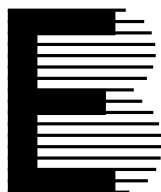


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CHINA EVERBRIGHT INTERNATIONAL LIMITED

中國光大國際有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 257)

DISCLOSEABLE AND CONNECTED TRANSACTION

CONDITIONAL SALE OF THE ENTIRE ISSUED SHARE CAPITAL OF SINO VILLA HOLDINGS LIMITED AND RISELAND LIMITED

Conditional sale of the entire issued share capital of Sino Villa and Riseland

Reference is made to the announcements of the Company dated 24 October 2008 and 10 November 2008 in which references to negotiations of the transactions contemplated under the Sino Villa Agreement and the Riseland Agreement were made.

On 10 November 2008, the Company entered into the following agreements with Everbright Real Estate: (i) the Sino Villa Agreement, pursuant to which the Company has conditionally agreed to sell, and Everbright Real Estate has conditionally agreed to acquire, the entire issued share capital of, and shareholder's loan to, Sino Villa at a total consideration of approximately HK\$193,273,000; and (ii) the Riseland Agreement, pursuant to which the Company has conditionally agreed to sell, and Everbright Real Estate has conditionally agreed to acquire, the entire issued share capital of Riseland at a total consideration of approximately HK\$2,634,000, subject to the terms and conditions under the respective agreements.

Completion of both the Sino Villa Agreement and the Riseland Agreement is inter-conditional, and is each conditional upon, among other things, the fulfillment of certain conditions precedent set out in each of the Sino Villa Agreement and the Riseland Agreement. Following completion of both the Sino Villa Agreement and the Riseland Agreement, Sino Villa and Riseland will cease to be subsidiaries of the Company.

Implications under the Listing Rules

The transactions contemplated under the Sino Villa Agreement are aggregated with the transactions contemplated under the Riseland Agreement pursuant to Rules 14.22 and 14.23 of the Listing Rules. Such transactions, when aggregated, constitute a discloseable transaction for the Company, on the basis that the calculation of the applicable ratios are within the range of 5% and 25%.

Everbright Real Estate is a wholly-owned subsidiary of China Everbright Holdings (which is the controlling shareholder of the Company) and hence is a connected person of the Company within the meaning of the Listing Rules. As such, the transactions contemplated under both the Sino Villa Agreement and the Riseland Agreement will constitute connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the approval of the Independent Shareholders on a vote taken by way of poll at the Extraordinary General Meeting and at which China Everbright Holdings and its associate will abstain from voting.

An independent board committee, consisting of all the independent non-executive directors of the Company, namely, Sir David Akers-Jones, Mr. Li Kwok Sing, Aubrey and Mr. Mar Selwyn, has been constituted to consider the terms of both the Sino Villa Agreement and the Riseland Agreement and to advise and make recommendations to the Independent Shareholders as to how to vote at the Extraordinary General Meeting on the ordinary resolutions regarding the aforesaid.

An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders on the fairness and reasonableness of the transactions contemplated under the Sino Villa Agreement and the Riseland Agreement.

General

The Extraordinary General Meeting will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Sino Villa Agreement and the Riseland Agreement and the transactions contemplated thereunder. The Company will despatch a circular to the Shareholders containing, amongst other things, details of (i) the Sino Villa Agreement; (ii) the Riseland Agreement; (iii) the recommendations of the independent board committee to the Independent Shareholders in respect of the Sino Villa Agreement and the Riseland Agreement; (iv) the letter of advice from the independent financial adviser in respect of the terms of the Sino Villa Agreement and the Riseland Agreement; and (v) a notice to convene the Extraordinary General Meeting, to approve and ratify the Sino Villa Agreement and the Riseland Agreement as soon as practicable.

BACKGROUND

Reference is made to the announcements of the Company dated 24 October 2008 and 10 November 2008 in which references to negotiations of the transactions contemplated under the Sino Villa Agreement and the Riseland Agreement were made.

The Board is pleased to announce that on 10 November 2008, the Company entered into the following agreements with Everbright Real Estate: (i) the Sino Villa Agreement, pursuant to which the Company has conditionally agreed to sell, and Everbright Real Estate has conditionally agreed to acquire, the entire issued share capital of, and shareholder's loan to,

Sino Villa at a total consideration of approximately HK\$193,273,000; and (ii) the Riseland Agreement, pursuant to which the Company has conditionally agreed to sell, and Everbright Real Estate has conditionally agreed to acquire, the entire issued share capital of Riseland at a total consideration of approximately HK\$2,634,000, subject to the terms and conditions under the respective agreements.

THE SINO VILLA AGREEMENT

The principal terms of the Sino Villa Agreement are set forth below:-

- Date:** 10 November 2008
- Parties:** (1) Company as vendor
(2) Everbright Real Estate as purchaser
- Assets to be transferred:** The entire issued share capital of, and shareholder's loan to, Sino Villa subject to the terms and conditions contained in the Sino Villa Agreement.
- Consideration and payment terms:** The total cash consideration for the sale of the entire issued share capital of, and shareholder's loan to, Sino Villa is approximately HK\$193,273,000 which will be payable to the Company in the following manner:
- (a) as to approximately HK\$57,982,000, equivalent to 30% of the total consideration will be paid by Everbright Real Estate to the Company or as it may direct within ten (10) Business Days after the date of the Sino Villa Agreement; and
 - (b) as to the balance in the sum of approximately HK\$135,291,000, equivalent to 70% of the total consideration, to be paid by Everbright Real Estate to the Company or as it may direct on Completion.
- Basis of consideration:** The consideration was arrived at after arm's length negotiations between the Company and Everbright Real Estate, having regard to the independent valuation of the Properties in the amount of HK\$193,273,000 as at 30 September 2008.
- Completion:** Completion of the Sino Villa Agreement is inter-conditional with the completion of the Riseland Agreement and is each conditional upon, amongst other things, the fulfillment of certain conditions precedent, including without limitation, fulfillment by the Company of all the necessary requirements under the Listing Rules in respect of the transactions contemplated thereunder, including without limitation, the passing of an ordinary resolution by the Shareholders, other than China Everbright Holdings and its associates, at the Extraordinary General Meeting to approve the transactions referred to in the Sino Villa Agreement.

The Company will use its reasonable endeavours to fulfill, or procure the fulfillment of the conditions. If any of the conditions as set out in the Sino Villa Agreement is not fulfilled on or before 31 December 2008 (or such later date as may be agreed by the Company and Everbright Real Estate), the Sino Villa Agreement will become void and of no further effect.

THE RISELAND AGREEMENT

The principal terms of the Riseland Agreement are set forth below:-

- Date:** 10 November 2008
- Parties:** (1) Company as vendor
(2) Everbright Real Estate as purchaser
- Assets to be transferred:** The entire issued share capital of Riseland subject to the terms and conditions contained in the Riseland Agreement.
- Consideration and payment terms:** The total cash consideration for the sale of the entire issued share capital of Riseland is approximately HK\$2,634,000 which will be payable to the Company in the following manner:
- (a) as to approximately HK\$790,000, equivalent to 30% of the total consideration will be paid by Everbright Real Estate to the Company or as it may direct within ten (10) Business Days after the date of the Riseland Agreement; and
 - (b) as to the balance in the sum of approximately HK\$1,844,000, equivalent to 70% of the total consideration, to be paid by Everbright Real Estate to the Company or as it may direct on Completion.
- Basis of consideration:** The consideration was arrived at after arm's length negotiations between the Company and Everbright Real Estate, having regard to the unaudited consolidated net asset value of Riseland as at 30 September 2008.
- Completion:** Completion of the Riseland Agreement is inter-conditional with the completion of the Sino Villa Agreement and is each conditional upon, amongst other things, the fulfillment of certain conditions precedent, including without limitation, fulfillment by the Company of all the necessary requirements under the Listing Rules in respect of the transactions contemplated thereunder, including without limitation, the passing of an ordinary resolution by the Shareholders, other than China Everbright Holdings and its associates at the Extraordinary General Meeting to approve the transactions referred to in the Riseland Agreement.

The Company will use its reasonable endeavours to fulfill, or procure the fulfillment of the conditions. If any of the conditions as set out in the Riseland Agreement is not fulfilled on or before 31 December 2008 (or such later date as may be agreed by the Company and Everbright Real Estate), the Riseland Agreement will become void and of no further effect.

THE TRANSACTIONS CONTEMPLATED UNDER THE SINO VILLA AGREEMENT AND THE RISELAND AGREEMENT ARE CONDITIONAL AND MAY OR MAY NOT PROCEED. ACCORDINGLY, SHAREHOLDERS AND PROSPECTIVE INVESTORS ARE REMINDED TO EXERCISE EXTREME CAUTION WHEN TRADING IN THE SHARES OF THE COMPANY.

INFORMATION ON SINO VILLA AND THE PROPERTIES

Sino Villa is a company incorporated in the British Virgin Islands and wholly-owned by the Company. Sino Villa's sole assets are the Properties, i.e. certain commercial properties situated at Zhongshan Garden (中山花園) (“**Zhongshan Garden**”). Zhongshan Garden is a commercial and residential project located in the central business district and at the junction between Phoenix Road and Huali Road in Shenzhen, Guangdong Province, the PRC. Sino Villa has entrusted Zhongshan Property Management to operate and manage the leasing of the Properties on its behalf.

The Properties comprise four levels of commercial podium with total gross floor area of approximately 15,191 sq.m. The Properties are currently tenanted. The existing leases of the Properties were entered into by the tenants with Sino Villa.

Greater China Appraisal Limited, an independent property valuer, has prepared a valuation report (the “**Valuation Report**”) and valued the Properties for RMB170,000,000 (approximately HK\$193,273,000) as at 30 September 2008.

The unaudited financial information of Sino Villa for the two years ended 31 December 2007 and 2006 are as follows:

	Year ended 31 December 2007 Unaudited HK\$	Year ended 31 December 2006 Unaudited HK\$
Net asset value	143,072,000	105,743,000
Net profit before taxation, extraordinary items and minority interest	23,963,000	14,296,000
Net profit after taxation, extraordinary items and minority interest	24,811,000	11,621,000

Upon completion of the Sino Villa Agreement, Sino Villa will cease to be a subsidiary of the Company.

INFORMATION ON RISELAND

Riseland is an investment holding company incorporated in the British Virgin Islands and wholly-owned by the Company. Riseland is the registered and beneficial owner of 95% interest in Zhongshan Property Management, a company incorporated in the PRC with limited liability being a sino-foreign equity joint venture. Sino Villa has entrusted Zhongshan Property Management to operate and manage the leasing of the Properties on its behalf.

The unaudited consolidated financial information of Riseland for the two years ended 31 December 2007 and 2006 are as follows:

	Year ended 31 December 2007	Year ended 31 December 2006
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>HK\$</i>	<i>HK\$</i>
Net asset value	2,874,000	2,459,000
Net profit before taxation, extraordinary items and minority interest	280,000	484,000
Net profit after taxation, extraordinary items and minority interest	216,000	383,000

Upon completion of the Riseland Agreement, Riseland will cease to be a subsidiary of the Company.

INFORMATION ON THE GROUP, CHINA EVERBRIGHT HOLDINGS AND EVERBRIGHT REAL ESTATE

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.

At present, China Everbright Holdings is the controlling shareholder of the Company with approximately 56% interest in the issued share capital of the Company as of the date of this announcement.

Everbright Real Estate is a company incorporated in Hong Kong and is a wholly-owned subsidiary of China Everbright Holdings. Everbright Real Estate is an investment holding company.

REASONS AND BENEFITS OF ENTERING INTO THE ABOVE TRANSACTIONS

The disposal of the Properties held by Sino Villa and the business activities of Zhongshan Property Management would allow the Company to consolidate its resources in the development of its core business of environmental protection. This also represents an opportunity for the Company to realize its interest in the non-core property business at selling prices which are comparable to the prevailing market valuation.

The sale of the entire issued share capital of Sino Villa and Riseland as contemplated under the Sino Villa Agreement and the Riseland Agreement, respectively, will generate net sale proceeds (before expenses) of approximately HK\$195,907,000 for the Company. The Company currently intends to apply the sale proceeds for general working capital purposes.

The disposal of the entire interest in Sino Villa gives rise to an estimated gain before expenses of approximately HK\$21,744,000, based on (i) the consideration of approximately HK\$193,273,000; (ii) the unaudited net asset value of Sino Villa of approximately HK\$161,702,000 as at 30 September 2008; and (iii) the amount due from Sino Villa of approximately HK\$9,827,000 as at 30 September 2008. It is currently expected that the estimated gain of approximately HK\$21,744,000 will be realized by the Group for the year ending 31 December 2008, and the disposal will increase the consolidated net asset value of the Group by approximately HK\$21,744,000, being the book gain as a result of the disposal.

The disposal of the interest in Riseland at the unaudited consolidated net asset value as at 30 September 2008 is currently expected not to generate any material gain or loss on the disposal.

The actual profit of the disposal of Sino Villa and Riseland will be subject to audit and adjustment to reflect the results of Sino Villa and Riseland from 1 October 2008 up to the date of completion of the disposal.

Taking into consideration of the above, the Board (excluding the independent non-executive Directors whose view will be stated in the circular to be issued in relation to the transactions) believes that each of the Sino Villa Agreement and the Riseland Agreement was entered into on normal commercial terms, and the proposed total consideration for the sale of the entire issued share capital of, and shareholder's loan to, Sino Villa under the Sino Villa Agreement and the sale of the entire issued share capital of Riseland under the Riseland Agreement, is fair and reasonable, and that the entering into of both agreements is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The transactions contemplated under the Sino Villa Agreement are aggregated with the transactions contemplated under the Riseland Agreement pursuant to Rules 14.22 and 14.23 of the Listing Rules. Such transactions, when aggregated, constitute a discloseable transaction for the Company, on the basis that the calculation of the applicable ratios are within the range of 5% and 25%.

Everbright Real Estate is a wholly-owned subsidiary of China Everbright Holdings (which is the controlling shareholder of the Company) and hence is a connected person of the Company

within the meaning of the Listing Rules. As such, the transactions contemplated under both the Sino Villa Agreement and the Riseland Agreement will constitute connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the approval of the Independent Shareholders on a vote taken by way of poll at the Extraordinary General Meeting and at which China Everbright Holdings and its associate will abstain from voting.

An independent board committee, consisting all the independent non-executive directors of the Company, namely Sir David Akers-Jones, Mr. Li Kwok Sing, Aubrey and Mr. Mar Selwyn, has been constituted to consider the terms of both the Sino Villa Agreement and the Riseland Agreement and to advise and make recommendations to the Independent Shareholders as to how to vote at the Extraordinary General Meeting on the ordinary resolutions regarding the aforesaid.

An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders on the fairness and reasonableness of the transactions contemplated under the Sino Villa Agreement and the Riseland Agreement.

General

The Extraordinary General Meeting will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Sino Villa Agreement and the Riseland Agreement and the transactions contemplated thereunder. The Company will despatch a circular to the Shareholders containing, amongst other things, details of (i) the Sino Villa Agreement; (ii) the Riseland Agreement; (iii) the recommendations of the independent board committee to the Independent Shareholders in respect of the Sino Villa Agreement and the Riseland Agreement; (iv) the letter of advice from the independent financial adviser in respect of the terms of the Sino Villa Agreement and the Riseland Agreement; and (v) a notice to convene the Extraordinary General Meeting, to approve and ratify the Sino Villa Agreement and the Riseland Agreement as soon as practicable.

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“China Everbright Holdings”	China Everbright Holdings Company Limited (中國光大集團有限公司), a company incorporated in Hong Kong and a controlling shareholder of the Company with approximately 56% interest in the issued share capital of the 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
“Directors”	the directors of the Company
“Everbright Real Estate”	Everbright Real Estate Limited (光大置業有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of China Everbright Holdings
“Extension Areas”	has the meaning defined in the sale and purchase agreement dated 20 May 1999 entered into by China Everbright Holdings as the then vendor and the Company as the then purchaser in relation to the sale and purchase of the entire issued share capital and shareholder’s loan to Sino Villa
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be convened and held for the independent Shareholders to consider and, if thought fit, approve and ratify the Sino Villa Agreement and Riseland Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholder(s), other than China Everbright Holdings and its associates, who are entitled to vote at the Extraordinary General Meeting pursuant to the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Properties”	means the Properties known as 中山花園大廈裙樓地下一層之一、之三及第一層、第二層以及第三層局部 (Shop Units at Sections 1 and 3 of lower ground floor, all shop units on level 1 and 2 and

office units on level 3 of Zhongshan Garden)*, particulars of which are set out in the Sino Villa Agreement, and “Property” means each part or individual unit of the Properties including the Extension Areas

“Riseland”	Riseland Limited 置升有限公司, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Riseland Agreement”	the sale and purchase agreement entered into between the Company and Everbright Real Estate on 10 November 2008 in respect of the sale and purchase of the entire issued share capital of Riseland
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“shareholder’s loan”	the loan of approximately HK\$9,827,000 owed by Sino Villa to the Company as at 30 September 2008
“Sino Villa”	Sino Villa Holdings Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Sino Villa Agreement”	the sale and purchase agreement entered into between the Company and Everbright Real Estate on 10 November 2008 in respect of the sale and purchase of the entire issued share capital of, and shareholder’s loan to, Sino Villa
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Zhongshan Property Management”	深圳中山物業管理有限公司 (Zhongshan Property Management Limited)*, a company incorporated in the PRC with limited liability being a sino-foreign equity joint venture and held as to 95% equity interest by Riseland
“%”	per cent.

**For identification purposes only.*

For the purposes of illustration only and unless otherwise stated, the conversion of RMB into HK\$ is based on the exchange rate of RMB1.0 = HK\$1.1369. 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 at all.

By order of the Board
**China Everbright International
Limited**
WONG Kam Chung, Raymond
Executive Director

Hong Kong, 11 November 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