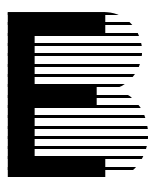


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# CHINA EVERBRIGHT INTERNATIONAL LIMITED

## 中國光大國際有限公司

*(Incorporated in Hong Kong under the Companies Ordinance)*  
(Stock Code: 0257)

### PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

#### Placing Agent

#### Deutsche Bank AG, Hong Kong Branch

On 25 April, 2006, the Placing Agent agreed to place, on an underwritten basis, an aggregate of 510,000,000 existing Shares at a price of HK\$0.66 per Share on behalf of Guildford and Guildford agreed to subscribe, on a conditional basis, an aggregate of 510,000,000 new Shares at the same price per Share. The 510,000,000 Shares represent approximately 19.99% of the existing issued share capital of the Company and approximately 16.66% of the issued share capital of the Company as enlarged by the Subscription.

Guildford, a company incorporated in the British Virgin Islands and is beneficially owned by China Everbright Holdings Company Limited which is the controlling shareholder of the Company, holds approximately 68.90% of the issued share capital of the Company as of the date of this announcement.

The Placing Shares will be placed by the Placing Agent to no less than six independent corporate, institutional and/or individual investor, and who and whose ultimate beneficial owners (i) are not connected persons (as defined in the Listing Rules) of the Company; and (ii) are independent of the Company and its connected persons (as defined in the Listing Rules) and other placees.

The shareholding of Guildford in the issued share capital of the Company will be reduced to approximately 48.91% upon completion of the Placing but before completion of the Subscription and will be increased from 48.91% to approximately 57.42% upon completion of the Placing and the Subscription.

The Placing Price is fixed on 25 April 2006, being the Last Trading Day. The Placing Price (and the Subscription Price) of HK\$0.66 per share represents (i) a discount of approximately 9.59% to the closing price of HK\$0.73 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 12.23% to the average closing price per Share of HK\$0.752 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and (iii) a discount of approximately 10.45% to the average closing price per Share of HK\$0.737 as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

Completion of the Subscription is conditional upon, among other things, (1) completion of the Placing; (2) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares; and (3) if required, the Executive granting a waiver to Guildford from its obligation, as a result of the Subscription, to make a general offer for all of the issued Shares other than those already owned by it under Note 6 to the notes on dispensations from Rule 26 of the Takeovers Code.

The Placing and the Subscription are effected to enable the Company to raise funds. The estimated net proceeds of the Subscription are approximately HK\$321 million. The net proceeds from the Subscription will be applied as to approximately HK\$200 million for the expansion of the Group's existing environmental protection business and as general working capital; and as to the balance of approximately HK\$121 million to finance new environmental protection projects when relevant opportunity arises.

**The Placing and Subscription Agreement contains provisions granting the Placing Agent the right to terminate its obligations on the occurrence of certain events including force majeure, or any material breach of any of the undertakings, warranties or representations in the Placing and Subscription Agreement, in each case occurring prior to 12:00 noon on 28 April 2006. If the Placing Agent exercises such right, the Placing and the Subscription will not proceed.**

## **PLACING AND SUBSCRIPTION AGREEMENT DATED 25 APRIL 2006**

### **Issuer:**

The Company

### **Vendor and Subscriber:**

Guildford is a shareholder of the Company and is beneficially owned by China Everbright Holdings Company Limited, the controlling shareholder of the Company.

As at the date of this announcement, Guildford holds 1,758,215,910 Shares representing approximately 68.90% of the existing issued share capital of the Company which comprises 2,551,811,700 Shares.

### **Placing agent:**

The Placing is arranged by the Placing Agent, Deutsche Bank AG, Hong Kong Branch. The Placing Agent and its ultimate beneficial owners are not connected persons (as defined in the Listing Rules) of the Company and are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

**The Placing and Subscription Agreement contains provisions granting the Placing Agent the right to terminate its obligations on the occurrence of certain events including force majeure, or any breach of any of the undertakings, warranties or representations in the Placing and Subscription Agreement, in each case occurring prior to 12:00 noon on 28 April 2006. For this purpose, force majeure includes the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof, which shall materially and adversely affect the Company or its Subsidiaries; the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof), including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions; the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; a material change or significant development involving a prospective change in taxation in Hong Kong or the People's Republic of China or the implementation of exchange controls which shall or might materially and adversely affect the Company or its present or prospective shareholders in their capacity as such; or any material change or deterioration in the conditions of local, national or international securities markets occurs. If the Placing Agent exercises such right, the Placing and the Subscription will not proceed.**

### **Number of Shares to be placed:**

510,000,000 existing Shares, representing approximately 19.99% of the existing issued share capital of the Company. The Placing Shares are legally owned by Guildford.

### **Placement to:**

no less than six independent corporate, institutional and/or individual investors, and who and whose ultimate beneficial owners (i) are not connected persons (as defined in the Listing Rules) of the Company; and (ii) are independent of the Company and its connected persons (as defined in the Listing Rules) and other placees.

### **Number of new Shares to be subscribed:**

510,000,000 new Shares to be subscribed by the Subscriber, representing 19.99% of the existing issued shares capital of the Company and approximately 16.66% of the issued share capital of the Company as enlarged by the Subscription.

### **Placing Price:**

HK\$0.66 per Share. The Placing Price is fixed on 25 April 2006, being the Last Trading Day. The Placing Price (and the Subscription Price) of HK\$0.66 per share represents (i) a discount of approximately 9.59% to the closing price of HK\$0.73 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 12.23% to the average closing price per Share of HK\$0.752 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and (iii) a discount of approximately 10.45% to the average closing price per Share of HK\$0.737 as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

### **Subscription Price:**

The price per new Share to be subscribed will be equivalent to the net price payable to Guildford in respect of each Placing Share.

The Company will bear all the costs and expenses, approximately HK\$14.8 million, incurred in respect of the Placing and the Subscription and will reimburse Guildford for all costs and expenses incurred by it in relation to the Placing.

The Placing Price is determined after arm's length negotiation between the Company, Guildford and the Placing Agent with reference to the recent Share prices and the Board of Directors (including the independent non-executive Directors) of the Company considers that the Placing Price, the Subscription Price and the terms of the Placing and Subscription Agreement are fair and reasonable based on the current market conditions and the recent Share prices and the Placing and the Subscription are in the interests of the Company and its shareholders as a whole.

### **Rights:**

The Placing Shares are sold free from any lien, charge, encumbrance or third-party right and together with all rights attaching thereto including the right to receive all rights, dividends and distributions declared, paid or made in respect thereof on or after the date of completion of the Placing.

### **Condition(s) of the Placing:**

The Placing is unconditional.

### **Conditions of the Subscription:**

The Subscription is conditional upon (1) completion of the Placing; (2) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares; and (3) if required, the Executive granting a waiver to Guildford from its obligation, as a result of the Subscription, to make a general offer for all of the issued Shares other than those already owned by it under Note 6 to the Notes on dispensations from Rule 26 of the Takeovers Code.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

**Mandate to issue the new Shares:**

The Subscription Shares are to be issued under the general mandate granted to the Directors pursuant to the resolution of the shareholders of the Company passed on 18 May 2005. As at the date of this announcement, no Shares has been issued under the general mandate referred to above.

**Ranking of the new Shares:**

The Subscription Shares, when fully paid, will rank pari passu in all respects with the Shares in issue on the completion date of the Subscription including the right to any dividends or distributions after the date of completion of the Subscription.

**Completion of the Placing:**

On or before 28 April 2006 (or such later date as Guildford and the Placing Agent may mutually agree).

**Completion of the Subscription:**

Completion of the Subscription will take place upon the fulfillment of all conditions listed in the section headed “Conditions of the Subscription” above and within 14 days from the date of the Placing and Subscription Agreement which is 8 May 2006 (or such later date as the parties may mutually agree and always subject to full compliance with the Listing Rules).

**REASON FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS OF THE SUBSCRIPTION**

The Directors consider the timing of the Placing and the Subscription represents a good opportunity for the Company to raise capital whilst broadening the shareholder base and the capital base of the Company. The Placing and the Subscription are effected to raise funds for the Company. The estimated net proceeds of the Subscription are approximately HK\$321 million. The net proceeds from the Subscription will be applied as to approximately HK\$200 million for the expansion of the Group’s existing environmental protection business and as general working capital; and as to the balance of approximately HK\$121 million to finance new environmental protection projects when relevant opportunity arises.

The Company has not conducted any equity fund raising activities in the twelve-month period immediately preceding the date of this announcement.

**SUBSCRIBER’S INTERESTS IN THE COMPANY**

The shareholding of Guildford in the issued share capital of the Company will be reduced to approximately 48.91% upon completion of the Placing but before completion of the Subscription and will be increased from approximately 48.91% to approximately 57.42% upon completion of the Placing and the Subscription.

**CHANGES TO THE SHAREHOLDING AS A RESULT OF THE PLACING AND THE SUBSCRIPTION**

The shareholding structures of the Company before the Placing and the Subscription, and after Placing and the Subscription are as follow:

	<b>Immediately before the Placing and the Subscription</b>	<b>Immediately after the Placing but before the Subscription</b>	<b>Immediately after the Placing and the Subscription</b>
Guildford	approximately 68.90% being 1,758,215,910 Shares	approximately 48.91% being 1,248,215,910 Shares	approximately 57.42% being 1,758,215,910 Shares
Parties acting in concert with Guildford	approximately 0.01% being 380,000 Shares	approximately 0.01% being 380,000 Shares	approximately 0.01% being 380,000 Shares
Public (excluding placees)	approximately 31.09% being 793,215,790 Shares	approximately 31.09% being 793,215,790 Shares	approximately 25.91% being 793,215,790 Shares
Placees	Nil	approximately 19.99% being 510,000,000 Shares	approximately 16.66% being 510,000,000 Shares
<b>Total:</b>	<b>100%</b> <b>being 2,551,811,700 Shares</b>	<b>100%</b> <b>being 2,551,811,700 Shares</b>	<b>100%</b> <b>being 3,061,811,700 Shares</b>

**PRINCIPAL ACTIVITIES**

The Group is principally engaged in toll bridge operation, environmental protection investment and operation, property investment and management, environmental protection project management and consultancy and investment holdings.

**DEFINITIONS**

As used in this announcement, the following words and phrases have the meanings assigned:

“Board”	board of Directors
“Company”	China Everbright International Limited, a company incorporated in Hong Kong with limited liability and the securities of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong
“Group”	the Company and its subsidiaries
“Guildford”	Guildford Limited, a company incorporated in the British Virgin Islands
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	25 April 2006, being the last trading day for the Shares prior to the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placement of 510,000,000 existing Shares to independent investors at the Placing Price
“Placing Agent”	Deutsche Bank AG, Hong Kong Branch

“Placing and Subscription Agreement”	the placing and subscription agreement dated 25 April, 2006 between Guildford and the Placing Agent in respect of the Placing and the Subscription
“Placing Price”	the placing price of HK\$0.66 per Share
“Placing Shares”	510,000,000 existing Shares
“PRC”	the People’s Republic of China
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Guildford
“Subscription”	the subscription of the Subscription Shares by the Subscribers
“Subscription Price”	the subscription price of HK\$0.66 per Share
“Subscription Shares”	510,000,000 new Shares
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Guildford
“HK\$”	Hong Kong dollars

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

Hong Kong, 25 April 2006

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

*Executive Directors*

Mr. WANG Mingquan (*Chairman*)  
Mr. ZANG Qiutao (*Vice-chairman*)  
Mr. LI Xueming (*Vice-chairman*)  
Mr. CHEN Xiaoping (*Chief Executive Officer*)  
Mr. FAN Yan Hok, Philip  
Mr. HUANG Chaohua  
Mr. WONG Kam Chung, Raymond  
Mr. CHEN Shuang  
Ms. ZHANG Weiyun

*Independent non-executive Directors*

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

“Please also refer to the published version of this announcement in The Standard.”