CHINA EVERBRIGHT LIMITED
中國光大控股有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 165)

ANNOUNCEMENT
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

The Directors of China Everbright Limited (the "Company") are pleased to announce that the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2007 are as follows:–

Consolidated Income Statement

For the year ended 31 December 2007

	Note	2007 HK$'000	2006 HK$'000
Turnover	3	**4,437,805**	2,772,433
Cost of sales		**(3,535,655)**	(2,307,160)
		902,150	465,273
Other income	3	**1,330,725**	332,283
Staff costs		**(299,287)**	(174,011)
Depreciation and amortisation expenses		**(7,082)**	(4,596)
Other operating expenses		**(171,307)**	(84,634)
Profit from operations		**1,755,199**	534,315
Finance costs		**(122,780)**	(62,217)
Gain on deemed disposal of interest in associates	7	**924,503**	–
Share of profits less losses of associates	7	**2,906,226**	538,194
Profit before taxation		**5,463,148**	1,010,292
Income tax	4	**(197,724)**	(88,338)
Profit after taxation		**5,265,424**	921,954
Attributable to:			
Shareholders of the Company		**5,005,592**	878,976
Minority interests		**259,832**	42,978
		5,265,424	921,954
Dividends payable to shareholders of the company attributable to the year:			
Final dividend per share proposed after the balance sheet date	5	**HK$0.10**	–
Earnings per share	6		
– Basic		**HK$3.17**	HK$0.56
– Diluted		**HK$3.14**	HK$0.56

Consolidated Balance Sheet

	Note	**31 December 2007 *HK$'000***	31 December 2006 *HK$'000*
Non-current assets			
Fixed assets		**271,280**	262,606
Investments in associates	*7*	**4,470,959**	1,681,468
Available-for-sale securities	*8*	**9,045,828**	1,810,215
Financial assets designated at fair value through profit or loss	*9*	**665,434**	219,922
Intangible assets		**1,250**	1,250
		14,454,751	3,975,461
Current assets			
Advances to customers	*10*	**1,600,458**	901,122
Amount due from ultimate holding company		**–**	2,613
Debtors, deposits and prepayments	*11*	**1,346,319**	351,944
Trading securities		**1,057,748**	981,872
Cash and cash equivalents		**1,826,923**	2,154,365
		5,831,448	4,391,916
Current liabilities			
Creditors, deposits received and accrued charges	*12*	**(815,107)**	(412,610)
Trading securities		**(542,207)**	(300,641)
Amounts due to associates		**(438)**	(438)
Loans from ultimate holding company		**–**	(439,773)
Amount due to ultimate holding company		**–**	(37)
Provision for taxation		**(489,055)**	(314,258)
		(1,846,807)	(1,467,757)
Net current assets		**3,984,641**	2,924,159
Total assets less current liabilities		**18,439,392**	6,899,620
Non-current liabilities			
Note payable		**(42,787)**	(99,573)
Deferred tax liabilities		**(899,021)**	(169,880)
		(941,808)	(269,453)
NET ASSETS		**17,497,584**	6,630,167
CAPITAL AND RESERVES			
Share capital	*13*	**1,584,704**	1,569,003
Reserves		**14,774,268**	4,806,317
Total equity attributable to shareholders of the Company		**16,358,972**	6,375,320
Minority interests		**1,138,612**	254,847
TOTAL EQUITY		**17,497,584**	6,630,167

Consolidated Statement of Changes in Equity

	Attributable to the shareholders of the Company											
	Share capital *HK$'000*	Share premium *HK$'000*	Option premium reserve *HK$'000*	Investment revaluation reserve *HK$'000*	Capital redemption reserve *HK$'000*	Goodwill reserve *HK$'000*	Capital reserve *HK$'000*	Exchange reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
As at 1 January 2007	1,569,003	5,641,148	28,702	1,097,537	2,984	(3,672,032)	109,714	62,602	1,535,662	6,375,320	254,847	6,630,167
Exchange rate adjustments	–	–	–	–	–	–	–	4,918	–	4,918	–	4,918
Surplus on revaluation, net of deferred tax	–	–	–	4,686,933	–	–	–	–	–	4,686,933	560,332	5,247,265
Share options forfeited	–	–	(1,004)	–	–	–	–	–	1,004	–	–	–
Shares issued under share option scheme	15,701	51,219	(20,162)	–	–	–	–	–	–	46,758	–	46,758
Release upon disposal of available-for-sale securities	–	–	–	(298,803)	–	–	–	–	–	(298,803)	–	(298,803)
Increase in exchange reserve on interest in associates	–	–	–	–	–	–	–	247,234	–	247,234	–	247,234
Share of investment revaluation reserve of associate	–	–	–	278,730	–	–	–	–	–	278,730	–	278,730
Net investment by minority shareholders	–	–	–	–	–	–	–	–	–	–	63,601	63,601
Equity settled share-based transactions	–	–	6,915	–	–	–	–	–	–	6,915	–	6,915
Release upon deemed disposal of an associate	–	–	–	32,249	–	2,747,637	–	(26,874)	(2,747,637)	5,375	–	5,375
Profit for the year	–	–	–	–	–	–	–	–	5,005,592	5,005,592	259,832	5,265,424
As at 31 December 2007	1,584,704	5,692,367	14,451	5,796,646	2,984	(924,395)	109,714	287,880	3,794,621	16,358,972	1,138,612	17,497,584
Representing:												
Company and subsidiaries	1,584,704	5,692,367	14,451	5,468,567	2,984	(924,395)	10,000	7,438	1,259,733	13,115,849	1,138,612	14,254,461
Associates	–	–	–	328,079	–	–	99,714	280,442	2,534,888	3,243,123	–	3,243,123
As at 31 December 2007	1,584,704	5,692,367	14,451	5,796,646	2,984	(924,395)	109,714	287,880	3,794,621	16,358,972	1,138,612	17,497,584

	Attributable to the shareholders of the Company											
	Share capital *HK$'000*	Share premium *HK$'000*	Option premium reserve *HK$'000*	Investment revaluation reserve *HK$'000*	Capital redemption reserve *HK$'000*	Goodwill reserve *HK$'000*	Capital reserve *HK$'000*	Exchange reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
As at 1 January 2006	1,564,876	5,629,208	19,141	500,250	2,984	(3,672,032)	28,066	16,557	738,031	4,827,081	64,857	4,891,938
Exchange rate adjustments	–	–	–	–	–	–	–	5,294	–	5,294	179	5,473
Surplus on revaluation, net of deferred tax	–	–	–	785,584	–	–	–	–	–	785,584	3,858	789,442
Share options forfeited	–	–	(303)	–	–	–	–	–	303	–	–	–
Shares issued under share option scheme	4,127	11,940	(5,057)	–	–	–	–	–	–	11,010	–	11,010
Release upon disposal of available-for-sale securities	–	–	–	(205,397)	–	–	–	–	–	(205,397)	–	(205,397)
Increase in exchange reserve on interest in associates	–	–	–	–	–	–	–	40,751	–	40,751	–	40,751
Share of investment revaluation reserve of associates	–	–	–	17,100	–	–	–	–	–	17,100	–	17,100
Share of the increase in associates' capital reserve appropriated from the associates' retained earnings	–	–	–	–	–	–	81,648	–	(81,648)	–	–	–
Net investment by minority shareholders	–	–	–	–	–	–	–	–	–	–	142,975	142,975
Equity settled share-based transactions	–	–	14,921	–	–	–	–	–	–	14,921	–	14,921
Profit for the year	–	–	–	–	–	–	–	–	878,976	878,976	42,978	921,954
As at 31 December 2006	1,569,003	5,641,148	28,702	1,097,537	2,984	(3,672,032)	109,714	62,602	1,535,662	6,375,320	254,847	6,630,167
Representing:												
Company and subsidiaries	1,569,003	5,641,148	28,702	1,080,437	2,984	(3,672,032)	10,000	2,520	1,907,000	6,569,762	254,847	6,824,609
Associates	–	–	–	17,100	–	–	99,714	60,082	(371,338)	(194,442)	–	(194,442)
As at 31 December 2006	1,569,003	5,641,148	28,702	1,097,537	2,984	(3,672,032)	109,714	62,602	1,535,662	6,375,320	254,847	6,630,167

Consolidated Cash Flow Statement
For the year ended 31 December 2007

	2007 HK$'000	2006 HK$'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	**(952,342)**	(449,196)
INVESTING ACTIVITIES		
Purchase of fixed assets	**(15,877)**	(137,409)
Proceeds from disposal of fixed assets	**3**	12,255
Decrease/(increase) in time deposits pledged	**168,099**	(548,069)
Purchase of available-for-sale securities	**(41,567)**	(271,215)
Purchase of financial assets designated at fair value through profit or loss	**(36,250)**	(189,013)
Proceeds from disposal of subsidiaries	**244,655**	–
Proceeds from disposal of available-for-sale securities	**687,085**	440,334
Bank interest received	**73,949**	102,159
Proceeds received from a finance lease	**–**	12,305
Dividends from investments in securities	**71,015**	45,223
Dividends from an associate	**–**	26,856
Capital injected into an associate	**–**	(34,206)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	**1,151,112**	(540,780)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING ACTIVITIES	**198,770**	(989,976)
FINANCING ACTIVITIES		
Issue of ordinary shares	**46,758**	11,010
Issues of shares in subsidiaries to minority shareholders	**311,300**	142,975
Redemption of shares by minority shareholders	**(247,699)**	–
Repayment of loans from ultimate holding company	**(439,773)**	–
Dividend paid to minority shareholders	**(50,706)**	–
Issue of note	**–**	97,541
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	**(380,120)**	251,526
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(181,350)**	(738,450)
CASH AND CASH EQUIVALENTS		
Beginning of year	**1,606,296**	2,334,389
Exchange rate adjustments	**22,007**	10,357
End of year	**1,446,953**	1,606,296
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash – general accounts	**1,826,923**	2,154,365
Deposits pledged	**(379,970)**	(548,069)
End of year	**1,446,953**	1,606,296
Cash flow from operating activities include:		
Interest received on advances to customers and others	**274,939**	120,651

Notes to the financial statements

1. BASIS OF PRESENTATION

The financial report, which has been reviewed by the Company's Audit and Risk Management Committee, is prepared on a basis consistent with the accounting policies and methods adopted in the 2006 annual financial statements. The financial information set out in this report does not constitute the Group's statutory financial statements for the year ended 31 December 2007, but is derived from those financial statements.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, "Financial instruments: Disclosures" and the amendment to HKAS 1, "Presentation of financial statements: Capital disclosures", there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, "Financial instruments: Disclosure and presentation".

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital.

Both HKFRS 7 and amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

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

3. TURNOVER AND OTHER INCOME

Turnover and other income recognised during the year are as follows:

	2007	2006
	HK$'000	*HK$'000*
Turnover		
Sale of trading securities		
– equity securities	**3,183,845**	2,245,535
– debt securities	**30,212**	73,269
– derivatives and others	**639,124**	87,366
Net unrealised gain/(loss) on trading investments		
– trading securities	**79,383**	217,424
– derivatives	**(225,603)**	(241,900)
Brokerage commission and service income	**311,088**	123,097
Interest income on financial assets not at fair value through profit or loss		
– bank deposits	**71,514**	100,443
– advances to customers	**239,863**	96,905
– finance leases	**–**	589
– others	**35,076**	23,746
Dividend income from		
– listed investments	**62,454**	44,945
– unlisted investments	**9,200**	–
Gross rental income from investment properties	**1,649**	1,014
	4,437,805	2,772,433
Other income		
Net gain on disposal of available-for-sale securities	**610,149**	323,174
Realised gain on financial assets designated at fair value through profit or loss	**215,632**	–
Unrealised gain on revaluation of financial assets designated at fair value through profit or loss	**192,428**	–
Gain on disposal of subsidiaries	**228,865**	–
Unrealised gain on note payable	**56,786**	–
Exchange gain, net	**20,058**	6,955
Surplus on revaluation of investment properties	**2,400**	368
Gain on disposal of fixed assets	**–**	51
Recovery of doubtful debts previously written off	**2,369**	–
Others	**2,038**	1,735
	1,330,725	332,283

4. INCOME TAX

The provision for Hong Kong profits tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is calculated at the appropriate current rates of taxation in the relevant countries.

The amount of taxation charged/(credit) to the consolidated income statement represents:

	2007	2006
	HK$'000	*HK$'000*
Company and subsidiaries		
Current taxation		
– Hong Kong profits tax	**145,999**	72,033
– Overseas taxation	**50,021**	9,554
– (Over)/under provision in respect of Hong Kong profit tax in prior years	**(133)**	9,370
Deferred taxation		
– Deferred taxation relating to the origination and reversal of temporary differences	**1,837**	(2,619)
	197,724	88,338

5. DIVIDENDS

	2007	2006
	HK$'000	*HK$'000*
Dividend declared after the balance sheet date		
– Final dividend, of HK$0.10 (2006: HK$ Nil) per ordinary share	**158,841**	–
	158,841	–

The directors proposed a final dividend of HK$0.10 per ordinary share (2006: HK$ Nil per ordinary share). The proposed final dividend is not reflected as dividend payable in the financial statements.

6. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company of HK$5,005,592,000 (2006: HK$878,976,000) and the weighted average number of 1,579,314,372 ordinary shares (2006: 1,566,028,602 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2007	2006
Issued ordinary shares at 1 January	**1,569,003,212**	1,564,875,712
Effect of share options exercised	**10,311,160**	1,152,890
	1,579,314,372	1,566,028,602

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to shareholders of the Company of HK$5,005,592,000 (2006: HK$878,976,000) and the weighted average number of 1,591,946,205 ordinary shares (2006: 1,576,435,626 ordinary shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2007	2006
Weighted average number of ordinary shares at 31 December	**1,579,314,372**	1,566,028,602
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**12,631,833**	10,407,024
	1,591,946,205	1,576,435,626

7. INVESTMENTS IN ASSOCIATES

	2007 *HK$'000*	2006 *HK$'000*
Investments, at cost		
Unlisted shares in		
– Hong Kong	**40,458**	40,458
– Overseas	**1,784,460**	5,534,961
Share of post-acquisition reserves	**3,494,381**	(183,974)
	5,319,299	5,391,445
Less:		
Provision for impairment charged against investment costs	**(165,548)**	(165,548)
Premium on acquisition	**(682,792)**	(3,544,429)
Carrying value, net	**4,470,959**	1,681,468

As at 31 December 2007, particulars of the principal associate of the Group are as follows:

Name of associate	Place of incorporation/ operation	Principal activities	Percentage of equity interest held directly
Everbright Securities Company Limited ("Everbright Securities")	PRC	Securities operations	39.31%

(i) In early 2007, Everbright Securities issued 453 million new shares to 11 investors for a total cash consideration of RMB1,246 million. The objective of the placement was to broaden the capital base of Everbright Securities. After the new share issue, the Group's interest in Everbright Securities was diluted from 46.60% to 39.31% effective from 1 January 2007. As a result of the share dilution, the Group has recorded a deemed gain on disposal of HK$225 million.

For the year ended 31 December 2007, Everbright Securities recorded an after tax profit of RMB5.1 billion (according to HKFRS) and the Group's share of profit, under equity accounting method, amounted to HK$2.03 billion.

Everbright Securities is planning to list its shares on the Shanghai Stock Exchange by way of an initial public offering.

(ii) On 30 November 2007, China Everbright Bank Company Limited ("Everbright Bank") issued 20 billion shares to the Central SAFE Investments Limited according to a Subscription Plan approved by the China Banking Regulatory Commission for a consideration equivalent to RMB20 billion. As a result of the new share issue, the Company's equity interest in Everbright Bank was diluted from 21.39% to 6.23% effective from 30 November 2007. After the new share issue, the Company no longer has significant influence over Everbright Bank and the investment in Everbright Bank was reclassified from investments in associates to available-for-sale securities (Note 8). As a result of the share dilution and change in classification, the Group has recorded a gain on deemed disposal of HK$699 million. In 2007, the Group has recorded approximately HK$873 million share of profit from the equity accounting of Everbright Bank's results to 30 November 2007. This share of profit was arrived at after the deduction the Group's unrecorded share of Everbright Bank's losses since 2004.

8. AVAILABLE-FOR-SALE SECURITIES

	2007	2006
	HK$'000	*HK$'000*
Listed equity securities at fair value:		
Listed in Hong Kong	**2,494,642**	1,374,215
Listed in PRC Mainland	**2,715,673**	–
Unlisted equity securities	**3,835,513**	436,000
	9,045,828	1,810,215

On 20 December 2005, the Group entered into a securities lending agreement with an independent third party to lend 18,000,000 China Mobile (Hong Kong) Limited ("China Mobile") shares which entitles the Group to a stock lending fee of 0.5% per annum. The stock lending agreement may be terminated by either party giving the other not less than 5 days written notice. As at 31 December 2007, the number of China Mobile shares on loan was 6,000,000 (2006: 12,000,000) and the shares had a fair value of approximately HK$827 million (2006: HK$808 million).

The Group held the following principal available-for-sale securities as at 31 December 2007:

Company name	**Place of incorporation**	**Principal activities**	**Effective equity interest held by the Group**
Everbright Bank(i)	PRC	Banking operations	6.23%
Goldwind Science and Technology Company Limited (i) ("Goldwind")	PRC	Manufacturing of wind power generating equipment	4.37%

(i) At 31 December 2007, the carrying value of interests in Everbright Bank and Goldwind both exceeded 10% of total assets of the Group.

9. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2007	2006
	HK$'000	*HK$'000*
At fair value:		
Hong Kong listed equity securities	**277,473**	–
Overseas unlisted convertible bonds	**–**	140,314
Overseas unlisted equity securities	**373,303**	79,608
Overseas unlisted convertible preference shares	**14,658**	–
	665,434	219,922

10. ADVANCES TO CUSTOMERS

	2007	2006
	HK$'000	*HK$'000*
Term loans to customers	**241,898**	239,916
Amounts due from margin clients	**1,364,417**	669,433
Less: impairment loss provision	**(5,857)**	(8,227)
	1,600,458	901,122

Term loans are secured by unlisted bonds issued by reputable financial institutions held as collateral. Amounts due from margin clients are secured by listed securities of margin clients held as collateral. An ageing analysis is as follows:

	2007	2006
	HK$'000	*HK$'000*
Repayable on demand	**1,542,150**	909,349
Over 3 months to 1 year	**64,165**	–
	1,606,315	909,349

11. DEBTORS, DEPOSITS AND PREPAYMENTS

	2007	2006
	HK$'000	*HK $'000*
Accounts receivable, net	**1,112,944**	313,211
Deposits, prepayments and other receivables	**233,375**	38,733
	1,346,319	351,944

Details of the ageing analysis on accounts receivable are as follows:

	2007	2006
	HK$'000	*HK$'000*
Within 1 month	**1,104,229**	312,651
Within 1 to 2 months	**5,770**	232
Within 2 to 3 months	**1,192**	5
Within 3 to 6 months	**899**	205
Over 6 months	**854**	118
	1,112,944	313,211

Accounts receivable mainly comprise amounts due from brokerage clients, brokers and clearing houses. These receivables are normally due two days after trade day, and the extension of credit requires management's approval on a case-by-case basis.

12. CREDITORS, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2007	2006
	HK$'000	*HK$'000*
Accounts payable	**605,621**	287,436
Other creditors, deposits received and accrued charges	**209,486**	125,174
	815,107	412,610

Accounts payable are all due within one month and comprise principally amounts due to brokerage clients, brokers and clearing houses.

13. SHARE CAPITAL

	2007	2006
	HK$'000	*HK$'000*
Authorised:		
Ordinary shares of HK$1.00 each	**2,000,000**	2,000,000
Issued and fully paid:		
At 1 January	**1,569,003**	1,564,876
Exercise of share options	**15,701**	4,127
At 31 December	**1,584,704**	1,569,003

14. SEGMENT INFORMATION

(a) Business segments

The Group conducts the majority of its business activities in three areas: short-term investments, financial services and long-term investments plus other operations. An analysis by business segment is as follows:

	Short-term investments		Financial services		Long-term investments and others		Total	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
REVENUE	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Investment income	**3,434,804**	2,578,075	**2,837**	5,615	**340,974**	166,123	**3,778,615**	2,749,813
Interest income	**56,112**	46,326	**277,912**	119,506	**12,429**	55,851	**346,453**	221,683
Commission and service income	**–**	398	**311,088**	122,592	**–**	107	**311,088**	123,097
Net gain on disposal of available-for-sales securities	**–**	–	**–**	–	**610,149**	–	**610,149**	–
Realised gain on financial assets designated at fair value through profit or loss	**–**	–	**–**	–	**215,632**	–	**215,632**	–
Unrealised gain on valuation of financial assets designated at fair value through profit or loss	**–**	–	**–**	–	**192,428**	–	**192,428**	–
Gain on disposal of subsidiaries	**–**	–	**–**	–	**228,865**	–	**228,865**	–
Other income	**2,985**	–	**3,088**	–	**79,227**	10,123	**85,300**	10,123
Total revenues	**3,493,901**	2,624,799	**594,925**	247,713	**1,679,704**	232,204	**5,768,530**	3,104,716
RESULTS								
Segment results	**854,482**	374,420	**366,257**	132,965	**777,768**	143,671	**1,998,507**	651,056
Unallocated corporate expenses							**(243,308)**	(116,741)
Operating profit							**1,755,199**	534,315
Finance costs							**(122,780)**	(62,217)
Gain on deemed disposal of interest in an associate							**924,503**	–
Share of profits less losses of associates							**2,906,226**	538,194
Income tax							**(197,724)**	(88,338)
Profit after taxation							**5,265,424**	921,954
OTHER INFORMATION								
Segment assets	**2,857,442**	2,560,108	**2,796,484**	993,986	**10,053,443**	2,874,558	**15,707,369**	6,428,652
Investment in associates							**4,470,959**	1,681,468
Unallocated corporate assets							**107,871**	257,257
Total assets							**20,286,199**	8,367,377
Segment liabilities	**210,395**	85,362	**700,332**	323,065	**487,943**	343,194	**1,398,670**	751,621
Unallocated corporate liabilities							**1,389,945**	985,589
Total liabilities							**2,788,615**	1,737,210
Capital expenditures	**100**	–	**–**	399	**15,777**	137,010	**15,877**	137,409
Depreciation and amortisation expenses	**665**	397	**377**	96	**6,040**	4,103	**7,082**	4,596

(b) Geographical segments

	For the year ended 31 December 2007			For the year ended 31 December 2006		
	Hong Kong	**Mainland China**	**Total**	Hong Kong	Mainland China	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue						
Turnover	**3,616,101**	**821,704**	**4,437,805**	1,903,063	869,370	2,772,433
Other income	**896,977**	**433,748**	**1,330,725**	332,131	152	332,283
	4,513,078	**1,255,452**	**5,768,530**	2,235,194	869,522	3,104,716

	As at 31 December 2007			As at 31 December 2006		
	Hong Kong	**Mainland China**	**Total**	Hong Kong	Mainland China	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	**8,192,537**	**7,514,832**	**15,707,369**	5,472,382	956,270	6,428,652
Additions to fixed assets	**15,780**	**97**	**15,877**	137,388	21	137,409

15. CONTINGENT LIABILITIES

(a) Corporate guarantee

	2007	2006
	HK$'000	*HK$'000*
Guarantee given to financial institutions in respect of banking facilities granted to subsidiaries	**170,000**	80,000

As at 31 December 2007 and 31 December 2006, the Group's subsidiaries did not utilise any of its banking facilities.

As at 31 December 2007 and 31 December 2006, the Company had issued corporate guarantees to certain financial institutions for trading facilities granted to a subsidiary which engages in leveraged foreign exchange trading and other subsidiaries which carry out derivatives transactions. The guarantee amounts vary and are dependent on the volume of transactions effected with the financial institutions.

(b) Incentive payment

According to an Incentive Agreement dated 25 May 2007, which was announced on the same date, the Group is obligated to pay incentive project bonus to an Investment Team, all the individual members of which are employees of the Group, on realisation of each project, whether in whole or in part, under SeaBright China Special Opportunities (I) Limited ("SOF", the Group has a 78.9% equity interest in SOF). The amount of incentive project bonus payable under the agreement is equal to 15% of profit realised from disposal of those investments plus the related amount of advisor fee income received less certain attributable project expenses and the investment team's operating expenses. The incentive project bonus is recognised on realisation of the relevant project. As at 31 December 2007, the accumulated unrealised gains associated with the relevant projects amounted to HK$3.91 billion (2006: HK$292 million). In the consolidated financial statements, HK$3.50 billion (2006: HK$261 million) of the fair value appreciation has been reflected in the investment revaluation reserve while the remaining HK$0.41 billion appreciation has been accounted for in the income statement (2006: HK$31 million). If all relevant projects were disposed of on 31 December 2007 at their fair value, the amount of incentive project bonus payable to the Investment Team would be approximately HK$0.48 billion.

16. POST BALANCE SHEET EVENT

In January 2008, the Group disposed of certain listed available-for-sale securities. The disposal proceeds amounted to approximately HK$632 million while its fair value as at 31 December 2007 was approximately HK$734 million. The estimated disposal profit after deduction of investment cost and estimated project bonus, is approximately HK$508 million which will be reflected in the Group's 2008 consolidated income statement.

From January to March 2008, the Group disposed of certain unlisted financial assets designated at fair value through profit or loss. The aggregate disposal proceeds amounted to approximately HK$204 million while its fair value as at 31 December 2007 was approximately HK$205 million. The estimated disposal profit after deduction of investment cost, as well as estimated profits tax and project bonus totalling HK$30 million, is approximately HK$81 million. Taking into account of unrealised gain recorded in 2007 and prior years, an estimated loss of HK$31 million will be reflected in the Group's 2008 consolidated income statement.

FINAL DIVIDEND

The directors recommend the payment of final dividend of HK$0.10 per share for the year ended 31 December 2007 (2006: HK$ nil).

The final dividend, subject to shareholders' approval at the forthcoming Annual General Meeting, is expected to be paid on or about Friday, 13 June 2008 to those shareholders whose names appear on the register of members of the Company on Friday, 23 May 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 23 May 2008 to Thursday, 29 May 2008 (both days inclusive), during which period no transfers of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 22 May 2008.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong 10:00 a.m. on 29 May 2008, Thursday.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the year, the Company had not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with the Code of Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the year ended 31 December 2007.

COMPLIANCE WITH MODEL CODE

The Company has adopted a "Code for Securities Transactions by Directors" (the "Code") which is no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules. Having made specific enquiry to all Directors, the Directors confirmed that they have complied with the required standard of dealings set out in both the said Code and the Model Code for the year ended 31 December 2007.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee currently comprises four members who are Independent Non-executive Directors. The Committee is chaired by Mr. Ng Ming Wah, Charles. The other committee members are Mr. Seto Gin Chung, John, Dr. Lin Zhijun and Madam Tung Iring.

The Audit and Risk Management Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of annual results for the year ended 31 December 2007.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises two Executive Directors and four Independent Non-executive Directors. It is chaired by Mr. Tang Shuangning. The other committee members are Mr. Zang Qiutao, the Deputy Chairman, Mr. Ng Ming Wah, Charles, Mr. Seto Gin Chung, John, Dr. Lin Zhijun and Madam Tung Iring.

By order of the Board
Chen Shuang
Chief Executive Officer

Hong Kong, 27 March 2008

Chairman's Statement

With well-defined strategies and business plans aiming at sustainable development and stable growth into the future, China Everbright Limited delivered impressive results in 2007. We benefited from further integration of and positive interaction between the economies and financial markets of Mainland China and Hong Kong.

The global economy saw tremendous volatility in 2007, where rapid growth was marred by short-term corrections. The U.S. economy experienced a significant slowdown while the E.U. maintained steady growth. The Japanese economy remained sluggish, but the emerging markets continued to enjoy remarkable growth. In Mainland China, double-digit GDP growth was recorded for the fifth year in a row as the macro-economic conditions and micro-economic foundations continued to improve. The capital market hailed full recovery with historical highs seen in various stock indices. The aggregated market capitalization of the stock markets of Mainland China and Hong Kong surpassed their counterpart in Japan for the first time. Locally, Hong Kong's economy had its best year in the decade, with the unemployment rate falling to a low of 3.6%. Trading in the stock market thrived. The Hang Seng Index saw volatile and soared to record highs. The financial markets of Mainland China and Hong Kong underwent further integration following the policy encouraging share issues by H-share companies and the introduction of QDII rules.

During the year, the Company and its subsidiaries (together the "Group") realigned its development strategies to focus on asset management (including direct investment funds, industry investment funds, hedge funds and strategic investments), forming a business portfolio spearheaded by the asset management business and the fee-based businesses comprising investment banking (corporate finance) and securities brokerage (wealth management). With exposure to the financial markets of both Mainland China and Hong Kong, the Group registered substantial growth in income and profit as a result of business expansion amid favorable market conditions and effective control of operating costs. The Group's profit attributable to shareholders amounted to HK$5.01 billion, a substantial increase of over 469%. Leveraging on bullish sentiments in the stock market, the direct investment division orchestrated the listing of three of its investment projects. The division has become an important source of recurrent profit for the Group. Our associate company, Everbright Securities registered phenomenal growth in income from all sectors as it prudently expanded its business network through the acquisition of small-to medium sized securities brokers to capitalize on the bullish stock market in Mainland China. It also maintained leadership in collective investment/money management and other innovative products to position itself favorably for future new businesses. Everbright Bank completed its financial restructuring exercise as timely State funding had provided significant relief to the bank's deficiency in capital adequacy ratio. Everbright Bank also attained enhanced profitability as well as risk control ability. As a result, the Group was able to make a significant write-back on its investments in Everbright Bank. The Board of Directors of the Group is pleased to declare a final dividend of HK$0.10 per share (2006: HK$nil) to ensure that shareholders share directly from the growth of the Company.

Looking forward to 2008, the biggest risk of the global economy would be coming from the financial sector as the U.S. subprime crisis continues to unfold. Its impact is far greater than previously expected, spilling over to Europe and the emerging markets. Meanwhile, escalating oil and food prices will drive global inflation, trade protectionism will emerge amid high economic imbalances, resulting in volatility in the global financial markets. While these factors will increase the risk of a global economic downturn and uncertainties, a slowdown is seen as more likely than an overall recession. Effects of a tightened monetary policy will start to be felt in Mainland China, where economic growth is likely to lose some steam although the trend of "sustainable, fast and healthy" development is expected to continue, we should be able to see continued enhancement in the quality and benefits of economic development. Given the circumstances in the global market and Mainland China, we are cautiously optimistic about Hong Kong's economic prospects.

The restructuring of our parent company, China Everbright Holdings Company Limited, as well as ongoing preparations for the listing of Everbright Securities and Everbright Bank, will lay solid foundations for the stable and healthy development of the Group. Adhering to our development strategies, we will continue to work closely with fellow Everbright companies in Mainland China amid opportunities and challenges in 2008, to develop cross-border business platforms, to increase our market share in Hong Kong, to further strengthen internal risk management, to enhance our corporate image and enterprise value and striving to achieving higher returns for our shareholders.

As we celebrate the excellent results of 2007, may I take this opportunity to express my sincere gratitude to our shareholders, clients, directors, management and staff members for their support and contributions.

Tang Shuangning
Chairman

Hong Kong: 27 March 2008

Chief Executive Officer's Report

I am pleased to report that China Everbright Limited concluded the year 2007 with record-high results under the leadership of the Board of Directors. All business segments achieved remarkable growth.

RESULTS OF THE GROUP

The Company and its subsidiaries (the "Group") recorded the highest-ever profit in the Group's history, thanks to strategic adjustments that have resulted in a well-founded business model as well as favorable market conditions in both Mainland China and Hong Kong. For the year ended 31 December 2007, the Group's profit attributable to shareholders amounted to HK$5.01 billion, a substantial increase of over 469% as compared with that of last year. Shareholders' equity stood at HK$16.4 billion, representing a year-on-year increase of HK$10 billion or 156%.

HONG KONG OPERATIONS

In 2007, the Group secured significant further growth in its Hong Kong operations, underpinned by more diversified sources of income and more balanced allocation of resources among short-, medium– and long-term investments. Apart from strategic investments, profit from day-to-day operations (including direct investment, asset management, securities brokerage and investment banking) amounted to HK$1.52 billion, representing an increase of 156% as compared with the same period last year. Profit after tax of our Hong Kong operations (excluding non-operating factors such as property revaluation) was HK$1.32 billion, representing an increase of 146% year-on-year. Cost-to-income ratio remained sound at 26.9% (2006: 40.8%) and average return on shareholders' equity was 44.0% (2006: 15.7%).

2007 was a hugely rewarding year for our direct investment division, which recorded a pre-tax profit of HK$752 million. The "Seabright China Special Opportunities (I) Limited" ("SOF I") had been fully invested and started to bear fruit as fund assets started to realize their value with the listing of investee enterprises: China High Speed – Transmission (658.HK) and Sunshine Paper (2002.HK) on the Stock Exchange of Hong Kong (Main Board) and Goldwind Science and Technology (金風科技) (002202.CH) on the Shenzhen Stock Exchange (A shares). Further, the "China Special Opportunity Fund L.P" ("CSOF") commenced operation during the year and investments had started with investments in stakes of certain projects in Mainland China including an enterprise specialising in financial data processing platforms. Asset-under-management ("AUM") of our direct investment business grew further as funds amounting to US$100 million were committed by U.S. clients through another "parallel investment" fund. We locked in substantial gains from our securities investments in Mainland China's stock market by taking profit when the market was at one of the high points. Incorporation of a venture capital fund in joint venture with Zhongguancun, Beijing (北京中關村) was completed during the year and project investments had started in 2008.

At year-end, AUM of the asset management division stood at HK$1.4 billion and pre-tax profit for the year amounted to HK$304 million, out of which management fees accounted for approximately one-third. Our flagship hedge fund "China Everbright Dragon Fund" reported a pre-tax annual return of 50.3%, outperforming the 39.3% rise of the Hang Seng Index for the year. We further expanded the scope of our asset management business during the year to set up managed funds for individuals at the request of several high-net-worth customers. The results have been rewarding.

The securities brokerage division reported a pre-tax profit of HK$211 million for the year as it responded to increasing competition in the marketplace by continuously improving its service standards. Wealth management services were introduced during the year to enhance the diversity of services provided to customers, while new branches were established in North Point and Hung Hom during the year and in early 2008 respectively. Daily average trading volume rose by 186% year-on-year, further gains in market share lifted us into the ranks of Category B Brokers. Loan interest income, benefiting from a marked increase in IPO activities and advances to customers, grew by 140%. The quality of our loan portfolio remained sound.

The investment banking division completed an IPO sponsorship during the year, namely, the listing of Shenzhen Hong Long Properties (深圳鴻隆地產). The division contributed a pre-tax profit of HK$11 million from its growing private placing, financial advisory and underwriting businesses.

We recognise that human resources are the most important assets for a financial service company. The Group owes its sound development to the contributions from a wealth of talents. While acknowledging the priority of business development, the management places a strong emphasis on professional ethics and advocates the philosophy of "sharing value through creating value". The internal regime for incentive arrangement and checks-and-balances was diligently enforced with further improvements made during the year. Staff stability was maintained at core business teams and lower staff turnover rate was recorded.

The Group also appreciates the importance of brand building, where a positive image of the "Everbright" name will help foster long-term competitive edge and become a source of customer loyalty and staff motivation. In this connection, an international brand consultant was engaged during the year to conduct a comprehensive brand review and rebranding exercise, with a view to improving the prospects of the Company's future development.

Everbright Securities

Mainland China's stock market saw an outburst in trading volume in 2007. Stock indices surged amid temporary swings. The SSE Composite Index ended the year with a 97% gain. Taking full advantage of the bullish sentiment, Everbright Securities ensured substantial increase in the income and profited from its brokerage and securities investment businesses by capturing timely trading opportunities in the market. At the end of 2007, total assets and shareholders' equity of Everbright Securities based on HKFRS were RMB13.8 billion and RMB10.7 billion respectively, while profit after tax for the year was RMB5.1 billion, representing a 4.37 times of that last year. Income from brokerage commission, proprietary trading in securities, warrant launch, asset management, interest and other income accounted for 49%, 26%, 13%, 4%, 5% and 3% respectively of total income.

Everbright Securities further expanded its sales network in the prosperous coastal regions in 2007 following completion of the acquisition and rebranding of Tianyi Securities, the largest securities house in Zhejiang province. The wholly-owned Everbright Futures Limited (光大期貨有限公司) (formerly Shanghai Nan Du Futures Limited (上海南都期貨有限公司)), whose registered capital was increased to RMB150 million during the year, will be the important platform for the financial derivative business in Mainland China when its financial futures-related businesses are in operation. In the asset management sector, Everbright Securities focused on building "Everbright" into a recognized brand name in wealth management and "Everbright I" ("陽光一號") and "Everbright II" ("陽光二號") ranked top with a 15% market share among all collective investment/money management products offered by securities houses. Everbright Securities ranked 9th in the securities industry in terms of trading volume in stocks, funds and warrants with a full-year market share of 3.19% and 4th in terms of the total number of warrants launched. Its investment banking business was awarded as one of the Best Sponsors for Small and Medium Enterprises of Year 2007. It also ranked 4th in the investment banking sector based on the number of issuers sponsored. Meanwhile, Everbright Securities' risk management standards were well recognized by the regulatory authorities, as reflected by its "grade-A, category-A" brokerage house rating in Mainland China which gives the company a cutting edge in seeking licenses for new businesses in future. In January 2008, Everbright Securities was granted the QDII status, putting it in an excellent position for overseas business development.

Preparations for Everbright Securities' A-Share listing in Mainland China are well underway. According to an announcement published by the Group on 27 August 2007, Everbright Securities will issue up to 520 million new shares for listing on the Shanghai Stock Exchange. Upon the listing, the Group's shareholding in Everbright Securities is expected to be diluted down to approximately 33.33%.

As at the end of 2007, Everbright Securities had a network of 76 operation units and 18 securities service offices across 23 provinces, municipalities and autonomous regions in Mainland China.

As at 31 December 2007, the Group held 39.31% of the issued shares of Everbright Securities.

Everbright Bank

Everbright Bank steered a significant turnaround in overall operations and profit in 2007. Total assets of Everbright Bank amounted to RMB739.4 billion as at the end of 2007, representing a year-on-year growth of 24.0%. The total loan book amounted to RMB417.4 billion, representing a year-on-year growth of 18.5%. Profit after tax for the full year increased 90.2% to RMB5.04 billion. Asset quality continued to improve as the non-performing loan ratio dropped to 4.49%, a decrease of 3.09% over the year. The balance of outstanding non-performing loans continued to fall for the third consecutive year. The loan provision coverage ratio stood at 91.64% as an indicator of the bank's prudent risk management approach, representing a significant improvement of 24.61% over the year. Ongoing improvements in business innovation were underpinned by the full-scale upgrade of the "Everbright" series of wealth management products and the "Best Banking Innovation Award" received in a poll organized by sina.com for the second year in a row.

There was substantive progress in Everbright Bank's restructuring exercise in 2007. On 30 November, Central Huijin Investment Co., Ltd. ("Huijin Co") injected US dollars funds equivalent to RMB20 billion into Everbright Bank to give a strong boost to the bank's capital adequacy ratio. At present, preparations for public listing are well underway. Following the introduction of Huijin Co as shareholder, the Group's equity interests in Everbright Bank have been diluted to 6.23% from 21.39%. Everbright Bank is no longer accounted for as an associate company of the Group. The Group's investment in Everbright Bank has been reclassified as financial in nature and treated as available-for-sale securities. As a result of the substantial recovery of shareholders' equity of Everbright Bank, the fair value of the Group's investment in Everbright Bank, which had been written down to nil at the end of 2004, was revalued at HK$3.76 billion as at the end of 2007. As a result, a gain of HK$699 million was recorded for 2007, being accounted for as "gain on deemed disposal of interests in an associate."

Upon completion of its financial restructuring, Everbright Bank will remain under the common management of China Everbright Group. Close connections will be maintained to tap vast opportunities for joint ventures in the financial sector.

FINANCIAL POSITION

As at 31 December 2007, the total assets of the Group amounted to approximately HK$20.3 billion, comprising cash on hand of approximately HK$1.8 billion. During the year, the Group has fully repaid the renewable term loans of HK$439 million extended by China Everbright Holdings Company Limited. Apart from trade liabilities in the ordinary course of business, the Group has no material liabilities at present.

As at 31 December 2007, the Group's committed borrowing facilities amounted to approximately HK$170 million. The Group's gearing ratio (computed as the Group's total interest bearing liabilities divided by shareholders' fund) was nil% as at 31 December 2007 (2006: 6.9%).

As at 31 December 2007, the Group had no material exposure to foreign exchange fluctuations other than assets denominated in Renminbi.

As at 31 December 2007, none of the Group's listed securities was pledged.

As at 31 December 2007, the Group did not have any material contingent liabilities. The Group had provided guarantees in respect of loans extended to its subsidiaries totalling approximately HK$170 million. As at 31 December 2007, there was no outstanding borrowings by any subsidiaries of the Group. As at 31 December 2007, the Group also provided guarantees to financial institutions in respect of trading limits provided by them to its subsidiaries which are engaged in the businesses of leverage forex trading and derivatives trading. The amount of such guaranteed liabilities varies according to the value of transactions.

RISK MANAGEMENT

Risk management is of fundamental importance to the business operation of the Group. The major types of risk inherent in the Group's business are credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group's risk management objective is to maximise shareholder value and to reduce volatility in earnings while maintaining risk exposures within acceptable limits.

The Group's work in the area of risk management is facilitated by the Risk Management Committee and the Credit Committee while execution is carried out by the two Committees' supervising Risk Management and Credit Control Department. This functional structure has the role to advise and to assist the management to identify and assess the main risks faced by the Group's business in a co-ordinated manner, also to assess, identify and document the Group's risk profile and to ensure that the business units focus, control and systematically avoid potential risks in various areas of business. The following is a brief description of the Group's approach in managing these risks.

(a) Credit risk

The Group's credit risk is primarily attributable to advances to customers, trade and other receivables, debt investments and unlisted derivative financial instruments.

In respect of advances to customers, the Group requires collateral from customers before advances are granted. Collateral normally takes the form of listed securities, cash deposits or debt financial instruments issued by entity with high credit rating. The amount of advance permitted depends on the quality and value of collateral provided by the customer. Subsequent change in value, as well as quality, of collateral is closely monitored in order to determine whether any corrective action is required.

Trade and other receivables mainly arise from the Group's brokerage business and investment activities. Receivables from securities brokerage customers and brokers are normally due two days after trade date while deposits with brokers are repayable on demand. The Group has established procedures in the selection of brokers with sound credit ratings and/or reputation.

Investments in debt instruments and unlisted derivative financial instruments are also governed by whether the issuers and the trade counterparties respectively have sound credit ratings.

The Group has well defined policies in place on the setting and approval of trading, credit and investment position limits in order to manage its credit risk exposure and concentration. As at balance sheet date, the Group does not have a significant concentration of credit risk other than (i) the provision of advances to customers, which are collaterialised by unlisted debt securities issued by issuers with sound credit ratings, of approximately HK$241 million (2006: approximately HK$240 million) and (ii) the PGN with a remaining notional amount of HK$231 million issued by a reputable third party with sound financial standing.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet date deducting any impairment allowance. Except for the corporate guarantee given by the Group as set out in note 15(a), the Group does not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of the corporate guarantee at the balance sheet date is disclosed in note 15(a).

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from advances to customers are set out in note 10.

(b) Liquidity risk

The Group's policy is to regularly assess current and expected liquidity requirements and to ensure that it maintains reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

(c) Interest rate risk

The Group monitors its interest rate exposure regularly to ensure that the underlying risk is monitored within an acceptable range. Most of the Group's interest bearing assets and liabilities are on a floating rate basis with maturity of one year or less.

The Group's interest rate risk arises from advances to customers, bank balances and loans from ultimate holding company.

(d) Foreign currency risk

The Group's exposure to foreign exchange risk primarily stems from holdings of monetary assets and liabilities denominated in foreign currencies, leveraged foreign exchange trading and net investment in foreign subsidiaries and associates. As most of the Group's monetary assets and liabilities and net investment in foreign subsidiaries and associates are denominated in Hong Kong dollars, United States dollars or Renminbi, the management does not consider there is any significant currency risk. The Group has a policy not to maintain a significant net position on leveraged foreign exchange trading and the underlying exposure is monitored on a continuing basis.

Overall, the management monitors the Group's foreign currency exposure closely and would consider hedging significant currency exposure should the need arise.

EMPLOYEES

As at 31 December 2007, the Group had 179 employees. Total staff cost for the year under review amounted to approximately HK$299 million as noted in the consolidated income statement. The Group ensures that the remuneration packages for employees are fair and competitive and employees' remuneration (including salaries and bonuses) is linked to their performance. Discretionary year end bonuses may also be paid to employees based on individual performance. Other benefits to employees include medical insurance, retirement schemes and training programs. Directors and full time employees of the Company may be granted share options to subscribe for shares in the Company in accordance with the terms and conditions of the share option scheme approved by the Company at the extraordinary general meeting held on 24 May 2002.

PROSPECTS

A major slowdown of the U.S. economy is expected in 2008 because of the subprime mortgage crisis which adds uncertainties to the global financial markets. In China, the excess short-term liquidity was rectified following a series of interest rate rises in 2007. Under a tightening monetary policy, the economic growth in Mainland China will slow down but healthy and sustainable growth is still expected. Nevertheless, the bull run of the domestic stock market in 2007 is unlikely to repeat itself in 2008.

The Group will adjust its development strategy in 2008 in response to intense competition in the market. We intend to leverage our position as a leading provider of cross-border financial services in Mainland China and Hong Kong. Our focus is on asset management, including direct investment funds, industry-specific funds, hedge funds and strategic investments. We will strive to increase the size of our AUM to form a business portfolio spearheaded by the asset management business and the fee-based business comprising investment banking (corporate finance) and securities brokerage (wealth management). According to the Company's stated strategies, the direct investment division will seek to make prudent investments at reasonable prices targeting at projects with proven records and growth potential. Drawing on the success of the direct investment business, an industry-specific investment division will be established to complement our overall business mix. Fee-based operations such as securities brokerage, wealth management and investment banking will be consolidated and additional outlets are being established in Hong Kong and Macau. Integration with Everbright Securities in relevant business segments will be enhanced and a cross-border business platform covering Mainland China and Hong Kong will be built to broaden sources of the fee-based business and its market share in Hong Kong. Our operations in equity capital markets and institutional sales will be bolstered by the IPO sponsorship and underwriting assignments by the investment banking division during the year. We appreciate the importance of risk management for financial enterprises and will ensure that all business divisions comply with internal rules and policies and exercise due controls over credit risks, operational risks and ethical risks. We will invest more in brand building and work to enhance corporate transparency and market recognition. Additional investments in information technology will also be made to ensure that our IT networks and online trading systems are ready to meet market requirements.

Upon the successful listing of its A Shares, the financial strength and risk management of Everbright Securities will be further enhanced. It will seek to enlarge its market share through prudent management and moderate expansion. Active participation in novel businesses is planned to bring its innovation capabilities into full play. Meanwhile, there will be enormous potential for business cooperation between Everbright Securities and the Group, as the former seeks to develop and expand its overseas securities business by leveraging on the Group's operating network and resources in Hong Kong. As such, Everbright Securities will remain an important source of profit contribution for the Group.

After completion of the financial restructuring plan, Everbright Bank has significantly improved in terms of capital adequacy and competitive edge. The bank intends to enhance its corporate governance standards by introducing strategic investors with proven strengths and promote its brand name by launching innovative products, such as RMB wealth management services. Everbright Bank will strive to accomplish its IPO mission within the year. We see value of the Group's investment in the bank being better realized.

Year 2008 will be a year of stable development for the Group. We are operating upon a solid business structure with sound financial conditions. We will raise our level of risk control to cope with market volatility. We strive to maintain steady profit growth in our Hong Kong operations by improving our overall business mix, attracting and retaining high-caliber staff as well as creating a harmonious and progressive work environment. We have a clear brand positioning as "making wealth simple", our mission is to provide clients with simple, professional and practical solutions. We are confident that we will be able to offer the most trustworthy partnership to clients, helping them create wealth and value with ease.

As we toast our brilliant results in the past year, I would like to express my sincere gratitude on behalf of the management for the support extended to us by our clients and shareholders. With dedicated efforts, we will continue to add value for shareholders and enhance the Group's profile as a leading provider of cross-border financial services.

By order of the Board
Chen Shuang
Chief Executive Officer

Hong Kong, 27 March 2008

As at the date of this announcement, the directors of the Company are:

Executive Directors:
Mr.Tang Shuangning *(Chairman)*
Mr. Zang Qiutao *(Deputy Chairman)*
Mr. Chen Shuang *(Chief Executive Officer)*
Mr. Xu Haoming
Mr. Tang Chi Chun, Richard

Independent Non-executive Directors:
Mr. Ng Ming Wah, Charles
Mr. Seto Gin Chung, John
Dr. Lin Zhijun
Madam Tung Iring