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CHINA EVERBRIGHT INTERNATIONAL LIMITED

中國光大國際有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 257)

CHANGE IN USE OF PROCEEDS FROM THE RIGHTS ISSUE

Reference is made to the prospectus of China Everbright International Limited (the “**Company**”) dated 30 August 2018 (the “**Prospectus**”) in relation to the issue of rights shares on the basis of 10 rights shares for every 27 existing shares held on the record date (the “**Rights Issue**”). Unless otherwise specified, capitalised terms used herein shall have the same meaning as those defined in the Prospectus.

PROCEEDS FROM THE RIGHTS ISSUE

The Rights Issue was completed in September 2018. The Company has raised gross proceeds of approximately HK\$9,962 million and actual net proceeds of approximately HK\$9,924 million (the “**Net Proceeds**”) from the Rights Issue.

As disclosed in the Prospectus, it was originally intended that the Net Proceeds be applied as follows:

1. approximately HK\$5,947 million (representing about 60% of the Net Proceeds) for implementation of our existing and future waste-to-energy projects and other environmental protection projects;

2. approximately HK\$2,478 million (representing about 25% of the Net Proceeds) for pursuing 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; and
3. approximately HK\$1,499 million (representing about 15% of the Net Proceeds) for general working capital of the Group (approximately HK\$499 million) and repayment of bank loans (approximately HK\$1,000 million).

RECENT DEVELOPMENT OF THE GROUP

As disclosed in the Prospectus, by 2020, China's waste-to-energy market is expected to enjoy relatively large potential for development. The Company will continue to increase its efforts to secure new market shares. Since the completion of the Rights Issue in September 2018, the Company has recorded remarkable achievements in market expansion by securing a number of new waste-to-energy projects, so as to further strengthen the Group's core business and maintain its leading foothold in the market.

As at 31 October 2019, the Group's environmental energy sector has signed 118 waste-to-energy projects in total, with a total designed daily processing capacity of 109,150 tonnes and a total investment amount of RMB64.331 billion. Of which, the Group has 69 waste-to-energy projects in operation (including 2 operation and maintenance projects), with a designed daily processing capacity of 57,600 tonnes and a total investment amount of RMB29.337 billion; 32 waste-to-energy projects under construction, with a designed daily processing capacity of 35,800 tonnes and a total investment amount of RMB23.248 billion; and 17 waste-to-energy projects in preparatory stage, with a designed daily processing capacity of 15,750 tonnes and a total investment amount of RMB11.746 billion. As at 31 October 2019, the Group has applied HK\$5.225 billion of the Net Proceeds for implementation of our waste-to-energy projects and other environmental protection projects.

CHANGE IN USE OF PROCEEDS AND THE REASONS THEREOF

The Board believes that the recent steady development of the Group and demand in investment in waste-to-energy projects present profitable business opportunities to the Group. The Company's waste-to-energy projects, which have been put into operation, have set new records in 2019. It is expected that considerable revenue will be generated in the foreseeable future from the waste-to-energy projects to be put into operation.

The Company has adequate waste-to-energy projects pipeline, among which a number of superior mega projects have carried out comprehensive construction works, resulting in relatively high demand for capital recently, in order to speed up the project construction process to achieve commercial operation at an earlier stage, the Board considers that reallocation of more funding to the waste-to-energy projects through deploying of proceeds originally intended for other environmental protection business will enhance the financial flexibility and capacity of the Group to further develop the waste-to-energy business, which is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

In light of the above reasons, the Board has resolved to reallocate the Net Proceeds as follows:

1. approximately HK\$7,962 million (representing about 80% of the Net Proceeds) for implementation of our existing and future waste-to-energy projects and other environmental protection projects;
2. approximately HK\$463 million (representing about 5% of the Net Proceeds) for pursuing 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; and
3. approximately HK\$1,499 million (representing about 15% of the Net Proceeds) has been fully utilised for general working capital of the Group and repayment of bank loans and therefore remains unchanged.

Taken into account 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, belong to asset-light businesses, the Company will continue to implement the original development plan, and continue to actively explore investment opportunities, striving to broaden the Company's revenue base and realize diversified operations. Should any suitable investment or business opportunities be identified, the Company will satisfy the financial needs by our internal resources and/or external financing. The Board will also review the market situation and investment strategy from time to time and consider making appropriate adjustments if necessary.

By order of the Board
China Everbright International Limited
Poon Yuen Ling
Company Secretary

Hong Kong, 10 December 2019

As at the date of this announcement, the Board comprises: (i) five executive Directors, namely Mr. Cai Yunge (Chairman), Mr. Wang Tianyi (Chief Executive Officer), Mr. Wong Kam Chung, Raymond, Mr. Hu Yanguo and Mr. Qian Xiaodong; and (ii) four independent non-executive Directors, namely Mr. Fan Yan Hok, Philip, Mr. Mar Selwyn, Mr. Zhai Haitao and Mr. Suo Xuquan.