



China Everbright International Limited
中國光大國際有限公司 (Stock code:257)

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2008 Interim Results
September 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

Robust growth in environmental protection business pushed up turnover and recurring profit of the Group

■ Turnover increased by 52% to HK\$788,711,000

■ EBITDA on recurring basis increased by 58% to HK\$288,683,000

■ Profit attributable to equity shareholders decreased by 20% to HK\$134,208,000 due to the absence of non-recurring profit and significant increase in income tax expenses in current period

■ Basic earnings per share decreased by 21% to HK4.28 cents

■ Interim dividend of HK0.6 cent per share



Financial Review

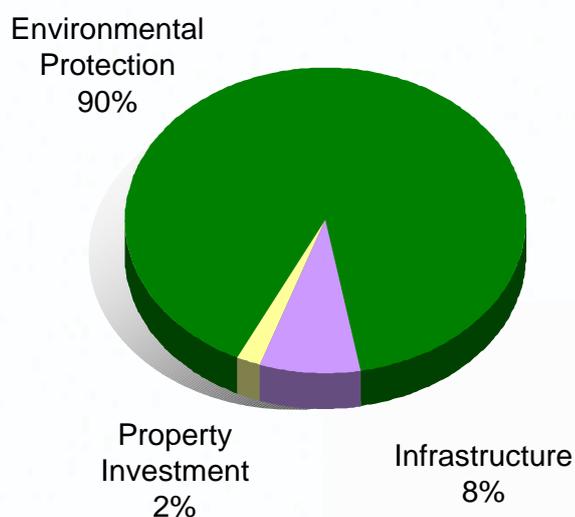


Financial Review

| (HK \$'000) | For the six months ended 30 June | | Change |
|--|-------------------------------------|--------------|--------|
| | 2008 | 2007 | |
| Turnover | 788,711 | 519,686 | 52% |
| Gross profit | 311,414 | 195,654 | 59% |
| EBITDA on recurring basis | 288,683 | 182,365 | 58% |
| Profit attributable to equity shareholders | 134,208 | 167,551 | (20%) |
| - Non-recurring profit | - | 37,347 | (100%) |
| - Income tax expenses / (credit) | 56,709 | (1,449) | 4,014% |
| Basic EPS | HK4.28 cents | HK5.44 cents | (21%) |
| Interim dividend | HK0.6 cent | HK0.6 cent | - |

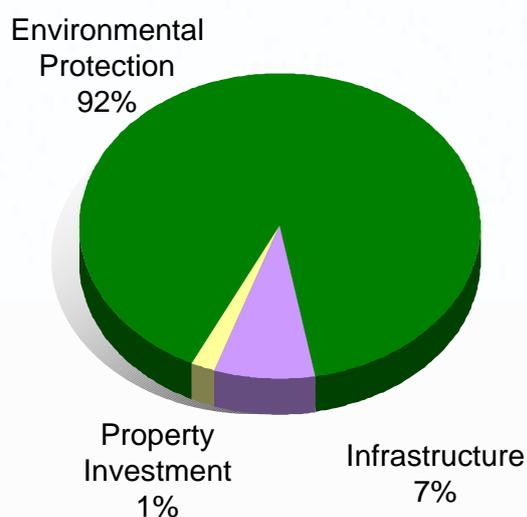
Turnover Analysis by Segment

1H2007



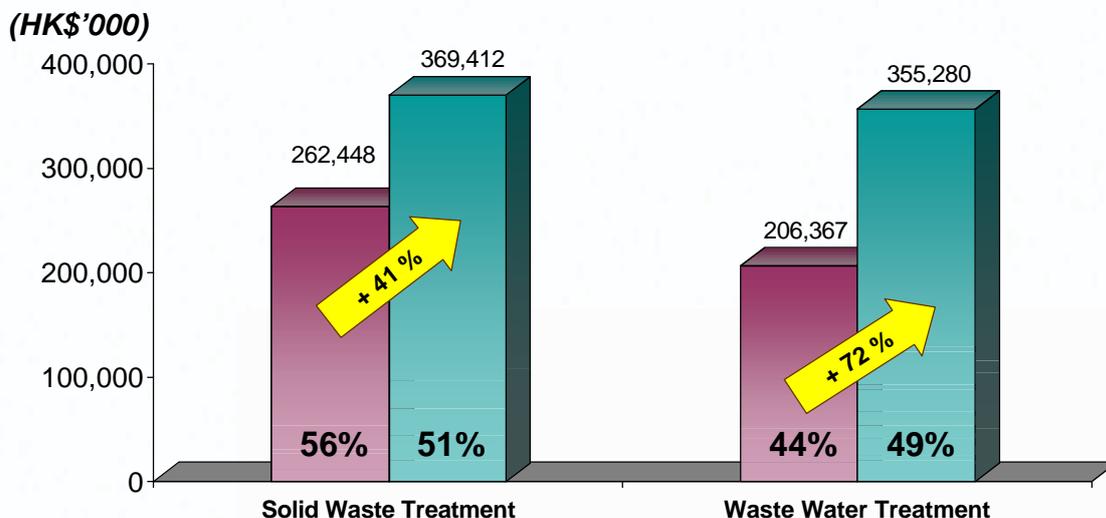
Total revenue: HK\$519,686,000

1H2008



Total revenue: HK\$788,711,000

Turnover Analysis of Environmental Protection Business – By Activity



Environmental Protection Revenue:

1H 2008: HK\$724,692,000 (up 55%)

1H 2007: HK\$468,815,000

■ 1H 2007

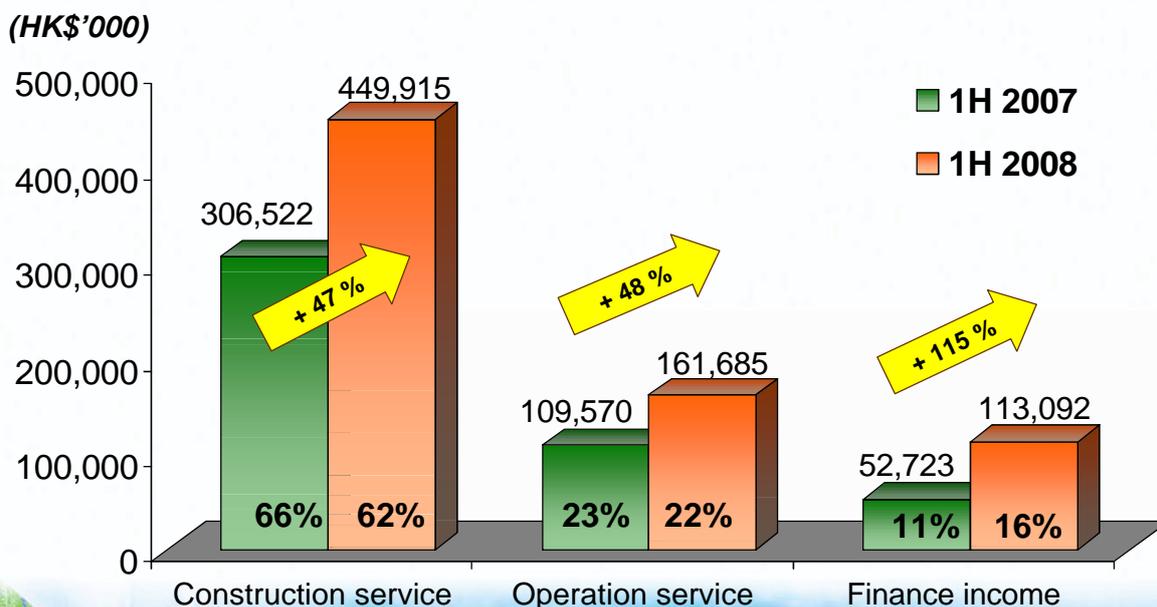
■ 1H 2008



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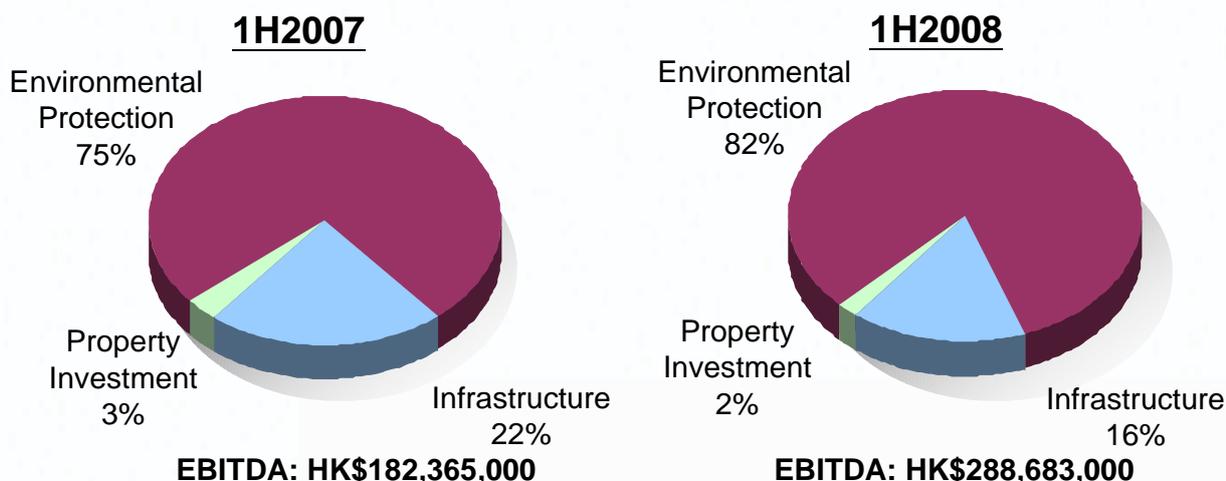
Turnover Analysis of Environmental Protection Business – By Nature



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EBITDA Analysis by Segment

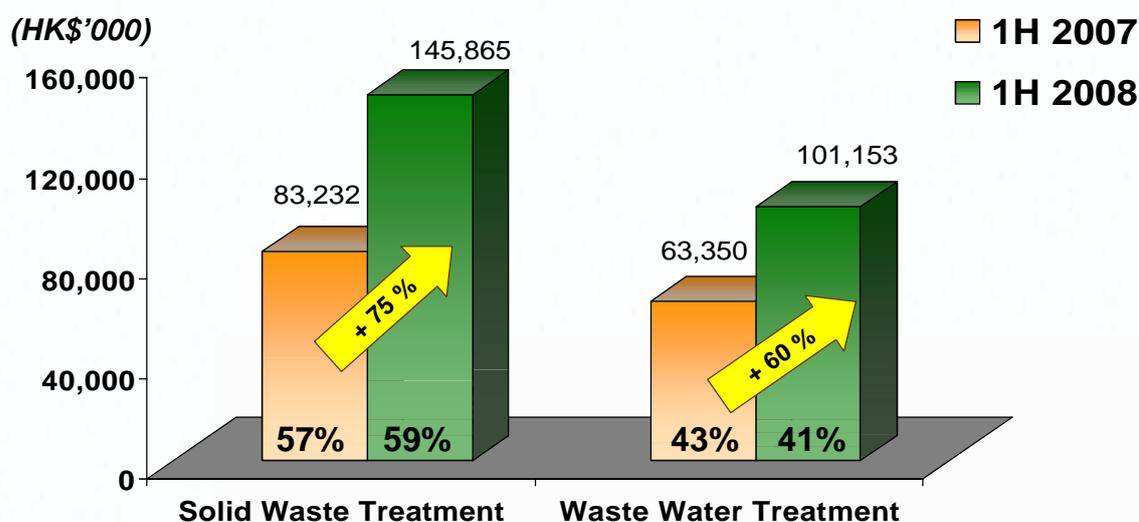


- EBITDA on recurring basis has registered a substantial growth of 58% compared with same period last year
- Environmental protection business is the major profit driver of the Group

Note: EBITDA on recurring basis for 1H2007 was calculated excluding the profit on sale of other financial assets and valuation gains on investment properties with a total amount of HK\$37,347,000.



EBITDA Analysis of Environmental Protection Business



EBITDA of Environmental Protection Business:
 1H 2008: HK\$247,018,000 (up 69%)
 1H 2007: HK\$146,582,000



Profit Attributable to Shareholders

A decline of 20% to HK\$134,208,000 as compared with HK\$167,551,000 for 1H2007

- Increase in EBITDA contribution from environmental protection business by 69%
- Last period's result included profit on sale of other financial assets of HK\$23,683,000 and valuation gains on investment properties of HK\$13,664,000
- Significant increase in deferred income tax
 - introduction of dividend withholding tax on foreign enterprise investors in the PRC amounting to HK\$16,515,000
 - one-off write-back of deferred tax of HK\$17,686,000 last year arising from the promulgation of Tax Unification Policy in the PRC



Key Financial Figures

| | As at 30/6/2008 | As at 31/12/2007 | Change |
|---|--------------------|---------------------|--------|
| Total assets (HK\$ 'Mil) | 5,855 | 4,526 | 29% |
| Total liabilities (HK\$ 'Mil) | 2,872 | 1,922 | 49% |
| Shareholders' equity (HK\$ 'Mil) | 2,681 | 2,451 | 9% |
| Cash on hand (HK\$ 'Mil) | 603 | 631 | (4%) |
| Current ratio (%) | 164% | 221% | (57%) |
| Gearing ratio (%) (Total liabilities/Total assets) | 49% | 42% | 7% |





Environmental Protection Business



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Everbright Environment

Overview of the four major environmental protection business sectors:

- 22 projects at a total investment of approximately RMB5.05 billion
- Annual household waste processing capacity of approximately 1.50 million tonnes; annual on-grid power generation capacity of 400 million kilowatt-hour
- Daily waste water treatment capacity of approximately 1.50 million tonnes
- Other waste treatment capacity of 20,000 m³ per annum



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Operating Data of Solid Waste Treatment Projects

| Solid Waste Treatment | Waste processing volume (Tonne) | | Uploaded electricity (kWh) | |
|--|----------------------------------|---------|----------------------------|------------|
| | For the six months ended 30 June | | | |
| | 2008 | 2007 | 2008 | 2007 |
| Suzhou Waste-to-Energy Project (Phase I) | 225,000 | 210,000 | 50,585,000 | 46,420,000 |
| Suzhou Methane-to-Energy Project | - | - | 7,763,000 | 9,189,000 |
| Yixing Waste-to-Energy Project (i) | 99,000 | - | 16,564,000 | - |
| Jiangyin Waste-to-Energy Project (ii) | 75,000 | - | 11,950,000 | - |
| | 399,000 | 210,000 | 86,862,000 | 55,609,000 |

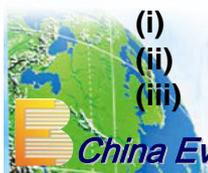
- (i) Commercial operation commenced in July 2007
(ii) Commercial operation commenced in March 2008



Operating Data of Waste Water Treatment Projects

| Waste Water Treatment | Waste water treatment volume (Tonne) | | |
|--|--------------------------------------|-------------|--------|
| | For the six months ended 30 June | | |
| | 2008 | 2007 | Change |
| Qingdao Waste Water Treatment Project | 31,862,000 | 27,404,000 | 16% |
| Zibo Southern and Northern Plants Project | 39,260,000 | 42,887,000 | (8%) |
| Zibo High-tech Zone Project (i) | 15,897,000 | - | 100% |
| Jinan Waste Water Treatment Project | 71,561,000 | 59,758,000 | 20% |
| Boxing Waste Water Treatment Project (ii) | 938,000 | - | 100% |
| Jiangyin Waste Water Treatment Project (iii) | 11,204,000 | - | 100% |
| | 170,722,000 | 130,049,000 | 31% |

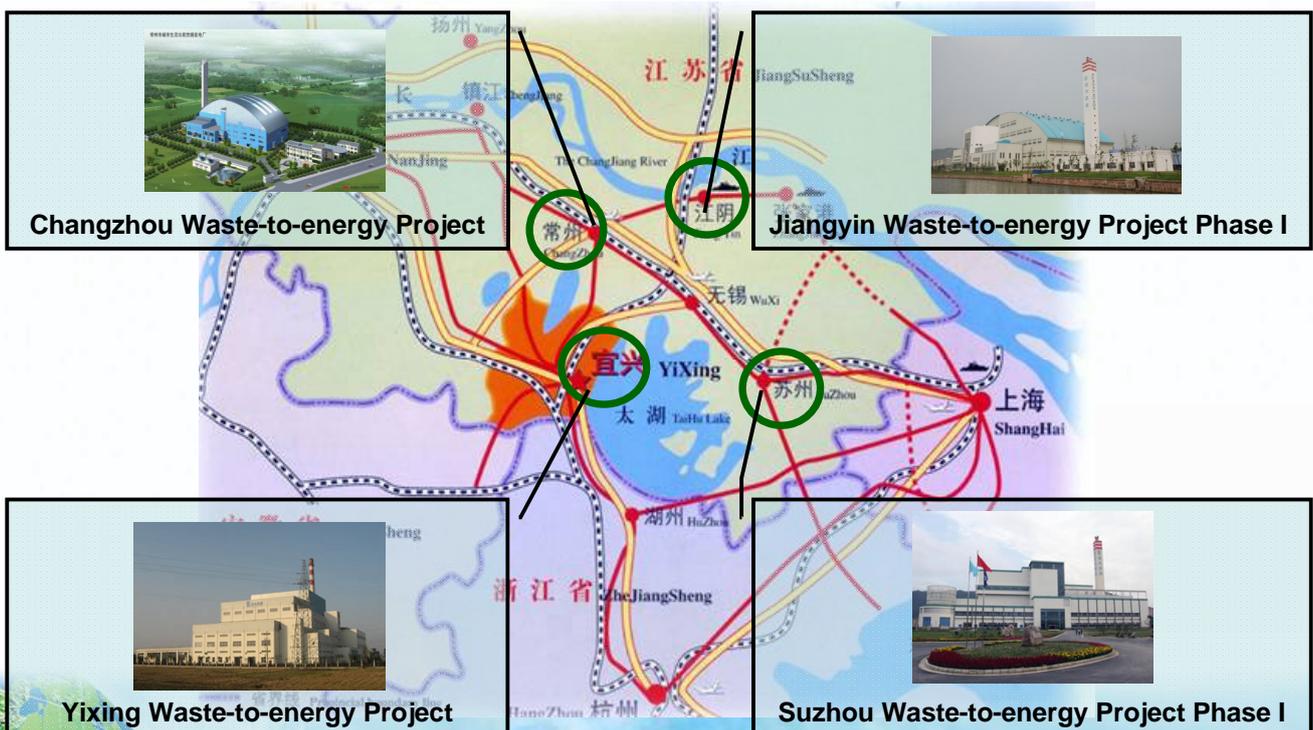
- (i) Commercial operation commenced in September 2007
(ii) Commercial operation commenced in April 2008
(iii) Commercial operation commenced in January 2008



Business Sector (1)

Jiangsu Waste-to-energy Sector

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 |
| Jiangyin Project Phase I | BOT for 30 years | 389 | Mar 2008 | 800 | >77 mil |
| Changzhou Project | BOT for 25.5 years | 412 | Oct 2008 (Trial-run) | 800 | >77 mil |



Business Sector (2) Shandong Waste Water Treatment Sector



Shandong Waste Water Treatment Projects



Shandong Waste Water Treatment Projects

| Project | Type of Investment | Total Investment / RMB'Mil | Date of Operation | Daily sewage treatment capacity / Tonne |
|---|----------------------|---|-------------------|--|
| Qingdao Project (Haibohe Plant & Maida Plant) | BOT/TOT for 25 years | 356 | Jan 2005 | 220,000 (Maida 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) | Dec 2005 | 250,000 (Upgrade work completed in May 2008) |
| Zibo High-tech Zone Project | BOT for 25 years | 150 (Phase I) | Sep 2007 | 100,000 (Phase I) |



Shandong Waste Water Treatment Projects

| 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 | 500,000 |
| Jinan Project (Upgrade and extension work for Plant 1 and Plant 2) | | 287 | Upgrade work - Dec 2008 Extension work - Jun 2009 | (Increase from 420,000 tonne to 500,000 tonne upon completion of extension work in Jun 2009) |
| Jinan Project (Plant 3) | BOT for 26.5 years | 138 | Mar 2009 | 100,000 |
| Binzhou Boxing Project | TOT/BOT for 25 years | 126 (Including investment of 85mil for upgrade work of Phase I and construction of Phase II) | Phase I - Apr 2008 Upgrade work - Oct 2008 Phase II - Jun 2009 | 60,000 (Increase from 30,000 tonne to 60,000 tonne upon completion of Phase II in Jun 2009) |
| Zibo Zhoucun Project | BOT for 25 years | 70 (Phase I) | Jun 2009 | 40,000 (Phase I) |



Business Sector (3) Suzhou Everbright National Demonstrative Veinous Industrial Park



Layout of Suzhou Everbright National Demonstrative Veinous Industrial Park

中国垃圾焚烧厂
总投资 5 亿元人民币，日本富士原设计 3000t/d，年上网电量不低于 7000 万千瓦时，预计 2008 年内建成投产。

环保设备研发中心
光大国际引进国际先进环保技术在国内生产基地，引入富士环保技术设备研发中心制造单位，建成国内环保设备研发制造基地。

燃气发电厂
利用七子山垃圾焚烧厂产生的沼气，配备两台 1000 千瓦的内燃发电机组，年上网电量 1200 万度，计划在 2008 年内建成投产。

康洁源垃圾厂
光大国际康洁源垃圾厂和五峰垃圾焚烧厂的投资商，总投资额 1.1997 亿元，15000 吨，总投资 9488-9588 万元，计划在 2006 年内建成投产。

固体废物处理中心
通过资源最大化利用为原则，包括对生活垃圾的分选、回收利用、能源等处理。

污水处理中心
对苏州工业园区的工业废水采用先进的方式进行处理，处理能力 50000 吨/日，预计 2008 年内投产。

工业固体废物综合利用厂
对工业固体废物（危险废物）进行回收利用和无害化处理。

工业固体废物安全填埋场
对全厂各个工序产生的不可回收危险废物，通过安全填埋的方式进行安全处置，填埋场在 2006 年内建成投产。

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Suzhou Everbright National Demonstrative Veinous Industrial Park

- First integrated environmental protection waste treatment park for urban solid waste in the PRC
- 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



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 Landfill Project Phase I**
 - the only hazardous waste treatment landfill centre in Suzhou city
 - Phase I total investment: RMB78 million
 - Existing storage capacity: 200,000 m³
 - Total storage capacity for the whole project: 600,000 m³



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 Landfill Project Phase I | BOT for 30 years | 78.26 | July 2007 | 200,000 m ³ | N/A |
| Methane-to-energy Project Phase II | BOT for 23 years | 13 | Aug 2008 | N/A | >9 mil |
| Waste-to-energy Project Phase II | BOT for 25 years | 450 | May 2009 | 1,000 | >100 mil |



Suzhou Everbright National Demonstrative Veinous Industrial Park

Projects to be implemented:

- Waste-to-energy Project Phase III (aims to handle all urban waste in Suzhou)
- Industrial Solid Waste Landfill Project (Phase II)
- Public Utility Sludge Environmental Friendly Treatment Project
- Solid Waste Technology Development Centre Project
- Electronic Waste Recycling Project
- Ecological Restoration Project



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. Acquire from the municipal government 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. Acquire from the municipal government the sewage piping network at a consideration of RMB267 million
 4. Intends to invest in the 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 (March)
- Binzhou Boxing Waste Water Treatment Project (April)
- Upgrade work of Zibo Southern and Northern Plants Project (May)
- Upgrade work of 4 waste water treatment plants in Jiangyin city (June)
- Suzhou Methane-to-energy Project Phase II (August)
- Trial-run of Changzhou Waste-to-energy Project (October)
- Upgrade work of Binzhou Boxing Waste Water Treatment Project (October)
- 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)



Timetable of environmental protection projects

Projects commencing operation in 2009

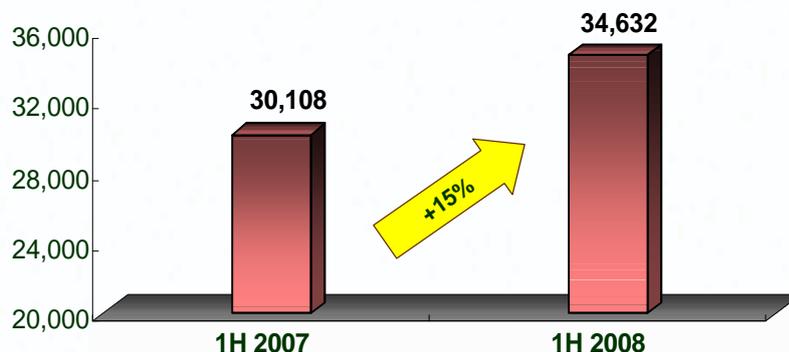
- Changzhou Waste-to-energy Project (February)
- Jinan waste water treatment plant 3 (March)
- Suzhou Waste-to-energy Project Phase II (May)
- Extension work of Jinan waste water treatment plant 1 and plant 2 (June)
- Binzhou Boxing Waste Water Treatment Project Phase II (June)
- Zibo Zhoucun Waste Water Treatment Project (June)



Infrastructure and Property Investment

Fuzhou Qingzhou Bridge

Daily Traffic flow
(No. of standard vehicle)



- The major bridge over Minjiang serving the Shenhai Expressway, a coastal trunk road
- Daily traffic flow reached 34,632 vehicles, an increase of 15% as compared with same period last year
- In 1H2008, EBITDA increased by 15% to HK\$49,590,000
- The project continues to contribute strong cashflow to the Group

Fuzhou Qingzhou Bridge



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Major Property Investment

- A four-storey commercial complex with a shopping arcade in Shenzhen Zhongshan Garden for lease
- The property contributed an EBITDA of HK\$6,143,000, an increase of 26% as compared with same period last year
- 14% stake in Shanghai Trade Square and International Apartments



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Prospects and Business Strategies



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Prospects

China has entered a “Green” age

11th Five-year Plan set the PRC Government’s Direction:

- 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
- Step up efforts to aid development of the energy saving industry and environmental protection industry and promote use of sustainable energy
- The different favorable government policies will stimulate market demand for environmental protection services and help boost the scale and coverage of the environmental protection industry



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Prospects – Existing 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-to-energy and methane-to-energy : on-grid power tariff at a premium of RMB0.25/kilowatt-hour on top of coal-fired power tariff (projects in commercial operation are enjoying power tariffs of RMB0.575, RMB0.636 and RMB0.646 per kilowatt-hour)
- 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

More Preferential Policies are Expected to Come!

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Business Strategies

Overall Strategies

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

Looking for more business opportunities

- *Explore new environmental protection markets*
- *Consolidate its leadership in Jiangsu and Shandong, etc.*
- *Look for market opportunities in the Pearl River Delta*
- *Upgrade existing projects*
- *Extend the industrial chain to other projects*

Enhance Core Competency

- *Research and development*
- *Strategic partnership*
- *Strengthen the training of key technical staff*
- *Lift management and operational standards*

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Thank You



Q & A