CHINA EVERBRIGHT INTERNATIONAL LIMITED
中國光大國際有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code : 257)

2008 RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

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

- Turnover increased by 38% to HK$1,862,509,000 (2007: HK$1,347,852,000)
- EBITDA on recurring basis increased by 39% to HK$592,727,000 (2007: HK$425,557,000)
- Profit attributable to equity shareholders was steady at HK$339,018,000 (2007: HK$337,932,000), even after taking into account the significant increase in income tax expense largely due to the change in PRC withholding tax rules
- Final dividend of HK1.0 cent per share (2007: HK1.0 cent per share)

2008 ANNUAL RESULTS

The board of directors (the "Board") of China Everbright International Limited ("the Company") announces the consolidated results of the Company and its subsidiaries (collectively "the Group") for the year ended 31 December 2008 with comparative figures for the year ended 31 December 2007 as follows :

Consolidated income statement

	Note	**2008** *HK$'000*	2007 *HK$'000*
Turnover	*3 & 10*	**1,862,509**	1,347,852
Direct costs and operating expenses		**(1,208,838)**	(887,897)
		653,671	459,955
Other revenue	*4*	**28,819**	35,726
Other income	*4*	**52,378**	24,543
Administrative expenses		**(127,128)**	(99,555)
Valuation gains on investment properties		**-**	19,202
Profit from operations		**607,740**	439,871
Finance costs	*5(a)*	**(147,188)**	(72,507)
		460,552	367,364
Share of loss of associate	*6*	**-**	(478)
Profit before taxation	*5*	**460,552**	366,886
Income tax	*7*	**(95,161)**	(6,807)
Profit for the year		**365,391**	360,079
Attributable to:			
Equity shareholders of the Company		**339,018**	337,932
Minority interests		**26,373**	22,147
Profit for the year		**365,391**	360,079
Dividends payable to equity shareholders of the Company attributable to the year:	*8*		
Interim dividend declared during the year		**18,843**	18,753
Final dividend proposed after the balance sheet date		**31,438**	31,367
		50,281	50,120
Earnings per share	*9*		
Basic		**HK10.80 cents**	HK10.89 cents
Diluted (2007 : restated)		**HK10.59 cents**	HK10.55 cents

Consolidated balance sheet

	Note	2008 HK$'000	2008 HK$'000	2007 HK$'000	2007 HK$'000
Non-current assets					
Fixed assets					
– Investment properties			**19,574**		200,922
– Other property, plant and equipment			**144,999**		103,604
			164,573		304,526
Intangible asset			**577,754**		568,882
Goodwill			**46,133**		46,133
Interest in associate			**-**		-
Other financial assets			**22,336**		59,577
Other receivables and deposits	*11*		**1,386,280**		690,019
Gross amounts due from customers for contract work	*12*		**2,686,012**		1,752,995
Deferred tax assets			**26,538**		35,561
			4,909,626		3,457,693
Current assets					
Inventories		**11,501**		5,923	
Debtors, other receivables, deposits and prepayments	*11*	**421,444**		307,985	
Gross amounts due from customers for contract work	*12*	**259,052**		122,617	
Pledged bank deposits		**109,349**		60,518	
Deposits with bank		**27,574**		16,084	
Cash and cash equivalents		**562,132**		554,863	
		1,391,052		1,067,990	
Current liabilities					
Bank loans					
- Secured		**370,377**		121,286	
- Unsecured		**175,664**		21,446	
		546,041		142,732	
Creditors, other payables and accrued expenses	*13*	**471,031**		334,426	
Current taxation		**9,165**		6,400	
		1,026,237		483,558	
Net current assets			**364,815**		584,432

Consolidated balance sheet (continued)

		2008		2007	
	Note	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*
Total assets less current liabilities			**5,274,441**		4,042,125
Non-current liabilities					
Bank loans					
- Secured		**1,178,690**		1,131,882	
- Unsecured		**604,862**		160,834	
		1,783,552		1,292,716	
Other loans		**68,064**		-	
Loans from ultimate holding company		**212,958**		106,377	
Deferred tax liabilities		**78,826**		39,606	
			2,143,400		1,438,699
NET ASSETS			**3,131,041**		2,603,426
CAPITAL AND RESERVES					
Share capital			**314,378**		313,472
Reserves			**2,505,237**		2,137,619
Total equity attributable to equity shareholders of the Company			**2,819,615**		2,451,091
Minority interests			**311,426**		152,335
TOTAL EQUITY			**3,131,041**		2,603,426

Condensed consolidated cash flow statement

	2008 HK$'000	2007 HK$'000
Net cash used in operating activities	**(1,086,767)**	(586,930)
Net cash generated from / (used in) investing activities	**159,320**	(15,752)
Net cash generated from financing activities	**911,133**	379,255
Net decrease in cash and cash equivalents	**(16,314)**	(223,427)
Cash and cash equivalents at 1 January	**554,863**	756,763
Effect of foreign exchange rates changes	**23,583**	21,527
Cash and cash equivalents as at 31 December	**562,132**	554,863

Notes :

1. Basis of preparation

The financial statements have been prepared in accordance with the same accounting policies adopted in the 2007 annual financial statements, except for the changes in accounting policies set out in note 2. The financial statements have been reviewed by the Company's audit committee. The financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 31 December 2008, but is derived from those financial statements.

2. Changes in accounting policies

The Hong Kong Institute of Certified Public Accountants has issued the following new Interpretations and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") for the current accounting period of the Group.

- HK(IFRIC) 11, *HKFRS 2 - Group and treasury share transactions*
- HK(IFRIC) 12, *Service concession arrangements**
- HK(IFRIC) 14, *HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction*
- *Amendment to HKAS 33, Earnings per share*
- *Amendment to HKAS 39, Financial instruments: Recognition and measurement, and HKFRS 7, Financial instruments: Disclosures - Reclassification of financial assets*

* The Group has early adopted HK(IFRIC) 12 during the accounting year ended 31 December 2007.

2. **Changes in accounting policies (continued)**

The following sets out further information on the adoption of amendment to HKAS 33 for the current and prior accounting periods reflected in the financial statements.

HKAS 33 Earnings per share

In order to comply with the amendments to HKAS 33, the Group has changed its accounting policy relating to the calculation of diluted earnings per share. Under the new policy, the fair value of any goods or services to be supplied to the Group in the future under the share option arrangement shall be included in the exercise price of the share options when calculating the diluted earnings per share. The new accounting policy has been applied retrospectively with comparatives restated as shown in the financial statements.

Except for amendment to HKAS 33, these HKFRS developments have had no material impact on the Group's financial statements as either they were consistent with accounting policies already adopted by the Group or they were not relevant to the Group's and the Company's operations.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. **Turnover**

The principal activities of the Group are construction, environmental protection project operation (waste-water treatment plants, waste-to-energy power plants, methane-to-energy power plants and industrial solid waste landfill), environmental technology and construction management, toll bridge operation, property investment and management and investment holding.

Turnover represents the revenue from construction contracts, revenue from waste-water treatment plants, waste-to-energy power plants, methane-to-energy power plants and industrial solid waste landfill operation services, finance income, toll bridge revenue, rental income and property management fee income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2008	2007
	HK$'000	*HK$'000*
Revenue from environmental water projects construction services	**505,460**	297,402
Revenue from environmental energy projects construction services	**595,006**	546,478
Revenue from environmental water projects operation services	**241,642**	194,104
Revenue from environmental energy projects operation services	**138,362**	75,557
Finance income	**254,206**	124,954
Toll bridge revenue	**107,589**	92,477
Gross rentals from investment properties	**15,825**	13,127
Property management fee income	**4,419**	3,753
	1,862,509	1,347,852

4. Other revenue and other income

	2008	*2007*
	HK$'000	*HK$'000*
Other revenue		
Bank interest income	**7,515**	17,693
Dividend income from listed securities	**1,186**	4,417
Others	**20,118**	13,616
	28,819	35,726
Other income		
Profit on disposal of subsidiaries	**51,778**	-
Profit on sale of other financial assets	**-**	23,683
Net gain on sale of other property, plant and equipment	**600**	860
	52,378	24,543

5. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2008	2007
	HK$'000	*HK$'000*
(a) Finance costs:		
Interest on bank advances wholly repayable within five years	**28,502**	11,413
Interest on other bank advances and other loans	**116,192**	61,094
Interest on loans from ultimate holding company	**2,494**	-
	147,188	72,507
(b) Staff costs:		
Contributions to defined contribution retirement plan	**6,446**	5,467
Equity-settled share-based payment expenses	**2,385**	8,086
Salaries, wages and other benefits	**95,339**	78,925
	104,170	92,478

5. Profit before taxation (continued)

Profit before taxation is arrived at after charging/(crediting): (continued)

	2008	2007
	HK$'000	*HK$'000*
(c) Other items:		
Amortisation of intangible asset	**23,843**	21,917
Depreciation	**12,922**	7,132
Net foreign exchange gain	**(20,853)**	(13,541)
Auditors' remuneration		
- audit services	**3,348**	2,795
- other services	**325**	410
Operating lease charges: minimum lease payments		
- hire of premises	**1,579**	2,059
Rentals receivable from properties less direct outgoings of HK$1,087,000 (2007: HK$925,000)	**(14,738)**	(12,202)

6. Share of loss of associate

	2008	2007
	HK$'000	*HK$'000*
Share of loss of associate before taxation	**-**	(478)
Share of associate's taxation	**-**	-
	-	(478)

7. Income tax

	2008	2007
	HK$'000	*HK$'000*
Current tax – People's Republic of China ("PRC") income tax		
Provision for the year	**23,460**	15,018
Under / (over)-provision in respect of prior years	**194**	(809)
	23,654	14,209
Deferred tax		
Origination and reversal of temporary differences	**71,507**	8,274
Effect of change in tax rate on opening balances of deferred tax balances	**-**	(15,676)
	71,507	(7,402)
	95,161	6,807

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group sustained a loss for Hong Kong Profits Tax purpose during the year. No provision for Hong Kong Profits Tax was made in 2007 financial statements as the tax losses brought forward from the previous years exceeded the estimated assessable profit for 2007. Taxation for the PRC operations is charged at the appropriate current rates of taxation ruling in the PRC. During the year, certain PRC subsidiaries are subject to tax at 50% of the standard tax rates or fully exempt from income tax under the relevant tax rules and regulations.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("new tax law") which became effective on 1 January 2008. According to the new tax law, the standard PRC Enterprise Income Tax rate is 25%. Furthermore, the State Council of the PRC passed the implementation guidance ("Implementation Guidance") on 26 December 2007, which sets out the details of how the existing preferential income tax rate will be adjusted to the standard rate of 25%. According to the Implementation Guidance, income tax rate for the PRC subsidiaries of the Group, which are eligible to a 100% or 50% relief from PRC Enterprise Income Tax, will be gradually changed to the standard rate of 25% over a five-year transition period.

In addition, under the new tax law, with effect from 1 January 2008, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding income tax at the rate of 10% on various types of passive income such as dividends derived from sources in the PRC. Pursuant to the double tax arrangement between the PRC and Hong Kong effective on 8 December 2006, the withholding income tax rate will be reduced to 5% if the investment by the Hong Kong investor in the invested entities in the PRC is not less than 25%. On 22 February 2008, the Minister of Finance and State Administration of Tax approved Caishui (2008) No.1, pursuant to which dividend distribution out of pre-2008 retained earnings of foreign investment enterprises will be exempted from withholding income tax. Withholding income tax of HK$20,236,000 has been recognised in respect of profits derived in the PRC during the year ended 31 December 2008.

8. Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2008	2007
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK0.6 cent per ordinary share (2007: HK0.6 cent per ordinary share)	**18,843**	18,753
Final dividend proposed after the balance sheet date of HK1 cent per ordinary share (2007: HK1 cent per ordinary share)	**31,438**	31,367
	50,281	50,120

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2008	2007
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK1 cent per ordinary share (2007: HK0.6 cent per ordinary share)	**31,367**	18,462
Special dividend in respect of the financial year ended 31 December 2006, approved and paid during the year ended 31 December 2007, of HK0.4 cent per ordinary share	**-**	12,308
	31,367	30,770

9. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$339,018,000 (2007: HK$337,932,000) and the weighted average number of 3,138,338,000 ordinary shares (2007: 3,101,829,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2008	2007
	'000	*'000*
Issued ordinary shares at 1 January	**3,134,721**	3,076,012
Effect of share options exercised	**3,617**	25,817
Weighted average number of ordinary shares at 31 December	**3,138,338**	3,101,829

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$339,018,000 (2007: HK$337,932,000) and the weighted average number of 3,202,232,000 ordinary shares (2007 (restated): 3,204,354,000 shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2008	2007 (restated)
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**3,138,338**	3,101,829
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**63,894**	102,525
Weighted average number of ordinary shares (diluted) at 31 December	**3,202,232**	3,204,354

10. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

Business segments

The Group comprises the following main business segments:

Environmental energy project construction and operation	The construction and operation of waste-to-energy power plants, methane-to-energy power plants and industrial solid waste landfill to generate revenue from construction services, operation services as well as finance income.
Environmental water project construction and operation	The construction, upgrade and operation of waste-water treatment plants to generate revenue from construction and upgrading services, operation services as well as finance income.
Environmental technology and construction management	The conduct of environmental protection technology research projects and the provision of construction management services to generate management and consultancy fee income.
Infrastructure construction and operation	The construction and operation of a toll bridge to generate revenue from construction service and toll fee revenue.
Property investment and management	The leasing and management of office premises and shopping arcades to generate rental and management fee income and to gain from the appreciation in the properties' values in the long term.

10. Segment reporting (continued)

Business segments (continued)

	Environmental energy project construction and operation		Environmental water project construction and operation		Environmental technology and construction management		Infrastructure construction and operation		Property investment and management		Inter-segment elimination		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue from external customers	844,616	688,043	890,060	550,452	-	-	107,589	92,477	20,244	16,880	-	-	1,862,509	1,347,852
Inter-segment revenue	-	-	-	-	105,773	236,279	-	-	-	-	(105,773)	(236,279)	-	-
Other revenue and other income from external customers	16,281	14,323	4,688	5,342	445	943	1,713	1,230	51,864	1,826	-	-	74,991	23,664
Unallocated other revenue and other income	-	-	-	-	-	-	-	-	-	-	-	-	6,206	36,605
Total	860,897	702,366	894,748	555,794	106,218	237,222	109,302	93,707	72,108	18,706	(105,773)	(236,279)	1,943,706	1,408,121
Segment results	288,161	205,778	225,534	150,637	47,076	99,707	74,901	63,594	63,318	30,302	(58,308)	(111,491)	640,682	438,527
Unallocated operating income and expenses													(32,942)	1,344
Profit from operations													607,740	439,871
Finance costs													(147,188)	(72,507)
Share of loss of associate	-	-	-	(478)	-	-	-	-	-	-	-	-	-	(478)
Income tax													(95,161)	(6,807)
Profit after taxation													365,391	360,079
Depreciation and amortisation for the year	1,969	1,217	4,084	1,306	2,292	570	24,026	22,065	334	841				
Valuation gains on investment properties	-	-	-	-	-	-	-	-	-	19,202				
Segment assets	2,371,782	1,573,873	2,763,470	1,552,013	84,768	24,106	722,580	673,504	35,132	264,805	-	-	5,977,732	4,088,301
Interest in associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets													322,946	437,382
Total assets													6,300,678	4,525,683
Segment liabilities	151,087	120,152	274,075	162,257	26,941	33,422	3,825	2,013	435	6,531	-	-	456,363	324,375
Unallocated liabilities													2,713,274	1,597,882
Total liabilities													3,169,637	1,922,257
Capital expenditure incurred during the year	2,171	4,848	16,663	3,731	32,659	1,055	117	70	1,354	479				

10. Segment reporting (continued)

Geographical segments

The Group's business participates in two principal economic environments. Hong Kong and other parts of the PRC are the major markets for the Group's business.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	2008	2007
	HK$'000	*HK$'000*
Revenue from external customers:		
Hong Kong	**345**	311
Other parts of the PRC	**1,862,164**	1,347,541
	1,862,509	1,347,852

	2008	*2007*
	HK$'000	*HK$'000*
Segment assets:		
Hong Kong	**294,849**	429,081
Other parts of the PRC	**6,005,829**	4,096,602
	6,300,678	4,525,683

	2008	*2007*
	HK$'000	*HK$'000*
Capital expenditure incurred during the year:		
Hong Kong	**1,120**	3,241
Other parts of the PRC	**53,088**	12,094
	54,208	15,335

11. Debtors, other receivables, deposits and prepayments

	2008	2007
	HK$'000	*HK$'000*
Debtors	**98,091**	53,511
Loan receivable	**-**	75,061
Other receivables, deposits and prepayments	**1,709,633**	869,432
	1,807,724	998,004
Less: Non-current portion		
– other receivables and deposits	**(1,386,280)**	(690,019)
Current portion	**421,444**	307,985

Included in debtors, other receivables, deposits and prepayments are debtors with the following ageing analysis as of the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
Current	**73,248**	47,515
Less than 1 month past due	**7,670**	5,996
1 to 3 months past due	**3,732**	-
More than 3 months but less than 12 months past due	**13,441**	-
	98,091	53,511

Debtors are due within 30 days from the date of billing. Further details on the Group's credit policy are set out in the financial statements.

Included in debtors, other receivables, deposits and prepayments of the Group are debtors of HK$98,091,000 (2007: HK$53,511,000) of which HK$6,994,000 (2007: HK$11,873,000) and HK$23,923,000 (2007: HK$Nil) are due from a minority shareholder and a related company respectively. Debtors represent toll bridge revenue and revenue from waste-water treatment plants, waste-to-energy power plants, methane-to-energy power plants and industrial solid waste landfill operation services. There was no recent history of default in respect of the Group's debtors. Based on past experience, management believes that no impairment allowance is necessary in respect of the past due balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. No impairment loss was recognised by the Group at 31 December 2008 (2007: HK$Nil).

Other receivables, deposits and prepayments include balances totalling HK$1,544,037,000 (2007: HK$750,991,000) which bear interest at rates ranging from 6.12% to 7.83% (2007: 6.12% to 7.02%) per annum and represent the considerations paid for the acquisition of waste-water treatment plants under TOT (transfer-operate-transfer) arrangements, among which HK$123,097,000 (2007: HK$98,099,000) and HK$497,852,000 (2007: HK$Nil) are due from a minority shareholder and a related company respectively. The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the TOT arrangements. No impairment loss was recognised by the Group at 31 December 2008 (2007: HK$Nil).

The loan receivable at 31 December 2007 was unsecured, interest bearing at 7.12%, due from an unrelated party and repaid in full during the year.

All of the current portion of the above balances are expected to be recovered or recognised as expense within one year.

12. Gross amounts due from customers for contract work

	2008	2007
	HK$'000	*HK$'000*
Contract cost incurred plus recognised profits less anticipated losses	**3,215,255**	1,989,022
Less: Progress billings	**(270,191)**	(113,410)
Net contract work	**2,945,064**	1,875,612
Representing:		
Gross amounts due from customers for contract work		
– Non-current	**2,686,012**	1,752,995
– Current	**259,052**	122,617
	2,945,064	1,875,612

Included in gross amounts due from customers for contract work are amounts of HK$290,055,000 (2007: HK$293,083,000) and HK$161,290,000 (2007: HK$Nil) which are due from a minority shareholder and a related company respectively.

Gross amounts due from customers for contract work represent revenue from construction under BOT (build-operate-transfer) arrangements or upgrade services under TOT arrangements and bear interest at rates ranging from 6.12% to 7.83% (2007: 6.12% to 7.02%) per annum. The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the BOT and TOT arrangements.

13. Creditors, other payables and accrued expenses

	2008	*2007*
	HK$'000	*HK$'000*
Bills payable	**-**	25,735
Creditors, other payables and accrued expenses	**471,031**	308,691
	471,031	334,426

13. Creditors, other payables and accrued expenses (continued)

Included in creditors, other payables and accrued expenses are creditors and bills payable with the following ageing analysis as of the balance sheet date :

	2008	2007
	HK$'000	*HK$'000*
Due within 1 month or on demand	**55,682**	11,261
Due after 1 month but within 3 months	**22,629**	23,986
Due after 3 months but within 6 months	**7,246**	31,976
Due after 6 months	**272,356**	168,549
	357,913	235,772

Included in creditors, other payables and accrued expenses of the Group is an amount of HK$6,982,000 (2007: HK$9,506,000) which is payable to an associate. The balance is due within one month and represents service fee for operation of waste-water treatment plants.

Apart from the above, there are balances totalling HK$343,329,000 (2007: HK$224,977,000) which represent construction payables for the Group's BOT arrangements, among which HK$6,295,000 (2007: HK$15,651,000) and HK$28,684,000 (2007: HK$25,062,000) are due to related companies and minority shareholder respectively. The construction payables are current and not yet due for payment. The amounts due to related companies and minority shareholder are unsecured, interest free and expected to be settled within one year.

BUSINESS REVIEW AND PROSPECT

OPERATING RESULTS

In 2008, all economies worldwide felt the impact of the global financial turmoil to varying degrees. To rescue pillar industries in financial trouble, governments introduced intervention measures and subjected themselves to heavy financial pressure. From the Chinese government's commitment of the economic stimulation plan to environmental protection, it is clear that the Chinese Government is determined as always in developing the sector despite the challenging economic environment. In fact, the government is hastening investment in environmental improvement projects and their implementation. Thus, rapid growth is expected for the environmental protection business in the PRC in the coming year.

Amid the financial turmoil, the Group focused on strengthening internal operations management and obtained good results. During the year under review, environmental protection business made steady progress with new projects completed and upgrading projects swinging into operation. The environmental business has become more mature contributing to increased turnover and recurring profits. In 2008, the consolidated turnover of the Group amounted to HK$1,862,509,000, representing an increase of 38% from HK$1,347,852,000 as compared with 2007. EBITDA on recurring basis was HK$592,727,000, representing a growth of 39% from HK$425,557,000 for 2007. For the year ended 31 December 2008, the Group recorded non-recurring profit of HK$51,778,000 arising from the disposal of its entire issued shares in two subsidiaries which are engaged in non-core property business. For the year ended 31 December 2007, the Group recorded non-recurring profit of HK$42,885,000 due to the disposal of other financial assets as well as the revaluation of investment properties. The income tax expense for 2008 was HK$95,161,000, representing a significant increase as compared with HK$6,807,000 of 2007. The increase was mainly due to the recognition of withholding income tax in respect of profits derived from the PRC subsidiaries as well as the one-off write-back of deferred tax in 2007 as a result of the change in

PRC tax rate. Profit attributable to equity shareholders of the Company for 2008 was HK$339,018,000, an increase of HK$1,086,000 as compared to HK$337,932,000 for last year. Stripping the impact of the non-recurring profit and the income tax expense, the net profit for the year increased 27% as compared with last year. Basic earnings per share for 2008 were HK10.80 cents, HK0.09 cent less than HK10.89 cents of last year.

In late 2008, the Group disposed most of its non-core property business assets to its parent company at a total consideration of HK$195,907,000. That coupled with the steady cash flow from infrastructure business had enabled the Group to develop its core environmental protection business at full force. The Group has firmly established the business sector development model.

To reward shareholders for their support and taking into consideration the long-term continual development of the Group, the board of directors has proposed to pay a final dividend of HK1.0 cent per share to shareholders of the Company. Together with the interim dividend of HK0.6 cent per share already paid, the total dividends for the year will be HK1.6 cents per share (2007: HK1.6 cents per share).

ENVIRONMENTAL PROTECTION BUSINESS

In 2008, the Group further consolidated resources to focus on developing its core environmental protection business. In the second half of the year, the Group repositioned its development focus and reclassified its environmental businesses into four sectors, namely environmental energy, environmental water, environmental construction and environmental technology. There is a total of 22 environmental energy projects and environmental water projects spreading across developed urban areas, second-tier and third-tier municipal and rural areas in Jiangsu Province and Shandong Province. The projects carried a total investment of approximately HK$5,728,720,000 (equivalent to RMB5,050,000,000) (excluding the total investment costs of approximately HK$1,104,378,000 (equivalent to RMB973,535,000) of Jinan Waste-to-energy Project ("Jinan Waste Project") and Jinan Xike Waste Water Treatment Project ("Jinan Xike Project) which the Company has just won the tenders at the end of 2008). As at 31 December 2008, the Group had completed environmental protection projects of investment costs totaling approximately HK$4,140,560,000 (equivalent to RMB3,650,000,000). Investment in projects under construction is about HK$1,588,160,000 (equivalent to RMB1,400,000,000).

With processing volume rising and operating efficiency improving, the business has been able to boost its revenue base. During the year under review, turnover of environmental protection business amounted to HK$1,734,676,000 (construction service revenue: 63%, operation service revenue: 22%, and finance income: 15%), an increase of 40% when compared with 2007 and accounting for 93% of the Group's total turnover, 1 percentage point higher than that of 2007. EBITDA amounted to HK$510,808,000, an increase of 47% when compared with 2007 and accounting for 86% of total profits on recurring basis.

Major operating and financial data of the environmental protection business in 2008:

	2008			2007		
	Environmental energy projects	**Environmental water projects**	**Total**	Environmental energy projects	Environmental water projects	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Turnover						
- Construction service	**595,006**	**505,460**	**1,100,466**	546,478	297,402	843,880
- Operation service	**138,362**	**241,642**	**380,004**	75,557	194,104	269,661
- Finance income	**111,248**	**142,958**	**254,206**	66,008	58,946	124,954
	844,616	**890,060**	**1,734,676**	688,043	550,452	1,238,495
EBITDA	**285,140**	**225,668**	**510,808**	200,519	146,727	347,246

Environmental Energy Sector

The environmental energy sector encompasses Suzhou Waste-to-energy Project Phase I and Phase II ("Suzhou Project Phase I and Phase II"), Yixing Waste-to-energy Project ("Yixing Project"), Jiangyin Waste-to-energy Project ("Jiangyin Project"), Changzhou Waste-to-energy Project ("Changzhou Project") , Suzhou Methane-to-energy Project Phase I and Phase II ("Methane Project" Phase I and Phase II) and Suzhou Industrial Solid Waste Landfill Project ("Solid Waste Project"). The designed total annual processing capacity is approximately 1,500,000 tonnes of household waste, approximately 20,000 m^3 of other waste and capable of supplying an average annual on-grid electricity of approximately 400,000,000 kilowatt-hour.

During the year under review, environmental energy projects processed 937,000 tonnes of household waste, 14,000 m^3 of solid waste and generated on-grid electricity volume of 204,030,000 kilowatt-hour, representing an increase of 68%, 27% and 55% as compared with last year respectively. Environmental energy projects brought an EBITDA of HK$285,140,000, representing an increase of 42% against last year. The increase in profit is mainly attributable to the transformation from construction stage to operation stage of Jiangyin Project and Methane Project Phase II during the year. In addition, the projects in operation including Suzhou Project Phase I, Yixing Project, Methane Project Phase I and Solid Waste Project further enhanced their operating efficiency during the year. Despite the electricity production of certain projects had been affected by the snowstorm at the beginning of the year, the operation service revenue still increased 83% during the year. Moreover, Changzhou Project and Suzhou Project Phase II also entered into peak construction period giving rise to an increase of 9% in construction service revenue.

Major operating and financial data of the environmental energy sector in 2008:

	Waste processing volume (tonne)		**Uploaded electricity (kWh)**		**EBITDA (HK$'000)**	
	2008	2007	**2008**	2007	**2008**	2007
- Suzhou Project Phase I (1)	**489,000**	441,000	**110,800,000**	99,992,000	**78,782**	86,418
- Suzhou Project Phase II (2)	**-**	-	**-**	-	**68,395**	440
- Yixing Project (3)	**200,000**	118,000	**34,514,000**	12,658,000	**15,032**	11,411
- Jiangyin Project (4)	**248,000**	-	**41,370,000**	-	**34,768**	55,683
- Changzhou Project (5)	**-**	-	**-**	-	**72,552**	29,382
- Methane Project (6)	**-**	-	**17,346,000**	18,712,000	**8,496**	7,821
	937,000	559,000	**204,030,000**	131,362,000	**278,025**	191,155
- Solid Waste Project (7) (m^3)	**14,000**	11,000			**7,115**	9,364
					285,140	200,519

(1) The decrease in profit of Suzhou Project Phase I was mainly attributable to the recognition of value-added tax refund on purchase of local equipment during the construction stage in previous year.

(2) Suzhou Project Phase II was still under construction in December 2008.

(3) The increase in profit of Yixing Project was mainly attributable to the gradual increase in waste processing and on-grid electricity volume which enhanced its operation service revenue.

(4) The decrease in profit of Jiangyin Project was mainly attributable to the recognition of construction service revenue in previous year. During the year under review, it mainly reflected the operation service revenue since the commencement of commercial operation of the project in March. As the project gradually enters normal operation, the operating efficiency of the project is expected to increase.

(5) The increase in profit of Changzhou Project was mainly attributable to the entering into peak construction period during the year which increased the construction service revenue.

(6) The increase in profit of Methane Project was mainly attributable to the implementation of expansion work for Phase II which recorded construction service revenue, off-setting the impact of reduction of operation service revenue arising from the undergoing of an overhaul during the year.

(7) The decrease in profit of Solid Waste Project was mainly due to the recognition of construction service revenue in previous year. During the year under review, it only reflected the operation service revenue. Following the gradual increase in the solid waste treatment volume, it is expected the operating efficiency will further be enhanced.

The Company was notified by the Bureau of City Appearance, Environment & Sanitation of Jinan City ("Jinan Environmental Bureau") on 29 December 2008 that it had won the tender of Jinan Waste Project. On 10 January 2009, the Company signed a cooperative agreement in relation to the Jinan Waste Project with the Jinan Environmental Bureau. Pursuant to the agreement, a project company will be established in Jinan city to construct, operate and manage the waste-to-energy plant on BOT (Build-Operate-Transfer) mode for 25 years. The total investment of the project is approximately RMB900,853,000 (equivalent to approximately HK$1,021,928,000). The plant with a designed daily waste processing capacity of 2,000 tonnes will take about 18 months to build with key equipment imported from overseas and operations meeting Euro I smoke and gas emission standard and Euro II dioxin emission standard. Formal agreements related to Jinan Waste Project (including a concession right agreement, a waste treatment service agreement and other related documents) are expected to be signed by the relevant parties after the project company is established.

Environmental Water Sector

The environmental water sector encompasses Qingdao Waste Water Treatment Project ("Qingdao Project"), Zibo Waste Water Treatment Project (including southern and northern plants) ("Zibo Southern and Northern Plants Project"), Zibo High-tech Zone Waste Water Treatment Project ("Zibo High-tech Zone Project"), Jinan Waste Water Treatment Project ("Jinan Project"), Binzhou Boxing Waste Water Treatment Project ("Boxing Project"), Zhoucun Waste Water Treatment Project ("Zhoucun Project"), Jiangyin Waste Water Treatment Project ("Jiangyin Waste Water Project") and Jinan Licheng Waste Water Treatment Project ("Jinan Licheng Project"). The total designed daily waste water treatment capacity is approximately 1,500,000 tonnes.

During the year under review, environmental water projects treated 363,912,000 tonnes of waste water, representing an increase of 26% as compared with last year. Environmental water projects brought an EBITDA of HK$225,668,000, representing an increase of 54% against last year. The increase in profit is mainly attributable to (1) certain projects including Jiangyin Water Project, Zhoucun Project, Boxing Project and Jinan Project had undergone construction work or upgrade work which recorded construction service revenue of HK$505,460,000, representing an increase of 70% as compared with last year; (2) the newly acquired Jiangyin Water Project and Boxing Project and the existing projects in operation continued to operate smoothly which increased the operation service revenue by 24%.

Major operating and financial data of the water treatment sector in 2008:

	Waste water processing volume (tonne)		**EBITDA（HK$'000）**	
	2008	2007	**2008**	2007
- Qingdao Project (8)	**69,172,000**	61,621,000	**20,490**	41,929
- Zibo Southern and Northern Plants Project (9)	**83,659,000**	88,924,000	**21,713**	57,002
- Zibo High-tech Zone Project (10)	**34,607,000**	12,900,000	**9,080**	19,946
- Jinan Project (11)	**146,517,000**	126,290,000	**73,099**	27,850
- Boxing Project (12)	**3,309,000**	-	**6,615**	-
- Zhoucun Project (13)	**-**	-	**8,002**	-
- Jiangyin Waste Water Project (14)	**26,648,000**	-	**71,204**	-
- Jinan Licheng Project (15)	**-**	-	**15,465**	-
	363,912,000	289,735,000	**225,668**	146,727

(8) The decrease in profit of Qingdao Project was mainly attributable to the increase in operating costs after the upgrade and extension work of Maidao Plant was completed. The Group is now negotiating with the Qingdao Municipal Government on tariff hike upon which it is expected to increase the long term revenue of the project.

(9) The decrease in profit of Zibo Southern and Northern Plants Project was mainly attributable to the recognition of construction service revenue for upgrading work in previous year. Operation service revenue during the year under review has gradually returned to normal upon completion of the test run in May.

(10) The decrease in profit of Zibo High-tech Zone Project was mainly attributable to the recognition of construction service revenue in previous year. During the year under review, it mainly reflected the operation service revenue. As the project gradually enters normal operation, the operating efficiency of the project is expected to increase.

(11) The increase in profit of Jinan Project was mainly attributable to the implementation of upgrading work during the year under review which increased the construction service revenue. Moreover, the gradual increase in operating efficiency brought an increase in operation service profit.

(12) Boxing Project commenced commercial operation in April 2008.

(13) Construction work of Zhoucun Project commenced in August 2008 and the plant was ready to receive water in December 2008. Test running is in progress.

(14) Jiangyin Waste Water Project commenced commercial operation in January 2008.

(15) Construction work of Jinan Licheng Project commenced in September 2008.

On 30 December 2008, the Company had successfully won the tender of Jinan Xike Project. Jinan Xike Project is the highlighted environmental protection project in Jinan city aiming at conserving energy, reducing waste water emission and improving environment. The total investment of the project is approximately RMB72,682,000. The term of exclusive right of operation is 26 years and the project will be invested, constructed and operated on BOT mode. The designed waste water treatment capacity of the project is 30,000 tonnes per day. Upon completion of the construction of the project, water discharge quality will meet Grade 1A of the national waste water discharge standard. The management is now negotiating the terms and conditions of the project with Jinan Utility Bureau. It is expected that agreements will be signed in the second quarter of this year. Construction work will be commenced in the third quarter.

Environmental Technology Sector

Strategic Partnership

Apart from striving to secure and operate different environmental protection projects, the Group has been relentless in pursuing technological research and development. It has been active in working together with major research institutes and strengthening its partnership with renowned international and local enterprises. During the year under review, the Group had worked with different educational institutions such as Tsinghua University, Tongji University, Shandong Academy of Sciences, Zhongshan University, Nanjing University, Jiangnan University and Shenzhen University on various initiatives including research and development projects, sourcing of government fundings for research and discussion about different technologies, etc.

Research and Development Facility

To develop core technology and boost its competitive strengths, Everbright Environmental Technological Development (Beijing) Limited has been established in May 2008. The Group now plans to set up two technology research and development centers to specialize in solid waste and water resources technologies respectively to serve as platforms for cooperating with domestic research and development institutions and applying for government funding. During the year under review, the Group submitted an application for a solid waste resource technology research and development center project in Suzhou city and was granted funding from the Suzhou Municipal Government. When the center is completed, it will serve the city as its solid waste resource technology center and cater to the needs of environmental protection enterprises in the city and the Yangtze River Delta region. The Group also plans to set up Zibo

Water Resource Technology Research Center based on the state qualified laboratory of Zibo Project Company to provide water resource engineering and technical research services to Shandong province.

In 2009, the Group will continue to invest in technological innovation and enhancing its research and development capabilities, with the aim of lowering construction and production costs, and boosting cost-effectiveness and competitiveness. The Group will seek to commercialize patented technologies and introduce them to the market, striving to develop into a new environmental protection enterprise that employs "top-notch techniques and high-end technologies".

Research Project and Patent
During the year under review, the Group submitted applications for 45 projects. Of all these projects, 13 had been approved. The City Bio-waste Anaerobic Digestive Technology Research, a joint initiative of the Group and Tsinghua University, has been included in the "863 Program" after passing the review of The Ministry of Science and Technology. Furthermore, the different environmental protection project companies of the Group also obtained government research and development funding in Suzhou, Yixing, Changzhou, Shandong province, Jinan and Shenzhen in a total amount of RMB2,710,000. The Group has also internally identified 11 research topics relevant to its environmental protection projects.

During the year, the Group submitted 9 patent applications and gained approval for 5 patents. The Group also secured 6 patents for its sludge dehydration equipment, anaerobic reactor, subsection disposal system for municipal solid waste and safe treatment of fly ash, in its bid to boost environmental protection technology and its core competitiveness.

INFRASTRUCTURE AND PROPERTY INVESTMENT

Toll Bridge
During the year under review, traffic on the Qingzhou Bridge continued to grow and generated steady cash flow for the Group. For the year ended 31 December 2008, the average number of standard vehicles crossing the bridge daily increased to 33,742, 7% higher than that in 2007, and brought an EBITDA of HK$98,927,000 to the Group, representing an increase of 15% when compared with 2007.

Looking forward, with the maintenance work of the Wulong Longjiang Bridge and Phase II of the North Airport Highway to complete in 2009, traffic on the Qingzhou Bridge is expected to increase further.

Property Investment
During the year under review, Shenzhen Zhongshan Garden, a four-storey commercial complex with a shopping arcade owned by the Group, generated steady rental revenue and cash flow. The property was 97% leased during the year and brought an EBITDA of HK$11,969,000 to the Group, an increase of 14% as compared with 2007.

To optimize its business structure, the Company convened an extraordinary general meeting on 18 December 2008 at which a resolution was passed to dispose of Sino Villa Holdings Limited which held the Shenzhen Zhongshan Garden and its management company to Everbright Real Estate Limited for a total consideration of HK$195,907,000.

The transaction had been completed. It generated a profit on disposal of subsidiaries of HK$51,778,000 for the Group for the year ended 31 December 2008.

HONORS AND RECOGNITIONS

Below are awards won by the Group during the year under review:

Date	Organizer	Awards
March 2008	Jiangsu Provincial Department of Construction	"Yangzi Cup"
April 2008	Zibo Municipal Government	"Outstanding Enterprise"
May 2008	Capital Magazine	"Outstanding Environmental Protection Corporation Award" of " The Third Capital Outstanding China Enterprise Award"
August 2008	Wuxi Construction Bureau and Wuxi Construction Association	Taihu Lake Cup for Yixing project
October 2008	China City and Town Water Supply and Discharge Association	"Ten Best Waste Water Treatment Plants in China" for Jinan No. 2 Waste Water Treatment Plant
November 2008	Economic Digest	2008 Outstanding Enterprises Award
November 2008	Evaluation Committee for State Outstanding Construction Quality Award	"Silver medal in the "State Outstanding Construction Projects 2008" for Zibo High-tech Zone Project

BUSINESS PROSPECTS

Despite some of the adverse effects of the global financial crisis still expected to linger on in 2009, the market generally believes the PRC will be able to maintain stable economic growth. On 9 November 2008, the State Council announced a RMB4 trillion investment plan for the next two years to stimulate domestic demand and ensure economic growth. The fifth item amongst the ten investment areas of the plan is construction conducive to ecological and environmental protection, which points to huge growth potential for the waste water treatment and waste-to-energy sectors in the PRC. The Group believes that following the increasing investment of the country in environmental protection and the launching of policies conducive to related industries, it will nurture demand for related services and in turn the overall growth of the market. The sector will grow in scope and its structure will adjust and optimize to reach higher standards, and eventually become a new growth driver of the economy. According to preliminary forecast of the Environmental Protection Bureau, during the 11th Five Year Plan period, the environmental protection industry in China will be able to maintain a growth rate of 15% to 17% a year. By 2010, the value of the industry will reach RMB880 billion.

Stepping into the 21st century, the PRC has seen notable improvement in her mastery of technologies and ability to quickly integrate different technological disciplines for application in the new age of information. Developing energy technologies and a low-carbon economy is the consensus among different countries in the world and environmental protection and green GDP have become dominant concepts of the era. The core philosophy of modern management encompasses : first "people-oriented", meaning striving for full development of human potentials, and second the development of environmental protection and green GDP, which will provide the world with the next economic growth model. In the development of energy technologies and low-carbon economies, promotion of wind power, solar energy, bio-fuel, waste-to-energy, water quality restoration, recycling of solid waste, energy conservation and emission reduction will become the guiding tune of human society development while presenting huge room for growth to the environmental protection industry. To grow our Everbright Environmental into an environmental protection enterprise that develops loading technologies and employs superior techniques is both essential and achievable and agrees with the theme of modern development. To this end, the Group will continue to expand its core environmental protection operation, inject more resources into developing environmental protection technology and related crucial training for its people, encourage innovation and keep boosting its core competitiveness. The Group will take full advantage of its prominent brand and follow the principal of "implementing projects with one success followed by another", and with emphasis on integrity, efficiency, innovation and pragmatism, strive to consolidate its leadership in Jiangsu and Shandong as well as foray into new markets.

Recognizing its responsibility to create a healthy living environment and a harmonious society and determined to growth its business in scale and strength, the Group will keep pursuing environment protection projects with strong potential to grow and bring greater returns to shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL POSITION

As at 31 December 2008, the Group had total assets worth approximately HK$6,300,678,000 and net assets value at HK$2,819,615,000. Net assets per share attributable to equity shareholders of the Company were HK$0.897, representing an increase of 15% from HK$0.782 as at the end of last year. As at 31 December 2008, gearing ratio (calculated by dividing total liabilities by total assets) of the Group was 50%, 8 percentage points more than the 42% at the end of last year.

The Group generally finances its operations with internally generated cash flow and loan facilities from banks and its ultimate holding company. As at 31 December 2008, the Group had a cash balance of approximately HK$699,055,000, representing an increase of HK$67,590,000 as compared to HK$631,465,000 at the end of last year. As at 31 December 2008, the Group had outstanding borrowings of approximately HK$2,610,615,000, representing an increase of HK$1,068,790,000 against HK$1,541,825,000 at the end of last year. The borrowings comprised bank loans of HK$2,329,593,000 and loans of HK$212,958,000 from the ultimate holding company and other loans of HK$68,064,000 from an unrelated party.

FOREIGN EXCHANGE RISK

As most of the Group’s assets, borrowings and major transactions are denominated in Renminbi and the Group mainly settles expenses of its business in the PRC with Hong Kong dollar remittance and Renminbi income, it has not used any financial instrument to hedge against bank borrowings in Renminbi, which are used mainly to meet capital requirements of its business in the PRC. The Group will closely manage and monitor its foreign currency risks in view of the increase in the loan balance in Hong Kong dollars and US dollars.

PLEDGE OF ASSETS

As at 31 December 2008, the Group had certain banking facilities secured with toll bridge revenue, revenue from waste water treatment plants and waste-to-energy power plants operation services, gross amounts due from customers for contract work, certain receivables and deposits relating to considerations paid for the acquisition of waste water treatment plants under TOT arrangements, bank deposits, mortgages on fixed assets and shares of a subsidiary of the Company as pledges. Such banking facilities, amounting to HK$1,793,850,000 (2007: HK$1,661,544,000), were used to the extent of HK$1,549,067,000 (2007: HK$1,253,168,000). The aggregate net book value of assets pledged amounted to approximately HK$2,820,606,000 (2007: HK$2,287,009,000).

COMMITMENTS

As at 31 December 2008, the Group had outstanding commitments in connection with TOT arrangements entered into which amounted to HK$515,725,000 (2007: HK$754,929,000). In addition, purchase commitments outstanding in connection with the Group’s construction contracts at 31 December 2008 not provided for in the financial statements amounted to HK$175,932,000 (2007: HK$168,903,000).

CONTINGENT LIABILITIES

As at 31 December 2008, the Company had issued financial guarantees to two wholly-owned subsidiaries and a non-wholly owned subsidiary. The guarantees will expire on 2 August 2015, 30 November 2015 and 30 December 2016 respectively. The directors do not consider it probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as at year end under the guarantees was HK$530,786,000 (2007: HK$182,280,000) which was the facility drawn down by the subsidiaries.

HUMAN RESOURCES

The Group places much emphasis on human resources management. It believes in helping each employee develop and apply his full potential and is committed to building a high quality team that can contribute to long-term development of the Group.

Employee training was a main focus of the Group in 2008 and "broadening horizons, enhancing knowledge" was the theme guiding the programs. With its Beijing training center responsible for coordination, the Group arranged 10 sessions of training for employees. Supported by a remote video system, the courses were accessible by all staff of the Group. The attendance of the courses reached over 1,600 man-days and covered a wide range of topics including environmental protection policies, professional knowledge and corporate culture, etc. The manuals give practical reference to employees working on waste-to-energy and waste water treatment projects. Furthermore, 10 issues of "Everbright Environment", the Group's in-house magazine, were published during the year. The publication is an instrument of the Group to nurture corporate culture, encourage internal and external communication and relay information of latest national environmental protection policies and industry development to its employees.

As at 31 December 2008, the Group had more than 1,100 employees in Hong Kong and the PRC. Employees of the Group are remunerated according to their qualifications, experience, job nature, performance, and with reference to market conditions. Apart from discretionary performance bonus, the Group also provides other benefits such as medical insurance and provident fund scheme to employees in Hong Kong. A share option scheme was approved by the Company's extraordinary general meeting on 26 May 2003 and it gives the Board of Directors of the Company (the "Board") the discretion to award share options to any employees (including directors) of the Company as a performance incentive. The Board did not grant any option during the year under review.

CORPORATE GOVERNANCE

The Group has been relentless in raising its corporate governance standard. The Group believes that it is the key for business development and safeguarding shareholders' interest. The Group has been upholding the management principle of "people interest, pragmatism, creativity and systematic management", and through a set of rules and regulations, strengthen its internal control and risk management. At the same time, through public and full disclosure of information on a timely basis, the Group is eager to increase its transparency, accountability and thus corporate value. The Board meets regularly and it has in place an Audit Committee, a Remuneration Committee and a Management Committee under the Board. On the risk management front, the Group has set up a Risk Management Advisory Committee to monitor and assess risk on regular basis, raise risk management standard and evaluate investment projects. With regards to the technological risk management mechanism, the Group has set up an Engineering Technical Management Committee which is responsible for technology assessment of investment projects. For financial control, the Group insists on stringent budget management, and formed the Budget Approval Management Committee, focusing on monitoring construction and operation budgets. In January 2009, the Group set up an Operations Management Committee of Everbright Environment for its fast growing environmental business. The Operations Management Committee of Everbright Environment will conduct regular meetings to discuss and resolve critical issues of the environmental protection business to ensure the business has a rapid yet healthy growth. At the same time, the Group has set up an Internal Audit Department to perform internal audits on the Group's investment projects regularly to raise the Group's management standard.

The Code on Corporate Governance ("the Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") has been duly adopted by the Board as the code on corporate governance practices of the Company.

For the year ended 31 December 2008, the Company had complied with the provisions of the Code and some of the recommended best practices as set out in the Code.

AUDIT COMMITTEE

The three independent non-executive directors of the Company, namely Sir David Akers-Jones (Chairman), Mr. Aubrey Li Kwok Sing and Mr. Selwyn Mar, all sat on the Audit Committee, which is primarily responsible for reviewing the accounting principles and practices adopted by the Group, as well as discussing and reviewing internal control and financial reporting matters of the Group. The terms of reference of the Audit Committee are disclosed on the website of the Company. The Audit Committee had reviewed with the management and KPMG, the Company's auditors, the accounting principles and practice adopted by the Group and discussed internal controls and financial reporting matters, including reviewing the annual results of the Group, for the year ended 31 December 2008.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises Mr. Zang Qiutao (Chairman), Vice-chairman of the Board, and three independent non-executive directors of the Company, namely Sir David Akers-Jones, Mr. Aubrey Li Kwok Sing and Mr. Selwyn Mar. Its main duties include offering advice to the Board on matters pertaining to the remuneration policy and remuneration structure of the directors and senior management of the Company. The terms of reference of the Remuneration Committee are disclosed on the website of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the model code (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Specific enquiry was made with all the directors, who confirmed they had complied with the required standard of dealings as set out in the Model Code during the year ended 31 December 2008.

OTHER INFORMATION

Final Dividend

The Board has proposed to pay a final dividend of HK1.0 cent per share (2007: HK1.0 cent per share) to shareholders whose names appear on the register of members of the Company on Thursday, 7 May 2009. Dividend warrants will be dispatched to shareholders on or about Tuesday, 19 May 2009.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 7 May 2009 to Tuesday, 12 May 2009 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for the proposed final dividend for the year, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company's share registrars, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 6 May 2009.

Purchase, Sale or Redemption of the Company's Listed Securities
There was no purchase, sale or redemption of the listed securities of the Company by the Company or any of its subsidiaries during the year.

By Order of the Board
China Everbright International Limited
Chen Xiaoping
Chief Executive Officer

Hong Kong, 20 March 2009

As at the date of this announcement, the board of directors of the Company comprised: (i) 7 executive directors, namely Mr. Tang Shuangning (Chairman), Mr. Zang Qiutao (Vice-chairman), Mr. Li Xueming (Vice-chairman), Mr. Chen Xiaoping (Chief Executive Officer), Mr. Philip Fan Yan Hok, Mr. Raymond Wong Kam Chung and Ms. Zhang Weiyun, and (ii) 3 independent non-executive directors, namely Sir David Akers-Jones, Mr. Aubrey Li Kwok Sing and Mr. Selwyn Mar.