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

(Incorporated in Hong Kong with limited liability)

(Stock Code : 257)

ANNOUNCEMENT
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

FINANCIAL HIGHLIGHTS

Continuous growth in environmental protection business boosted the turnover and profit of the Group

- Turnover increased by 40% to HK$1,101,610,000 (2008: HK$788,711,000)
- EBITDA increased by 31% to HK$379,267,000 (2008: HK$288,683,000)
- Profit attributable to equity shareholders increased by 47% to HK$196,981,000 (2008: HK$134,208,000)
- Basic earnings per share increased by 46% to HK6.26 cents (2008: HK4.28 cents)
- Interim dividend of HK1 cent per share (2008: HK0.6 cent per share)

INTERIM RESULTS

The board of directors (the "Board") of China Everbright International Limited ("the Company") announces the unaudited results of the Company and its subsidiaries (collectively "the Group") for the six months ended 30 June 2009. The interim financial results are unaudited, but have been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), whose independent review report is included in the interim report to be sent to shareholders.

Consolidated income statement for the six months ended 30 June 2009 – unaudited

		Six months ended 30 June	
		2009	2008
	Note	***HK$'000***	*HK$'000*
Turnover	*3 & 4*	**1,101,610**	788,711
Direct costs and operating expenses		**(680,133)**	(477,297)
		421,477	311,414
Other revenue		**16,063**	30,784
Administrative expenses		**(77,612)**	(70,393)
Profit from operations		**359,928**	271,805
Finance costs	*5*	**(86,059)**	(66,163)
Profit before taxation	*5*	**273,869**	205,642
Income tax	*6*	**(59,392)**	(56,709)
Profit for the period		**214,477**	148,933
Attributable to:			
Equity shareholders of the Company		**196,981**	134,208
Minority interests		**17,496**	14,725
Profit for the period		**214,477**	148,933
Earnings per share	*7*		
Basic		**HK6.26 cents**	HK4.28 cents
Diluted		**HK6.16 cents**	HK4.18 cents

Consolidated statement of comprehensive income for the six months ended 30 June 2009 – unaudited

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Profit for the period	**214,477**	148,933
Other comprehensive income for the period:		
- exchange differences on translation of financial statements of subsidiaries	**(1,041)**	163,453
- changes in fair value of available-for-sale securities	**235**	(21,128)
	(806)	142,325
Total comprehensive income for the period	**213,671**	291,258
Attributable to:		
Equity shareholders of the Company	**196,302**	257,414
Minority interests	**17,369**	33,844
Total comprehensive income for the period	**213,671**	291,258

Consolidated balance sheet at 30 June 2009 – unaudited

	Note	At 30 June 2009 HK$'000	At 30 June 2009 HK$'000	At 31 December 2008 HK$'000	At 31 December 2008 HK$'000
Non-current assets					
Fixed assets					
- Investment properties			**19,570**		19,574
- Other property, plant and equipment			**144,505**		144,999
			164,075		164,573
Intangible asset			**565,568**		577,754
Goodwill			**46,133**		46,133
Interest in associate			**-**		-
Other financial assets			**20,903**		22,336
Other receivables and deposits	*8*		**1,579,199**		1,386,280
Gross amounts due from customers for contract work	*9*		**3,185,054**		2,686,012
Deferred tax assets			**16,518**		26,538
			5,577,450		4,909,626
Current assets					
Inventories		**12,923**		11,501	
Debtors, other receivables, deposits and prepayments	*8*	**462,341**		421,444	
Gross amounts due from customers for contract work	*9*	**303,242**		259,052	
Pledged bank deposits		**201,048**		109,349	
Deposits with bank		**51,035**		27,574	
Cash and cash equivalents	*10*	**653,397**		562,132	
		1,683,986		1,391,052	
Current liabilities					
Bank loans					
- Secured		**555,528**		370,377	
- Unsecured		**190,501**		175,664	
		746,029		546,041	
Creditors, other payables and accrued expenses	*11*	**579,902**		471,031	
Current taxation		**7,886**		9,165	
		1,333,817		1,026,237	
Net current assets			**350,169**		364,815

Consolidated balance sheet at 30 June 2009 – unaudited (continued)

		At 30 June 2009		At 31 December 2008	
	Note	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*
Total assets less current liabilities			**5,927,619**		5,274,441
Non-current liabilities					
Bank loans					
- Secured		**1,265,759**		1,178,690	
- Unsecured		**941,366**		604,862	
		2,207,125		1,783,552	
Other loans		**68,046**		68,064	
Loans from ultimate holding company		**212,696**		212,958	
Deferred tax liabilities		**122,797**		78,826	
			2,610,664		2,143,400
NET ASSETS			**3,316,955**		3,131,041
CAPITAL AND RESERVES					
Share capital			**315,043**		314,378
Reserves			**2,673,966**		2,505,237
Total equity attributable to equity shareholders of the Company			**2,989,009**		2,819,615
Minority interests			**327,946**		311,426
TOTAL EQUITY			**3,316,955**		3,131,041

Notes :

1. Basis of preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting", issued by the HKICPA.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2009 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The financial information relating to the financial year ended 31 December 2008 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2008 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 20 March 2009.

2. Changes in accounting policies

The HKICPA has issued the following new Hong Kong Financial Reporting Standards ("HKFRS"), Interpretations and amendments to HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 8, *Operating segments*
- HKAS 1 (revised 2007), *Presentation of financial statements*
- Amendments to HKFRS 7, *Financial instruments: Disclosures - improving disclosures about financial instruments*
- Improvements to HKFRSs (2008)
- Amendments to HKAS 27, *Consolidated and separate financial statements - cost of an investment in a subsidiary, jointly controlled entity or associate*
- HKAS 23 (revised 2007), *Borrowing costs*
- Amendments to HKFRS 2, *Share-based payment - vesting conditions and cancellations*
- HK(IFRIC) 15, *Agreements for the construction of real estate*
- HK(IFRIC) 16, *Hedges of a net investment in a foreign operation*

The improvements to HKFRSs (2008), amendments to HKAS 27, HKAS 23 and HKFRS 2 and Interpretations HK(IFRIC) 15 and HK(IFRIC) 16 have had no material impact on the Group's financial statements as the improvements, amendments and interpretations were consistent with policies already adopted by the Group or were not relevant to the Group's operation. In addition, the amendments to HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the interim financial report. The impact of the remainder of these developments on the interim financial report is as follows:

2. Changes in accounting policies (continued)

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management. As this is the first period in which the Group has presented segment information in accordance with HKFRS 8, additional explanation has been included in the interim financial report which explains the basis of preparation of the information. Corresponding amounts have also been provided on a basis consistent with the revised segment information.
- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in the interim financial report and corresponding amounts have been adjusted to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

3. Segment reporting

The Group manages its business by divisions, which are organised by business lines. On first-time adoption of HKFRS 8, *Operating segments* and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Environmental energy and alternative energy project construction and operation: this segment engages in 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, revenue from operation services as well as finance income.
- Environmental water project construction and operation: this segment engages in the construction, upgrade and operation of waste-water treatment plants to generate revenue from construction and upgrading services, revenue from operation services as well as finance income.
- Environmental technology and construction management: this segment engages in 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: this segment engages in the construction and operation of a toll bridge to generate revenue from construction service and toll fee revenue.
- Property investment and management: this segment engages in 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.

3. Segment reporting (continued)

(a) Segment results, assets and liabilities

In accordance with HKFRS 8, segment information disclosed in the interim financial report has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interest in associate, investments in other financial assets, goodwill, intercompany receivables and other corporate assets. Segment liabilities include creditors, other payables and accrued expenses attributable to the activities of the individual segments and borrowings managed directly by the segments, with the exception of intercompany payables.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment provision of construction management services, assistance provided by one segment to another, including technical know-how, is not measured.

The measure used for reporting segment profit is "EBITDA" i.e. "earnings before interest, taxes, depreciation and amortisation". To arrive at EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning EBITDA, management is provided with segment information concerning revenue (including inter-segment revenue from construction management service), interest expense from borrowings managed directly by the segments, depreciation and amortisation and additions to non-current segment assets used by the segments in their operations.

3. Segment reporting (continued)

(a) Segment results, assets and liabilities (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purpose of resource allocation and assessment of segment performance for the period is set out below:

	Environmental energy and alternative energy project construction and operation		Environmental water project construction and operation		Environmental technology and construction management		Infrastructure construction and operation		Property investment and management		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
For six months ended 30 June												
Revenue from external customers	**357,771**	369,411	**688,437**	355,281	**-**	-	**54,780**	54,294	**622**	9,725	**1,101,610**	788,711
Inter-segment revenue	**-**	-	**-**	-	**6,795**	16,665	**-**	-	**-**	-	**6,795**	16,665
Reportable segment revenue	**357,771**	369,411	**688,437**	355,281	**6,795**	16,665	**54,780**	54,294	**622**	9,725	**1,108,405**	805,376
Reportable segment profit/(loss) (EBITDA)	**167,277**	148,713	**189,500**	103,901	**(4,394)**	(2,841)	**52,745**	49,589	**399**	6,044	**405,527**	305,406
Additions to non-current segment assets during the period	**263,472**	319,925	**661,483**	843,771	**1,145**	1,196	**-**	368	**-**	7	**926,100**	1,165,267
As at 30 June 2009/31 December 2008												
Reportable segment assets	**2,611,051**	2,365,715	**3,391,585**	2,762,962	**133,075**	87,266	**733,241**	709,398	**32,265**	33,619	**6,901,217**	5,958,960
Reportable segment liabilities	**1,443,692**	1,256,827	**1,625,312**	1,063,934	**15,138**	32,488	**416,885**	417,089	**1,929**	2,092	**3,502,956**	2,772,430

3. Segment reporting (continued)

(b) Reconciliations of reportable segment revenue, profit, assets and liabilities

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**1,108,405**	805,376
Elimination of inter-segment revenue	**(6,795)**	(16,665)
Consolidated turnover	**1,101,610**	788,711

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Profit		
Reportable segment profit	**405,527**	305,406
Elimination of inter-segment profit	**(7,303)**	(2,711)
Reportable segment profit derived from Group's external customers	**398,224**	302,695
Depreciation and amortisation	**(19,339)**	(16,878)
Finance costs	**(86,059)**	(66,163)
Unallocated head office and corporate expenses	**(18,957)**	(14,012)
Consolidated profit before taxation	**273,869**	205,642

3. Segment reporting (continued)

(b) Reconciliations of reportable segment revenue, profit, assets and liabilities (continued)

	At 30 June 2009 HK$'000	At 31 December 2008 HK$'000
Assets		
Reportable segment assets	**6,901,217**	5,958,960
Non-current other financial assets	**20,903**	22,336
Goodwill	**46,133**	46,133
Unallocated head office and corporate assets	**293,183**	273,249
Consolidated total assets	**7,261,436**	6,300,678

	At 30 June 2009 HK$'000	At 31 December 2008 HK$'000
Liabilities		
Reportable segment liabilities	**3,502,956**	2,772,430
Unallocated head office and corporate liabilities	**441,525**	397,207
Consolidated total liabilities	**3,944,481**	3,169,637

4. 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 investments 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 period is as follows:

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Revenue from environmental water project construction services	**458,270**	181,201
Revenue from environmental energy and alternative energy project construction services	**192,060**	268,714
Revenue from environmental water project operation services	**143,803**	110,307
Revenue from environmental energy and alternative energy project operation services	**96,436**	51,378
Finance income	**155,639**	113,092
Toll bridge revenue	**54,780**	54,294
Gross rentals from investment properties	**622**	7,799
Property management fee income	**-**	1,926
	1,101,610	788,711

5. Profit before taxation

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

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
(a) Finance costs:		
Interest on bank advances wholly repayable within five years	**24,059**	3,716
Interest on other advances	**62,000**	62,447
	86,059	66,163
(b) Other items:		
Amortisation of intangible asset	**12,038**	11,788
Depreciation	**7,301**	5,090
Dividends and interest income	**(5,984)**	(7,477)

6. Income tax

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Current tax – People's Republic of China ("PRC") income tax		
Provision for the period	**12,675**	**7,787**
Over-provision in prior years	**(7,304)**	**-**
	5,371	**7,787**
Deferred tax		
Origination and reversal of temporary differences	**54,021**	**48,922**
Actual tax expense	**59,392**	**56,709**

No provision for Hong Kong Profits Tax has been made in the interim financial report as the Group's operations in Hong Kong sustained a loss for Hong Kong Profits Tax purposes during the period. Taxation for the PRC operations is charged at the appropriate current rates of taxation ruling in the PRC. During the period, 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.

6. Income tax (continued)

Included in over-provision in prior years of the Group are tax credits of HK$4,615,000 (2008: HK$Nil) recognised by a PRC subsidiary in respect of the purchase of domestically manufactured equipment pursuant to CaiShuiZi [2000] No.49 Notice on Relevant Issues Concerning the Offset or Exemption of Enterprise Income Tax for Foreign Investment Enterprises for Investment in the Purchase of Domestically Made Equipment.

7. 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$196,981,000 (six months ended 30 June 2008: HK$134,208,000) and the weighted average number of 3,144,821,000 ordinary shares (2008: 3,136,472,000 ordinary shares) in issue during the period.

(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$196,981,000 (six months ended 30 June 2008: HK$134,208,000) and the weighted average number of 3,199,199,000 ordinary shares (2008: 3,207,691,000 ordinary shares) after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option scheme.

8. Debtors, other receivables, deposits and prepayments

	At 30 June 2009 *HK$'000*	At 31 December 2008 *HK$'000*
Debtors	**215,219**	98,091
Other receivables, deposits and prepayments	**1,826,321**	1,709,633
	2,041,540	1,807,724
Less: Non-current portion		
- other receivables and deposits	**(1,579,199)**	(1,386,280)
Current portion	**462,341**	421,444

8. Debtors, other receivables, deposits and prepayments (continued)

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

	At 30 June 2009	At 31 December 2008
	HK$'000	*HK$'000*
Current	**97,253**	73,248
Less than 1 month past due	**34,246**	7,670
1 to 3 months past due	**29,797**	3,732
More than 3 months but less than 12 months past due	**53,923**	13,441
	215,219	98,091

Debtors are due within 30 days from the date of billing.

Included in "Debtors, other receivables, deposits and prepayments" of the Group are debtors of HK$215,219,000 (31 December 2008: HK$98,091,000) of which HK$6,254,000 (31 December 2008: HK$6,994,000) and HK$48,738,000 (31 December 2008: HK$23,923,000) are due from a minority shareholder and a related company respectively. Debtors represent toll bridge revenue, 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 30 June 2009 (31 December 2008: HK$Nil).

Other receivables, deposits and prepayments include balances totalling HK$1,741,418,000 (31 December 2008: HK$1,544,037,000) which bear interest at rates ranging from 6.12% to 7.83% (31 December 2008: 6.12% to 7.83%) per annum and represent the considerations paid for the acquisition of waste-water treatment plants under Transfer-Operate-Transfer ("TOT") arrangements, among which HK$132,325,000 (31 December 2008: HK$123,097,000) and HK$603,736,000 (31 December 2008: HK$497,852,000) are due from a minority shareholder and a related company respectively. The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the TOT arrangements. No impairment loss was recognised by the Group at 30 June 2009 (31 December 2008: HK$Nil).

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

9. Gross amounts due from customers for contract work

	At 30 June 2009 *HK$'000*	At 31 December 2008 *HK$'000*
Contract costs incurred plus recognised profits less anticipated losses	**3,864,505**	3,215,255
Less: Progress billings	**(376,209)**	(270,191)
Net contract work	**3,488,296**	2,945,064
Representing:		
Gross amounts due from customers for contract work		
– Non-current	**3,185,054**	2,686,012
– Current	**303,242**	259,052
	3,488,296	2,945,064

Included in "Gross amounts due from customers for contract work" are amounts of HK$279,699,000 (31 December 2008: HK$290,055,000) and HK$183,447,000 (31 December 2008: HK$161,290,000) 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 Build-Operate-Transfer ("BOT") arrangements or upgrade services under TOT arrangements and bear interest at rates ranging from 6.12% to 7.83% (31 December 2008: 6.12% to 7.83%) 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.

10. Cash and cash equivalents

	At 30 June 2009 *HK$'000*	At 31 December 2008 *HK$'000*
Deposits with banks	**300,980**	153,989
Cash at bank and in hand	**352,417**	408,143
	653,397	562,132

Included in "Cash and cash equivalents" are deposits of HK$12,875,000 (31 December 2008: HK$3,562,000) which are placed with a related party bank.

11. Creditors, other payables and accrued expenses

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

	At 30 June 2009	At 31 December 2008
	HK$'000	*HK$'000*
Due within 1 month or on demand	**36,539**	55,682
Due after 1 month but within 3 months	**49,486**	22,629
Due after 3 months but within 6 months	**6,480**	7,246
Due after 6 months	**400,748**	272,356
Total creditors and bills payable	**493,253**	357,913
Other payables and accrued expenses	**86,649**	113,118
	579,902	471,031

Included in "Creditors, other payables and accrued expenses" of the Group are amounts of HK$6,114,000 (31 December 2008: HK$6,982,000) which are 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$482,106,000 (31 December 2008: HK$343,329,000) which represent construction payables and other payables for the Group's BOT arrangements, among which HK$15,228,000 (31 December 2008: HK$6,295,000) and HK$15,254,000 (31 December 2008: HK$28,684,000) 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.

12. Dividends

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

	Six months ended 30 June 2009	2008
	HK$'000	*HK$'000*
Interim dividend declared after the interim period of HK1 cent per ordinary share (2008: HK0.6 cent per ordinary share)	**31,504**	18,843

The interim dividend has not been recognised as a liability at the balance sheet date.

12. Dividends (continued)

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

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK1 cent per ordinary share (six months ended 30 June 2008: HK1 cent per ordinary share)	**31,447**	31,367

In respect of the dividends attributable to the year ended 31 December 2008, the difference between the final dividend proposed and the amount approved and paid during the year represents the additional dividends to the ordinary shareholders upon the exercise of share options before the closing date of the register of members.

13. Comparative figures

As a result of the application of HKAS 1 (revised 2007), *Presentation of financial statements*, and HKFRS 8, *Operating segments*, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 2.

BUSINESS REVIEW AND PROSPECT

OPERATING RESULTS

At the end of 2008, the United Nations Environmental Programme ("UNEP") launched the Global Green New Deal. It aims to encourage investment in renewable energy and fuel-efficient technologies to motivate and build a low-carbon economy, while creating a new green market and increasing green jobs opportunity.

For China, with an energy intensive economic development model in the past has taught her the importance and benefits of building an environmentally friendly economic model in achieving "Sustainable Growth". Today, environmental protection is a principle area of the country's state policies. China is investing more and more in transforming its infrastructure into one that can accommodate social development at minimum energy use. The "Law of Renewable Energy" and "Middle and Long Term Program of Renewable Energy Development" implemented and announced in January 2006 and in August 2008 respectively have boosted rapid growth of the alternative energy industry in China.

With full appreciation of the development focus and strategy of the country, China Everbright International Limited (the "Company") together with its subsidiaries (collectively, the "Group") has worked hard at developing renewable energy, promoting energy conservation, and easing and eliminating pollution. During the first half of 2009, the Group finished restructuring its operation, with the head office in Hong Kong at the core, supported by Everbright Environmental Protection Engineering (Shenzhen) Limited and Everbright Environmental Technological Development (Beijing) Limited. The Group operates three business segments, namely Environmental Energy focusing on waste-to-energy and solid waste landfill, Environmental Water covering mainly waste water treatment and the integrated use of waste water and Alternative Energy including waste water heat pump project, wind power, solar energy, biomass power and energy generated with methane as fuel.

In the first half of 2009, the Group registered significant increase in turnover and operating profits due to the continuous growth of environmental protection business. Various projects completed construction and became operational, bringing increase in both construction service revenue and operating service revenue. During the period under review, the consolidated turnover of the Group amounted to HK$1,101,610,000, representing an increase of 40% from HK$788,711,000 in the same period last year. EBITDA was HK$379,267,000, representing a 31% growth from HK$288,683,000 in the first half of last year. Profit attributable to equity shareholders increased by 47% to HK$196,981,000. Basic earnings per share for the first half of 2009 were HK6.26 cents, HK1.98 cents more than HK4.28 cents in the last corresponding period.

To reward shareholders for their support and also taking into consideration the need of the Group to achieve long term continual development, the Board proposed to pay an interim dividend of HK1 cent per share (2008: HK0.6 cent per share) to equity shareholders of the Company.

ENVIRONMENTAL PROTECTION BUSINESS

In 2009, the Group established two strategies on development - "shifting focus from developing individual projects to the extension of environmental industrial chain" and "transforming from a traditional environmental company into a new environmental protection enterprise that employs top-notch techniques and high-end technologies". Guided by these, the Group has put its businesses into three segments - Environmental Energy, Environmental Water and Alternative Energy. Currently, the Group has 26 environmental protection projects commanding a total investment of approximately RMB6,640,871,000. The investment cost of projects that has completed construction amounted to approximately RMB4,848,000,000 and investment in projects under construction was about RMB273,680,000. For projects yet to commence construction, the estimated investment cost is approximately RMB1,519,191,000. The total designed annual processing capacity of the Group is approximately 2,600,000 tonnes of household waste, approximately 20,000 m^3 of other waste, capable of supplying on-grid electricity of approximately 763,000,000 kilowatt-hour a year. The designed daily treatment capacity of all the waste water treatment projects is approximately 1,500,000 m^3.

During the period under review, turnover of environmental protection business reached HK$1,046,208,000 (construction service revenue: 62%, operation service revenue: 23%, and finance income: 15%), an increase of 44% when compared with the same period in 2008 and accounting for 95% of the Group's total turnover, 3 percentage points higher than that in 2008. EBITDA amounted to HK$345,080,000, an increase of 40% when compared with the last corresponding period and accounting for 91% of the Group's total EBITDA.

Major operating and financial data of the environmental protection business in the first half of 2009:

	2009			2008		
	Environmental Energy and Alternative Energy projects HK$'000	**Environmental Water projects HK$'000**	**Total HK$'000**	Environmental Energy and Alternative Energy projects HK$'000	Environmental Water projects HK$'000	Total HK$'000
Turnover						
- Construction service	**192,060**	**458,270**	**650,330**	268,714	181,201	449,915
- Operation service	**96,436**	**143,803**	**240,239**	51,378	110,307	161,685
- Finance income	**69,275**	**86,364**	**155,639**	49,319	63,773	113,092
	357,771	**688,437**	**1,046,208**	369,411	355,281	724,692
EBITDA	**163,277**	**181,803**	**345,080**	145,883	101,179	247,062

Environmental Energy

This segment comprises the Suzhou waste-to-energy project Phase I ("Suzhou Project Phase I"), Suzhou waste-to-energy project Phase II ("Suzhou Project Phase II"), Yixing waste-to-energy project ("Yixing Project"), Jiangyin waste-to-energy project Phase I ("Jiangyin Project Phase I"), Changzhou waste-to-energy project ("Changzhou Project"), Jinan waste-to-energy project ("Jinan Waste-to-energy Project"), Suzhou Industrial Solid Waste Landfill Project ("Solid Waste Project"), Zhenjiang waste-to-energy project ("Zhenjiang Project") and Jiangyin waste-to-energy project Phase II ("Jiangyin Project Phase II"). Zhenjiang Project and Jiangyin Project Phase II are new projects which the Company has won the tenders and obtained in July 2009 and August 2009 respectively (please refer to post-results events for details).

During the period under review, the environmental energy projects of the Group together processed 697,000 tonnes of household waste, 7,200 m^3 of solid waste and generated on-grid electricity of 146,756,000 kilowatt-hour, representing an increase of 75%, 11% and 86% as compared with the last corresponding period. The projects brought an EBITDA of HK$157,857,000, representing an increase of 12% against the same period last year. The increase in profit was mainly attributable to the increased contribution from the operating projects in Yixing, Jiangyin and Changzhou which offset the decline in contribution service revenue during the period under review.

Major operating and financial data of the environmental energy segment in the first half of 2009:

	Waste processing volume (tonne)		On-grid electricity (kWh)		EBITDA (HK$'000)	
	2009	2008	**2009**	2008	**2009**	2008
- Suzhou Project Phase I (1)	**225,000**	225,000	**52,476,000**	50,585,000	**37,038**	36,755
- Suzhou Project Phase II (2)	**-**	-	**-**	-	**46,373**	9,283
- Yixing Project (3)	**115,000**	99,000	**22,480,000**	16,564,000	**15,059**	7,353
- Jiangyin Project Phase I (4)	**174,000**	75,000	**34,770,000**	11,950,000	**23,076**	34,761
- Changzhou Project (5)	**183,000**	-	**37,030,000**	-	**33,453**	51,307
	697,000	399,000	**146,756,000**	79,099,000	**154,999**	139,459
- Solid Waste Project (m^3)	**7,200**	6,500	**-**	-	**2,858**	1,753
					157,857	141,212

(1) The increase in profit of Suzhou Project Phase I was mainly attributable to the increase in power generation and improvement of operating efficiency during the period under review.

(2) Construction of Suzhou Project Phase II was completed in June 2009. In the second half of the year, the project will contribute operating service revenue to the Group.

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

(4) The decrease in profit of Jiangyin Project Phase I was mainly attributable to the recognition of construction service revenue before the commencement of commercial operation in May last year. During the period under review, the project only recognized operation service revenue.

(5) The decrease in profit of Changzhou Project was mainly attributable to the recognition of construction service revenue in same period last year. In November 2008, the project started commercial operation and the operating efficiency has been increasing steadily during the period under review.

Environmental Water

This segment is made up of the 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 (including Jinan No.1 and No.2 waste water treatment plants) ("Jinan Project"), Jinan Licheng Waste Water Treatment Project ("Jinan Licheng Project" or "Jinan No.3 Plant"), Jinan Xike Waste Water Treatment Project ("Jinan Xike Project" or "Jinan No.4 Plant"), Binzhou Boxing Waste Water Treatment Project ("Boxing Project"), Zhoucun Waste Water Treatment Project ("Zhoucun Project") and Jiangyin Waste Water Treatment Project ("Jiangyin Waste Water Project").

During the period under review, the environmental water projects treated 156,474,000 m^3 of waste water, representing a decrease of 8% as compared with the same period last year. They brought an EBITDA of HK$181,803,000, representing an increase of 80% against the last corresponding period. The increase in profit was mainly attributable to the significant increase in construction service revenue by 153% as a result of the upgrading of Jinan Project and the construction of Jinan Licheng Project in full swing during the period under review. The Group was also able to achieve an increase in operating service revenue of waste water treatment business by 30% due to the increase in waste water treatment fees of Jinan Project and Qingdao Project. This offset the negative impact caused by the temporary reduction of waste water treatment volume due to the decrease of industrial sewage in Zibo City as well as the reconstruction of Xiaoqinghe in Jinan City.

Major operating and financial data of the environmental water segment in first half of 2009:

	Waste water treatment volume (m^3)		EBITDA (HK$'000)	
	2009	2008	**2009**	2008
- Qingdao Project (6)	**31,224,000**	31,862,000	**16,357**	10,392
- Zibo Southern and Northern Plants Project (7)	**37,611,000**	39,260,000	**9,725**	12,756
- Zibo High-tech Zone Project (7)	**14,997,000**	15,897,000	**5,086**	7,701
- Jinan Project (Plant No.1 & No.2) (8)	**54,961,000**	71,561,000	**74,014**	30,914
- Jinan Licheng Project (Plant No.3) (9)	**-**	-	**19,522**	-
- Boxing Project (10)	**3,138,000**	938,000	**6,174**	(93)
- Zhoucun Project (11)	**-**	-	**5,910**	(1,069)
- Jiangyin Waste Water Project (12)	**14,543,000**	11,204,000	**45,015**	40,578
	156,474,000	170,722,000	**181,803**	101,179

(6) The increase in profit of Qingdao Project was mainly attributable to the receipt of the waste water treatment adjustment fee for the prior years of RMB7,040,000. In the meantime, the waste water treatment fee has been approved to increase from RMB1.06 per cubic meter to RMB1.11 per cubic meter during the period under review.

(7) The decrease in profits of Zibo Southern and Northern Plants Project and Zibo High-tech Zone Project was mainly attributable to the decrease of industrial sewage impacted by the downturn of global economy during the first quarter of the year. Profit contribution of the projects is expected to increase when the waste water treatment volume gradually returns to normal following the recovery of the global economy.

(8) The increase in profit of Jinan Project was mainly attributable to the recognition of construction service revenue for the overall upgrading work during the period under review which offset the temporary decrease in waste water treatment volume due to the reconstruction of Xiaoqinghe in Jinan City. Meanwhile, with the completion of the upgrading work to improve the discharge quality to national Grade 1A standard, the waste water treatment fee has been increased from RMB0.75 per cubic meter to RMB1.012 per cubic meter.

(9) Construction of Jinan Licheng Project was completed during the period under review and is now under test run.

(10) The upgrading work of Phase I and the construction of Phase II of Boxing Project were completed during the period under review. It is expected that the whole project will commence commercial operation in the second half of the year.

(11) Construction of Zhoucun Project was completed during the period under review and is now under test run.

(12) Operating efficiency of Jiangyin Waste Water Project is expected to steadily increase with the completion of the sewage piping network and the gradual increase in waste water treatment volume.

In March 2009, the Group signed a concession right agreement with the Jinan Municipal Public Utility Administration Bureau on the Jinan Xike Project. The project, to be operated on BOT basis for a term of 26 years, commands an investment of approximately RMB72,680,000 and will have a designed daily treatment capacity of 30,000 m^3. It will be constructed in compliance with Grade 1A waste water discharge standard. When it is completed, the Group will have a total daily waste water treatment capacity of 630,000 m^3 in Jinan City.

Alternative Energy
At present, low carbon economy has become a global trend and globally greater attention has been placed on climate matters with sustainable development becoming the national policy. The development of alternative energy is highly emphasized. As such, grasping the right time and opportunity to develop new technology, new materials and renewable energy become essential to ensure the sustainable development of the Group. The Group is enthusiastically preparing itself to explore various alternative energy technologies.

Suzhou Waste Landfill Methane-to-energy Project ("Methane Project"), a methane-to-energy project of the Group in operation, has succeeded to be the first Gold Standard Voluntary Emission Reduction (VER) Project in the PRC registered with Switzerland's Gold Standard Foundation. The Group is now also developing the leachate methane-to-energy projects in Suzhou, Yixing, Changzhou and Jiangyin and the Qingdao Sludge Methane-to-energy Project. During the period under review, Methane Project supplied 9,631,000 kilowatt-hour of electricity to the power grid and brought an EBITDA of HK$5,420,000, representing an increase of 16% against last corresponding period.

Apart from building methane-to-energy projects, the Group also wishes to develop waste water heat pump project, wind, solar and biomass energy projects and satisfactory progress has been made (please refer to post-results events for details). Developing alternative energy not only agrees with the world trend and China's quest for sustainable development, but will also become a key profit driver for the Group in the near future.

Enhanced Environmental Protection Research and Development Capabilities
Strategic Partnership
To ensure its different environmental protection projects stay state-of-the-art at all time, the Group has been relentless in pursuing technological research and development. It has been active in working with major research institutes and strengthening partnership with renowned international and local enterprises.

During the period under review, the Group had worked with academic institutions including 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 funding for research and seminars for technologies application, etc. Besides, the Group has also worked with other strategic partners within the industry such as Guangzhou Design & Engineering Co., Ltd of Light Industry, China, China Northeast Municipal Engineering Design and Research Institute, An Hui No.2 Electric Power Engineering & Construction Co. to share knowledge and information including newly announced government relevant policies, newly developed technologies, etc.

Research and Development Facility
In May 2009, the Group and the Shandong Academy of Sciences set up the "Everbright International-Shandong Academy of Sciences Environmental Protection and Energy Saving Engineering Technology Research Institute" in Beijing. The move marked the beginning of cooperation between the environmental protection industry and research institutes in China on equipping the industry with domestically built equipment and develop proprietary core technologies.

The Group will continue to invest in technological innovation and enhance research and development capabilities, with the aim of lowering costs of construction and operation and boosting cost-effectiveness and competitiveness of its projects. The Group will seek to commercialize patented technologies and strive to develop into a new environmental protection enterprise that employs "top-notch techniques and high-end technologies".

Research Project and Patent

During the period under review, the Group submitted applications for 12 research projects and received approval for 6 projects. Furthermore, it obtained government research and development funding for the 6 projects in the total amount of RMB2,900,000. The Group has also identified 9 research topics relevant to its environmental protection projects for internal pursuit.

INFRASTRUCTURE INVESTMENT

Toll Bridge

Located at the major transportation hubs in the Fujian Province, traffic flow of Qingzhou Bridge has been steadily increasing since the opening in 2003, contributing steady cash flow for the Group. In the first half of 2009, the average daily number of standard vehicles crossing the bridge was slightly dropped by 1% to 34,316 as compared to corresponding period last year. This was largely due to the decrease in the truck traffic volume as a result of the aftermath of the global financial crisis. During the period under review, the project generated an EBITDA of HK$52,745,000 to the Group, an increase of 6% as compared with corresponding period last year.

Looking forward, with the gradual recovery of the global economy bringing increase in truck traffic as well as the completion of Phase II of North Airport Highway in Fuzhou, it is expected that the traffic of Qingzhou Bridge will keep increasing in the near future.

HONORS AND RECOGNITIONS

Awards won by the Group during the period under review are listed as follows :

Date	Organizer	Awards
29 April 2009	Hong Kong Environmental Protection Association	National Enterprise Environmental Achievement 08/09
21 June 2009	China Association for Promoting International Economic & Technical Cooperation	Top 10 Most Social Responsible Brand Enterprise in the PRC
21 June 2009	China Association for Promoting International Economic & Technical Cooperation	2009 Top 100 Most Pioneering Enterprise in the PRC

POST-RESULTS EVENTS

In July 2009, the Group signed a "Resources Recycling Cooperative Agreement" with the Zibo Municipal Government in Shandong Province, wherein it is granted the right to develop, invest, construct and operate a waste water heat pump project ("Heat Pump Project") and reusable water project that serve the need for heating and cooling services and reusable water supply of local enterprises. The Heat Pump Project will have two phases. Phase I will occupy an area of 135,000 m^2 and command an estimated investment of approximately RMB30,000,000. The investment and work schedule of Phase II will depend on the subsequent operational status of Phase I and market conditions. The initial estimated service area of Phase II when fully operational is approximately 1,500,000 m^2.

The Group also signed a cooperative framework contract with the Management Committee of Zibo High-tech Industrial Development Zone in Shandong Province on alternative energy and ecological restoration projects, an urban alternative energy and new material development cooperative framework agreement with the Peoples' Government of Dezhou City in Shandong Province to fully explore and develop the environmental protection businesses including waste-to-energy, waste water treatment, water recycling and alternative energy in full force.

In addition, the Group signed a memorandum of understanding ("MOU") with Belgium-based 3E S.A. ("3E Company") on alternative energy technology development. 3E Company is an international renewable energy and energy conservation technology company. The objective of the MOU is for the two parties to establish long-term strategic relationship and combine strengths in exploring different energy-related initiatives.

On 28 July 2009, the Company signed a cooperative agreement with Zhenjiang Urban Management Bureau on the Zhenjiang Project. The total investment cost of the Zhenjiang Project is approximately RMB413,338,000. The term of exclusive right of operation of the project is 30 years and the project will be invested, constructed and operated on BOT mode. The designed waste processing capacity is 1,000 tonnes per day. The plant will be equipped with three waste incinerators, each with a respective processing capacity of 350 tonnes and two 12,000 kilo-watt generators. Construction of the project is scheduled to commence in the first half of 2010 and the commercial operation is expected to start in the second half of 2011.

Following the signing of the cooperative agreement on 10 January 2009 of Jinan Waste-to-energy Project, the Group entered into a concession right agreement and a waste treatment service agreement on 29 July 2009. The total investment of Jinan Waste-to-energy Project is approximately RMB900,853,000. The term of exclusive right of operation of the project is 25 years and the project will be invested, constructed and operated on BOT mode. 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 smoke and gas emission will meet Euro I emission standard. Construction of the project is scheduled to commence in the second half of 2009 and the commercial operation is expected to start in the second half of 2011.

On 17 August 2009, the Company signed a supplemental agreement to the concession right agreement of Jiangyin Project Phase I with Jiangyin Construction Bureau on the extension work of Phase II of the project. Pursuant to which, the plant will be equipped with an additional waste incinerator with a daily processing capacity of 400 tonnes and a 12,000 kilo-watt generator. Moreover, Jiangyin Project Phase I will also be enhanced. The total investment cost of which is approximately RMB205,000,000. Construction of the project is scheduled to commence in the second half of 2009 and the commercial operation is expected to commence in the second half of 2011.

In anticipation of future financial needs, the Group has sought long term financing from Asian Development Bank ("ADB"). Extensive due diligence exercises covering social safeguards, financial, technical and legal aspects were conducted. After comprehensive negotiations, the board of ADB has approved our application for a ten year long-term loan of USD200 million with an attractive interest rate to finance our new waste-to-energy projects. The formal loan documents are scheduled to be signed in early September 2009.

BUSINESS PROSPECTS

The renewable energy market is huge in China. Currently, electricity generated from renewable energy accounts for only 5% of all electricity use in the country. In the European Union, it accounts for approximately 15% and is expected to reach 21% by 2010. There is thus huge room for development for the renewable energy in China.

The Group is confident of its success in the alternative energy field riding on two advantages stated as follows:

1. Its existing business segments have given it convenient leverage to enter the alternative energy industry. It has completed and been developing projects in Jiangsu and Shandong Provinces, where alternative energy resources are rich and related development is in a relatively more advanced stage than other parts of the country. Furthermore, plans for alternative energy development in these two provinces have been announced by the local authorities. Armed with the prominent "Everbright

Environment" brand, the Group stands well in gaining the government support in exploiting the alternative energy field.

2. The Group has years of experience in project construction, which offers it an important execution base for alternative energy projects. The Group also has partners in specialized academic institutions which can provide it with research and development backup for it to enter the alternative energy industry.

The Group will take full advantage of its market leadership and follow the principle of "implementing projects with one success followed by another" in its bid to brave a new path and ensure long-term stable development.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL POSITION

As at 30 June 2009, the Group had total assets amounted to HK$7,261,436,000, with HK$2,989,009,000 worth of net assets. Net assets attributable to equity shareholders of the Company was HK$0.949 per share, representing an increase of 6% as compared to HK$0.897 per share as at the end of 2008. As at 30 June 2009, gearing ratio (total liabilities over total assets) of the Group was 54%, 4 percentage points more than 50% of the last corresponding period.

The Group generally finances its operations with internally generated cash flow, loan facilities from banks and funds from its ultimate holding company. As at 30 June 2009, the Group had an aggregate cash balance of approximately HK$905,480,000, representing an increase of HK$206,425,000 as compared to HK$699,055,000 at the end of last year. As at 30 June 2009, the Group had outstanding borrowings of approximately HK$3,233,896,000, representing an increase of HK$623,281,000 as compared to HK$2,610,615,000 at the end of 2008. The borrowings comprised bank loans of HK$2,953,154,000, loans of HK$212,696,000 from the ultimate holding company and other loans of HK$68,046,000 from an unrelated party.

FOREIGN EXCHANGE RISK

The Group's assets, borrowings and major transactions are mainly denominated in Renminbi. It mainly settles business expenses in the PRC with Hong Kong dollar-remittance and income in Renminbi. It has not used any financial instruments 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 foreign currency risks given the increased loan balances in Hong Kong dollars and US dollars.

PLEDGE OF ASSESTS

As at 30 June 2009, certain banking facilities of the Group were secured by 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 receivable and deposits relating to considerations paid for the acquisition of waste water treatment plants under TOT arrangements, bank deposits and mortgages on fixed assets. The aggregate net book value of assets pledged amounted to approximately HK$2,780,616,000.

COMMITMENTS

As at 30 June 2009, the Group had outstanding commitments in connection with TOT arrangements entered into in the amount of HK$402,178,000.

CONTINGENT LIABILITIES

As at 30 June 2009, the Company had issued financial guarantees to four wholly-owned subsidiaries and a non-wholly owned subsidiary. 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 under the guarantees issued was the facility drawn down by the subsidiaries of HK$871,279,000.

INTERNAL MANAGEMENT

The Group adheres diligently to the management principle that focuses on "people, integrity, pragmatism, creativity and systematic management" and is committed to building a solid risk management culture. During the period under review, the Group adopted a series of measures to strengthen internal management including "Revised Target Management and Appraisal Policy for Environmental Protection Project Companies", "Revised Remuneration Management Policy for Site Construction Team", "Market and Project Development Management Policy" and "Budgetary Management Policy", etc. motivating staff to join project construction and develop new markets and project actively. With the efforts of the Risk Management Advisory Committee, the Engineering Technical Management Committee and the Budget Approval and Management Committee, the Group formulated strict regulations on investment in, and construction and operating of environmental protection projects.

HUMAN RESOURCES

The Group highly values its human resources. It believes that realizing the full potential of its employees is crucial to its long term growth. The Group puts great efforts on staff training. In 2009, the Company co-organized a Master course of Engineering with the School of Environmental Science and Engineering of Qinghua University to raise the staff's engineering capability for the purpose of coping with the requirement of transforming Everbright Environment into a new environmental protection enterprise that employs top-notch techniques and high-end technologies. The aims are to improve the professional skills of the staff and increase their efficiency to improve the overall quality of the Group.

As at 30 June 2009, the Group had approximately 1,000 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. According to the share option scheme approved by the Company's extraordinary general meeting on 26 May 2003, at the discretion of the Board, share options may be granted as performance incentives to any employees, including directors. During the period under review, no share option was granted.

CORPORATE GOVERNANCE

The code provisions in 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.

As at 30 June 2009, the Company had complied with the provisions of the Code and most of the recommended best practices as set out in the Code.

AUDIT COMMITTEE

The Audit Committee, comprises three members, all independent non-executive directors, namely Sir David Akers-Jones (the Chairman), Mr. Aubrey Li Kwok Sing and Mr. Selwyn Mar. Its responsibilities include reviewing the accounting principles and practices adopted by the Group, as well as discussing and reviewing internal control and financial reporting matters of the Company. The terms of reference of the Audit Committee are disclosed on the website of the Company. During the period under review, the Internal Audit Department of the Company has conducted internal audit function. At the request of the Audit Committee, the Company's auditors KPMG had carried out a review of the unaudited interim financial report in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong

Kong Institute of Certified Public Accountants. The independent review report from the auditors will be set out in the 2009 interim report of the Company. The interim financial results have also been reviewed by the Company's Audit Committee.

REMUNERATION COMMITTEE

The Remuneration Committee comprises Mr. Zang Qiutao (the Chairman), Vice-chairman of the Board, and three independent non-executive directors, namely Sir David Akers-Jones, Mr. Aubrey Li Kwok Sing and Mr. Selwyn Mar. Its main duties include advising the Board on matters pertaining to the remuneration policy and remuneration structure of the directors and senior management of the Company, etc. 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 for securities transactions by directors set out in Appendix 10 to the Listing Rules as its own code of conduct in the regard. Having made specific enquiry with the directors, all directors confirmed that they had complied with the required standard of dealings as set out therein the code during the six months ended 30 June 2009.

OTHER INFORMATION

Interim Dividend

The Board has declared payment of an interim dividend of HK$1 cent per ordinary share for the six months ended 30 June 2009 (2008: HK0.6 cent per ordinary share) to shareholders whose names appear on the register of members of the Company on Tuesday, 29 September 2009. Dividend warrants will be dispatched to shareholders on or about Wednesday, 21 October 2009.

Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 29 September 2009 to Friday, 2 October 2009 (both days inclusive), during which no transfer of shares will be affected. In order to qualify for the interim dividend, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 28 September 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 period.

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

Hong Kong, 25 August 2009

As at the issue date of this announcement, the Company's Board of Directors included: (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. Mar Selwyn.