

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA EVERBRIGHT INTERNATIONAL LIMITED

中國光大國際有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code : 257)

ANNOUNCEMENT

**DISCLOSURE PURSUANT TO RULE 14.36 OF THE LISTING RULES
TERMINATION OF
SEWAGE PIPING NETWORK TRANSFER AGREEMENT
AND
VARIATION OF TERMS OF
ASSET TRANSFER AGREEMENTS, WASTE WATER TREATMENT
SERVICE AGREEMENT AND CONCESSION RIGHT AGREEMENT**

This announcement is made pursuant to Rule 14.36 of the Listing Rules.

Reference is made to (i) the announcement and the circular of the Company dated 19 November 2007 and 10 December 2007, respectively, in relation to the purchase of the Qing Yuan Waste Water Treatment Plants and the Chengshi Waste Water Treatment Plant by the Project Company under the Asset Transfer Agreements; and (ii) the announcement and the circular of the Company dated 19 March 2008 and 9 April 2008, respectively, in relation to the purchase of the Sewage Piping Network by the Project Company under the Sewage Piping Network Transfer Agreement and the variation of terms of the Continuing Connected Transactions.

On 8 September 2011, the Project Company and the Jiangyin State-owned Assets Commission entered into the Termination Agreement and the Return Agreement, pursuant to which the Sewage Piping Network Transfer Agreement has been terminated by mutual consent and the Jiangyin State-owned Assets Commission agreed to refund a total sum of RMB561,329,396.78 to the Project Company.

In light of the Termination, on 8 September 2011, the Project Company also entered into (i) the Concession Right Second Supplemental Agreement with the Jiangyin Construction Bureau to revise the scope of the exclusive right granted to the Project Company; and (ii) the Waste Water Treatment Service Second Supplemental Agreement with the Jiangyin Construction Bureau and the Jiangyin Finance Bureau to adjust the waste water treatment fee payable by Jiangyin Construction Bureau and the Jiangyin Finance Bureau to the Project Company to RMB1.661 per cubic meter and revise the basic daily waste water treatment volume. Despite the Termination, the newly adjusted waste water treatment fee of RMB1.661 per cubic meter is still higher than the original treatment fee of RMB1.36 per cubic meter when the Waste Water Treatment Agreement was firstly entered into.

This announcement is made pursuant to Rule 14.36 of the Listing Rules.

Reference is made to (i) the announcement and the circular of the Company dated 19 November 2007 and 10 December 2007, respectively, in relation to the purchase of the Qing Yuan Waste Water Treatment Plants and the Chengshi Waste Water Treatment Plant by the Project Company under the Asset Transfer Agreements; and (ii) the announcement and the circular (the “**Circular**”) of the Company dated 19 March 2008 and 9 April 2008, respectively, in relation to the purchase of the Sewage Piping Network by the Project Company under the Sewage Piping Network Transfer Agreement. Terms defined in the Circular shall have the same meanings when used herein, unless the context otherwise requires.

TERMINATION OF SEWAGE PIPING NETWORK TRANSFER AGREEMENT

As disclosed in the Circular, completion of the transfer of the Sewage Piping Network is subject to, amongst other things, the approval(s) and confirmation(s) of the relevant PRC government authorities. The Project Company has paid the total consideration for the transfer of the Sewage Piping Network in full in accordance with the terms of the Sewage Piping Network Transfer Agreement. However, despite the numerous efforts of the parties, the transfer procedure of the legal title of the Sewage Piping Network has not yet been completed as at the date of this announcement. Therefore, on 8 September 2011, the Project Company, an indirect non wholly-owned subsidiary of the Company, and the Jiangyin State-owned Assets Commission entered into a termination agreement in relation to the Sewage Piping Network Transfer Agreement (the “**Termination Agreement**”), pursuant to which the Sewage Piping Network Transfer Agreement has been terminated by mutual consent (the “**Termination**”).

Pursuant to the Termination Agreement, the parties agreed that, with effect from the date of the Termination Agreement, (i) the parties would not proceed with the transfer procedure of the legal title of the Sewage Piping Network; (ii) the Project Company would cease to have the right and obligation to operate and manage the Sewage Piping Network; and (iii) the Project Company would return all information of the Sewage Piping Network to the Jiangyin State-owned Assets Commission.

Pursuant further to the Termination Agreement, the Jiangyin State-owned Assets Commission has agreed to (i) return the total consideration of RMB267,440,670 under the Sewage Piping Network Transfer Agreement to the Project Company, of which RMB61,329,300 has been returned on 24 December 2010 and the remaining balance of RMB206,111,370 will be returned before 10 September 2011; and (ii) pay a capital costs compensation to the Project Company calculated based on the total consideration at an interest rate of 5.56% per annum starting from 26 April 2010 to the date when the total consideration is returned. If the Jiangyin State-owned Assets Commission fails to return any amount on time, the Jiangyin State-owned Assets Commission will be liable for a penalty, which will be calculated based on the outstanding amount at a daily interest rate of 0.05%.

VARIATION OF TERMS OF ASSET TRANSFER AGREEMENTS, WASTE WATER TREATMENT SERVICE AGREEMENT AND CONCESSION RIGHT AGREEMENT

In light of the Termination, on 8 September 2011, the Project Company entered into (i) a supplemental agreement in relation to the Concession Right Agreement (the “**Concession Right Second Supplemental Agreement**”) with the Jiangyin Construction Bureau, pursuant to which the parties have agreed to revise the scope of the exclusive right granted to the Project Company by limiting the same to the Waste Water Treatment Plants only and removing all references to the

Sewage Piping Network; and (ii) a supplemental agreement in relation to the Waste Water Treatment Service Agreement (the “**Waste Water Treatment Service Second Supplemental Agreement**”) with the Jiangyin Construction Bureau and the Jiangyin Finance Bureau, pursuant to which the parties have agreed to adjust the waste water treatment fee payable by the Jiangyin Construction Bureau and the Jiangyin Finance Bureau to the Project Company to RMB1.661 per cubic meter starting from 26 April 2010 and revise the basic daily waste water treatment volume.

On 8 September 2011, the Project Company and the Jiangyin State-owned Assets Commission also entered into an agreement to return part of the consideration of the Asset Transfer Agreements (the “**Return Agreement**”), pursuant to which the Jiangyin State-owned Assets Commission has agreed to return the premium of valuation in respect of the Chengshi Waste Water Treatment Plant and the Qing Yuan Waste Water Treatment Plants as confirmed by the parties in an amount of RMB293,888,726.78 to the Project Company. Pursuant further to the Return Agreement, the Jiangyin State-owned Assets Commission has agreed to (i) return such amount of RMB293,888,726.78 under the Asset Transfer Agreements to the Project Company before 10 September 2011; and (ii) pay a capital costs compensation to the Project Company calculated based on such amount at an interest rate of 5.56% per annum starting from 26 April 2010 to the date when such amount is returned. If the Jiangyin State-owned Assets Commission fails to return any amount on time, the Jiangyin State-owned Assets Commission will be liable for a penalty, which will be calculated based on the outstanding amount at a daily interest rate of 0.05%.

The terms of the Termination Agreement, the Return Agreement, the Concession Right Second Supplemental Agreement and the Waste Water Treatment Service Second Supplemental Agreement were arrived at after arm’s length negotiations between the parties.

The Directors are of the view that the Termination does not have any material adverse impact on the financial position and business operation of the Group as the total returned amount of RMB561,329,396.78 under the Termination Agreement and the Return Agreement could support the Group’s future development of its business and the Termination will cease any legal risk to the Group in connection with the lack of legal title of the Sewage Piping Network and that the Termination is in the best interest of the Company and its Shareholders as a whole. Also, the Directors are of the view that the variation of terms as contemplated by the Concession Right Second Supplemental Agreement and the Waste Water Treatment Service Second Supplemental Agreement, respectively, are reasonable and necessary in light of the Termination. Despite the Termination, the newly adjusted waste water treatment fee of RMB1.661 per cubic meter is still higher than the original treatment fee of RMB1.36 per cubic meter when the Waste Water Treatment Agreement was firstly entered into. Further, the total returned amount to the Project Company will be recognized as a reduction of the receivable under the Waste Water Treatment Agreement in accordance with the requirements under the HK(IFRIC)12: “Service Concession Arrangement”, such variation of terms would have no material adverse impact on the financial position and business operation of the Company and its subsidiaries and is in the best interest of the Company and its Shareholders as a whole.

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

Hong Kong, 8 September 2011

As at the date of this announcement, the Board comprises: (i) 7 executive directors, namely Mr. Tang Shuangning, Mr. Zang Qiutao, Mr. Li Xueming, Mr. Chen Xiaoping, Mr. Wang Tianyi, Mr. Raymond Wong Kam Chung and Mr. Cai Shuguang; (ii) 1 non-executive director, Mr. Philip Fan Yan Hok; and (iii) 3 independent non-executive directors, namely Mr. Selwyn Mar, Mr. Aubrey Li Kwok Sing and Mr. Zhai Haitao.