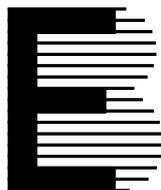


The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents 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: 0257)

DISCLOSEABLE AND CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

TRANSFER OF SEWAGE PIPING NETWORK

Reference is made to an announcement and a circular of the Company dated 19 November 2007 and 10 December 2007, respectively, in relation to the transfer of assets of four waste water treatment plants in Jiangyin City, Jiangsu Province, the PRC.

The Board is pleased to announce that on 18 March 2008, the Project Company, an indirect non-wholly owned subsidiary of the Company, entered into the Sewage Piping Network Transfer Agreement with the Jiangyin State-owned Assets Commission in relation to the sale and purchase of the Sewage Piping Network upon the terms and conditions contained therein.

On the same day and at the same time, the Project Company also entered into the following supplemental agreements: (i) the Concession Right Supplemental Agreement with the Jiangyin Construction Bureau, pursuant to which a right to, inter alia, operate and maintain the Sewage Piping Network during the Term was granted to the Project Company upon the terms and conditions contained therein; (ii) the Waste Water Treatment Service Supplemental Agreement with the Jiangyin Construction Bureau and the Jiangyin Finance Bureau, pursuant to which service fee payable by the Jiangyin Construction Bureau and the Jiangyin Finance Bureau to the Project Company under the Waste Water Treatment Service Agreement was adjusted upwards to RMB2.52 per cubic meter upon the terms and conditions contained therein; and (iii) the Joint Venture Supplemental Agreement, pursuant to which the total investment of the Project Company was increased from RMB624,028,230 (equivalent to approximately HK\$667,274,000) to RMB891,468,900 (equivalent to approximately HK\$953,248,000).

The transaction contemplated under the Joint Venture Supplemental Agreement is required to be

aggregated with those contemplated under the Joint Venture Agreement pursuant to Rule 14.22 of the Listing Rules. As the applicable ratios as defined in the Listing Rules in relation to the Joint Venture Agreement and the Joint Venture Supplemental Agreement exceeds 5% but is less than 25%, the entering into of the Joint Venture Agreement and the Joint Venture Supplemental Agreement will constitute a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules.

The transaction contemplated under the Sewage Piping Network Transfer Agreement is required to be aggregated with those contemplated under the Asset Transfer Agreements pursuant to Rule 14.22 of the Listing Rules. As the applicable ratios as defined in the Listing Rules in relation to the Asset Transfer Agreements and the Sewage Piping Network Transfer Agreement exceeds 5% but is less than 25%, the entering into of the Asset Transfer Agreements and the Sewage Piping Network Transfer Agreement will constitute a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is therefore subject to the Shareholders' approval.

The Project Company is owned as to 70% by Everbright Wuxi, a wholly-owned subsidiary of the Company, and as to 30% by Xin Guo Lian. Xin Guo Lian is a state-owned company. As Xin Guo Lian is a substantial shareholder of the Project Company, each of Xin Guo Lian and the Jiangyin People's Government is a connected person of the Company within the meaning of the Listing Rules. Therefore, (a) the entering into of the Joint Venture Agreement and the Joint Venture Supplemental Agreement will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules; (b) the entering into of the Asset Transfer Agreements and the Sewage Piping Network Transfer Agreement will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules; and (c) the transactions contemplated under the Waste Water Treatment Service Supplemental Agreement (which are required to be aggregated with those contemplated under the Waste Water Treatment Service Agreement pursuant to Rule 14A.25 of the Listing Rules) will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Joint Venture Supplemental Agreement qualifies the exemption under Rule 14A.65(3)(b)(i) of the Listing Rules and therefore is not subject to any Shareholders' approval on the basis that the revised total investment of RMB891,468,900 (approximately HK\$953,248,000), (a) if required to be funded by way of registered capital or shareholders' loans, will be contributed by both shareholders of the Project Company on a pro rata basis in accordance with their respective equity interests in the Project Company; (b) if required to be funded by banks or other third parties, each shareholder of the Project Company will provide or procure the provision of or make available such form of financial assistance on a pro rata and several basis in accordance with its equity interest in the Project Company.

The Directors expect that the relevant percentage ratios in relation to the transactions contemplated under the Waste Water Treatment Service Agreement and the Waste Water Treatment Service Supplemental Agreement in aggregate will exceed 2.5% or the relevant consideration will be more than HK\$10,000,000 as set out in Chapter 14A of the Listing Rules, such transactions therefore constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules as well as the annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules. Details of the continuing connected transactions will be included in the Company's annual reports and

accounts.

The Annual Caps for the years ending 31st December 2008, 2009 and 2010 for the continuing connected transactions contemplated under the Waste Water Treatment Service Agreement were specified in the circular dated 10 December 2007 despatched by the Company to the Shareholders. Such Annual Caps are proposed to be adjusted upwards in light of the change in service fee pursuant to the Waste Water Treatment Service Supplemental Agreement, and the revised Annual Caps for the years ending 31st December 2008, 2009 and 2010 are set out below in this announcement.

The Company has fulfilled the requirements under Rule 14A.43(1) and (2) on the basis that: (1) no Shareholders have any interest in any of the Asset Transfer Agreements, the Sewage Piping Network Transfer Agreement, the Waste Water Treatment Service Agreement and the Waste Water Treatment Service Supplemental Agreement and no Shareholders are required to abstain from the Shareholders' approval of the Transactions; and (2) Guildford Limited, the intermediate controlling Shareholder which holds approximately 56.06% of the issued share capital of the Company, approved the Transactions in writing on 18 March 2008. Accordingly, there is no need to convene a Shareholders' meeting to approve the Transactions. Based on the above grounds, the Company has applied to the Stock Exchange a waiver under Rule 14A.43 of the Listing Rules from convening a Shareholders' meeting to approve the Transactions.

A circular containing, amongst other things, further information on the Transactions will be despatched to the Shareholders as soon as practicable after the publication of this announcement in accordance with the requirements of the Listing Rules.

BACKGROUND

Reference is made to an announcement and a circular of the Company dated 19 November 2007 and 10 December 2007, respectively, in relation to the transfer of assets of four waste water treatment plants in Jiangyin City, Jiangsu Province, the PRC.

The Board is pleased to announce that on 18 March 2008, the Project Company, an indirect non-wholly owned subsidiary of the Company, entered into the Sewage Piping Network Transfer Agreement with the Jiangyin State-owned Assets Commission in relation to the sale and purchase of the Sewage Piping Network upon the terms and conditions contained therein.

On the same day and at the same time, the Project Company also entered into the following supplemental agreements: (i) the Concession Right Supplemental Agreement with the Jiangyin Construction Bureau, pursuant to which a right to, inter alia, operate and maintain the Sewage Piping Network during the Term was granted to the Project Company upon the terms and conditions contained therein; (ii) the Waste Water Treatment Service Supplemental Agreement with the Jiangyin Construction Bureau and the Jiangyin Finance Bureau, pursuant to which service fee payable by the Jiangyin Construction Bureau and the Jiangyin Finance Bureau to the Project Company under the Waste Water Treatment Service Agreement was adjusted upwards to RMB2.52 per cubic meter upon the terms and conditions contained therein; and (iii) the Joint Venture Supplemental Agreement, pursuant to which the total investment of the Project Company was increased from RMB624,028,230 (equivalent to approximately HK\$667,274,000)

to RMB891,468,900 (equivalent to approximately HK\$953,248,000).

THE SEWAGE PIPING NETWORK TRANSFER AGREEMENT

The principal terms of the Sewage Piping Network Transfer Agreement are set forth below:-

Date: 18 March 2008

Parties: (1) The Project Company
(2) The Jiangyin State-owned Assets Commission

Assets to be transferred: The Jiangyin State-owned Assets Commission agreed to transfer to the Project Company, and the Project Company agreed to acquire, the Sewage Piping Network upon the terms and conditions contained therein.

Consideration and payment terms: The total consideration for the transfer of the Sewage Piping Network shall be RMB267,440,670 (equivalent to approximately HK\$285,974,000), which shall be paid by the Project Company to the Jiangyin State-owned Assets Commission's designated bank account in the PRC within 120 days after the date on which the land use right certificate and building ownership certificate of Binjiang waste water treatment plant and the land use right certificate of Chengxi waste water treatment plant were transferred to the Project Company provided that the transaction was approved by all relevant government authorities, or if only obtaining the approval from the relevant government authorities after the 120 days period, the next business day after obtaining approval from the relevant government authorities.

The Company plans to fund the consideration for the transfer of the Sewage Piping Network by bank borrowings of the Project Company. The Company will comply with further disclosure requirements if so required under the Listing Rules in respect of any change of such plan.

Completion: 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.

Accounting treatment of the Sewage Piping Network: The Group's treatment of the Sewage Piping Network shall be consistent with the Group's existing accounting treatment of similar assets. The consideration of the Sewage Piping Network is recognized as a receivable included in the consolidated balance sheet under "Debtors, other receivables, deposits and prepayments" in compliance with the requirements under the HK(IFRIC) 12: "Service Concession Arrangements". Such receivable is reduced when payments, being a portion of the waste water treatment revenue are received. Finance income on the receivable is recognized using an estimate of the service concession grantors' incremental borrowing rate of interest. Upon expiry of the Term, it is expected that the receivable will be reduced to zero and

the Sewage Piping Network shall be transferred back to the Jiangyin Construction Bureau or other government authority as designated by the Jiangyin People's Government at nil consideration, and the Project Company shall cease to have any rights and obligations under the Concession Right Agreement and the Concession Right Supplemental Agreement; and the Waste Water Treatment Service Agreement, the Asset Transfer Agreements, the Waste Water Treatment Service Supplemental Agreement and the Sewage Piping Network Transfer Agreement shall automatically be terminated simultaneously.

THE CONCESSION RIGHT SUPPLEMENTAL AGREEMENT

Date: 18 March 2008

Parties: (1) The Jiangyin Construction Bureau
(2) The Project Company

Subject matter: The Concession Right Supplemental Agreement is supplemental to the Concession Right Agreement entered into between the Jiangyin Construction Bureau, Xin Guo Lian, Everbright Wuxi and the Project Company on 16 November 2007. In addition to an exclusive right granted to the Project Company under the Concession Right Agreement to operate the Waste Water Treatment Plants, pursuant to the Concession Right Supplemental Agreement, the Project Company has been granted a right to, inter alia, operate and maintain the Sewage Piping Network during the Term upon the terms and conditions contained therein.

Term: A period of 30 years commencing from the first business day after the first installment of the aggregate consideration for the transfer of the assets relating to the Waste Water Treatment Plants has been paid by the Project Company pursuant to the payment terms of each of the Asset Transfer Agreements.

THE WASTE WATER TREATMENT SERVICE SUPPLEMENTAL AGREEMENT

Date: 18 March 2008

Parties: (1) The Jiangyin Construction Bureau
(2) The Jiangyin Finance Bureau
(3) The Project Company

Change of service fees: The Waste Water Treatment Service Supplemental Agreement is supplemental to the Waste Water Treatment Service Agreement entered into on 16 November 2007 between the Jiangyin Construction Bureau, the Jiangyin Finance Bureau, Xin Guo Lian, Everbright Wuxi and the Project Company. For the provision of waste water treatment services by the Project Company under the Waste Water Treatment Service Agreement,

the Jiangyin Construction Bureau and the Jiangyin Finance Bureau shall pay to the Project Company service fees at an adjusted rate of RMB2.52 per cubic meter upon the terms and conditions contained therein.

Proposed Annual Caps: The original proposed Annual Caps for the three years ending 31 December 2008, 2009 and 2010 as disclosed in the circular of the Company dated 10 December 2007 were as follows:

| | Year ending 31 December 2008 | Year ending 31 December 2009 | Year ending 31 December 2010 |
|-----|---|---|---|
| RMB | 140,000,000 | 161,000,000 | 161,000,000 |

The Company confirms that the above original Annual Cap of RMB140,000,000 for the year ending 31 December 2008 has not been exceeded as at the date of this announcement.

Due to the adjustment of the waste water treatment service fees pursuant to the Waste Water Treatment Service Supplemental Agreement, it is now proposed that the Annual Caps for the three years ending 31 December 2008, 2009 and 2010 should be as follows:

| | Year ending 31 December 2008 | Year ending 31 December 2009 | Year ending 31 December 2010 |
|-----|---|---|---|
| RMB | 167,000,000 | 193,000,000 | 193,000,000 |

The above Annual Caps have been determined by reference to the designed daily capacity and maximum annual capacity of the amount of waste water to be treated by the Waste Water Treatment Plants and service fees at the adjusted rate of RMB2.52 per cubic meter for waste water treatment by the Waste Water Treatment Plants.

THE JOINT VENTURE SUPPLEMENTAL AGREEMENT

Date: 18 March 2008

Parties: (1) Xin Guo Lian
(2) Everbright Wuxi

Subject matter: The Joint Venture Supplemental Agreement is supplemental to the Joint Venture Agreement entered into on 16 November 2007 between Xin Guo Lian and Everbright Wuxi. Pursuant to the Joint Venture Supplemental Agreement, the Joint Venture Agreement shall be amended as follows:

- (i) The total investment of the Project Company shall be increased from RMB624,028,230 (equivalent to approximately HK\$667,274,000) to RMB891,468,900 (equivalent to approximately HK\$953,248,000); and

- (ii) The business scope of the Project Company shall also include “operation and maintenance of sewage piping networks”.

INFORMATION ABOUT THE GROUP AND THE COUNTERPARTIES

The Group is primarily engaged in the business of environmental protection investment, infrastructure operation, property investment and project management in the PRC. The Group has been developing its environmental protection business since 2002. Development of urban sewage treatment has been one of the key development goals of its environmental protection business.

To the best of the Company’s knowledge, information and belief and having made all reasonable enquiries, the Jiangyin State-owned Assets Commission is a Jiangyin People’s government authority principally engaged in the administration of state-owned assets in Jiangyin City.

To the best of the Company’s knowledge, information and belief and having made all reasonable enquiries, Xin Guo Lian is a state-owned company duly organized and existing under the laws of the PRC and registered with the Administration of Industry and Commerce of Jiangyin, Wuxi City, Jiangsu Province, the PRC. It is principally engaged in the investment in, construction and management of waste water treatment facilities in Jiangyin City.

To the best of the Company’s knowledge, information and belief and having made all reasonable enquiries, the Jiangyin Finance Bureau is a Jiangyin People’s government authority principally engaged in formulating and enforcing financial development strategies, policies, plans and reform proposals in Jiangyin City.

To the best of the Company’s knowledge, information and belief and having made all reasonable enquiries, the Jiangyin Construction Bureau is a Jiangyin People’s government authority principally engaged in the planning and management of the construction and real estate industry in Jiangyin City.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ABOVE TRANSACTIONS

To ensure the sustainability of the country’s economic development, the PRC government has set a high priority for environmental protection. With the rising awareness of the importance of environmental protection in society, there are enormous opportunities for growth of the environmental protection industry in the PRC. The acquisition of the Sewage Piping Network pursuant to the Sewage Piping Network Transfer Agreement and the grant of the concession right in respect of the Sewage Piping Network pursuant to the Concession Right Supplemental Agreement will enhance the Group’s waste water treatment operation in Jiangyin City, the PRC, to become the Group’s first project to integrate waste water treatment plants and sewage piping network in the urban and rural areas as one system in the PRC. The Board (other than the independent non-executive Directors, whose view will be stated in the circular to be issued in relation to Transactions) believes that this will not only lay a good foundation for the Group to acquire other projects along the Taihu Lake but will also further strengthen the Group’s strategic position in environmental protection industry in the PRC. Besides, in consideration of the Project Company’s acquisition of the Sewage Piping Network, the Jiangyin Construction Bureau

and the Jiangyin Finance Bureau have agreed to an upwards adjustment of the service fees chargeable under the Waste Water Treatment Service Agreement pursuant to the Waste Water Treatment Service Supplemental Agreement.

The aggregate consideration actually payable by the Group under the Joint Venture Agreement, the Joint Venture Supplemental Agreement, the Asset Transfer Agreements and the Sewage Piping Network Transfer Agreement, being RMB891,468,900 (equivalent to approximately HK\$953,248,000) (which includes the total consideration of RMB267,440,670 (equivalent to approximately HK\$285,974,000) for the transfer of the Sewage Piping Network), was determined through arm's length negotiations among the parties thereto after considering a number of factors including the economic benefits for entering into the Sewage Piping Network Transfer Agreement, the Concession Right Supplemental Agreement and the Waste Water Treatment Service Supplemental Agreement, the future prospect for the Company to further invest in the waste water treatment business in Jiangsu Province and a good foundation for getting other projects along Taihu Lake. The valuation of the Sewage Piping Network was RMB283,700,000 (equivalent to approximately HK\$303,360,000) based on the appraisal report dated 20 February 2008 prepared by Grant Sherman Appraisal Limited, an independent qualified valuer appointed by the Company, on the basis of fair market value. The Board (other than the independent non-executive Directors, whose view will be stated in the circular to be issued in relation to the Transactions) believes that the terms of the transactions under the Joint Venture Supplemental Agreement and the Sewage Piping Network Transfer Agreement are on normal commercial terms, fair and reasonable and in the interests of the Shareholders as a whole.

The Board (other than the independent non-executive Directors, whose view will be stated in the circular to be issued in relation to the Transactions) is also of the view that the terms of the Waste Water Treatment Service Supplemental Agreement are on normal commercial terms, fair and reasonable and the aforesaid proposed Annual Caps are fair and reasonable and that the entering into of the Waste Water Treatment Service Supplemental Agreement is in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Discloseable transaction

The transaction contemplated under the Joint Venture Supplemental Agreement is required to be aggregated with those contemplated under the Joint Venture Agreement pursuant to Rule 14.22 of the Listing Rules. As the applicable ratios as defined in the Listing Rules in relation to the Joint Venture Agreement and the Joint Venture Supplemental Agreement exceeds 5% but is less than 25%, the entering into of the Joint Venture Agreement and the Joint Venture Supplemental Agreement will constitute a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules.

The transaction contemplated under the Sewage Piping Network Transfer Agreement is required to be aggregated with those contemplated under the Asset Transfer Agreements pursuant to Rule 14.22 of the Listing Rules. As the applicable ratios as defined in the Listing Rules in relation to the Asset Transfer Agreements and the Sewage Piping Network Transfer Agreement exceeds 5% but is less than 25%, the entering into of the Asset Transfer Agreements and the Sewage Piping Network Transfer Agreement will constitute a discloseable transaction of the

Company under Rule 14.06(2) of the Listing Rules and is therefore subject to the Shareholders' approval.

Connected transactions and continuing connected transactions

The Project Company is owned as to 70% by Everbright Wuxi and as to 30% by Xin Guo Lian, which in turn is a state-owned company. As Xin Guo Lian is a substantial shareholder of the Project Company, each of Xin Guo Lian and the Jiangyin People's Government is a connected person of the Company within the meaning of the Listing Rules. Therefore, (a) the entering into of the Joint Venture Agreement and the Joint Venture Supplemental Agreement will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules; (b) the entering into of the Asset Transfer Agreements and the Sewage Piping Network Transfer Agreement will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules; and (c) the transactions contemplated under the Waste Water Treatment Service Supplemental Agreement (which are required to be aggregated with those contemplated under the Waste Water Treatment Service Agreement pursuant to Rule 14A.25 of the Listing Rules) will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Joint Venture Supplemental Agreement qualifies the exemption under Rule 14A.65(3)(b)(i) of the Listing Rules and therefore is not subject to any Shareholders' approval on the basis that the revised total investment of RMB891,468,900 (approximately HK\$953,248,000), (a) if required to be funded by way of registered capital or shareholders' loans, will be contributed by both shareholders of the Project Company on a pro rata basis in accordance with their respective equity interests in the Project Company; (b) if required to be funded by banks or other third parties, each shareholder of the Project Company will provide or procure the provision of or make available such form of financial assistance on a pro rata and several basis in accordance with its equity interest in the Project Company.

The Directors expect that the relevant percentage ratios in relation to the transactions contemplated under the Waste Water Treatment Service Agreement and the Waste Water Treatment Service Supplemental Agreement in aggregate will exceed 2.5% or the relevant consideration will be more than HK\$10,000,000 as set out in Chapter 14A of the Listing Rules, such transactions therefore constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules as well as the annual review requirements under Rules 14A.37 to 14A.40 of the Listing Rules. Details of the continuing connected transactions will be included in the Company's annual reports and accounts.

The Annual Caps for the years ending 31st December 2008, 2009 and 2010 for the continuing connected transactions contemplated under the Concession Right Agreement and the Waste Water Treatment Service Agreement were specified in the circular dated 10 December 2007 despatched by the Company to the Shareholders. Such Annual Caps are proposed to be adjusted upwards in light of the change in service fee pursuant to the Waste Water Treatment Service Supplemental Agreement, and the revised Annual Caps for the years ending 31st December 2008, 2009 and 2010 are set out above in this Announcement.

The Company has fulfilled the requirements under Rule 14A.43(1) and (2) on the basis that: (1) no Shareholders have any interest in any of the Asset Transfer Agreements, the Sewage Piping Network Transfer Agreement, the Waste Water Treatment Service Agreement and the Waste Water Treatment Service Supplemental Agreement and no Shareholders are required to abstain from the Shareholders' approval of the Transactions; and (2) Guildford Limited, the intermediate controlling Shareholder which holds approximately 56.06% of the issued share capital of the Company, approved the Transactions in writing on 18 March 2008. Accordingly, there is no need to convene a Shareholders' meeting to approve the Transactions. Based on the above grounds, the Company has applied to the Stock Exchange a waiver under Rule 14A.43 of the Listing Rules from convening a Shareholders' meeting to approve the Transactions.

The Independent Board Committee will be established to give an opinion to the Shareholders in connection with the terms of the Transactions and the aforesaid proposed Annual Caps after taking into account the opinion to be issued by the Independent Financial Adviser who will be appointed by the Company to issue an opinion to the Independent Board Committee in relation to the Transactions.

A circular containing, amongst other things, further information on the Transactions will be despatched to the Shareholders as soon as practicable after the publication of this announcement in accordance with the requirements of the Listing Rules.

DEFINITION

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

| | |
|--|--|
| "Annual Caps" | the estimated maximum aggregate annual value, in relation to the continuing connected transactions contemplated under the Waste Water Treatment Service Agreement and the Waste Water Treatment Service Supplemental Agreement as required by Rule 14A.35(2) of the Listing Rules; |
| "Asset Transfer Agreements" | collectively, the Qing Yuan Waste Water Treatment Plants Transfer Agreement and the Chengshi Waste Water Treatment Plant Transfer Agreement; |
| "Board" | the board of Directors of the Company; |
| "Chengshi Waste Water Treatment Plant" | 城市污水處理廠 (Chengshi waste water treatment plant) situated in Jiangyin City, the PRC, including all constructions, structures, facilities, equipments and other assets in connection therewith; |
| "Chengshi Waste Water Treatment Plant Transfer Agreement" | agreement between the Project Company, Everbright Wuxi, Xin Guo Lian and 江陰市城市污水處理有限公司 (Jiangyin Urban Sewage Treatment Co., Ltd) in relation to the transfer of the Chengshi Waste |

| | |
|--|--|
| | Water Treatment Plant to the Project Company; |
| “Company” | China Everbright International Limited (中國光大國際有限公司), a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange; |
| “Concession Right Agreement” | the concession right agreement entered into between the Jiangyin Construction Bureau, Xin Guo Lian, Everbright Wuxi and the Project Company on 16 November 2007 in respect of the granting of an exclusive right to the Project Company to operate the Waste Water Treatment Plants; |
| “Concession Right Supplemental Agreement” | an agreement entered into on 18 March 2008 between the Project Company and Jiangyin Construction Bureau which is supplemental to the Concession Right Agreement; |
| “Directors” | the directors of the Company; |
| “Everbright Wuxi” | Everbright Water (Wuxi) Holdings Limited (光大水務 (無錫) 控股有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company; |
| “Group” | the Company and its subsidiaries; |
| “Independent Board Committee” | the independent board committee of the Board consisting of all the independent non-executive Directors; |
| “Independent Financial Adviser” | an independent financial adviser to the Independent Board Committee and the Shareholders to be appointed in relation to the Transactions; |
| “Jiangyin Construction Bureau” | 江陰市建設局 (Jiangyin Construction Bureau*); |
| “Jiangyin Finance Bureau” | 江陰市財政局 (Jiangyin Finance Bureau*); |
| “Jiangyin State-owned Assets Commission” | 江陰市國有資產管理辦公室 (The State-owned Assets Supervision and Administration Commission of Jiangyin People’s Government *); |
| “Joint Venture Agreement” | the joint venture agreement dated 16 November 2007 between Xin Guo Lian and Everbright Wuxi in respect of the establishment of the Project Company; |

| | |
|--|--|
| “Joint Venture Supplemental Agreement” | an agreement entered into on 18 March 2008 between Xin Guo Lian and Everbright Wuxi which is supplemental to the Joint Venture Agreement; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited; |
| “PRC” | the People’s Republic of China; |
| “Project Company” | Everbright Water (Jiangyin) Limited (光大水務(江陰)有限公司), a project company established by Everbright Wuxi and Xin Guo Lian pursuant to the joint venture agreement dated 16 November 2007 with a registered capital of RMB360,000,000, which is owned as to 70% by Everbright Wuxi and as to 30% by Xin Guo Lian; |
| “Qing Yuan Waste Water Treatment Plants” | 濱江污水處理廠 (Binjiang waste water treatment plant), 澄西污水處理廠 (Chengxi waste water treatment plant) and 石莊污水處理廠 (Shizhuang waste water treatment plant) situated in Jiangyin City, the PRC, including all constructions, structures, facilities, equipments and other assets in connection therewith; |
| “Qing Yuan Waste Water Treatment Plants Transfer Agreement” | agreement between the Project Company, Everbright Wuxi, Xin Guo Lian and 江陰清源水處理有限公司 (Qing Yuan Water Treatment Co., Ltd., Jiangyin) in relation to the transfer of the Qing Yuan Waste Water Treatment Plants to the Project Company; |
| “Sewage Piping Network” | all sewage piping network built in the urban area of Jiangyin City as at the reference date of the relevant appraisal report thereof with a total length of 53.906 kilo meters together with a sewage pumping station and three sewage closures; |
| “Sewage Piping Network Transfer Agreement” | a sewage piping network asset transfer agreement entered into on 18 March 2008 between the Jiangyin State-owned Assets Commission and the Project Company in relation to the transfer of the Sewage Piping Network to the Project Company; |
| “Shareholders” | Shareholders of the Company; |

| | |
|---|---|
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “subsidiaries” | has the meaning ascribed to it under the Listing Rules; |
| “Term” | a period of 30 years commencing from the first business day after the first installment of the aggregate consideration for the transfer of the assets relating to the Waste Water Treatment Plants has been paid by the Project Company pursuant to the payment terms of each of the Asset Transfer Agreements; |
| “Transactions” | collectively, (i) the discloseable and connected transaction contemplated under the Asset Transfer Agreements and the Sewage Piping Network Transfer Agreement; and (ii) the continuing connected transactions contemplated under the Waste Water Treatment Service Agreement and the Waste Water Treatment Service Supplemental Agreement; |
| “Waste Water Treatment Plants” | collectively, the Chengshi Waste Water Treatment Plant and the Qing Yuan Waste Water Treatment Plants; |
| “Waste Water Treatment Service Agreement” | a waste water treatment service agreement entered into on 16 November 2007 between the Jiangyin Construction Bureau, the Jiangyin Finance Bureau, Xin Guo Lian, Everbright Wuxi and the Project Company in respect of the provision of waste water treatment service by the Project Company; |
| “Waste Water Treatment Service Supplemental Agreement” | an agreement entered into on 18 March 2008 between the Jiangyin Construction Bureau, the Jiangyin Finance Bureau and the Project Company which is supplemental to the Waste Water Treatment Service Agreement; |
| “Xin Guo Lian” | 江陰市新國聯投資發展有限公司 (Jiangyin City Xin Guo Lian Investment and Development Co., Ltd.*), a company established in Jiangyin City, Jiangsu Province, the PRC and owned by the Jiangyin Finance Bureau and the Jiangyin State-owned Assets Commission as to 14% and 86%, respectively; |

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong; and

“RMB” Renminbi, the lawful currency of the PRC.

** For identification purpose only.*

For the purposes of illustration only and unless otherwise stated, the conversion of RMB into HK\$ is based on the exchange rate of RMB 1.0 = HK\$1.0693. Such conversion should not be construed as a representation that the amount in question has been, could have been or could be converted at any particular rate or at all.

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

Hong Kong, 19 March 2008

As at the date of this announcement, the Board is composed of the following members:

Executive Directors

Mr. TANG Shuangning (Chairman)
Mr. ZANG Qiutao (Vice-chairman)
Mr. LI Xueming (Vice-chairman)
Mr. CHEN Xiaoping (Chief Executive Officer)
Mr. FAN Yan Hok, Philip
Mr. WONG Kam Chung, Raymond
Ms. ZHANG Weiyun

Independent non-executive Directors

Sir David AKERS-JONES
Mr. LI Kwok Sing, Aubrey
Mr. MAR Selwyn