



China Everbright International Limited

(Stock Code: 257)

2007 Annual Results March 2008



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Agenda

- Results Highlights
- Financial Review
- Environmental Protection Business
- Infrastructure and Property Investment
- Prospects and Business Strategies
- Q & A



Results Highlights



Results Highlights

- Strong turnover and net recurring profit growth, at 52% and 248% respectively
- Enhanced gross profit margin from 28% to 34%
- EBITDA of environmental protection projects up 102% to HK\$425,557,000 in 2007
- Profit attributable to shareholders for 2007 was HK\$337,932,000
- Declared a final dividend of HK1 cent per share



Financial Review

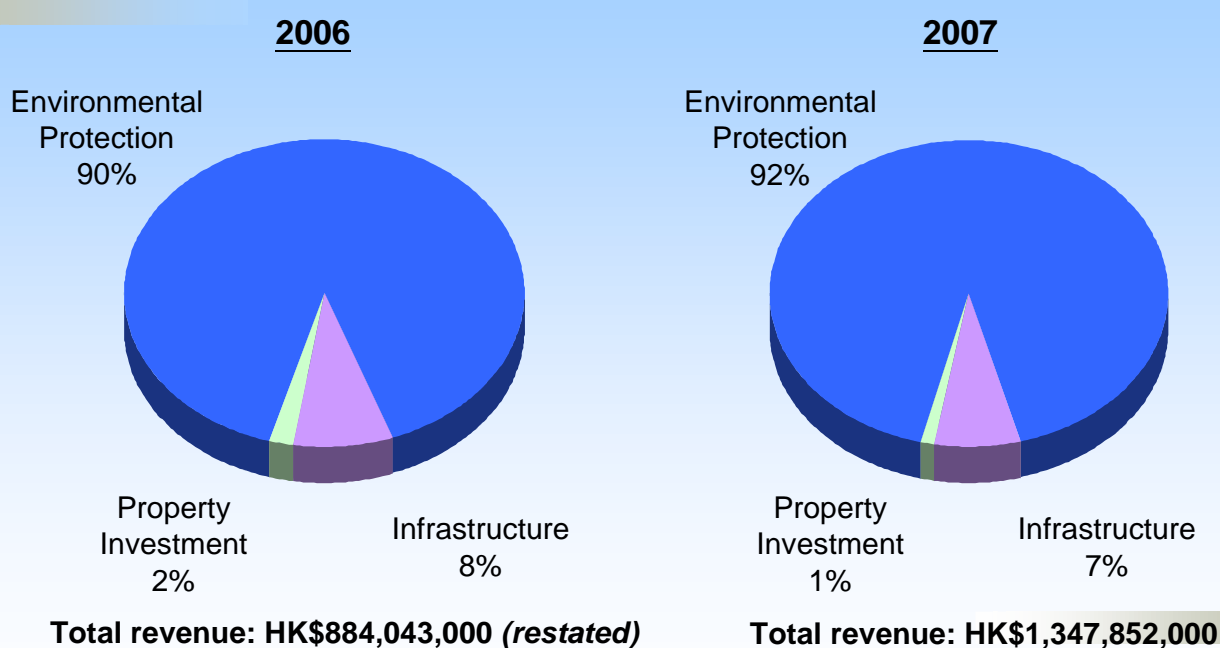


Financial Review

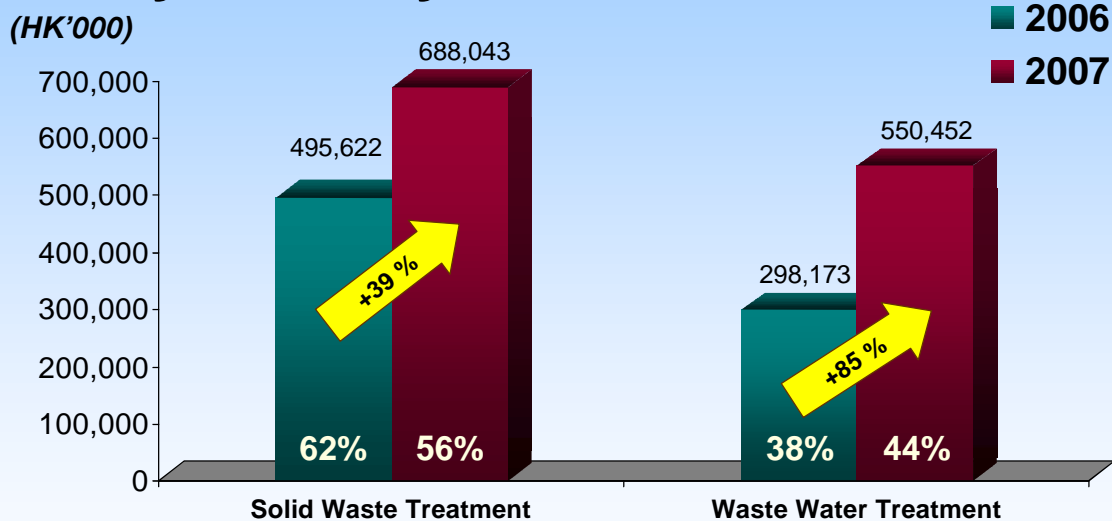
(HK \$'000)	For the year ended 31 December		Change
	2007	2006 (restated)	
Turnover	1,347,852	884,043	52%
Gross Profit	459,955	243,450	89%
EBITDA on recurring basis	425,557	210,776	102%
Profit attributable to equity shareholders	337,932	460,478	(27%)
Basic EPS	HK10.89 cents	HK15.92 cents	(32%)
Profit attributable to equity shareholders (recurring basis)	299,847	86,060	248%
Basic EPS (recurring basis)	HK9.67 cents	HK2.98 cents	224%
Dividends per share	HK1.6 cents	HK1.6 cents (including special dividend of HK0.4 cent)	-



Turnover Analysis by Segment



Turnover Analysis of Environmental Protection Business – By Activity



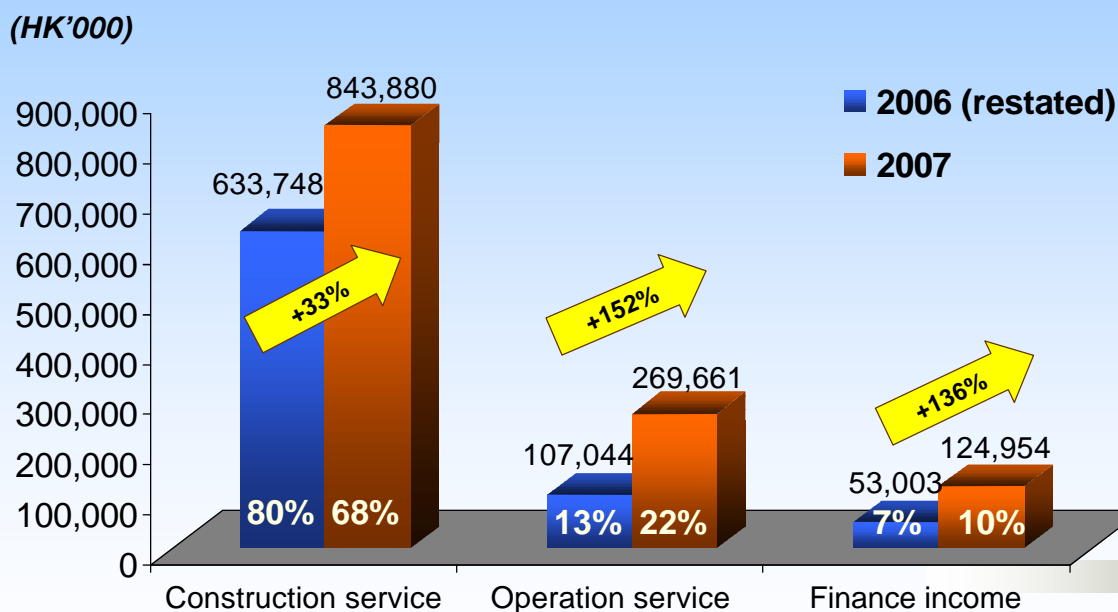
Environmental Protection Revenue:

2007: HK\$1,238,495,000

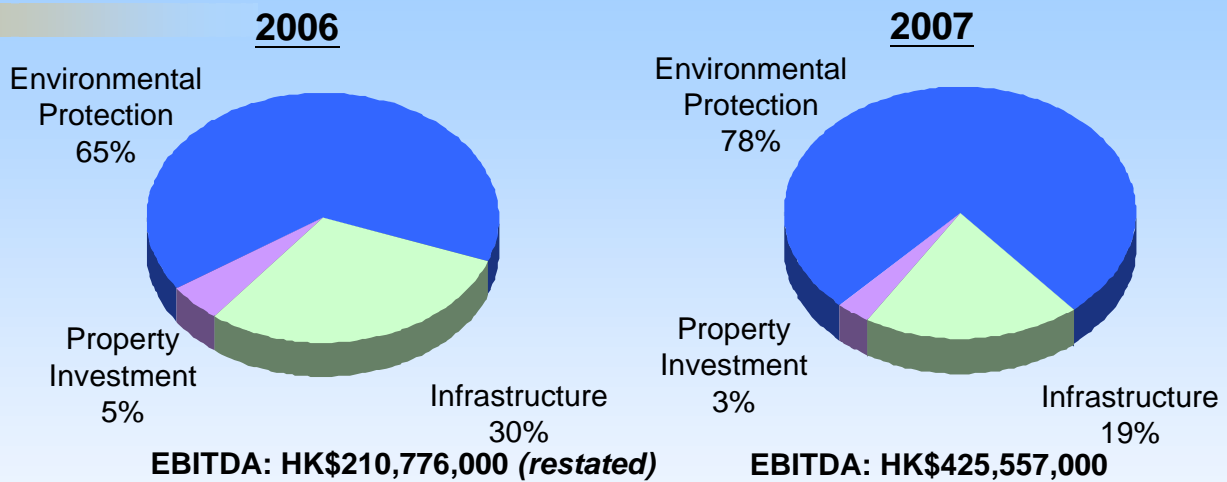
2006: HK\$793,795,000 (restated)



Turnover Analysis of Environmental Protection Business – By Nature



EBITDA Analysis by Segment

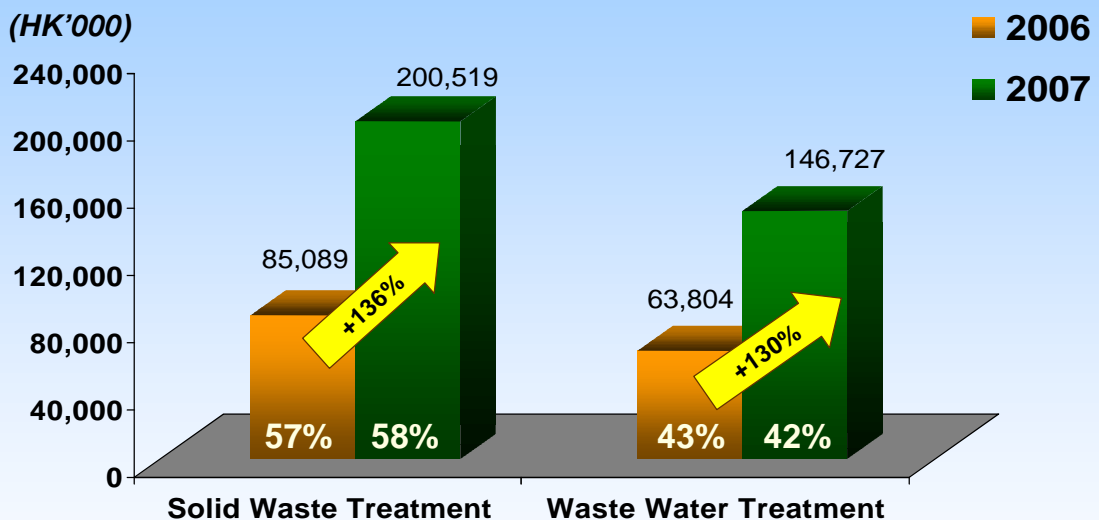


- EBITDA on recurring basis has registered a substantial growth of 102% compared with last year
- Environmental protection business has become the major profit driver of the Group

Note: EBITDA on recurring basis is calculated excluding the disposal gain of investment properties, the disposal gain of available-for-sale securities, the disposal gain of Mawan Power, the share of results in Mawan Power and valuation gains on investment properties with a total amount of HK\$42,885,000 (2006: HK\$376,294,000)



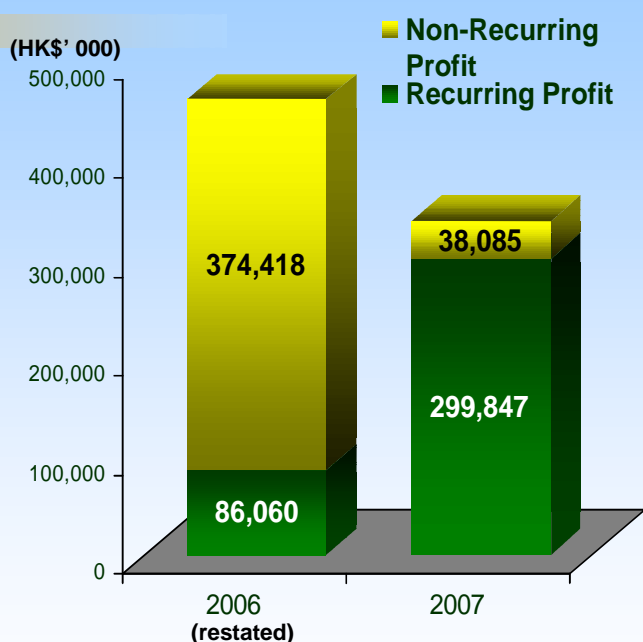
EBITDA Analysis of Environmental Protection Business



EBITDA of Environmental Protection Business:
2007: HK\$347,246,000
2006: HK\$148,893,000 (restated)



Profit Attributable to Shareholders



Significant increase in recurring profit by 248%:

- Construction of several projects was in full swing, bringing in higher construction service revenue
- Increase in processing volume of operating projects fuelled the growth of operation service revenue

2007: HK\$337,932,000

2006: HK\$460,478,000 (restated)



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Profit Attributable to Shareholders – Recurring basis

(HK \$'000)	For the year ended 31 December		Change
	2007	2006 (restated)	
Profit attributable to shareholders	337,932	460,478	(27%)
Less: Disposal gains of available-for-sale securities	(23,683)	(11,542)	105%
Disposal gains of investment properties	-	(16,083)	(100%)
Disposal gains of Mawan Power	-	(310,000)	(100%)
Share of results in Mawan Power	-	(32,838)	(100%)
Valuation gains on investment properties (net of tax)	(14,402)	(3,955)	264%
Profit attributable to shareholders (recurring basis)	299,847	86,060	248%



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Financial Impact in Adoption of HK(IFRIC)12 – Service Concession Arrangements (1)

- Infrastructure assets (i.e. waste-to-energy plants, waste water treatments plants, methane-to-energy plant, industrial solid waste disposal centre and the Fuzhou Bridge) are derecognized as property, plant and equipment or finance lease receivables
- Considerations for the construction services are recognized as financial assets or intangible assets
 - Recognize a financial asset to the extent it has an unconditional right to receive a specified amount of cash over the life of the arrangement (i.e. waste water treatment plants, waste-to-energy plants, methane-to-energy plant and solid waste disposal centre)
 - Recognize an intangible asset to the extent it receives a right to charge for usage of the asset (i.e. Fuzhou Bridge)



Financial Impact in Adoption of HK(IFRIC)12 – Service Concession Arrangements (2)

- Revenue and costs relating to the construction or upgrade services are accounted for in accordance with HKAS11, “Construction Contracts” using the percentage of completion method
- Revenue is divided into (i) construction service revenue, (ii) operation service revenue and (iii) finance income
- Borrowing costs are not capitalized, except for capitalization to intangible asset
- Increase the profit attributable to shareholders by HK\$98,752,000 (2006:HK\$51,131,000)



Key Financial Figures

	As at 31/12/2007	As at 31/12/2006 (restated)	Change
Total assets (HK\$ 'Mil)	4,526	3,386	34%
Total liabilities (HK\$ 'Mil)	1,922	1,273	51%
Shareholders' equity (HK\$ 'Mil)	2,451	1,996	23%
Cash on hand (HK\$ 'Mil)	631	867	(27%)
Current ratio (%)	221%	321%	(100ppt)
Gearing ratio (%) (Total liabilities/Total assets)	42%	38%	4ppt



Business Review



Environmental Protection Business



Everbright Environment

Four major business sectors have been established after going through “laying of foundation, exploration and deployment” in the last four years:

- Jiangsu Waste-to-energy Sector
- Shandong Waste Water Treatment Sector
- Suzhou Everbright National Demonstrative Veinous Industrial Park
- Restoration of Water Quality for Taihu Lake





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Overview of the four major business sectors:

- 20 projects at a total investment of approximately HK\$4.9 billion
- Annual household waste processing capacity of approximately 1.50 million tonnes; annual on-grid power generation capacity of approximately 400 million kilowatt-hour
- Daily waste water treatment capacity of approximately 1.30 million tonnes
- Other waste treatment capacity of approximately 20,000 tonnes per annum



Operating Data of Everbright Environment (1)

<u>Solid Waste Treatment</u>	Waste processing volume (Tonne)		Uploaded electricity (kWh)	
	For the year ended 31 December			
	2007	2006	2007	2006
Suzhou Waste-to-Energy Project (Phase I) (i)	441,000	161,000	99,992,000	39,506,000
Suzhou Methane-to-Energy Project (ii)	-	-	18,712,000	5,170,000
Yixing Waste-to-Energy Project (iii)	118,000	-	12,658,000	-
	559,000	161,000	131,362,000	44,676,000

- (i) Commercial operation commenced in July 2006
- (ii) Commercial operation commenced in August 2006
- (iii) Commercial operation commenced in July 2007



Operating Data of Everbright Environment (2)

<u>Waste Water Treatment</u>	Waste water treatment volume (Tonne)		
	For the year ended 31 December		
	2007	2006	Change
Qingdao Waste Water Treatment Project	61,621,000	52,152,000	18%
Zibo Southern and Northern Plants Project	88,924,000	77,374,000	15%
Zibo High-tech Zone Project (i)	12,900,000	-	100%
Jinan Waste Water Treatment Project (ii)	126,290,000	11,043,000	1,044%
	289,735,000	140,569,000	106%

(i) Commercial operation commenced in September 2007

(ii) Acquired in November 2006



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Business Sector (1)

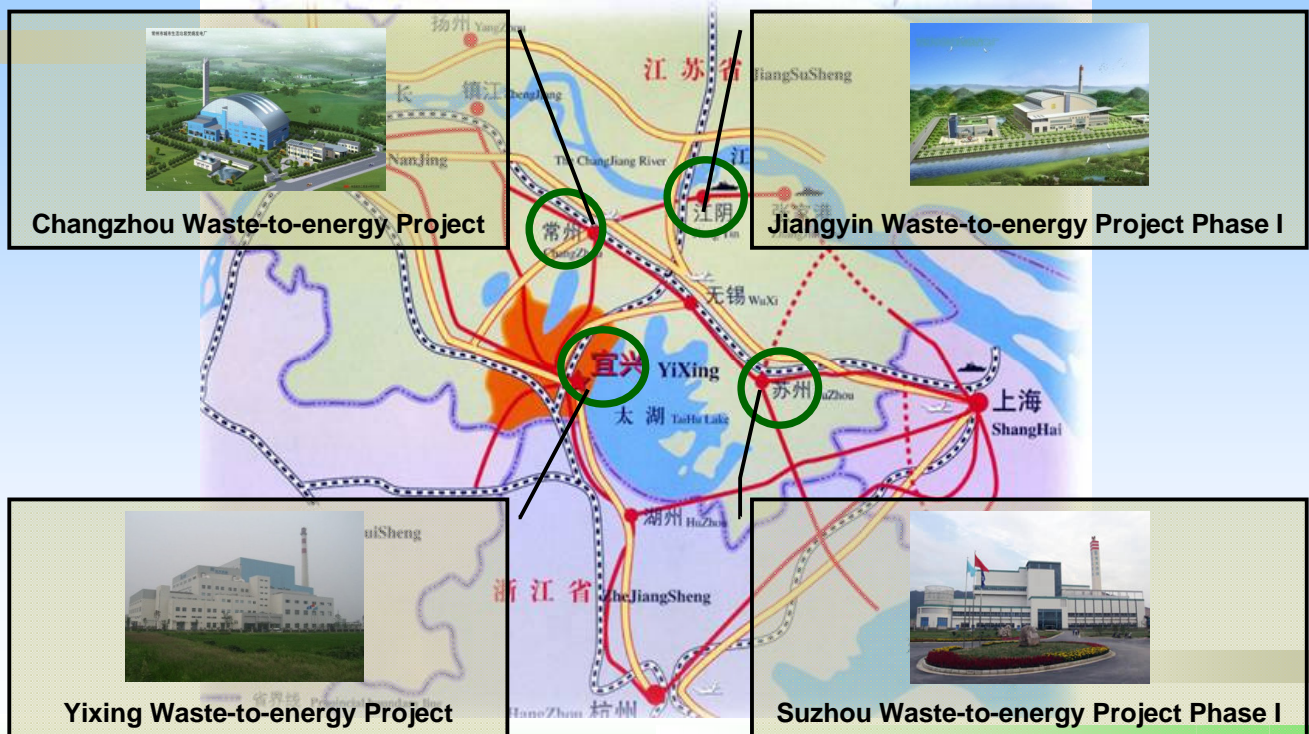
Jiangsu Waste-to-energy Sector



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Jiangsu Waste-to-Energy Projects



Jiangsu Waste-to-Energy Projects

Project	Type of Investment	Total Investment / RMB'Mil	Date of commercial operation	Daily processing capacity / Tonne	Average annual power generation capacity / kWh
Suzhou Project Phase I	BOT for 25 years	489	Jul 2006	1,000	>100 mil
Yixing Project	BOT for 25 years	238	Jun 2007	500	>44.5 mil (Expected)
Jiangyin Project Phase I	BOT for 30 years	388	Apr 2008 (Expected)	800	>77 mil (Expected)
Changzhou Project	BOT for 25.5 years	412	Sept 2008 (Expected)	800	>77 mil (Expected)

■ More projects will come into income stream within years



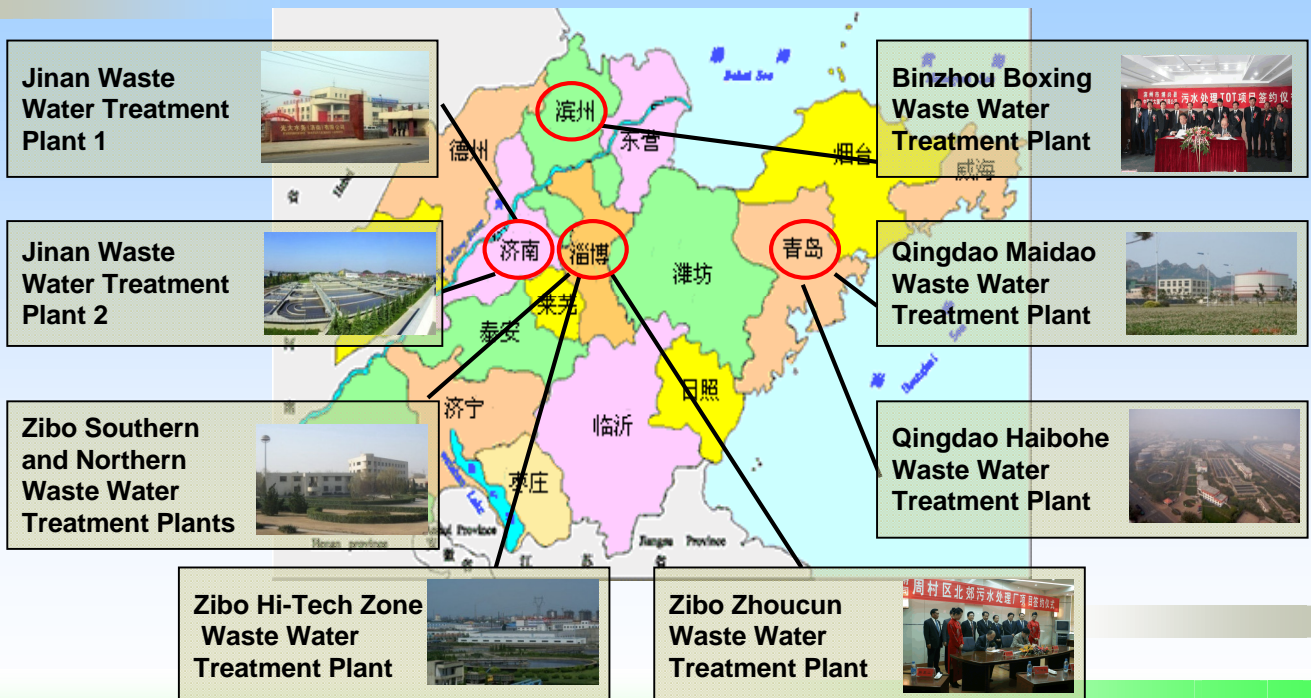


Business Sector (2)

Shandong Waste Water Treatment Sector



Shandong Waste Water Treatment Projects



Shandong Waste Water Treatment Projects (1)

Project	Type of Investment	Total Investment / RMB'Mil	Date of Operation	Daily sewage treatment capacity / Tonne
Qingdao Project (Haibohe Plant & Maido Plant)	BOT/TOT for 25 years	356	Jan 2005	220,000 (Maidao Extension Project completed in Jul 2007)
Zibo Project (Southern and Northern Plants)	TOT for 25 years	354.2 (Including Investment of 130.2 mil for upgrade work)	Jan 2006	250,000 (Upgrade work to be completed in Dec 2007)
Zibo High-tech Zone Project	BOT for 25 years	150 (Phase I)	Sep 2007	100,000 (Phase I)



Shandong Waste Water Treatment Projects (2)

Project	Type of Investment	Total Investment / RMB'Mil	Date of Operation	Daily sewage treatment capacity / Tonne
Jinan Project (Plant 1 and Plant 2)	TOT for 30 years	420	Nov 2006	420,000
Jinan Project (Upgrade work for Plant 1 and Plant 2)		280	2008 (Expected)	
Binzhou Boxing Project	TOT for 25 years	40 (Phase I)	Jul 2008 (Expected)	30,000 (Phase I)
Zibo Zhoucun Project	BOT for 25 years	70 (Phase I)	Dec 2008 (Expected)	40,000 (Phase I)



Suzhou Everbright National Demonstrative Veinous Industrial Park

- First integrated environmental protection waste treatment park for urban solid waste in the PRC
- Adopting “Construction Plan Guidelines” prepared by the State Environmental Science Institute
- Total investment will be increased significantly on the existing planned HK\$1.5 billion



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Suzhou Everbright National Demonstrative Veinous Industrial Park

- Construction will take place over 3-5 years with co-ordinated planning, management, and implementation by phases
- Minimize use of land resources, integrating restoration of ecological environment and greening, fully exploring synergies among projects and adopting co-ordinated management and supervision



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Suzhou Everbright National Demonstrative Veinous Industrial Park

Completed Projects:

- **Waste-to-energy Project Phase I**
- **Methane-to-energy Project Phase I**
 - equips with two 1,250 kw generators
 - supplies 18 million kWh of electricity to the power grid per year
 - total investment: RMB27 million
- **Industrial Solid Waste Disposal Project Phase I**
 - the only hazardous waste treatment landfill centre in Suzhou city
 - Phase I total investment: RMB78 million
 - Existing storage capacity: 200,000 tonnes
 - Total storage capacity for the whole project: 600,000 tonnes



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Suzhou Everbright National Demonstrative Veinous Industrial Park

Project	Type of Investment	Total Investment / RMB'Mil	Date of Commercial operation	Daily processing capacity / Tonne	Average annual power generation capacity / kWh
Methane-to-energy Project Phase I	BOO for 25 years	27.9	Aug 2006	N/A	>18 mil
Industrial Solid Waste Disposal Project Phase I	BOT for 30 years	78.26	July 2007	200,000	N/A
Methane-to-energy Project Phase II	BOT for 23 years	13	Oct 2008 (Expected)	N/A	>18 mil (Expected)
Waste-to-energy Project Phase II	BOT for 25 years	450	End of 2008 (Expected)	1,000	>100 mil (Expected)

Projects under construction:

1. A slag brick making plant
2. Leachate treatment (centralized processing of waste water in the park)



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Suzhou Everbright National Demonstrative Veinous Industrial Park

Projects to be implemented:

- Waste-to-energy Project Phase 3 (aims to handle all urban waste in Suzhou)
- Industrial Solid Waste Disposal Project (Phase 2)
- Public Utility Sludge Environmental Friendly Treatment Project
- Electronic Waste Recycling Project
- Solid Waste Technology Development Centre Project
- Ecological Restoration Project
- Environmental Protection Educational Centre, etc



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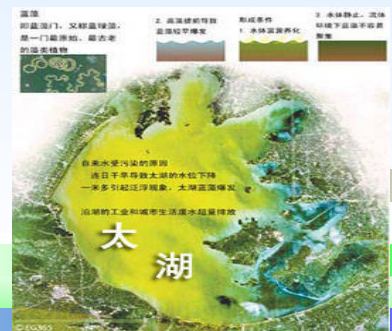
Business Sector (4)

Restoration of Water Quality for Taihu Lake



Jiangyin Urban and Rural Waste Water Treatment Project

- First integrated waste water treatment model project in the PRC
- The Group (holds 70% equity interest) and Jiangyin Xin Guo Lian jointly established a project company and operate as follow :
 1. A formal agreement has been signed with the municipal government to acquire 4 waste water treatment plants in the city at a total of RMB624 million with designed daily treatment capacity of 190,000 tonnes
 2. Upgrade the plants in compliance with Grade 1A standard at an upgrade construction cost of RMB201 million
 3. Intends to invest in a sewage piping network in the urban and rural areas and waste water treatment plants in the rural areas in the next 2-3 years, and ultimately integrate the plants and the sewage piping network into one system



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Jiangyin Urban and Rural Waste Water Treatment Project

The Taihu Lake water quality restoration operation

- The integration of all waste water treatment plants in rural areas in Jiangyin
(including new establishment, extension project, upgrade project and integration of waste water treatment plants in rural areas)
- The acquisition, upgrade and construction projects of sewage piping network in the urban and rural areas
- Aims to establish the project as the country's first integrated pioneer project in respect of "integration of plants and piping network in rural areas".



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Timetable of environmental protection projects

Projects commencing operation in 2008

- Handover of 4 waste water treatment plants in Jiangyin city (January)
- Jiangyin Waste-to-energy Project (April)
- Upgrade work of 4 waste water treatment plants in Jiangyin city (July)
- Binzhou Boxing Waste Water Treatment Project (July)
- Changzhou Waste-to-energy Project (September)
- Suzhou Methane-to-energy Project Phase II (October)
- Zibo Zhoucun Waste Water Treatment Project (December)
- Completion of core structure of Suzhou Waste-to-energy Project Phase II (December)
- Upgrade work for Jinan waste water treatment plant 1 and plant 2 (December)



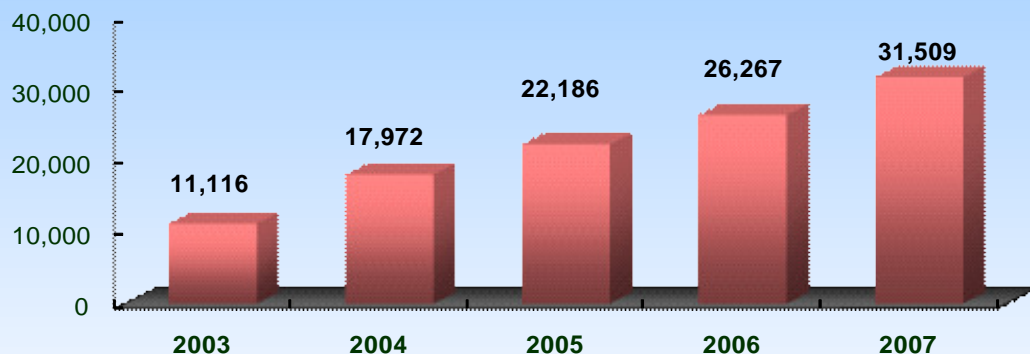
Infrastructure and Property Investment



Fuzhou Qingzhou Bridge

Daily Traffic flow
(No. of standard vehicle)

Average daily traffic



- The major bridge over Minjiang serving the Shenhai Expressway, a coastal trunk road
- Daily traffic flow reached 31,509 vehicles, an increase of 20% as compared with last year
- In 2007, attributable profit amounted to HK\$42,067,000
- The project continues to contribute strong cashflow to the Group



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Major Property Investment

- A four-storey commercial complex with a shopping arcade in Shenzhen Zhongshan Garden for lease
- 14% stake in Shanghai Trade Square and International Apartments
- Contributed operating profit before taxation of HK\$10,537,000 on its property investment business
- Recorded valuation gains of HK\$19,202,000 on its investment properties due to the rise in value of the properties in the PRC



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Prospects and Business Strategies



Prospects

Enormous opportunities for Everbright International

- Central Government has placed unprecedented emphasis on environmental protection
- Environmental protection is a major theme of the “Eleventh Five-Year Plan” and the “The 17th Chinese Communist Party Congress”
- Strong demand for solid waste and waste water treatment and other environmental protection services has emerged at all levels of government
- Series of policies supporting the development of environmental protection industry will start to take effect in 2008



Prospects –

Preferential Government Policies

- Enterprise income tax : three-year exemption and three-year 50% reduction (2008 new tax law)
- Waste-to-energy and methane-to-energy : value added tax on on-grid power tariff will be refunded immediately upon collection
- Waste water treatment plants : no business tax is charged on waste water treatment fee
- Waste-to-energy and methane-to-energy : on-grid power tariff at a premium of RMB0.25 per kilowatt-hour on top of coal-fired power tariff (company projects in commercial operation are enjoying power tariffs of RMB0.575, RMB0.636 and RMB0.646 per kilowatt-hour)



Prospects –

Preferential Government Policies

- Waste-to-energy and methane-to-energy : value added tax refund on purchase of local equipment during construction
- Foreign invested environmental protection projects : no value added tax and import tax is charged on imported equipment
- Jiangsu province : 50% of the standard rate on administrative cost incurred on construction and operation of environmental protection facilities
- 2007 Central Economic Works Conference: Accelerate the launch of preferential policies on pricing, tax and financing etc, to enhance energy-saving and reduction of emission



Business Strategies

Overall Strategies

- *Continue to develop the 4 major environmental protection business sectors*
- *Enhance “Everbright Environment” brandname*

Looking for more business opportunities

- *Explore new environmental protection markets*
- *Develop new projects in existing market*
- *Upgrade existing projects*
- *Extend the industrial chain to other projects*

Enhance Core Competency

- *Research and Development*
- *Strategic partnership*
- *Strengthened training of key technical staff*
- *Lift management and operational standards*



Honours and Recognitions in 2007





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Honours and Recognitions in 2007 :

- Everbright International continued the second times to win the “Outstanding Environmental Protection Corporation Award” of “The Capital Outstanding China Enterprise Award” organized by Capital Magazine (May 2007)
- Everbright International named among the “Top 100 Renowned Honesty Enterprise in China” organized by China INTL Famous Brand Association and Organizing Committee of China Integral Corporation Branding Building and Innovation Conference (June 2007)
- Everbright International obtained “The Most Pioneering Entrepreneur in China” presented by China Marketing Association and China Enterprise Publisher (August 2007)
- Everbright International obtained the “2007 Hong Kong Outstanding Enterprises” from the Economic Digest, recognizing the Company’s outstanding performance in corporate governance and operating results (November 2007)



Q & A



Thank You

