 Existing Shares held by the Qualifying Shareholders on the Record Date. Fractional entitlements will not be allotted but will be aggregated and sold for the benefit of the Company.

The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders.

## LETTER FROM THE BOARD

Since there was no new Share being issued or bought back by the Company on or before the Record Date, the total number of issued Shares on the Record Date was 4,482,711,700, and accordingly the Company will issue 1,660,263,592 Rights Shares to the Qualifying Shareholders.

CE Hong Kong, a controlling shareholder of the Company, is interested in 1,864,951,910 Shares, representing approximately 41.60% of the total number of issued Shares. Pursuant to the Irrevocable Undertaking, CE Hong Kong has, among other things, irrevocably undertaken to the Company and the Sole Underwriter that it will and/or will procure its subsidiaries to take up 800,722,928 Rights Shares, which comprises (i) 690,722,928 Rights Shares, representing its/their full provisional entitlement to the new Shares under the Rights Issue, and (ii) additional 110,000,000 Shares by application for excess Rights Shares.

The Rights Shares (other than the Rights Shares that CE Hong Kong has undertaken to take up pursuant to the Irrevocable Undertaking) will be fully underwritten by the Sole Underwriter, on the terms and subject to the conditions of the Underwriting Agreement.

The purpose of this Prospectus is to provide you with, among other things, further information regarding the details of the Rights Issue.

### RIGHTS ISSUE

#### Rights Issue statistics

Basis of the Rights Issue	:	10 Rights Shares for every 27 Existing Shares held on the Record Date
Number of Shares in issue at the close of business on the Record Date	:	4,482,711,700 Shares
Number of Rights Shares to be issued under the Rights Issue	:	1,660,263,592 Rights Shares (assuming no new Shares are issued (other than Rights Shares) and no buy-back of Shares on or before the Record Date)
Subscription Price	:	HK\$6.00 per Rights Share
Sole Global Coordinator, Sole Bookrunner and Sole Underwriter	:	China International Capital Corporation Hong Kong Securities Limited
Enlarged number of Shares in issue upon completion of the Rights Issue	:	6,142,975,292 Shares (assuming no new Shares are issued (other than Rights Shares) and no buy-back of Shares on or before the completion of Rights Issue)

## LETTER FROM THE BOARD

Amount to be raised	:	HK\$9,962 million, before expenses
Right to make excess applications	:	Qualifying Shareholders (other than the PRC Southbound Trading Investors) may apply, by way of excess application, for Rights Shares in excess of their provisional allotment

The Sole Underwriter is a licensed corporation to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO. To the best knowledge and information of the Directors, after reasonable enquiries, the Sole Underwriter is independent of and not connected with the Company or its connected persons.

Assuming no change in the total number of issued Shares from the Record Date up to the date of completion of the Rights Issue, the total number of 1,660,263,592 nil-paid Rights Shares proposed to be provisionally allotted represents approximately 37.04% of the Company's total number of issued Shares as at the Record Date and approximately 27.03% of the enlarged total number of issued Shares immediately upon completion of the Rights Issue.

As at the Latest Practicable Date, the Company has no other outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into or confer any right to subscribe for Shares.

### Subscription Price

The Subscription Price for the Rights Shares is HK\$6.00 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, upon application for excess Rights Shares under the Rights Issue or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 31.43% to the closing price of HK\$8.75 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 25.09% to the theoretical ex-rights price of approximately HK\$8.01 per Share based on the closing price of HK\$8.75 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 32.74% to the average closing price of HK\$8.92 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 34.50% to the average closing price of HK\$9.16 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;

## LETTER FROM THE BOARD

- (e) a premium of approximately 7.33% over the unaudited consolidated net asset value (before the 2018 Interim Dividend) attributable to equity holders of the Company per Share as at 30 June 2018 of approximately HK\$5.59; and
- (f) a discount of approximately 12.15% to the closing price of HK\$6.83 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The 2018 Interim Dividend of HK12.0 cents per Share for the six months ended 30 June 2018 as announced by the Company on 14 August 2018 has not been included in the calculation of the theoretical ex-rights price in (b) above.

The Subscription Price was determined by the Directors with reference to the market price of the Shares prior to and including the Last Trading Day, the financial conditions of the Company, market price and trading liquidity of the Shares, the prevailing market conditions, including but not limited to recent market volatility, the issuance size of the Rights Issue, and the discount levels adopted by precedent rights issue transactions of similar size and of similar underwriting arrangement. Each Qualifying Shareholder will be entitled to subscribe for Rights Shares at the Subscription Price in proportion with his/her/its shareholding in the Company held on the Record Date.

The net price per Rights Share (i.e. the Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of the Rights Shares will be approximately HK\$5.97.

After taking into consideration the reasons for the Rights Issue as stated in the paragraph headed "Reasons for the Rights Issue and Use of Proceeds" in this Prospectus, the Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price (and the discounts to the relative values indicated above) to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

### **Basis of provisional allotment**

The basis of the provisional allotment shall be 10 Rights Shares for every 27 Existing Shares held on the Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares with the Registrar on or before the Latest Time for Acceptance.

### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be:

1. registered as a member of the Company on the Record Date; and
2. not be a Non-Qualifying Shareholder.

## LETTER FROM THE BOARD

In order to be registered as a member of the Company on the Record Date so as to qualify for the Rights Issue, all transfer documents of the Shares must be lodged (together with the relevant Share certificates) with the Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 22 August 2018.

The last day of dealings in the Shares on a cum-rights basis for the Rights Issue was Monday, 20 August 2018. The Shares have been dealt in on an ex-rights basis for the Rights Issue from Tuesday, 21 August 2018.

The Company will send the Rights Issue Documents to the Qualifying Shareholders on Thursday, 30 August 2018. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable and legally permitted, the Company will send copies of this Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL or EAF to them.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

The PRC Southbound Trading Investors may participate in the Rights Issue through China Clear. China Clear will provide nominee services for the PRC Southbound Trading Investors to (a) sell their nil-paid Rights Shares on the Stock Exchange; and/or (b) subscribe for their pro-rata entitlement in respect of Shares held on the Record Date at the Subscription Price under the Rights Issue in accordance with the relevant laws and regulations. However, China Clear will not support applications by such PRC Southbound Trading Investors for excess Rights Shares under the Rights Issue through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. Please refer to the paragraph headed "PRC Southbound Trading Investors" below for more details.

The Latest Time for Acceptance is expected to be 4:00 p.m. on the Final Acceptance Date.

### **Closure of register of members**

The register of members of the Company was closed from Thursday, 23 August 2018 to Wednesday, 29 August 2018, both days inclusive for determining the entitlements to the Rights Issue. No transfer of Shares was registered during this period.

## LETTER FROM THE BOARD

### Non-Qualifying Shareholders

Based on the register of members of the Company, as at the Latest Practicable Date, there were six Overseas Shareholders with registered addresses located in Macau, Australia and the United States who held an aggregate of 100,020 Shares, representing approximately 0.0022% of the total issued Shares. The Company has made enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules with overseas legal advisers regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange in that place of extending the Rights Issue to such Overseas Shareholders. Based on the results of such enquiries made and in view of the percentage of shareholdings of the Overseas Shareholders in the Specified Territories (namely, Macau and the United States) being insignificant and representing less than 0.01% of the total number of issued Shares, the Directors consider it necessary or expedient not to offer the Rights Shares to the Overseas Shareholders in the Specified Territories. To the extent practicable and legally permitted, the Company will send a copy of the Prospectus to each of such Overseas Shareholders in the Specified Territories (namely, Macau and the United States) for information only, but not the PAL or the EAF. The Rights Issue Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than (i) Hong Kong and (ii) the PRC, in accordance with the CSRC notice.

Beneficial Owners may or may not be eligible to take part in the Rights Issue.

Accordingly, for the purposes of the Rights Issue, the Non-Qualifying Shareholders are Shareholders whose name(s) appeared in the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in any of the Specified Territories or any Beneficial Owners, as the case may be, except for those Shareholders or Beneficial Owners, as the case may be, who fulfil, to the satisfaction of the Company, the relevant requirements specified in the paragraph headed "Limited categories of persons in the Specified Territories who may be able to take up their nil-paid Rights Shares and subscribe for the Rights Shares under the Rights Issue" below.

Notwithstanding any other provision in the Rights Issue Documents, the Company reserves the right to permit any Shareholder or Beneficial Owner (including a Shareholder or Beneficial Owner in any of the Specified Territories) to participate in the Rights Issue and take up his/her/its entitlement to the Rights Shares if the Company, in its absolute discretion, is satisfied that the offer under the Rights Issue is exempt from or not subject to or can otherwise be lawfully made to them without contravention of any relevant legal or regulatory requirements. Moreover, the Company also reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction.

Receipt of any of the Rights Issue Documents or the crediting of Rights Shares in nil-paid form to a stock account in CCASS does not and will not constitute an offer in those jurisdictions where the Directors, based on enquiries made by them, consider it necessary or expedient not to extend the Rights Issue or in any territory in which it would be unlawful to extend the Rights Issue, and, in those circumstances, the Rights Issue Documents must be treated as sent for information only and should not be copied or redistributed. Any person (including, without limitation, any agent, custodian, nominee

## LETTER FROM THE BOARD

and trustee) who receives a copy of any of the Rights Issue Documents or whose stock account in CCASS is credited with Rights Shares in nil-paid form should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer Rights Shares in nil-paid form to any person in, any of the Specified Territories or any territory in which it would be unlawful to extend the Rights Issue. If any of the Rights Issue Documents is received by, or any Rights Shares in nil-paid form are credited to the stock account in CCASS of, any person in any such territory or his/her/its agent, custodian, nominee or trustee, he/she/it should not take up such Rights Shares in nil-paid form or transfer the PAL (or apply for any excess Rights Shares under the EAF) or transfer such Rights Shares in nil-paid form in CCASS (if applicable) unless such person is able to demonstrate to the satisfaction of the Company, or the Company determines, in its absolute discretion, that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, any agent, custodian, nominee and trustee) who distributes or forwards this Prospectus or a PAL and/or an EAF in, into or from any of the Specified Territories (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

Arrangements have been made in respect of those Shareholders whose name(s) appeared on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is/are in any of the Specified Territories, such that the Rights Shares which would otherwise have been provisionally allotted to them had they been Qualifying Shareholders will be allotted to a nominee that will sell such Rights Shares in the market in their nil-paid form, for the benefit of the Shareholders referred to above in this paragraph, as soon as practicable after dealings in the nil-paid Rights Shares commence and before the last date for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. The aggregate net proceeds of such sale will be paid to Non-Qualifying Shareholders who were registered Shareholders as at the close of business on the Record Date in Hong Kong dollars (pro-rata to their shareholdings on the Record Date), provided that if any of such Non-Qualifying Shareholders would be entitled to a sum not exceeding HK\$100, such sum will be paid to the Company for its own benefit. Any unsold nil-paid Rights Shares to which those Non-Qualifying Shareholders who are registered Shareholders as at the close of business on the Record Date would otherwise have been entitled will be available for excess application by Qualifying Shareholders under the EAFs.

### **Limited categories of persons in the Specified Territories who may be able to take up their nil-paid Rights Shares and subscribe for the Rights Shares under the Rights Issue**

Notwithstanding what is said in the paragraph headed "Non-Qualifying Shareholders" above, the following limited categories of persons in the Specified Territories may be able to take up their rights under the Rights Issue:

- (i) Shareholders and Beneficial Owners in the United States are generally Non-Qualifying Shareholders. However, Shareholders and Beneficial Owners in the United States whom the Company reasonably believes to be "qualified institutional buyers" (as defined in Rule 144A under the US Securities Act) may be able to take up the Rights Shares in nil-paid or fully-paid forms under the Rights Issue in transactions exempt from the registration requirements under the US Securities Act, provided that they fulfil the relevant requirements to the satisfaction of the Company; and

## LETTER FROM THE BOARD

- (ii) the Company reserves the absolute discretion in determining whether to allow any participations in the Rights Issue as well as the identity of the persons who may be allowed to participate in any of the Specified Territories. Shareholders and Beneficial Owners in any of the Specified Territories may still participate in the Rights Issue, subject to the Company's absolute discretion, provided that such Shareholders and Beneficial Owners are able to provide the Company with evidence, to the Company's satisfaction, that they fulfil the relevant requirements in the relevant jurisdiction(s). For Beneficial Owners in any of the Specified Territories who want to participate in the Rights Issue, please contact your Intermediary to make the necessary arrangements.

### **PRC Southbound Trading Investors**

According to the search results on the "CCASS Shareholding Search" available on the Stock Exchange's website (<http://www.hkexnews.hk>) on the Latest Practicable Date, as at 23 August 2018, China Clear held in aggregate 122,314,827 Shares, representing approximately 1.99% of the enlarged number of 6,142,975,292 issued Shares (assuming no new Shares are issued (other than the Rights Shares) and no buy-back of Shares on or before the completion of Rights Issue). China Clear is a CCASS Participant with HKSCC Nominees Limited.

The Directors have made the relevant enquiries and were advised that the PRC Southbound Trading Investors may participate in the Rights Issue through China Clear. China Clear will provide nominee services for the PRC Southbound Trading Investors to (i) sell (in full or in part) their nil-paid Rights Shares on the Stock Exchange under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect; and/or (ii) subscribe (in full or in part) for their pro-rata entitlement in respect of Shares held on the Record Date at the Subscription Price under the Rights Issue in accordance with the relevant laws and regulations. However, China Clear will not support applications by such PRC Southbound Trading Investors for excess Rights Shares under the Rights Issue through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. In addition, according to the PRC legal adviser of the Company, the PRC Southbound Trading Investors (or the relevant China Clear participants as the case may be) whose stock accounts in the China Clear are credited with nil-paid Rights Shares can only sell those nil-paid Rights Shares on the Stock Exchange via China Clear under Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect and can neither purchase any nil-paid Rights Shares nor transfer such nil-paid Rights Shares to other PRC Southbound Trading Investors.

**The PRC Southbound Trading Investors should seek advice from their Intermediary (including broker, custodian, nominee or China Clear participant) and/or other professional advisers for details of the logistical arrangements as required by China Clear, and provide instructions with such Intermediary in relation to the acceptance and/or sale of the nil-paid Rights Shares. Such instructions should be given in advance of the relevant dates stated in the section headed "Expected Timetable" in this Prospectus and otherwise in accordance with the requirements of the Intermediary of the PRC Southbound Trading Investors and/or China Clear in order to allow sufficient time to ensure that such instructions are given effect.**

## LETTER FROM THE BOARD

According to the legal advice of the PRC legal adviser of the Company, as the Rights Issue Documents have not been and are not intended to be filed with or approved by the CSRC other than in accordance with the CSRC Notice, the Rights Shares (in both their nil-paid and fully-paid forms) shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person or entity, unless such person or entity is a PRC Southbound Trading Investor (subject to certain limitations in relation to its rights to participate in the Rights Issue as explained in this Prospectus) or a Qualifying Shareholder in the PRC, or it has otherwise been exempted by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations.

As such, the Rights Issue Documents may not be distributed in or forwarded to the PRC or used in connection with any offer for subscription or sale of the Rights Shares (in nil-paid and fully-paid forms) in the PRC, except that the same may be despatched to China Clear in the PRC or the Qualifying Shareholder in the PRC or to the extent in compliance with applicable PRC laws and regulations, and the Rights Issue Documents may not be made publicly available in the PRC.

Save and except for the PRC Southbound Trading Investors and Shareholders who have been exempted by or have obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations, based on the legal advice of the PRC legal adviser of the Company, other Shareholders in the PRC are not entitled to participate in the Rights Issue.

### **Distribution of Rights Issue Documents**

The Company will only despatch the Rights Issue Documents to Qualifying Shareholders. To the extent reasonably practicable and legally permitted, the Company will send copies of this Prospectus (but not the PAL and the EAF) to Non-Qualifying Shareholders whose names appeared on the register of members of the Company at the close of business on the Record Date for information purposes only.

This Prospectus will not be sent to any Shareholders or Beneficial Owners in the Specified Territories except to those Shareholders or Beneficial Owners who satisfy relevant requirements to the satisfaction of the Company.

Distribution of the Rights Issue Documents into jurisdictions other than Hong Kong may be restricted by law. Any person who receives the Rights Issue Documents (including, without limitation, any agent, custodian, nominee and trustee) should be aware of and comply with the applicable restriction in the relevant jurisdiction(s). Failure to comply with any applicable restrictions may constitute a violation of the securities laws of the relevant jurisdiction(s). Any Shareholder or Beneficial Owner who is in doubt as to his/her/its position should consult an appropriate professional adviser without delay. In particular, subject to certain exceptions as determined by the Company, this Prospectus should not be distributed, forwarded to or transmitted in, into or from any of the Specified Territories either with or without the PAL or the EAF.

## LETTER FROM THE BOARD

The Rights Issue Documents will not be registered or filed under any applicable securities or equivalent legislation of any jurisdiction other than (i) Hong Kong and (ii) the PRC, in accordance with the CSRC Notice.

### **Fractional Entitlements of the Rights Shares**

The Company will not provisionally allot and will not accept applications for any fraction of Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number). Fractional entitlements to any Rights Shares will be disregarded and will be aggregated and allocated to satisfy excess applications (if any) and/or disposed of in such manner as the Directors in their absolute discretion deem appropriate and for the benefits and interests of the Company and more particularly described in the paragraph headed “Application for excess Rights Shares” below.

### **Procedures for Acceptance or Transfer**

#### *General*

Any person (including, without limitation, any agent, custodian, nominee and trustee) wishing to take up the Rights Shares in nil-paid form or fully-paid form under the Rights Issue must satisfy himself/herself/itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The attention of Shareholders whose registered addresses are in any of the Specified Territories or who are holding Shares on behalf of persons with such addresses is drawn to the paragraph headed “Non-Qualifying Shareholders” above.

Each subscriber of the Rights Shares being offered and sold outside the United States will be deemed (by accepting delivery of this Prospectus) to have given each of the following representations and warranties to the Company and the Sole Underwriter and to any person acting on their behalf, unless in their sole discretion the Company and the Sole Underwriter waive such requirement expressly in writing that:

- he/she/it was a Shareholder as at the Record Date, or he/she/it lawfully acquired or may lawfully acquire the nil-paid Rights Shares, directly or indirectly, from such a person;
- he/she/it may lawfully be offered, take up, exercise, obtain, subscribe for and receive the nil-paid Rights Shares and/or the Rights Shares in the jurisdiction in which he/she/it resides or is currently located;
- subject to certain exceptions, he/she/it is not resident or located in, or a citizen of, the United States;

## LETTER FROM THE BOARD

- subject to certain exceptions, he/she/it is not accepting an offer to acquire or take up the nil-paid Rights Shares or the Rights Shares on a non-discretionary basis for a person who is resident or located in, or a citizen of the United States at the time the instruction to accept was given;
- he/she/it is not taking up the nil-paid Rights Shares and/or the Rights Shares for the account of any person who is located in the United States, unless (a) the instruction to acquire or take up the nil-paid Rights Shares or to subscribe for or accept the Rights Shares was received from a person outside the United States; and (b) the person giving such instruction has confirmed that it (i) has the authority to give such instruction and (ii) either (x) has investment discretion over such account, or (y) is an investment manager or investment company that is acquiring the Rights Shares in an “offshore transaction” within the meaning of Regulation S under the US Securities Act;
- he/she/it is acquiring the nil-paid Rights Shares and/or the Rights Shares in an “offshore transaction” within the meaning of Regulation S under the US Securities Act;
- he/she/it has not been offered the Rights Shares by means of any “directed selling efforts” as defined in Regulation S under the US Securities Act;
- he/she/it is not acquiring the nil-paid Rights Shares or the Rights Shares with a view to the offer, sale, transfer or distribution, directly or indirectly, of such nil-paid Rights Shares or Rights Shares into the United States; and
- he/she/it understands that neither the nil-paid Rights Shares nor the Rights Shares have been or will be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and that the nil-paid Rights Shares and the Rights Shares are being offered and sold outside the United States in reliance on Regulation S under the US Securities Act. Consequently, he/she/it understands the nil-paid Rights Shares and the Rights Shares may not be offered, sold, pledged or otherwise transferred in or into the United States, except in reliance on an exemption from, or in transactions not subject to, the registration requirements of the US Securities Act.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties above. Notwithstanding the representations above, the Company may offer and sell the Rights Shares in nil-paid or fully-paid forms in the United States to persons the Company reasonably believes to be “qualified institutional buyers” (as defined in Rule 144A under the US Securities Act) in transactions exempt from the registration requirements under the US Securities Act, provided that such persons fulfil the relevant requirements to the satisfaction of the Company.

## LETTER FROM THE BOARD

*Action to be taken by registered Shareholders*

### Subscription for all Rights Shares provisionally allotted

For each Qualifying Shareholder, a PAL is enclosed with this Prospectus which entitles such Qualifying Shareholder to subscribe for the number of the Rights Shares shown thereon. If Qualifying Shareholder(s) wish(es) to exercise his/her/its/their right to subscribe for all the Rights Shares provisionally allotted to him/her/it/them as specified in the PAL, he/she/it/they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar by no later than 4:00 p.m. on the Final Acceptance Date. All remittances must be made in Hong Kong dollars and cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "China Everbright International Ltd — Rights Issue Account" and crossed "Account Payee Only".

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on the Final Acceptance Date, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by Qualifying Shareholders. The Company may, at its discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

All cheques and cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the PAL and any acceptance of it have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to such warranty and representation. Any PAL in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. If the Sole Underwriter exercises its right to terminate the Underwriting Agreement before the Latest Time for Termination and/or if any of the conditions mentioned in the subsection headed "Underwriting Arrangement — Conditions of the Rights Issue" below is not fulfilled or waived (as applicable), the monies received in respect of the relevant provisional allotments will be returned to the relevant persons without interest by means of cheques despatched by ordinary post at the risk of such persons as soon as practicable thereafter.

### Transfers and "splitting" of nil-paid Rights Shares

Nil-paid Rights Shares can be traded on the Stock Exchange. A Qualifying Shareholder can accept all of his/her/its provisional allotment of Rights Shares, or sell all of his/her/its provisional allotment on the Stock Exchange or accept only part of his/her/its provisional allotment and sell the remaining part on the Stock Exchange.

## LETTER FROM THE BOARD

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer a part of his/her/its nil-paid Rights Shares or to transfer his/her/its nil-paid Rights Shares to more than one person, the original PAL must be surrendered and lodged for cancellation together with a covering letter stating clearly the number of split PALs required and the number of nil-paid Rights Shares to be comprised in each split PAL (which, in aggregate, should be equal to the number of Rights Shares provisionally allotted to such holder as stated in Box B of the original PAL), by no later than 4:30 p.m. on Wednesday, 5 September 2018 to the Registrar, who will then cancel the original PAL and issue new PALs in the denominations required, which will be available for collection at the Registrar after 9:00 a.m. on the second Business Day after the surrender of the original PAL. This process is commonly known as “splitting” nil-paid Rights Shares.

Having “split” nil-paid Rights Shares, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new PAL should do so in accordance with the instructions given above in relation to the subscription for all the Rights Shares provisionally allotted.

If a Qualifying Shareholder wishes to transfer all of his/her/its nil-paid Rights Shares under a PAL (or a split PAL, as the case may be) to another person, he/she/it should complete and sign the “Form of Transfer and Nomination” (Form B) in the PAL and hand the PAL to the person to or through whom he/she/it is transferring his/her/its nil-paid Rights Shares. The transferee must then complete and sign the registration details in the PAL and lodge the PAL intact together with a remittance for the full amount payable on acceptance with the Registrar to effect the transfer by no later than 4:00 p.m. on the Final Acceptance Date.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

### Important notice and representations and warranties relating to registered Shareholders in any of the Specified Territories

Any registered Shareholder accepting and/or transferring a PAL or requesting registration of the Rights Shares comprised therein represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person’s use of the PAL will not result in the contravention of any applicable legal or regulatory requirements in any jurisdiction: (i) such person is not accepting and/or transferring the PAL, or requesting registration of the relevant nil-paid Rights Shares or the Rights Shares from within any of the Specified Territories; (ii) such person is not in any of the Specified Territories or in any territory in which it may otherwise violate any applicable legal or regulatory requirements to make or accept an offer to acquire the Rights Shares or to use the PAL in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person resident in any of the Specified Territories at the time the instruction to accept or transfer was given; and (iv) such person is not acquiring the Rights Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any of the Rights Shares into any of the Specified Territories. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the above representations and warranties.

## LETTER FROM THE BOARD

The Company may treat as invalid any acceptance or purported acceptance of the allotment of Rights Shares comprised in, or transfer or purported transfer of, a PAL if it: (i) appears to the Company to have been executed in, or despatched from, any of the Specified Territories and the acceptance may involve a breach of the laws of the relevant places or Specified Territories, or the acceptance is otherwise in a manner which may involve a breach of the laws or other regulatory requirements of any jurisdiction, or if it or its agents believe the same may violate any applicable legal or regulatory requirements; (ii) provides an address in any of the Specified Territories for delivery of definitive share certificates for Rights Shares or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would violate any applicable legal or regulatory requirements to deliver such certificates; or (iii) purports to exclude the representation and/or warranty required by the paragraph immediately above.

*Actions to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than Shares deposited in CCASS)*

### Subscription for Rights Shares provisionally allotted and transfers and “splitting” of nil-paid Rights Shares

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Owner and you wish to subscribe for the Rights Shares provisionally allotted to you, or sell your nil-paid Rights Shares or “split” your nil-paid Rights Shares and accept part of your provisional allotment and sell the remaining part, you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for Rights Shares which have been provisionally allotted in respect of the Shares in which you are beneficially interested.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the “Expected Timetable” in this Prospectus and otherwise in accordance with the requirements of the Registered Owner in order to allow the Registered Owner sufficient time to ensure that your instructions are given effect.

### Important notice and representations and warranties relating to Beneficial Owners in any of the Specified Territories whose Shares are held by a Registered Owner (other than CCASS)

Any Beneficial Owner accepting and/or transferring a PAL or requesting registration of the Rights Shares comprised therein represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person’s use of the PAL will not result in the contravention of any applicable legal or regulatory requirements in any jurisdiction: (i) such person is not accepting and/or renouncing the PAL, or requesting registration of the relevant nil-paid Rights Shares or the Rights Shares from within any of the Specified Territories; (ii) such person is not in any of the Specified Territories or in any territory in which it may otherwise violate any applicable legal or regulatory requirements to make or accept an offer to acquire the Rights Shares or to use the PAL in any manner in which such person has used or will use

## LETTER FROM THE BOARD

it; (iii) such person is not acting on a non-discretionary basis for a person resident in any of the Specified Territories at the time the instruction to accept or transfer was given; and (iv) such person is not acquiring the Rights Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any of the Rights Shares into any of the Specified Territories.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of Rights Shares comprised in, or transfer or purported transfer of, a PAL if it: (i) appears to the Company to have been executed in, or despatched from, any of the Specified Territories and the acceptance may involve a breach of the laws or other regulatory requirements of the relevant places, or the acceptance is otherwise in a manner which may involve a breach of the laws or other regulatory requirements of any jurisdiction, or if it or its agents believe the same may violate any applicable legal or regulatory requirements; (ii) provides an address in any of the Specified Territories for delivery of definitive share certificates for Rights Shares or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would violate any applicable legal or regulatory requirements to deliver such certificates; or (iii) purports to exclude the representation and/or warranty required by the paragraph immediately above.

*Actions to be taken by Beneficial Owners holding interests in Shares through CCASS*

### Subscription for Rights Shares provisionally allotted and transfers and “splitting” of nil-paid Rights Shares

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to you, or sell your nil-paid Rights Shares or “split” your nil-paid Rights Shares and accept part of your provisional allotment and sell the remaining part, you should (unless you are an Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for Rights Shares which have been provisionally allotted in respect of the Shares in which you are beneficially interested.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the “Expected Timetable” in this Prospectus and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

The procedures for acceptance, transfer and/or “splitting” of Rights Shares provisionally allotted to Beneficial Owners who have been admitted to participate in CCASS as Investor Participants shall be in accordance with “Operating Guide for Investor Participants” and any other requirements of CCASS. Beneficial Owners who have been

## LETTER FROM THE BOARD

admitted to participate in CCASS as Investor Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners' interests in Rights Shares should be dealt with.

### Important notice and representations and warranties relating to Beneficial Owners in any of the Specified Territories holding interests in Shares through CCASS

Any Beneficial Owner holding interests in Shares through CCASS and any CCASS Participant who instructs its Intermediary to make an acceptance and/or transfer in accordance with the procedures set out above represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person's acceptance will not result in the contravention of any applicable legal or regulatory requirements in any jurisdiction: (i) such person is not accepting and/or renouncing the PAL, or requesting registration of nil-paid Rights Shares or the Rights Shares from within any of the Specified Territories; (ii) such person is not in any of the Specified Territories or in any territory in which it may otherwise violate any applicable legal or regulatory requirements to make or accept an offer to acquire Rights Shares; (iii) such person is not acting on a non-discretionary basis for a person located within any of the Specified Territories at the time the instruction to accept was given; and (iv) such person is not acquiring Rights Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Rights Shares into any of the Specified Territories. For the avoidance of doubt, HKSCC Nominees Limited, who subscribes for the Rights Shares on behalf of CCASS Participants, is not subject to the above representations and warranties.

The Company may treat as invalid any instruction which appears to the Company to have been despatched from any of the Specified Territories and which may involve a breach of the laws or other regulatory requirements of the relevant places or any instruction which otherwise appears to the Company may involve a breach of the laws or other regulatory requirements of any jurisdiction; or if the Company or its agents believes the same may violate any applicable legal or regulatory requirements; or which purports to exclude the representation and/or warranty required by the paragraph immediately above.

### **Application for excess Rights Shares**

The Qualifying Shareholders (other than the PRC Southbound Trading Investors) may apply, by way of excess application, for:

- (a) any unsold Rights Shares which would have been allotted to the Non-Qualifying Shareholders had they been the Qualifying Shareholders;
- (b) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise subscribed for by renounees or transferees of nil-paid Rights Shares; and
- (c) any unsold Rights Shares created by aggregating fractions of nil-paid Rights Shares.

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If a Qualifying Shareholder (other than the PRC Southbound Trading Investors) wishes to apply for any excess Rights Shares in addition to his/her/its provisional allotment, he/she/it must complete and sign an EAF (in accordance with the instructions printed thereon) and lodge it with the Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, together with a separate cheque or banker's cashier order for the amount payable on application in respect of the excess Rights Shares applied for by no later than 4:00 p.m. on the Final Acceptance Date. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "China Everbright International Ltd — Excess Application A/C" and crossed "Account Payee Only". The Company may at its discretion treat an EAF as valid and binding on the person(s) by himself/herself/itself/themselves or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

The Directors will allocate the excess Rights Shares (if any) at their sole discretion on a fair and equitable basis, and as far as practicable, according to the principle that any excess Rights Shares will be allocated to the Qualifying Shareholders (other than the PRC Southbound Trading Investors) who apply for them on a pro rata basis by reference to the number of excess Rights Shares applied for but no reference will be made to Rights Shares comprised in applications by PAL or the existing number of Shares held by Qualifying Shareholders. If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under PALs is greater than the aggregate number of excess Rights Shares applied for through EAFs, the Directors will allocate to each Qualifying Shareholder (other than the PRC Southbound Trading Investors) who applies for excess Rights Shares in full application. No preference will be given to topping up odd lots to whole board lots.

### Important notice and representations and warranties relating to registered Shareholders in any of the Specified Territories

What is set out under the headings "Procedures for Acceptance or Transfer — Action to be taken by registered Shareholders" and "Procedures for Acceptance or Transfer — Important notice and representations and warranties relating to registered Shareholders in any of the Specified Territories" above in relation to transfer and acceptance of nil-paid Rights Shares and Rights Shares also applies to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

*Actions to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than Shares deposited in CCASS) who wish to apply for excess Rights Shares*

### Excess Rights Shares application procedures

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Owner and you wish to apply for excess Rights Shares, you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to such application. Such instructions and/or arrangements should be given or made in advance of the latest time for

## LETTER FROM THE BOARD

application and payment for excess Rights Shares stated in the section headed “Expected Timetable” in this Prospectus and otherwise in accordance with the requirements of the Registered Owner, in order to allow the Registered Owner sufficient time to ensure that your instructions are given effect.

### Important notice and representations and warranties relating to Beneficial Owners in any of the Specified Territories whose Shares are held by a Registered Owner (other than CCASS)

What is set out under the heading “Procedures for Acceptance or Transfer — Actions to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than Shares deposited in CCASS) — Important notice and representations and warranties relating to Beneficial Owners in any of the Specified Territories whose Shares are held by a Registered Owner (other than CCASS)” above in relation to transfer and acceptance of nil-paid Rights Shares and Rights Shares also applies to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

*Actions to be taken by Beneficial Owners holding interests in Shares through CCASS who wish to apply for excess Rights Shares*

### Excess Rights Shares application procedures

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to apply for excess Rights Shares, you should (unless you are an Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the application for excess Rights Shares. Such instructions and/or arrangements should be given or made in advance of the date stated in the “Expected Timetable” in this Prospectus as the latest time for application and payment for excess Rights Shares and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedures for application for excess Rights Shares by CCASS Participants shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

The procedures for application for excess Rights Shares by Beneficial Owners who have been admitted to participate in CCASS as Investor Participants shall be in accordance with the “Operating Guide for Investor Participants” and any other requirements of CCASS. Beneficial Owners who have been admitted to participate in CCASS as Investor Participants should contact CCASS to provide CCASS with instructions or make arrangements with CCASS in relation to any applications for excess Rights Shares.

## LETTER FROM THE BOARD

### Important notice and representations and warranties relating to Beneficial Owners in any of the Specified Territories holding interests in Shares through CCASS

What is set out under the heading “Procedures for Acceptance or Transfer — Actions to be taken by Beneficial Owners holding interests in Shares through CCASS — Important notice and representations and warranties relating to Beneficial Owners in any of the Specified Territories holding interests in Shares through CCASS” above in relation to transfer and acceptance of nil-paid Rights Shares and Rights Shares also applies to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

#### *Important notice for Beneficial Owners*

Beneficial Owners with their Shares held by a Registered Owner, or which are held in CCASS, should note that the Board will regard the Registered Owner (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the Beneficial Owners should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to Beneficial Owners individually (including those Beneficial Owners holding the Shares through HKSCC Nominees Limited). HKSCC Nominees Limited will allocate the excess Rights Shares it receives to the relevant CCASS Participants pro-rata to the number of excess Rights Shares each has applied for, or in such other manner as HKSCC considers fair and appropriate, which is pursuant to the allocation basis as stipulated in Rules 8.10.4(ix) of the CCASS Operational Procedures.

Beneficial Owners with their Shares held by a Registered Owner (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own name(s) prior to the Record Date. For Beneficial Owners whose Shares are held by a Registered Owner (or which are held in CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for completion of the relevant registration by 4:30 p.m. on Wednesday, 22 August 2018.

If no excess Rights Shares are allotted to the Qualifying Shareholder who has applied for excess Rights Shares, it is expected that a cheque for the amount tendered on application in full without interest will be despatched to his/her/its registered address by ordinary post at his/her/its own risk on Friday, 21 September 2018. If the number of excess Rights Shares allotted to the Qualifying Shareholder is less than that applied for, it is expected that a cheque for the amount of the surplus application monies, without interest, will be despatched to his/her/its registered address by ordinary post at his/her/its own risk on Friday, 21 September 2018.

All cheques and cashier’s orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an EAF will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with EAF and any acceptance of it, have been, or

## LETTER FROM THE BOARD

will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to such warranty and representation. Completion and return of an EAF together with a cheque or cashier's order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. If any cheque or cashier's order accompanying a completed EAF is dishonoured on first presentation, without prejudice to the other rights of the Company, such EAF is liable to be rejected.

An EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for the amount due, will be despatched by ordinary post at the risk of the persons entitled thereto to their respective registered addresses as shown in the register of members of the Company on the Record Date.

If the Underwriting Agreement is terminated and/or if any of the conditions in the subsection headed "Underwriting Arrangement — Conditions of the Rights Issue" below is not fulfilled or waived (as applicable), the monies received in respect of applications for excess Rights Shares will be returned to the applicants, or in case of joint applicants, to the first-named person, without interest by means of cheques despatched by ordinary post to their respective addresses at their own risk as soon as practicable thereafter.

### **Arrangements on odd lot trading**

Subject to the listing approval for the new Shares being granted by the Stock Exchange, in order to facilitate the trading of odd lots (if any) which may arise as a result of the Rights Issue, the Company has appointed Kingston Securities Limited to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the new Shares to make up a full board lot, or to dispose of their holding of odd lots of the Shares during the period from Monday, 24 September 2018 to Tuesday, 16 October 2018 (both days inclusive).

Shareholders who wish to take advantage of this service should contact Mr. James Lee of Kingston Securities Limited at Suite 2801, 28/F., One International Finance Centre, 1 Harbour View Street, Central, Hong Kong or at telephone number (852) 2298 6228 during office hours (9:00 a.m. to 4:00 p.m.) of the above period.

Shareholders should note that successful matching of the sale and purchase of odd lots of the new Shares is not guaranteed. Shareholders who are in doubt about this service are recommended to consult their professional advisers.

### **Application for listing**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. Rights Shares in both their nil-paid and fully-paid forms will be traded in board lots of 1,000 Shares. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed on, or dealt in, any other stock exchange.

## LETTER FROM THE BOARD

### **Status of the Rights Shares**

The Rights Shares (when allotted, issued and fully paid) will rank pari passu with the then Existing Shares in issue in all respects. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares.

**For the avoidance of doubt, the fully paid Rights Shares will not entitle the holders thereof to the 2018 Interim Dividend as announced by the Company on 14 August 2018.**

### **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirement of HKSCC, the Rights Shares in both their nil-paid and fully paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Shareholders should seek advice from their licensed securities dealers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

### **Stamp duty and other applicable fees and charges**

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

### **Share certificates and refund cheques for the Rights Issue**

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those who have accepted and (where applicable) applied for, and paid for, the Rights Shares by ordinary post at their own risk on Friday, 21 September 2018.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted to the unsuccessful applicants on Friday, 21 September 2018 by ordinary post to the applicants at their own risk.

## LETTER FROM THE BOARD

### IRREVOCABLE UNDERTAKING FROM CE HONG KONG

As at the Latest Practicable Date, CE Hong Kong, a controlling shareholder of the Company, is interested in 1,864,951,910 Shares, representing approximately 41.60% of the total number of issued Shares.

Pursuant to the Irrevocable Undertaking, CE Hong Kong has, among other things, irrevocably undertaken to the Company and the Sole Underwriter that it will and/or will procure its subsidiaries to take up 800,722,928 Rights Shares, which comprises (i) 690,722,928 Rights Shares, representing its/their full provisional entitlement to the new Shares under the Rights Issue, and (ii) additional 110,000,000 Shares by application for excess Rights Shares.

Save for the Irrevocable Undertaking, the Company has not obtained undertakings from any other Shareholders that they will subscribe for any or all of the Rights Shares to be provisionally allotted to them.

The Rights Shares is fully underwritten by the Sole Underwriter on the terms of the Underwriting Agreement other than the Rights Shares agreed to be taken up by CE Hong Kong pursuant to the Irrevocable Undertaking on the terms and conditions set out in the Irrevocable Undertaking.

### UNDERWRITING ARRANGEMENT

#### The Underwriting Agreement

Date:	14 August 2018
Parties:	The Company as the issuer and China International Capital Corporation Hong Kong Securities Limited as the Sole Global Coordinator, Sole Bookrunner and Sole Underwriter
Number of Underwritten Shares:	The total number of Underwritten Shares shall be 859,540,664 Rights Shares, being such number of Rights Shares to be issued pursuant to the Rights Issue less the number of the Rights Shares which CE Hong Kong has undertaken to take up
Underwriting fees:	An amount equal to 0.6% of the Subscription Price multiplied by the number of Underwritten Shares, being approximately HK\$31 million

The Sole Underwriter is a licensed corporation to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO. To the best knowledge and information of the Directors, after reasonable enquiries, the Sole Underwriter is independent of and not connected with the Company or its connected persons.

## LETTER FROM THE BOARD

The underwriting fee rate was determined after arm's length negotiations between the Company and the Sole Underwriter with reference to, among other things, the scale of the Rights Issue, the current and expected market conditions and the underwriting fee rates charged by underwriters in the recent market precedents of rights issue. The Directors (including the independent non-executive Directors) consider the terms of the Underwriting Agreement, including the underwriting fees payable by the Company, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Underwriting Agreement.

### Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. The Underwriting Agreement is conditional upon the following being fulfilled:

- (i) all the respective representations and warranties and other statements in the Underwriting Agreement on the part of the Company being true and accurate in all material respects and not misleading at and as of the date of the Underwriting Agreement, the date of the Prospectus and the date of any supplementary Prospectus, and as of the first Business Day following the Final Acceptance Date, as if they had been repeated by reference to the facts and circumstances then existing, to the performance by the Company of all its obligations under the Underwriting Agreement;
- (ii) the Rights Shares being duly issued and provisionally allotted by the authorized representatives of the Board on the terms set out in the Rights Issue Documents to the Qualifying Shareholders;
- (iii) the Sole Underwriter receiving from the Company certain documents as specified in the Underwriting Agreement by the times and dates specified therein;
- (iv) the delivery of the Rights Issue Documents to the Stock Exchange on the Business Day immediately before the date of the Prospectus and the issue by the Stock Exchange of a certificate of authorization of registration on the Business Day before the date of the Prospectus;
- (v) the Companies Registrar registering the Rights Issue Documents and having all the documents required by the provisions of section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on or before the despatch of the Prospectus;
- (vi) the grant of listing of and permission to deal in the nil-paid Rights Shares and the Rights Shares (either unconditional or subject only to allotment and despatch of the share certificates in respect thereof) by the Stock Exchange and dealings in the nil-paid Rights Shares and the Rights Shares being allowed by the Stock Exchange (and such listing and permission not subsequently being withdrawn or revoked);

## LETTER FROM THE BOARD

- (vii) posting of the Rights Issue Documents to the Qualifying Shareholders on or before the Despatch Date (or such later date to be agreed between the Company and the Sole Underwriter) and the posting, to the extent reasonably practicable and legally permitted, of the Prospectus for information purposes only to the Non-Qualifying Shareholders; provided that the Prospectus shall not be posted to the Non-Qualifying Shareholders who are known by the Company to be resident in the United States;
- (viii) fulfillment by CE Hong Kong with all of its obligations under the Irrevocable Undertaking by the times specified therein, and the Irrevocable Undertaking not having been terminated; and
- (ix) no matter having arisen prior to the Latest Time for Termination which might reasonably be expected to give rise to a claim under "Termination of the Underwriting Agreement" and which, in any such case, the Sole Underwriter considers in its reasonable discretion, as applicable, to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up or the underwriting of the Rights Issue.

The Company shall use its best efforts to procure the fulfilment of each of the conditions set out above, and shall do all acts and things as may be reasonably required by the Sole Underwriter, the Stock Exchange, the SFC and the Companies Registrar and any relevant authority in the PRC for the purposes of or in connection with the listing of and permission to deal in the Rights Shares and the fulfilment of such conditions as mentioned above.

The Sole Underwriter shall have the right, in its absolute discretion, on or before the last day on which each of the conditions is required to be fulfilled, either: (i) to waive any of the conditions specified above (except the conditions specified in (ii), (iv), (v) and (vi)), or (ii) to extend the deadline for the fulfilment of any condition by such number of days or in such manner as the Sole Underwriter may determine in which case the Sole Underwriter shall be entitled to extend the other dates or deadlines referred to in the Underwriting Agreement in such manner as it deems appropriate.

The Underwriting Agreement shall terminate without further act or deed if any of the above conditions to the obligations of the Sole Underwriter thereunder shall not have been satisfied when and as required by the Underwriting Agreement to be satisfied (unless otherwise waived or modified by the Sole Underwriter).

## LETTER FROM THE BOARD

### Termination of the Underwriting Agreement

The Sole Underwriter may, in its discretion (acting reasonably), terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company by the Sole Underwriter at any time prior to the Latest Time for Termination with immediate effect if:

- (i) there shall have developed, occurred, happened or come into effect any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting the assets, liabilities, business, operations, general affairs, management, prospects, results of operations, position or condition, financial or otherwise, or performance of the Company and the other members of the Group, taken as a whole, the effect of which change, development, event or circumstance is, individually or in the aggregate, in the reasonable judgment of the Sole Underwriter, so material and adverse as to make it or likely to make it impracticable or inadvisable or inexpedient to proceed with the Rights Issue or the delivery of the Rights Shares on the terms and in the manner contemplated in the Prospectus or likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
- (ii) any breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Sole Underwriter, or there has been a material breach on the part of the Company of any other provision of the Underwriting Agreement; or
- (iii) there shall have developed, occurred, happened or come into effect any of the following: (A) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; (B) a suspension or material limitation (including, without limitation, any minimum or maximum price limit or range) in or on trading in any securities of the Company listed or quoted on a stock exchange; (C) any downgrading or any notice or announcement of any intended or potential downgrading or of any watch, review or possible change that does not indicate an affirmation or improvement in the rating accorded any securities of or guaranteed by the Company or any other member of the Group by any national or international rating agency; (D) a general moratorium on commercial banking activities declared by relevant authorities in Hong Kong, the PRC, the United States or the United Kingdom or a disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in Hong Kong, the PRC, the United States or the United Kingdom; (E) any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting any taxation, exchange controls or currency exchange rates in Hong Kong, the PRC, the United States or the

## LETTER FROM THE BOARD

United Kingdom; (F) any new laws or any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting existing laws or the interpretation or application of existing laws by any court or other competent authority in Hong Kong, the PRC, the United States or the United Kingdom; (G) any event or circumstance in the nature of force majeure (including, without limitation, any act of government, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in each case, involving or affecting Hong Kong, the PRC, the United States or the United Kingdom; or (H) any change or development or any event or series of events involving a prospective change or any event or series of events or circumstance likely to result in a change or a development involving a prospective change (whether or not permanent) in any local, national or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets and credit markets) in or affecting Hong Kong, the PRC, the United States or the United Kingdom, if the effect of any such event or circumstance specified above, individually or in the aggregate, in the reasonable judgment of the Sole Underwriter, makes it or may make it impracticable or inadvisable or inexpedient to proceed with the Rights Issue or the delivery of the Rights Shares on the terms and in the manner contemplated in the Prospectus or, have or will have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or

- (iv) any statement contained in any of the Relevant Documents (as defined in the Underwriting Agreement) was or has become untrue, incorrect in any material respect or misleading; or
- (v) any matter has arisen or been discovered which would, if the Announcement or the Prospectus (or any supplement or amendment thereto) had been issued at that time, constitute a material omission therefrom if it had not been disclosed in the Announcement or the Prospectus (or any supplement or amendment thereto); or

## LETTER FROM THE BOARD

- (vi) the Company is required to issue a supplementary prospectus in connection with the Rights Issue; or
- (vii) the permission to deal in and the listing of the Rights Shares (in their nil-paid and fully-paid forms) has been withdrawn by the Stock Exchange; or
- (viii) an authority or a political body or organization in any relevant jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Group, which in the reasonable judgment of the Sole Underwriter, makes it or may make it impracticable or inadvisable or inexpedient to proceed with the Rights Issue or the delivery of the Rights Shares on the terms and in the manner contemplated in the Prospectus or, have or will have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
- (ix) any Director committing any act of fraud or other indictable offense which, in the reasonable judgment of the Sole Underwriter, makes it or may make it impracticable or inadvisable or inexpedient to proceed with the Rights Issue or the delivery of the Rights Shares on the terms and in the manner contemplated in the Prospectus or, have or will have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
- (x) any material breach by CE Hong Kong of the Irrevocable Undertaking which, in the reasonable judgment of the Sole Underwriter, makes it or may make it impracticable or inadvisable or inexpedient to proceed with the Rights Issue or the delivery of the Rights Shares on the terms and in the manner contemplated in the Prospectus or, have or will have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up.

**In the event the Sole Underwriter exercises its rights to terminate the Underwriting Agreement prior to the Latest Time for Termination, all obligations of the parties hereto shall cease and determine and none of the parties hereto shall have any claim against the other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of any antecedent breaches and claims).**

**If the Sole Underwriter exercises such right, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Sole Underwriter.**

## LETTER FROM THE BOARD

### Lock up provisions under the Underwriting Agreement

The Company undertakes to the Sole Underwriter that: except (i) for the Rights Shares to be allotted and issued pursuant to the Rights Issue, or (ii) under certain limited circumstance(s); or (iii) with the prior written consent of the Sole Underwriter (and which may be given or withheld at the absolute discretion of the Sole Underwriter), from the date of the Underwriting Agreement up to 90 days after the first day of trading of the Rights Shares on the Stock Exchange, the Company will not:

- (A) allot or issue or sell, or offer to allot or issue or sell, accept subscription for, pledge, lend, mortgage, assign, charge, purchase any option or contract to sell, or grant any option, right or warrant to subscribe for or purchase or lend or otherwise dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or other equity securities of the Company or any interests therein (including but not limited to any securities convertible into or exercisable or exchangeable for any Shares or which carry rights to subscribe for or purchase or receive Shares), or deposit Shares with a depositary in connection with the issue of depositary receipts; or
- (B) enter into a transaction (including, without limitation, a swap or other derivative transaction) that transfers, in whole or in part, any of the economic consequences of ownership of any Shares or such securities of the Company or any interest therein or has an effect on the market in the Shares similar to that of a sale of interest in Shares or repurchase any Shares; or
- (C) enter into any transaction with the same economic effect as any transaction described in (A) or (B) above; or
- (D) offer or agree or contract or announce any intention to enter into or effect any such transaction described in (A), (B) or (C) above whether any of the foregoing transactions described in (A), (B) or (C) above is to be settled by delivery of Shares or such other securities, in cash or otherwise.

## LETTER FROM THE BOARD

### EFFECT OF THE RIGHTS ISSUE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming no new Shares (other than Rights Shares) will be issued and no buy-back of Shares on or before the completion of the Rights Issue, set out below is the shareholding structure of the Company:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue assuming all Qualifying Shareholders take up their respective allotment of Rights Shares in full		Immediately after completion of the Rights Issue assuming no Qualifying Shareholders (save for CE Hong Kong taking up the Rights Shares pursuant to the Irrevocable Undertaking) takes up any of the Rights Shares	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
CE Hong Kong <sup>(Note 1)</sup>	1,864,951,910	41.60	2,555,674,838	41.60	2,665,674,838	43.39
Sole Underwriter	-	-	-	-	859,540,664	14.00
Wong Kam Chung, Raymond	2,000,000	0.04	2,740,740	0.05	2,000,000	0.03
Fan Yan Hok, Philip	8,140,000	0.18	11,154,814	0.18	8,140,000	0.13
Public Shareholders	2,607,619,790	58.18	3,573,404,900	58.17	2,607,619,790	42.45
<b>Total</b>	<b>4,482,711,700</b>	<b>100.00</b>	<b>6,142,975,292</b>	<b>100.00</b>	<b>6,142,975,292</b>	<b>100.00</b>

Note:

- (1) Huijin is indirectly wholly owned by the State Council of the PRC and holds 55.67% equity interest of China Everbright Group. China Everbright Group holds 100% of the issued shares of CE Hong Kong. CE Hong Kong holds (1) 100% of the issued shares of Datten Investments Limited (“Datten”) which in turn holds 55% of the issued shares of Guildford Limited (“Guildford”); (2) 100% of the issued shares of Everbright Investment & Management Limited (“EIM”); and (3) 45% of the issued shares of Guildford, respectively. Out of the 1,864,951,910 Shares, 1,758,215,910 Shares are held by Guildford. The remaining 106,736,000 Shares are held by EIM. Accordingly, CE Hong Kong, China Everbright Group and Huijin are deemed to be interested in 1,758,215,910 Shares held by Guildford and 106,736,000 Shares held by EIM.

### REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is a leading player in China’s environmental protection industry. The Group has six major business sectors, namely environmental energy, environmental water (China Everbright Water Limited (“CEWL”), the shares of which are listed on the Singapore Exchange Securities Trading Limited, Stock Code: U9E.SG), greentech (China Everbright Greentech Limited (“CEGL”), the shares of which are listed on the Stock Exchange, Stock Code: 1257), envirotech, equipment manufacturing and international business. It also manages a large number of industry-leading and world-class projects in the areas of waste-to-energy, water environment management, biomass integrated utilisation, hazardous waste treatment, environmental remediation, solar energy, wind power, environmental protection engineering, technological research and development, environmental protection equipment manufacturing, and the planning and construction of environmental protection industrial parks. The Group has a business presence in over 140 locations across 21 provinces and municipalities in China, as well as in Germany, Poland and Vietnam.

## LETTER FROM THE BOARD

The expenses in relation to the Rights Issue (including the underwriting fee, printing, registration, legal, accounting, stamp duty, levy and documentation charges) are estimated to be approximately HK\$50 million. The estimated net proceeds of the Rights Issue (after deducting the estimated expenses) will be approximately HK\$9,912 million (assuming no new Shares are issued (other than Rights Shares) and no buy-back of Shares on or before the Record Date). The Company's expected funding needs for the next 12 months mainly comprise the construction costs of waste-to-energy projects amounting to approximately HK\$11,670 million, of which HK\$3,960 million is intended to be financed by the proceeds from the Rights Issue (and/or alternatively through our own financial resources) and the remaining HK\$7,710 million will be financed by project loans. Approximately HK\$800 million of the proceeds will be utilized for the development of other environmental protection businesses for the next 12 months, including but not limited to technological research and development, equipment manufacturing, waste sorting and management, and atmospheric monitoring and testing services.

The Board has taken into account, among other things, the following key assumptions and factors in arriving at such estimates: (a) the Group will continue in business as a going concern in the next 12 months; (b) there is no material adverse change in the economic environment or market conditions in Hong Kong, the PRC or other countries/regions in which the Group operates or intends to operate; (c) there is no material change in government policies, inflation rates, interest rates or foreign currency exchange rates in the countries, regions or industries applicable to the business activities of the Group from those presently prevailing; and (d) there is no material change in the bases and rates of taxation, surcharges or other government levies, both direct and indirect, in the countries or territories in which the Group operates. It is expected that the proceeds from the Rights Issue and the financial resources presently available to the Group can satisfy the Group's expected funding needs for the next 12 months.

The Group currently intends to apply the net proceeds from the Rights Issue as follows:

1. approximately HK\$5,947 million (representing about 60% of the net proceeds) will be used to implement our existing and future waste-to-energy projects and other environmental protection projects.

As mentioned above, approximately HK\$3,960 million of the net proceeds from the Rights Issue would be applied by the Company to satisfy the Company's expected funding needs for waste-to-energy projects for the next 12 months. As at 30 June 2018, the Company had identified approximately 31 waste-to-energy projects (including 14 projects under construction and 17 projects under preparatory stage) mainly located in Jiangsu Province, Shandong Province, Zhejiang Province and Hunan Province of the PRC, with an estimated aggregate total investment of approximately RMB17,700 million. In addition, in July 2018 the Company announced the upgrading project of Suzhou waste-to-energy plant with a designed daily waste processing capacity of 1,600 tonnes and in August 2018 the Company further announced

## LETTER FROM THE BOARD

its investment in Jiujiang waste-to-energy project with a designed daily waste processing capacity of 2,250 tonnes. The estimated total investment will be further increased to RMB19,947 million for all of the Company's waste-to-energy projects under construction and under preparatory stage. Based on the latest expected timetable, the projects under construction would commence commercial operation between 2018 to 2020; and the projects under preparatory stage would commence construction in 2018 and commence commercial operation between 2019 to 2020.

Further, the Company intends to apply the remaining HK\$1,987 million of the net proceeds from the Rights Issue for greenfield projects and potential acquisitions of environmental protection projects for the next 12 to 24 months or more. According to the "13th Five-Year Plan for the Construction of Harmless Treatment Facilities for Urban Domestic Wastes", by the end of 2020, the municipal solid waste incineration capacity of municipalities is expected to account for more than 50% of the total capacity of harmless treatment, and the scale of national waste incineration facilities is expected to increase from 235,200 tonnes/day in 2015 to 591,400 tonnes/day in 2020, with an average annual increase of 71,000 tonnes/day. In view of this, by 2020, China's waste-to-energy market is expected to continue to enjoy relatively large potential for development. The Company will continue to increase its efforts to secure new market shares. Moreover, in the context of China's tightening environmental protection policies, coupled with the increasingly high standards for the environmental protection industry, more opportunities of mergers and acquisitions are expected to arise. The Company would keep looking for and carefully evaluating potential high-quality acquisition opportunities in the PRC or overseas in order to strengthen the Group's core business and maintain its leading market position.

2. approximately HK\$2,478 million (representing about 25% of the net proceeds) will be used to pursue other environmental protection businesses including but not limited to technological research and development, equipment manufacturing, waste sorting and management, and atmospheric monitoring and testing services.

As mentioned above, approximately HK\$800 million of the net proceeds from the Rights Issue would be applied to satisfy the development of other environmental protection businesses for the next 12 months.

- As the long-term development of the Company benefits from its emphasis on and investment in the research and development of environmental protection technology, the Company will put more resources in technological research and development targeting internationally cutting-edge technology in environmental protection, striving to create innovation-driven growth and pursuing technology-based development.

## LETTER FROM THE BOARD

- In terms of equipment manufacturing, the Company will continuously invest in expanding the scale of manufacturing and sales of environmental protection equipment. At the same time, it will develop and introduce new types of environmental protection equipment to achieve a standardized, serialized and full suite of products.
- In March 2017, the PRC government promulgated the “Implementation Plan for the Domestic Waste Classification System” (《生活垃圾分類制度實施方案》), which requires further promoting a domestic waste sorting living model. As a result, mandatory classification of domestic waste has been carried out in 46 major cities on a trial basis, and the waste sorting industry has entered a phase of development opportunities. The Company’s deployment of waste sorting and management solutions represents an extension from waste terminal disposal to the front end of the waste management chain, which would bring about significant coordinated development.
- In terms of atmospheric control and testing services, China has continuously strengthened efforts in the prevention and control of atmospheric pollution and promulgated a series of regulations and policies over recent years, including the “Air Pollution Prevention and Control Action Plan” (《大氣污染防治行動計劃》) and the “Three-Year Action Plan on Air Pollution Control” (《打贏藍天保衛戰三年行動》). Businesses related to air pollution control, such as atmospheric monitoring business and gaseous pollutant detection business, have ushered in new development opportunities. The atmospheric monitoring business is of an asset light nature with relatively high profitability. The Company intends to deploy and steadily develop the atmospheric monitoring business into a new business growth driver by capitalizing on its established good relationships with customers. In addition, the Company plans to establish an experimental center for gas testing and analysis to undertake other testing and inspection tasks to deliver attractive returns while meeting the demand for testing and inspection of gas emissions from its own environmental protection projects.

Further, the Company intends to use the remaining net proceeds of HK\$1,678 million from the Rights Issue to meet the continuous development of the aforesaid four environmental protection businesses in the next 12 to 24 months.

3. approximately HK\$1,487 million (representing about 15% of the net proceeds) will be used for general working capital of the Group (approximately HK\$487 million) and repayment of bank loans (approximately HK\$1,000 million).

## LETTER FROM THE BOARD

The Directors have also explored alternative possible fund-raising methods, such as debt financing, placing of new Shares or issue of convertible securities. The Directors are of the view that debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to higher interest rates. Hence, meeting the Company's funding needs with a balanced mix of debt financing and equity financing is preferable. The Directors have also considered that, placing of new Shares will have a dilutive effect to existing Shareholders and may deny the Shareholders the opportunity to participate in the fund-raising activities so as to maintain their proportionate shareholdings.

The Directors further consider that, under the Rights Issue, all the Qualifying Shareholders will be offered the same opportunity to maintain their proportionate interests in the Company and to participate in the growth and development of the Group and the Qualifying Shareholders will have the first right to decide whether to accept their entitlements of the Rights Shares. Should the Qualifying Shareholders decide not to take up their entitlements under the Rights Issue, they can choose to dispose of their Rights Shares provisional allotments in the market in nil-paid form for economic benefit.

The Board considers that it is prudent to finance the Group's long term growth by way of the Rights Issue which will not only enhance the Group's financial flexibility, but will also allow all the Qualifying Shareholders the opportunity to participate in the growth and grasp the benefit of the future development of the Group through the Rights Issue. Unlike borrowings or issuance of debt securities, the Directors consider that the Rights Issue would be a preferred means for the Company to raise long-term funds to finance long-term investments and new business potentials without subjecting itself to interest burden or additional debt. Further as financing by way of rights issue will decrease the leverage of the Company, the Company in turn can enjoy higher flexibility to raise funds by debt financing in the future for expansion of its business. Accordingly, the Board considers that fund raising through the Rights Issue is the best alternative among other fund-raising alternatives and is in the interests of the Company and the Shareholders as a whole.

### TAXATION

The Qualifying Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

It is emphasised that none of the Company or any other party involved in this Rights Issue is providing any advice regarding, or accepts any responsibility for, any tax effects or liabilities of any Shareholder resulting from the Rights Issue, including, but not limited to, whether a Shareholder will be subject to tax on receipt of the nil-paid Rights Shares in its country of tax residence.

## LETTER FROM THE BOARD

### WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

It should be noted that the Rights Issue is conditional upon, among others, the Underwriting Agreement becoming unconditional and not being terminated. It should be noted that the Underwriting Agreement contains provisions granting the Sole Underwriter the right to terminate the Underwriting Agreement on the occurrence of certain events. Please refer to the section headed "Termination of the Underwriting Agreement" in this Prospectus for further details. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.

Any Shareholder or other person dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled or waived (as applicable) (and the date on which the Sole Underwriter's right of termination of the Underwriting Agreement ceases) and any person dealing in the nil-paid Rights Shares during the period from Monday, 3 September 2018 to Monday, 10 September 2018 will bear the risk that the Rights Issue may not become unconditional or may not proceed. If in any doubt, Shareholders and potential investors are recommended to consult their professional advisers. Shareholders and potential investors should exercise caution in dealing in the securities of the Company.

### EQUITY FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the date of this Prospectus.

### LISTING RULES IMPLICATIONS

As the Rights Issue will not increase the number of issued shares or the market capitalization of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders in a general meeting.

As CE Hong Kong is a controlling shareholder of the Company, it is a connected person of the Company under Chapter 14A of the Listing Rules. Pursuant to the Listing Rules, the taking up of its/their entitlements to the Rights Issue by CE Hong Kong or its relevant subsidiaries as Qualifying Shareholder and subscription for the Rights Shares in excess of its/their entitlements under the Rights Issue (if applicable) are exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### GENERAL

Your attention is also drawn to the additional information set out in the appendices to this Prospectus as well as information with respect to the Group published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ebchinaintl.com/en/ir/circulars.php>).

Yours faithfully,  
By order of the Board  
**China Everbright International Limited**  
**Wang Tianyi**  
*Chief Executive Officer*

## 1. SUMMARY OF FINANCIAL INFORMATION

The audited consolidated financial information of the Group for each of the years ended 31 December 2015, 2016 and 2017 have been disclosed in the annual reports of the Company and the unaudited consolidated financial information of the Group for the six months ended 30 June 2018 has been disclosed in the interim report of the Company.

Details of the financial statements have been published on the Stock Exchange website (<http://www.hkexnews.hk>) and Company website (<http://www.ebchinaintl.com/en/ir/reports.php>) and can be accessed by the direct hyperlinks below:

- (i) in respect of the annual report of the Company for the year ended 31 December 2015 published on 31 March 2016 (pages 98 to 237)

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0331/LTN20160331471.pdf>

- (ii) in respect of the annual report of the Company for the year ended 31 December 2016 published on 30 March 2017 (pages 100 to 269)

<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0330/LTN20170330504.pdf>

- (iii) in respect of the annual report of the Company for the year ended 31 December 2017 published on 28 March 2018 (pages 120 to 297)

<http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0328/LTN20180328642.pdf>

- (iv) in respect of the interim report of the Company for the six months ended 30 June 2018 published on 28 August 2018 (pages 55 to 136)

## 2. FINANCIAL AND BUSINESS PROSPECTS OF THE GROUP

The Group is a leading player in China's environmental protection industry. It closely follows the PRC government's policies and plans, leverages talent, science and technology to drive the concurrent development of its six major business sectors, namely environmental energy, environmental water, greentech, envirotech, equipment manufacturing and international business.

The Group manages a large number of industry-leading projects, in the areas of waste-to-energy, water environment management, biomass integrated utilisation, hazardous waste treatment, environmental remediation, solar energy, wind power, environmental protection engineering, technological research and development, environmental protection equipment manufacturing, and the planning and construction of environmental protection industrial parks. The Group constantly improves its business penetration, expands its business chain and enriches its scope of business. The Group's

business has expanded from a total of 122 environmental protection projects as of 1 January 2015 to 299 projects as of 30 June 2018, including 184 projects that completed construction, 43 projects under construction, and 72 projects in preparatory stage. The projects are located in over 140 locations across 21 provinces and municipalities in China, as well as overseas markets including Germany, Poland and Vietnam.

Looking forward, as China's ecological and environmental protection industry enters a new stage of development, the country is expected to draw up more strategic plans for further development on a national level. In light of the progress on the implementation of ecological environment protection, the environmental protection market will accelerate its pace of expansion. The tailwind of a series of key national strategic initiatives, including the Beijing-Tianjin-Hebei integration, Xiong'an New Area, the Yangtze River Economic Belt, the Guangdong-Hong Kong-Macao Greater Bay Area, and the "Belt and Road" Initiative, has driven robust growth in the demand for the urban infrastructure and green development, creating opportunities for enterprises to undertake more social responsibility, grow their businesses and expand into overseas markets.

Amid positive policy and industry trends, the Group intends to build on the solid momentum seen in recent years and maintain its strategic focus as it continues to align with national policies and keeps pace with market trends. The Group plans to continue expanding its scale, achieve growth in both efficiency and scale, strengthen quality of services and brand, and drive growth through innovation and talent management. The Group will further refine its strategic roadmap, foster collaboration across the Group, drive the proper synchronisation and concurrent development of its asset-light and asset-heavy businesses, consolidate its market position in China, and closely monitor opportunities in overseas markets, with an aim of scaling new heights in the next round of development.

### 3. STATEMENT OF INDEBTEDNESS

As at 30 June 2018, being the latest practicable date for the purpose of this statement of indebtedness, the Group had an aggregated borrowings of approximately HK\$36,046,735,000, including bank and other borrowings of approximately HK\$34,788,138,000, finance lease payables of approximately HK\$45,656,000 and corporate bond of approximately HK\$1,212,941,000.

As at 30 June 2018, being the latest practicable date for the purpose of this statement of indebtedness, the bank and other borrowings of approximately HK\$16,207,998,000 were secured by certain revenue and receivables in connection with the Group's service concession arrangements, bank deposits, mortgage over properties, plant and equipment and prepaid land lease payments, and shares of certain subsidiaries of the Group. As at 30 June 2018, being the latest practicable date for the purpose of this statement of indebtedness, the bank and other borrowings of approximately HK\$1,501,528,000, were guaranteed by the Company.

As at 30 June 2018, being the latest practicable date for the purpose of this statement of indebtedness, all corporate bond were unsecured.

As at 30 June 2018, being the latest practicable date for the purpose of this statement of indebtedness, all finance lease payables were secured by the underlying property, plant and equipment.

As at 30 June 2018, being the latest practicable date for the purpose of this statement of indebtedness, the Group did not have any contingent liabilities.

Save as aforesaid and apart from intra-group liabilities, as at the close of business on 30 June 2018, the Group did not have any outstanding loan capital, bank overdrafts, loans, mortgages, charges or other similar indebtedness, or hire purchase of finance lease commitments, liabilities under acceptances or acceptance credits, guarantees or other material contingent liabilities.

#### **4. WORKING CAPITAL**

The Directors are of the opinion that, taking into consideration the financial resources available to the Group, including the internally generated funds, the available banking facilities and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of this Prospectus.

#### **5. NO MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position or prospect of the Group since 31 December 2017, the date to which the latest published audited consolidated financial statements of the Group were made up.

## A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following unaudited pro forma financial information (the “**Unaudited Pro Forma Financial Information**”) of the Group attributable to equity holders of the Company has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Rights Issue as if the Rights Issue had been completed on 30 June 2018.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not reflect a true picture of the financial position of the Group upon completion of the Rights Issue as at 30 June 2018 or at any future date.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 June 2018 and the consolidated net tangible assets and intangible assets in relation to environmental protection project operating rights attributable to equity holders of the Company as at 30 June 2018, as extracted from the published interim report of the Company for the six months ended 30 June 2018, and is adjusted for the effect of the Rights Issue described below.

<b>Based on Subscription Price of HK\$6.00 per Rights Share</b>	<b>As at 30 June 2018 HK\$'000</b>	<b>Estimated net proceeds from the Rights Issue HK\$'000 (Note 2)</b>	<b>Pro forma adjusted HK\$'000</b>
Unaudited consolidated net tangible assets attributable to equity holders of the Company	<u>12,507,299</u> (Note 1)	<u>9,911,880</u>	<u>22,419,179</u>
Unaudited consolidated net tangible assets and intangible assets in relation to environmental protection project operating rights attributable to equity holders of the Company (Note 9)	<u>23,057,750</u> (Note 3)	<u>9,911,880</u>	<u>32,969,630</u>

Based on Subscription Price of HK\$6.00 per Rights Share	As at 30 June 2018	Estimated net proceeds from the Rights Issue	Pro forma adjusted
Unaudited consolidated net tangible assets per share attributable to equity holders of the Company	<u>HK\$2.79</u> (Note 4)		<u>HK\$3.65</u> (Note 5)
Unaudited consolidated net tangible assets and intangible assets in relation to environmental protection project operating rights per share attributable to equity holders of the Company (Note 9)	<u>HK\$5.14</u> (Note 6)		<u>HK\$5.37</u> (Note 7)

*Notes:*

- The amount is determined based on the consolidated net assets of approximately HK\$31,696,567,000 after deducting non-controlling interests of approximately HK\$6,649,101,000 as at 30 June 2018, with an adjustment for intangible assets and goodwill as at 30 June 2018 of approximately HK\$10,755,557,000 and HK\$1,784,610,000, respectively, as set out in the published interim report of the Company for the six months ended 30 June 2018.
- The estimated net proceeds from the Rights Issue of approximately HK\$9,911,880,000 are calculated based on 1,660,263,592 Rights Shares to be issued at the Subscription Price of HK\$6.00 per Rights Share, after deduction of the estimated related expenses, including among others, transaction fees, which are directly attributable to the Rights Issue, of approximately HK\$49,702,000.
- The amount is determined based on unaudited consolidated net tangible assets attributable to equity holders of the Company of approximately HK\$12,507,299,000 as calculated in note 1 above after adding back the environmental protection project operating rights of approximately HK\$10,550,451,000 as at 30 June 2018, as set out in the published interim report of the Company for the six months ended 30 June 2018.
- The calculation of the consolidated net tangible assets attributable to equity holders of the Company as at 30 June 2018 per Share is determined based on the consolidated net tangible assets attributable to equity holders of the Company of HK\$12,507,299,000 divided by the number of Shares in issue of 4,482,711,700 as at 30 June 2018.

5. The unaudited pro forma adjusted consolidated net tangible assets attributable to equity holders of the Company immediately after the completion of the Rights Issue per Share is calculated based on the unaudited pro forma adjusted consolidated net tangible assets attributable to equity holders of the Company immediately after the completion of the Rights Issue of HK\$22,419,179,000 divided by 6,142,975,292 Shares, which represents 4,482,711,700 Shares in issue as at 30 June 2018 and 1,660,263,592 Rights Shares to be allotted and issued pursuant to the Rights Issue, assuming that the Rights Issue had been completed on 30 June 2018.
6. The calculation of the unaudited consolidated net tangible assets and intangible assets in relation to environmental protection project operating rights attributable to equity holders of the Company per Share is determined based on the unaudited consolidated net tangible assets plus intangible assets in relation to environmental protection project operating rights attributable to equity holders of the Company of HK\$23,057,750,000 divided by the number of Shares in issue of 4,482,711,700 as at 30 June 2018.
7. The unaudited consolidated net tangible assets and intangible assets in relation to environmental protection project operating rights attributable to equity holders of the Company immediately after the completion of the Rights Issue per Share is calculated based on the unaudited consolidated net tangible assets and intangible assets in relation to environmental protection project operating rights attributable to equity holders of the Company immediately after the completion of the Rights Issue of HK\$32,969,630,000 divided by 6,142,975,292 Shares, which represents 4,482,711,700 Shares in issue as at 30 June 2018 and 1,660,263,592 Rights Shares to be allotted and issued pursuant to the Rights Issue, assuming that the Rights Issue had been completed on 30 June 2018.
8. No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2018.
9. As a result of the Group's adoption of HK(IFRIC) Interpretation 12, a substantial portion of the Group's assets is represented by the service concession financial receivables and the operating rights under service concession arrangements included in the intangible assets, and the infrastructure constructed by the Group in these service concession arrangements are not recorded as property, plant and equipment on the Group's consolidated statement of financial position. In the view of the management of the Company, excluding operating rights will significantly distort the Group's business value and asset position in relation to its environmental protection business. Accordingly, the intangible assets in relation to environmental protection project operating rights attributable to equity holders of the Company are added back in this calculation as an additional information for the purpose of the Unaudited Pro Forma Financial Information.

**B. REPORTING ACCOUNTANTS' ASSURANCE REPORT ON UNAUDITED PRO  
FORMA FINANCIAL INFORMATION**

The following is the text of a letter from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the unaudited pro forma financial information of the Group.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON  
THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

22/F CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

**To the Directors of China Everbright International Limited**

We have completed our assurance engagement to report on the compilation of pro forma financial information of China Everbright International Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 30 June 2018 and the pro forma consolidated net tangible assets and intangible assets in relation to environmental protection project operating rights as at 30 June 2018, and related notes (the “**Pro Forma Financial Information**”) as set out on pages II-1 to II-6 of the prospectus dated 30 August 2018 issued by the Company (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in notes 1 to 9 in Section A of Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the basis of 10 rights shares for every 27 shares held on the record date (the “**Rights Issue**”) on the Group’s financial position as at 30 June 2018 as if the Rights Issue had taken place at 30 June 2018. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s consolidated statement of financial position as at 30 June 2018, on which a review report has been published.

**Directors’ Responsibility for the Pro Forma Financial Information**

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Rights Issue, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the Rights Issue in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

30 August 2018

## 1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

## 2. SHARE CAPITAL

The Company does not have an authorised share capital nor any nominal value of Shares in its capital. The number of issued Shares of the Company (i) as at the Latest Practicable Date and (ii) immediately after completion of the Rights Issue is set out as follows:

(i) As at the Latest Practicable Date

Issued and fully paid:

4,482,711,700 Shares

(ii) Immediately after completion of the Rights Issue

Issued and fully paid:

4,482,711,700 Shares

1,660,263,592 Rights Shares

6,142,975,292 Total Shares

All of the Existing Shares and the Rights Shares in issue and to be issued (when fully paid) rank and will rank *pari passu* with each other in all respects, including, in particular, as to dividends, voting rights and return of capital. The Existing Shares and the Rights Shares in issue and to be issued are or will be listed on the main board of the Stock Exchange. **For the avoidance of doubt, the fully paid Rights Shares will not entitle the holders thereof to the 2018 Interim Dividend as announced by the Company on 14 August 2018.**

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company had no outstanding convertible securities, options, or warrants in issue which conferred any right to subscribe for, convert or exchange into Shares.

As at the Latest Practicable Date, none of the capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option. As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

### 3. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	Room 2703, 27th Floor Far East Finance Centre 16 Harcourt Road Hong Kong
Principal place of business in Hong Kong	Room 2703, 27th Floor Far East Finance Centre 16 Harcourt Road Hong Kong
Authorised representatives	WANG Tianyi HU Yanguo
Company secretary	POON Yuen Ling
Sole Underwriter	<b>China International Capital Corporation Hong Kong Securities Limited</b> 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
Legal adviser to the Company in relation to the Rights Issue and as to laws of Hong Kong	<b>Li &amp; Partners</b> 22/F, World-Wide House Central, Hong Kong
Legal adviser to the Company in relation to the Rights Issue and as to US laws	<b>Herbert Smith Freehills</b> 23/F Gloucester Tower 15 Queen's Road Central Hong Kong
Legal adviser to the Sole Underwriter	<b>Freshfields Bruckhaus Deringer</b> 55/F, One Island East Taikoo Place Quarry Bay, Hong Kong

Auditor and reporting accountant	<b>Ernst &amp; Young</b> 22/F, CITIC Tower 1 Tim Mei Avenue Central, Hong Kong
Registrar	<b>Tricor Tengis Limited</b> Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Principal bankers	<b>Agricultural Bank of China Limited</b> 25/F., Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong  <b>Asian Development Bank</b> 6 ADB Avenue, Mandaluyong City 1550 Metro Manila Philippines  <b>Bank of China (Hong Kong) Limited</b> 9/F, Bank of China Tower 1 Garden Road Hong Kong  <b>Bank of Communications Co., Ltd.</b> 8/F., Bank of Communications Tower 231-235 Gloucester Road Wan Chai Hong Kong  <b>Bank of Jiangsu</b> No.26, China Road Nanjing PRC  <b>China Citic Bank</b> No. 9 Chaoyangmen Beidajie Dongcheng District Beijing PRC  <b>China CITIC Bank International Limited</b> 79/F International Commerce Centre 1 Austin Road West Kowloon, Hong Kong

**China Construction Bank Corporation,  
Hong Kong Branch**  
29/F., CCB Tower  
3 Connaught Road Central  
Hong Kong

**China Development Bank Corporation**  
No.18 Fuxingmennei Street  
Xicheng District  
Beijing  
PRC

**China Everbright Bank Company Limited**  
30/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

**China Merchants Bank Co., Ltd.**  
21/F, Bank of America Tower  
12 Harcourt Road  
Hong Kong

**DBS Bank Ltd.**  
G/F, The Center  
99 Queen's Road Central  
Hong Kong

**Far Eastern International Bank Co., Ltd.**  
20/F, 8 Queen's Road Central  
Central, Hong Kong

**Hang Seng Bank Limited**  
Hang Seng Bank Building  
83 Des Voeux Road Central  
Hong Kong

**Industrial and Commercial Bank of China**  
33/F., ICBC Tower  
3 Garden Road, Central  
Hong Kong

**International Finance Corporation**  
2121 Pennsylvania Avenue, N.W.  
Washington, D.C. 20433  
United States

**Mizuho Bank, Ltd.**

12/F, K11 Atelier  
18 Salisbury Road  
Tsim Sha Tsui  
Kowloon, Hong Kong

**Nanyang Commercial Bank Ltd.**

151 Des Voeux Road Central  
Hong Kong

**Shanghai Pudong Development Bank Co., Ltd.,  
Hong Kong Branch**

15/F., Bank of America Tower  
12 Harcourt Road, Central  
Hong Kong

**Societe Generale**

Level 38, Three Pacific Place  
1 Queen's Road East  
Hong Kong

**Standard Chartered Bank (Hong Kong) Limited**

12/F and 15/F  
Two International Finance Centre  
8 Finance Street, Central  
Hong Kong

**Taipei Fubon Commercial Bank Co., Ltd.**

18/F Central Tower  
28 Queen's Road, Central  
Hong Kong

**The Bank of East Asia, Limited**

31st Floor, BEA Tower  
Millennium City 5  
418 Kwun Tong Road  
Kowloon, Hong Kong

**Wing Lung Bank Limited**

45 Des Voeux Road, Central  
Hong Kong

## 4. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

## (a) Name and address of Directors and senior management

Name	Business Address
<i>Executive Directors</i>	
Mr. CAI Yunge ( <i>Chairman</i> )	Room 2703, 27th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Mr. WANG Tianyi ( <i>Chief Executive Officer</i> )	Room 2703, 27th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Mr. WONG Kam Chung, Raymond ( <i>Chief Financial Officer</i> )	Room 2703, 27th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Mr. HU Yanguo ( <i>Deputy General Manager</i> )	Room 2703, 27th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Mr. QIAN Xiaodong ( <i>Deputy General Manager</i> )	Room 2703, 27th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong
<i>Independent Non-executive Directors</i>	
Mr. FAN Yan Hok, Philip	Room 2703, 27th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Mr. MAR Selwyn	Room 2703, 27th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Mr. ZHAI Haitao	Room 2703, 27th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Mr. SUO Xuquan	Room 2703, 27th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong
<i>Senior Management</i>	
Mr. AN Xuesong ( <i>Deputy General Manager</i> )	Room 2703, 27th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Ms. POON Yuen Ling ( <i>Company Secretary</i> )	Room 2703, 27th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong

**(b) Profiles of Directors and senior management****Mr. Cai Yunge**

*Executive Director and Chairman of the Board*

Mr. Cai Yunge, aged 46, is the executive Director and the Chairman of the Board. Mr. Cai is the Deputy General Manager of China Everbright Group Ltd., the Vice-chairman and General Manager of CE Hong Kong, and executive director and chairman of the board of directors of China Everbright Limited (the shares of which are listed on the Stock Exchange, Stock Code: 165), and a non-executive director of China Everbright Bank Company Limited (“**Everbright Bank**”) (the H shares of which are listed on the Stock Exchange, Stock Code: 6818, and the A shares of which are listed on Shanghai Stock Exchange, Stock Code: 601818). Currently he is the vice chairman of The Hong Kong Chinese Enterprises Association. He holds a master degree in Business Administration from The University of Warwick, UK and a doctoral degree in Economics from the Financial Research Institute of the People’s Bank of China. He holds the title of Senior Economist. Before joining the Company, Mr. Cai has served as the Secretary to the board and General Manager of Executive Office of Everbright Bank, Deputy Chief of the Development and Reform Commission of Guangdong Province, and Division Chief of the General Office and Deputy Division Chief of Banking Supervisory Department II of the China Banking Regulatory Commission. He joined the Board in November 2016, and was re-designated as the executive Director and Chairman of the Board in December 2016.

**Mr. Wang Tianyi**

*Executive Director and Chief Executive Officer*

Mr. Wang Tianyi, aged 55, is the executive Director and the Chief Executive Officer of the Company. He is also a director of several subsidiaries of the Group. He is the non-executive director and the chairman of CEWL. He is also the non-executive director and the chairman of the board of directors of C EGL. Prior to joining the Group, he was the Dean of Shandong Academy of Sciences. He was formerly the Deputy Mayor of Jinan City of Shandong Province. He had been the Vice President, and the Dean and Professor of the School of Economics and Management of Yantai University of Shandong Province. He is currently a part-time professor of Tsinghua University and a Co-Director of the Center for PPP of Tsinghua University. He is also a member of the UNECE PPP Business Advisory Board, a member of the China Council for International Cooperation on Environment and Development and a member of China Business Research Centre Advisory Council of the National University of Singapore. He holds a doctorate degree in economics, a master’s degree in management and a bachelor’s degree in electronics from Tsinghua University. He had pursued advanced studies at Harvard University and

University of California in the United States. Mr. Wang joined the Board in February 2010, and was re-designated as the executive Director and the Chief Executive Officer of the Company in January 2018.

**Mr. Wong Kam Chung, Raymond**

*Executive Director and Chief Financial Officer*

Mr. Wong Kam Chung, Raymond, aged 54, is the executive Director and the Chief Financial Officer of the Company. He is also a director of several subsidiaries of the Group. Mr. Wong holds a Master of Business Administration Degree, a Master of Management Degree in Information Technology Management from Macquarie University, Australia, and a Bachelor of Arts with Honours Degree in Accountancy from the City University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Chartered Accountants of England and Wales, a fellow member of the Association of Chartered Certified Accountants of United Kingdom and a member of the Chartered Professional Accountants of Canada. He has extensive experience in accounting, finance and auditing areas. Mr. Wong joined the Board in December 2002.

**Mr. Hu Yanguo**

*Executive Director and Deputy General Manager*

Mr. Hu Yanguo, aged 51, is the executive Director and the Deputy General Manager of the Company, and the general manager of Everbright Environmental Protection (China) Company Limited (a wholly-owned subsidiary of the Company). He is also a director of several subsidiaries of the Group. Mr. Hu was formerly the non-executive director of CEGL. Prior to joining the Group, Mr. Hu was the person-in-charge of the accounting department of the Guangzhou branch of Everbright Bank. Mr. Hu obtained a bachelor's degree in mathematics and a master's degree in forestry economy and management from Northeast Forestry University in the PRC. He is a certified public accountant in the PRC. Mr. Hu joined the Board in January 2018.

**Mr. Qian Xiaodong**

*Executive Director and Deputy General Manager*

Mr. Qian Xiaodong, aged 45, is the executive Director and the Deputy General Manager of the Company. He is also a director of several subsidiaries of the Group. Moreover, Mr. Qian is an executive director and the chief executive officer of C EGL. Mr. Qian had been the General Manager of the investment development department of the Company and the General Manager of Everbright Environmental Protection Venture Capital (Shenzhen) Ltd, a wholly-owned subsidiary of the Company. He obtained a bachelor's degree in thermal engineering from Dalian University of Technology in the PRC and a master's degree in environment engineering from the Southeast University in the PRC. Mr. Qian joined the Board in January 2018.

**Mr. Fan Yan Hok, Philip**

*Independent Non-Executive Director*

Mr. Fan Yan Hok, Philip, aged 68, is an independent non-executive Director of the Company. Mr. Fan is also an independent non-executive director of the following public companies, namely Hysan Development Company Limited (the shares of which are listed on the Stock Exchange, Stock Code: 14), First Pacific Company Limited (the shares of which are listed on the Stock Exchange, Stock Code: 142), China Aircraft Leasing Group Holdings Limited (the shares of which are listed on the Stock Exchange, Stock Code: 1848) and PFC Device Inc. (the shares of which are listed on the Stock Exchange, Stock Code: 8231). He was formerly an independent non-executive director of Guolian Securities Co., Ltd (the shares of which are listed on the Stock Exchange, Stock Code: 1456) until July 2016. Mr. Fan was also formerly an independent director of Goodman Group (the shares of which are listed on Australian Stock Exchange, Stock Code: GMG: ASE) and a member of the Asian Advisory Committee of AustralianSuper, a pension fund established in Australia, until November 2017 and February 2017 respectively. Mr. Fan holds a Bachelor's Degree in Industrial Engineering, a Master's Degree in Operations Research from Stanford University and a Master's Degree in Management Science from Massachusetts Institute of Technology. Before joining the Company in 1997, he was an executive director of CITIC Pacific Limited in charge of industrial projects in China. He joined the Board in November 1997 and was re-designated as a non-executive Director and an independent non-executive Director of the Company in January 2010 and December 2012 respectively.

**Mr. Mar Selwyn***Independent Non-Executive Director*

Mr. Mar Selwyn, aged 83, is an independent non-executive Director of the Company. Mr. Mar graduated from the London School of Economics, University of London. He is a fellow member of the Institute of Chartered Accountants of United Kingdom and the Hong Kong Institute of Certified Public Accountants. He is a director of Nexia Charles Mar Fan Limited. He is also an independent non-executive director and chairman of the audit committee of Minmetals Land Limited (the shares of which are listed on the Stock Exchange, Stock Code: 230) and Man Yue Technology Holdings Limited (the shares of which are listed on the Stock Exchange, Stock Code: 894), as well as an independent non-executive director of PanAsialum Holdings Company Limited (the shares of which are listed on the Stock Exchange, Stock Code: 2078). He was formerly an independent non-executive director of China Kingstone Mining Holdings Limited (the shares of which are listed on the Stock Exchange, Stock Code: 1380) until December 2015. He was the President of Hong Kong Society of Accountants (now known as Hong Kong Institute of Certified Public Accountants) in 1991. Mr. Mar is an Honorary Fellow of the Lingnan University. He joined the Board in September 2004.

**Mr. Zhai Haitao***Independent Non-Executive Director*

Mr. Zhai Haitao, aged 49, is an independent non-executive Director of the Company. Mr. Zhai is the President and Partner of Primavera Capital Group. He is also an independent director of CEWL. He was formerly Managing Director of Goldman Sachs (Asia) LLC and Chief Representative of Goldman Sachs Beijing Office. Prior to joining Goldman Sachs, Mr. Zhai worked at the International Department of the People's Bank of China in Beijing, and was Deputy Representative of the People's Bank of China Representative Office for the Americas based in New York. He holds a Master's Degree in International Relations from Columbia University, a Master of Business Administration Degree from New York University and a Bachelor of Arts Degree in Economics from Peking University. He has extensive experience and knowledge in banking, capital market and corporate management. Mr. Zhai joined the Board in January 2011.

**Mr. Suo Xuquan**

*Independent Non-Executive Director*

Mr. Suo Xuquan, aged 61, is an independent non-executive Director of the Company. He is also an independent director of China Satellite Communications Co., Ltd.\* (中國衛通集團股份有限公司). Mr. Suo is a part-time professor of Business School of China University of Political Science and Law. Mr. Suo was the general manager of Credit Extension Approval Department of Head Office of Industrial and Commercial Bank of China Limited (“ICBC”, the H shares of which are listed on the Stock Exchange, Stock Code: 1398 and the A shares of which are listed on Shanghai Stock Exchange, Stock Code: 601398) prior to his retirement from the ICBC Group after 33 years of services. He also worked in the Shaanxi Branch of the People’s Bank of China before joining the ICBC Group. Mr. Suo graduated from on-job postgraduate class of Economics and Management in the Correspondence College of Central Party School of the Communist Party of China, and he is a senior economist and expert entitled to special allowance of the State Council. Mr. Suo has over 37 years of relevant banking experience and has extensive experience in bank credit management and bank credit risk management. He has expertise in business operation and financial analysis. Mr. Suo joined the Board in August 2018.

**Mr. An Xuesong**

*Deputy General Manager*

Mr. An Xuesong, aged 47, is the Deputy General Manager of the Company. Mr. An is also the executive director and chief executive officer of CEWL. He holds a Master of Business Administration Degree from Jinan University. Mr. An holds the title of Certified Public Accountant in the PRC and International Internal Auditor. He has comprehensive experience in investment management, financial management and risk management. Mr. An joined the Group in May 2002.

**Ms. Poon Yuen Ling**

*Company Secretary*

Ms. Poon Yuen Ling, aged 50, is the Company Secretary of the Company. She is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She joined the Group in April 1994, with over 25 years of experience in company secretarial affairs.

## 5. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests and short positions, if any, of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Company's own Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

### (A) Long Positions in Shares and underlying Shares of the Company

Name of Directors	Capacity	Number of Shares	% of total issued Shares <sup>1</sup>
Wong Kam Chung, Raymond	Beneficial Owner	2,000,000	0.04
Fan Yan Hok, Philip	Beneficial Owner	8,140,000	0.18

*Note:*

- (1) The percentage is calculated based on the total number of 4,482,711,700 Shares in issue as at the Latest Practicable Date, i.e., without taking account of any Rights Shares to be issued pursuant to the Rights Issue.

### (B) Long positions in shares and underlying shares of CEGL, a listed subsidiary of the Company

Name of Directors	Capacity	Number of Shares	% of total issued Shares
Wong Kam Chung, Raymond	Beneficial owner	67,549	– <sup>1</sup>
Hu Yanguo	Beneficial owner	287,000	0.01
Qian Xiaodong	Beneficial owner	182,000	– <sup>1</sup>
Fan Yan Hok, Philip	Beneficial owner	100,494	– <sup>1</sup>

*Note:*

- (1) The balances represent a percentage less than 0.01.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company hold any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

#### 6. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, Shareholders who had interests or short positions in the Shares or underlying Shares of the Company which could fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name of Shareholders	Capacity	Number of shares		Approximate percentage of issued Shares of the Company <sup>(3)</sup>	
		Long position	Short positions	Long position	Short positions
Huijin <sup>(1) and (2)</sup>	Beneficial Owner	1,864,951,910	Nil	41.60%	Nil
CE Hong Kong <sup>(2)</sup>	Beneficial Owner	1,864,951,910	Nil	41.60%	Nil

*Notes:*

- (1) Huijin is indirectly wholly owned by the State Council of the PRC and holds 55.67% equity interest of China Everbright Group.
- (2) China Everbright Group holds 100% of the issued shares of CE Hong Kong. CE Hong Kong holds (1) 100% of the issued shares of Datten which in turn holds 55% of the issued shares of Guildford; (2) 100% of the issued shares of EIM; and (3) 45% of the issued shares of Guildford, respectively. Out of the 1,864,951,910 Shares, 1,758,215,910 Shares are held by Guildford. The remaining 106,736,000 Shares are held by EIM. Accordingly, CE Hong Kong, China Everbright Group and Huijin are deemed to be interested in 1,758,215,910 Shares held by Guildford and 106,736,000 Shares held by EIM.
- (3) The percentage is calculated based on the total number of 4,482,711,700 Shares in issue as at the Latest Practicable Date, i.e., without taking account of any Rights Shares to be issued pursuant to the Rights Issue.

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, persons or companies (other than Directors or chief executives of the Company) who were, directly or indirectly, interested in 10% or more of the total issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group (other than the Company), were as follows:

Name of members of the Group	Name of shareholders	Approximate % of interests held
凱隆貿易有限公司 High Luxury Trading Limited	茅麗清先生 Mr. MAO Li Ching	49.00
光大環保能源(寧波)有限公司 (Everbright Environmental Energy (Ningbo) Co., Ltd.*)	寧波市北侖環保固廢處置有限公司 (Ningbo Beilun Environmental Solid Waste Treatment Co., Ltd.*)	13.70
光大環保餐廚處理(三亞)有限公司 (Everbright Environmental Food Waste Treatment (Sanya) Limited*)	海南綠保再生資源有限公司 (Hainan Lubao Renewable Resources Co., Ltd.*)	20.00
肇慶慶能環保能源有限公司 (Zhaoqing Qingneng Environmental Energy Limited*)	廣州環投建材有限公司 (Guangzhou Huantou Construction Materials Co., Ltd.*)	40.00
光大常高新環保能源(常州)有限公司 (Everbright Changzhou Hi-tech Environmental Energy (Changzhou) Co., Ltd.*)	常高新(香港)投資有限公司 (Changzhou Hi-tech (HK) Investment Limited)	40.00
光大環保能源(杭州)有限公司 (Everbright Environmental Energy (Hangzhou) Limited*)	杭州市環境集團有限公司 (Hangzhou Environmental Group Co., Ltd.*)	20.00
	杭州余杭城市建設集團有限公司 (Hangzhou Yuhang City Construction Group Co., Ltd.*)	10.00
新泰光大環保能源有限公司 (Xintai Everbright Environmental Energy Limited*)	新泰城市建設綜合開發有限公司 (Xintai City Construction Comprehensive Development Co., Ltd.*)	20.00

Name of members of the Group	Name of shareholders	Approximate % of interests held
光大環保餐廚處理(宿遷)有限公司 (Everbright Environmental Food Waste Treatment (Suqian) Limited*)	宿遷市城市建設投資(集團)有限公司 (Suqian City Construction Investment (Group) Limited*)	20.00
光大環保能源(樂山)有限公司 (Everbright Environmental Energy (Leshan) Limited*)	樂山國有資產投資運營(集團)有限公司 (Leshan State-owned Assets Investment Operation (Group) Co., Ltd.*)	10.00
光大環保能源(寶應)有限公司 (Everbright Environmental Energy (Baoying) Limited*)	寶應縣城市建設投資發展有限公司 (Baoying County Urban Construction Investment Development Co., Ltd.*)	12.81
光大綠環環保能源(瀋陽)有限公司 (Everbright Green Environment Environmental Energy (Shenyang) Limited*)	瀋陽綠色環保產業有限公司 (Shenyang Green Environmental Protection Industry Co., Ltd.*)	34.00
光大環保能源(衢州)有限公司 (Everbright Environmental Energy (Quzhou) Limited*)	巨化集團有限公司 (Juhua Group Corporation*)	20.00
光大環保能源(海鹽)有限公司 (Everbright Environmental Energy (Haiyan) Limited*)	海鹽杭州灣投資發展集團有限公司 (Haiyan Hangzhou Bay Investment Development Group Co., Ltd.*)	10.00
	海鹽縣國有資產經營有限公司 (Haiyan County State-owned Assets Operation Co., Ltd.*)	10.00
蘇州吳江光大環保餐廚處理有限公司 (Suzhou Wujiang Everbright Environmental Protection Food Waste Treatment Limited*)	蘇州市吳江區市政公用集團有限公司 (Suzhou Wujiang District Municipal Public Group Co., Ltd.*)	30.00
光大現代環保能源(汨羅)有限公司 (Everbright Modern Environmental Energy (Miluo) Limited*)	湖南現代環境科技股份有限公司 (Hunan Modern Environment Technology Co., Ltd.*)	30.00

Name of members of the Group	Name of shareholders	Approximate % of interests held
光大現代環保能源(湘陰)有限公司 (Everbright Modern Environmental Energy (Xiangyin) Limited*)	湖南現代環境科技股份有限公司 (Hunan Modern Environment Technology Co., Ltd.*)	30.00
光大環保能源(藍田)有限公司 (Everbright Environmental Energy (Lantian) Limited*)	藍田縣基礎設施建設投資有限公司 (Lantian County Infrastructure Construction Investment Co., Ltd.*)	10.00
光大環保能源(吉安)有限公司 (Everbright Environmental Energy (Ji'an) Limited*)	吉安市吉泰走廊投資發展有限公司 (Ji'an Jitai Zoulang Investment Development Co., Ltd.*)	20.00
光嘉固廢處置控股有限公司 EBG K. Wah Solid Waste Treatment Holdings Limited	嘉華建材(香港區)有限公司 K. Wah Construction Materials (Hong Kong Region) Limited	49.00
光大高能環保服務(荷澤)有限公司 (Everbright GeoEnviron Solid Waste Treatment (Heze) Limited*)	北京高能時代環境技術股份有限公司 Beijing GeoEnviron Engineering & Technology, Inc.	49.00
光大綠色危廢處置(鹽城)有限公司 (EB Greentech Solid Waste Treatment (Yancheng) Limited*)	濱海宏達經濟發展有限公司 Binhai Hongda Economic Development Company Limited	10.00
麗水光大環保固廢處置有限公司 (Lishui Everbright Environmental Solid Waste Treatment Limited*)	浙江力源控股有限公司 (Zhejiang Li Yuan Holding Company Limited*)	49.00
光大綠色環保(懷遠)清潔服務有限公司 (EB Greentech (Huaiyuan) Cleaning Services Limited*)	懷遠縣城市投資發展有限責任公司 (Huaiyuan County City Investment Development Company Limited*)	10.00
光大城鄉生物能源(南京)有限公司 (EB Urban and Rural Biomass Energy (Nanjing) Limited*)	南京極目實業投資有限公司 (Nanjing Ji Mu Investment Company Limited*)	10.00
光大環保(鹽城)固廢處置有限公司 (Everbright Environmental Protection (Yancheng) Solid Waste Treatment Company Limited*)	濱海宏達經濟發展有限公司 (Binhai Hongda Economic Development Company Limited*)	10.00

Name of members of the Group	Name of shareholders	Approximate % of interests held
光大水務(青島)有限公司 (Everbright Water (Qingdao) Limited*)	青島水務集團有限公司 (Qingdao Water Group Co., Ltd.*)	40.00
光大水務(江陰)有限公司 (Everbright Water (Jiangyin) Limited*)	江蘇江南水務股份有限公司 (Jiangsu Jiangnan Water Co., Ltd.*)	30.00
大連東達水務有限公司 (Dalian Dongda Water Co., Ltd.*)	東達集團有限公司 (Dongda Group Co., Ltd.*)	10.00
光大海綿城市發展(鎮江)有限公司 (Everbright Sponge City Development (Zhenjiang) Limited*)	鎮江市水業總公司 (Zhenjiang Waterworks Corporation*)	30.00
光大水務運營(新沂)有限公司 (Everbright Water Operating (Xinyi) Limited*)	新沂市城市投資發展有限公司 (Xinyi City Investment & Development Co., Ltd.*)	49.00
光大工業廢水處理南京有限公司 (Everbright Industrial Waste Water Treatment Nanjing Limited*)	南京卓泓環保科技有限公司 (Nanjing Zhuohong Environmental Protection Technology Co., Ltd.*)	40.00
光大水務隨州水環境治理有限公司 (Everbright Water Suizhou Water Environment Management Limited*)	隨州高新技術產業投資有限公司 (Suizhou High-Tech Industry Investment Co., Ltd.*)	20.00
濟南光大供水有限公司 (Ji'nan Everbright Water Supply Limited*)	章丘國有資產運營有限公司 (Zhangqiu State-owned Asset Management Co., Ltd.*)	20.00
光大水務(南寧)有限公司 (Everbright Water (Nanning) Limited*)	南寧建寧水務投資集團有限責任公司 (Nanning Jianning Water Investment Group Co., Ltd.*)	19.37
E+B Umwelttechnik GmbH	RBH Reinhold Brenner Holding GmbH	20.00

Save as disclosed above, as at the Latest Practicable Date, the Directors or chief executive of the Company were not aware of any other person who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who had a direct or indirect interest in 10% or more of the total issued share capital carrying rights to vote in in all circumstances at general meetings of any other member of the Group.

#### 7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, no Director had any existing or proposed service contract with any member of the Group which is not expiring or determinable by the Company within one year without the payment of compensation other than statutory compensation.

#### 8. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there were no contracts or arrangements in which a Director was materially interested and significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have, since 31 December 2017, being the date of the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to, any member of the Group.

#### 9. EXPERT

##### (a) Qualification of expert

The following are the qualifications of the expert who has given its opinions or advice which are contained in this Prospectus:

Name	Qualification
Ernst & Young ("EY")	Certified Public Accountants

##### (b) Consent of expert

EY has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its report and references thereto and to its name in the form and context in which they are included.

(c) **Interests of expert**

As at the Latest Practicable Date, EY did not have any direct or indirect interest in any securities of any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group, nor did they had any direct or indirect interest in any assets which had been, since 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

**10. LITIGATION**

As at the Latest Practicable Date, so far as the Directors were aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

**11. MATERIAL CONTRACTS**

The following contracts (not being contract entered into in the ordinary course of business) were entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (1) an agreement entered into between the Company and China Everbright Group on 7 December 2016, pursuant to which (i) the Company and China Everbright Group have agreed to terminate the deposit services master agreement entered into between the Company and China Everbright Group on 14 May 2015 and (ii) China Everbright Group has agreed to provide, through Everbright Bank, deposit services to the Group in accordance with the terms thereunder for the years ending 31 December 2017, 2018 and 2019;
- (2) an agreement entered into between the Company and China Everbright Group on 7 December 2016, pursuant to which (i) the Company and China Everbright Group have agreed to terminate the loan services master agreement entered into between the Company and China Everbright Group on 14 May 2015 and (ii) China Everbright Group has agreed to provide, through Everbright Bank, loan services to the Group in accordance with the terms thereunder for the years ending 31 December 2017, 2018 and 2019;
- (3) a conditional underwriting agreement dated 20 April 2017 relating to the issue and offer of the new ordinary shares (“**CEGL Shares**”) in the share capital of CEGL for subscription in Hong Kong (“**Hong Kong Public Offering**”) entered into by, among others, CEGL, the Company, China International Capital Corporation Hong Kong Securities Limited, CEB International Capital Corporation Limited (“**CEBI**”) and China Everbright Securities (HK) Limited (“**CEBS**”) and the underwriters of the Hong Kong Public Offering;

- (4) a conditional underwriting agreement in respect of placing of the CEGL Shares to professional, institutional and other investors (“**International Offering**”) entered into on 28 April 2017 by, among others, the Company, CEGL, China International Capital Corporation Hong Kong Securities Limited, CEBI and CEBS (for themselves and on behalf of the underwriters for the International Offering);
- (5) an underwriting agreement dated 21 July 2017 entered into between CEWL as the issuer and Everbright Securities Company Limited (“**Everbright Securities**”, a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the main board of the Stock Exchange (Stock Code: 6178) and the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601788)) as the lead underwriter, pursuant to which CEWL has engaged Everbright Securities as the lead underwriter to be responsible for the underwriting of the bonds proposed to be issued by CEWL with an aggregate principal amount of not exceeding RMB2,500,000,000 (equivalent to approximately HK\$2,892,500,000) and to be listed for trading on the Shanghai Stock Exchange; and
- (6) the Underwriting Agreement.

## 12. MISCELLANEOUS

The English text of this Prospectus shall prevail over the Chinese text in case of inconsistencies.

## 13. EXPENSES

The expenses in relation to the Rights Issue (including the underwriting fee, printing, registration, legal, accounting, stamp duty, levy and documentation charges) are estimated to be approximately HK\$50 million and will be payable by the Company.

## 14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Rights Issue Documents, having attached thereto, among others, the written consent given by EY as referred to in the paragraph headed “Expert” in this appendix, have been registered with the Registrar of Companies in Hong Kong as required by Section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

**15. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents for inspection during business hours on any weekday (except Saturdays, Sundays and public holidays) at the principal place of business in Hong Kong of the Company at Room 2703, 27th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for a period of 14 days from the date of this Prospectus:

- (a) the articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 December 2016 and 2017, respectively and the interim report of the Company for the six months ended 30 June 2018;
- (c) the report on the unaudited pro forma financial information of the Group issued by EY set out in Appendix II to this Prospectus;
- (d) the material contracts disclosed in the paragraph headed "11. Material Contracts" in this appendix;
- (e) the written consent from the expert as referred to in the paragraph headed "9. Expert" in this appendix; and
- (f) this Prospectus.

**16. LEGAL EFFECT**

The Rights Issue Documents and all acceptances of any offer or application contained in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of Sections 44A and 44B of the Companies (Winding up and Miscellaneous Provisions) Ordinance, so far as applicable.

\* *English translation is for identification purposes only.*