

Press Release

To: Business Editor

24 August 2008

Everbright announces interim results for FY2008

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**Daily operations report solid results with pre-tax profits growth by 27.2%
Everbright Securities to capture optimal timing for listing**

- Profit attributable to shareholders amounted to HK\$1.17 billion, a decrease of 21.6% excluding one-off income of HK\$225 million over the same period last year; diluted earnings per share were HK\$0.7338.
- Strong financial position, cash on hand amounted to HK\$3.3billion, no major liabilities
- Daily operations recorded solid and balanced development, resulting in an increase of pre-tax profit of 27.2% to HK\$893 million
- Direct investment remained the Group's profit contributor, reported pre-tax profit of HK\$450 million
- Asset investment business has commenced operations, and is in discussions with investors on collaboration to identify investment projects with desirable returns
- The Group recorded HK\$454 million profit after tax from Everbright Securities for the first half, a decline of 53.7% compared to the same period last year. Everbright Securities obtained initial approval from the China Securities Regulatory Commission and will seize this optimal opportunity for its listing
- The Board of Directors proposes an interim dividend of HK 8 cents per share

China Everbright Limited ("Everbright" or the "Group"; stock code: 165) today announced its interim results for the six months ended 30 June 2008. The Group's total turnover amounted to HK\$1.93 billion, an increase of 9.3% from the same period last year; profit attributable to shareholders amounted to HK\$1.17 billion, representing a decrease of 21.6% excluding one-off income of HK\$225 million over the same period last year; diluted earnings per share were HK\$0.7338.

As at 30 June 2008, shareholder's equity of the Group amounted to approximately HK\$15.5 billion, with cash value of HK\$3.3 billion. Aside from trade liabilities in the ordinary course of business, the Group did not experience any major liabilities. The expense to income ratio maintained at a healthy level of 23.0% (1H2007: 25.9%).

Mr. Tang Shuangning, Chairman of Everbright, said, "Since the beginning of the year, the global financial sector has been severely impacted by the U.S. subprime crisis and the credit crunch, causing substantial structural corrections within markets, and leaving many global leading financial

institutions to suffer. Despite these volatile circumstances, the Group's daily operations maintained balanced growth with solid profit contributions, which reflected the initial success of the Group's business strategies to progress towards the goal of having daily operations contribute to half of the Group's total profit after tax within three years."

Operations Review

During the first half of 2008, the Group's daily operations developed in a balanced manner with increasingly healthy financial performance, and overall operations remained robust. The Group's total turnover increased 9.3% to HK\$1.93 billion, daily operations' pre-tax profit increased by 27.2% from the same period in 2007 to HK\$893 million.

Direct Investment Division remained the Group's major profit contributor. The Group disposed of a proportion of investments of SeaBright China Special Opportunities (I) Limited ("SOF I") when the market saw high levels towards the beginning of the year and able to lock up profits, resulting in a pre-tax profit increased by 99% from the same period in 2007 to HK\$450 million. China Special Opportunities Fund, L.P. ("CSOF"), is in the early stages of its investment period. The investment team will continue to leverage its expertise in high-end industrial manufacturing to source promising investments opportunities.

The continuing market downturn undermined the performance of **Asset Management Division**, which recorded a total loss of HK\$107 million in the first half of 2008. "China Everbright Dragon Fund" recorded a return rate of -17.5%, reflecting better return compared to the 20.5% decline of the Hang Seng Index.

Asset Investment Division is one of the Group's latest business streams. During the period under review, the Group established **Asset Investment Division** targeting real estate and resources investments in Mainland China. The Group has engaged in discussions with several reputable overseas investors in relevant fields to jointly identify potential mainland investment projects which provide strong return potential. It is expected that the fundraising campaign will commence in the second half of the year.

Despite reduced market turnover, IPO activities came to a halt, as well as a reduction in clients' margin financing and income from IPO margin financing interest, the **Securities Brokerage Division** remained profitable with profit before tax of HK\$62 million in the first half of

the year, representing a decrease of 21% compared to the same period last year. In April 2008, the Group opened a branch in Hunghom for securities and wealth management, providing greater convenience to customers.

During the review period, the **Investment Banking Division** participated in 11 underwriting and placing deals and was appointed as the financial advisor in 8 other projects, reporting a loss of HK\$1 million. The investment banking division actively expanded its IPO underwriting business, and it signed underwriting agreements with a number of enterprises. However, some IPO projects were postponed as a direct result of the structural corrections of the stock market. The Group anticipates that its investment banking division will start the related IPO work when the market stabilizes.

The Group consistently adopts prudent strategic investment approaches, aiming to enhance return on capital. It reduced its investment portfolio size and yielded a pre-tax profit of HK\$729 million during the period under review. By the end of June 2008, the Group held 3 million of shares in China Mobile Limited.

Indices for the Mainland China securities market dropped substantially in the first half this year. Against this backdrop, according to Hong Kong financial recording standard, Everbright Securities Company Limited (“Everbright Securities” and held as to 39.31% by the Group) saw profit after tax amounting to RMB 1.04 billion, a decrease of 55% from the same period last year. On 30 June 2008, Everbright Securities’ A share IPO application successfully passed the China Securities Regulatory Commission’s review process, making Everbright Securities the first brokerage house to launch an IPO in Mainland China in the past five years. Everbright Securities will seize this significant opportunity by completing the listing process at the earliest possible stage.

In the first half of the year, Everbright Bank, held as to 6.23% by the Group, completed collective disposal of non-performing assets of RMB14.2 billion and successfully completed the issuance of subordinated debt of RMB 8 billion. The non-performing loan ratio reduced to 1.8%, 2.6 percentage points down compared to early this year. In June 2008, Everbright Bank submitted its IPO application to the China Securities Regulatory Commission and is currently waiting for the approval.

Outlook

Mr. Chen Shuang, Executive Director and Chief Executive Officer of the Group, said, "With the uncertain global economic conditions, the Group will remain cautious towards the second half of this year. The Group will concentrate on enhancing the operational capabilities of its daily operations, building up the sustainability of its investment business and expanding the scale of asset management to strengthen the stability of its income sources.

Everbright Securities' IPO represents an opportunity to enhance its capital strength, creating even more opportunities for the Group's brokerage businesses and commencing business cooperation with the Group at the appropriate time.

The Group possesses competitive advantages in providing a comprehensive financial platform across Hong Kong and Mainland China. The China economy will continue to grow while the Mainland financial industry will undoubtedly open up further. Market corrections will also bring potential business opportunities to the Group. Everbright will put more resources into setting up a robust information technology system, allowing customers to enjoy more convenient and efficient services, and will continue to attract and retain high-quality talent by building a strong, positive corporate culture, as well as carrying out timely marketing activities to promote its reputation as well as establishing a clear branding positioning, paving the way for its future development.

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About China Everbright Limited

China Everbright Limited (“Everbright”; stock code: 165) is a holding company listed in Hong Kong which offers diversified financial services across Hong Kong and Mainland China. It is a member of the China Everbright Group. Established in 1997, Everbright focuses on the development of its direct investment, asset management and asset investment businesses, and jointly grows with the fee-based businesses comprising investment banking (corporate finance) and brokerage (wealth management). Over the past decade, the company has established solid market foundation in different service areas, and provides diversified services for customers. The company has set up branches in North Point and Hunghom in Hong Kong as well as branch offices in Shenzhen and Beijing. As at 30 June 2008, the Group’s market capitalization was HK\$23.9 billion.

The Company’s associate company - Everbright Securities Company Limited (“Everbright Securities”) - is one of the top ten securities brokers in China. In 2004, Everbright Securities was appointed as one of the three designated pilot trial securities brokers by the China Securities Regulatory Commission. Its risk management level was rated category A and level AA by regulatory bodies. As at 30 June 2008, Everbright Securities had a network of 76 operation units and 18 securities services offices in China.

Leveraging the Company’s strengths, together with the parent company and its associate company’s leading position and influences in China’s financial industry, Everbright has successfully developed extensive people and business networks, giving it strong competitive advantages in providing cross-border financial services in Hong Kong and China. Everbright has a clear branding positioning as “Making Wealth Simple”. Operating in a pragmatic and innovative corporate culture, the Group is dedicated to providing simple, professional and practical solutions. It knows how to satisfy customers’ needs. By fostering trusted partnerships with our customers, we are committed to providing tailored professional solutions to help them build wealth and values in an easy and manageable way.

Website of Everbright: www.everbright165.com.

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The announcement of the interim results ended 30th June 2008 is available on the official website of the Company (www.everbright165.com) for reference.