



*Carry forward the
spirit of China Everbright*

*Strive to establish a renowned
Environmental Protection brand name*

發揚光大精神
爭創環保名牌

The PRC economy achieved a rapid growth in 2004. During the year, the Central Government timely implemented macro economic control measures and adopted policies to fine tune the development structure of different industries, ensuring the healthy development of the PRC economy. Benefiting from the implementation of the Closer Economic Partnership Agreement and the introduction of "Individual Visit Scheme", Hong Kong's economy rebounded satisfactorily during the year under review. Given the stable business environment, the Group continued its business reform and achieved outstanding growth in its operations.

二零零四年中國經濟保持高速增長，中央政府適時推行宏觀調控措施，優化各行業的發展結構，確保經濟更健康發展。香港方面，受惠於更緊密經貿關係安排及「個人遊」等措施，經濟復甦步伐令人鼓舞。面對穩定的營商環境，本集團繼續改革發展的步伐，在業務上取得理想的增長。

The operating results of the Group during the year under review were encouraging. The Group achieved an overall improvement in its financial position, registering the increase in return on asset and cash flow and the improvement in gearing ratio. Profit attributable to shareholders for the year was HK\$86,776,000, representing an increase of 53% over the previous year. During the year, Qingzhou Bridge registered steady growth in traffic flow. Apart from the above, investment projects, such as Shenzhen Mawan Power Company Limited and other property investments, continued to contribute significant income to the Group. The development of environmental protection business also achieved significant breakthrough. During the year, the Group has completed the elimination of accumulated losses by means of reduction of its share premium account and resumed the capability of dividend distribution. Besides, the Group has disposed of its 25% interest in Shanghai Kerry Everbright City, resulting in the improvement of cash flow. The above-mentioned will not only consolidate the foundation of the Group's operations, it will also generate considerable cash flow for the Group, preparing for its future growth.

In order to focus resources on infrastructure investment and environmental protection business, the Group made various moves during the year under review. In July 2004, the Group acquired the entire interests in SuZhou SuNeng Waste-to-Energy Co. Ltd., whose construction is expected to complete in 2006 and business operation will commence by then. Apart from this, the project in relation to Qingdao EB-VW Waste Water Treatment Co. Ltd., which was established by the Group, Veolia Water and Qingdao Municipal Government, has been progressing satisfactorily. The commencement date for the operation of the project and for the charging of waste water treatment service charges were both fixed as 1 January 2005. In addition, the Group has formed a strategic alliance with Seghers Keppel to jointly develop waste-to-energy incineration and urban sewage treatment businesses.

回顧年度內，本集團錄得令人鼓舞的經營業績，整體財務狀況改觀，資產收益率與現金流提高，負債比率下降，全年股東應佔盈利港幣86,776,000元，較去年增長53%。年內青州大橋車流量穩步上升，深圳媽灣電力有限公司及物業等投資項目繼續為本集團帶來可觀回報。而環保業務亦取得多項突破性的發展。此外，本集團於年內完成削減股本溢價賬抵銷累計虧損，恢復派息能力；並出售持有25%權益的上海嘉里不夜城項目，改善現金流。上述因素造就本集團穩固的業務基礎及可觀的現金狀況，為未來的發展作好準備。

為集中資源發展基建投資及環保業務，本集團在回顧年度內推進了多項業務發展。二零零四年七月，本集團全面收購蘇州市蘇能垃圾發電有限公司，項目預計可於二零零六年竣工及投產。而本集團與法國威立雅水務合作與青島市政府組成的青島光威污水處理有限公司亦進展順利，並已確定二零零五年一月一日開始正式營運收取污水處理費。此外，本集團亦與西格斯吉寶合組策略聯盟，共同發展垃圾焚燒及污水處理等業務。

The Group actively promotes environmental awareness in the PRC. In September 2004, the Group, as the sole co-organizer, organized the 2004 Beijing International Environment Forum. The theme of which was to improve the city environment in Beijing for hosting the “Green Olympics” and to ensure the on-going development of both urban and rural areas. More than one hundred local and foreign environmental experts, government officials and investors presented at the forum to promote the idea of environmental protection and to discuss over the proposal for strengthening international cooperation in environmental protection.

In 2004, China Everbright Holdings Company Limited (“CEH”) duly repositioned the environmental protection business as one of its three main focuses of business development. The Group believes that with the tremendous support of CEH, the prospect of environmental protection business would be more promising. In February 2005, CEH entered into a framework agreement with Shenzhen Municipal Government for long-term strategic cooperation, under which both parties will cooperate in every aspect. It is stated in the aforesaid agreement that Shenzhen Municipal Government will support CEH, by way of BOT or TOT model, to invest in or acquire the waste-to-energy projects and the urban sewage treatment projects in Shenzhen, and to develop such environmental protection businesses as middle water utilization, flue gas desulphurisation and desalination. I believe that the Group will also benefit from the agreement and there is enormous potential for the future development of environmental protection business in Shenzhen.

Following the approval by the High Court of Hong Kong for the elimination of accumulated losses by means of reduction of its share premium account in March 2004, the Group resumed the capability of dividend distribution and paid an interim dividend for 2004 of HK0.4 cent per share. Given the improvement of the Company's financial position, the Board proposed to pay a final dividend of HK0.6 cent per share. Together with the interim dividend of HK0.4 cent per share for 2004, total dividends for the year amounted to HK1 cent per share.

本集團一直不遺餘力推廣中國的環保意識。二零零四年九月，本集團成功獨家協辦二零零四年北京國際環境研討會，並以「改善北京城市環境，迎接綠色奧運，促進城鄉可持續發展」為會議主題，邀請國內外逾百名環保專家、官員及投資者出席，以宣揚環保的訊息及討論加強國際環保合作的方案。

二零零四年度，中國光大集團有限公司（「光大集團」）正式確立環保業務為其三大業務發展支柱之一，為環保業務清晰定位。本集團相信在光大集團之支持下，環保業務的發展將更穩固。二零零五年二月，光大集團與深圳市政府簽訂長期戰略合作框架協議，雙方將建立全方位、多層次的合作。有關協議亦明確深圳市政府將支持光大集團參與深圳市市屬環保企業改制，採用BOT或TOT形式投資或收購深圳市之垃圾焚燒發電以及污水處理項目，以BOT或TOT方式開發中水回用、煙氣脫硫、海水淡化等環保業務。本人相信本集團亦將受惠於有關協議，環保業務日後在深圳市有龐大發展空間。

隨著本集團於二零零四年三月成功取得香港高等法院批准削減股份溢價賬以抵銷累計虧損，本集團已重新恢復派息能力，並派發二零零四年度中期股息每股0.4港仙。考慮公司財務狀況已改善，董事會建議向股東派發末期股息每股0.6港仙，加上二零零四年度中期股息每股0.4港仙，全年股息每股1港仙。

It is anticipated that the PRC economy would remain its upward trend in 2005. While putting emphasis on the expansion of technological development and the building of a compassionate society, the Central Government gives its full support and encouragement for the development of environmental protection business, which would bring in opportunities with enormous potential for the Group. Being the environmental protection flagship of CEH, the Group has already built up strong competitiveness and well-established reputation in the markets of waste-to-energy incineration and urban sewage treatment. We will continue to seek strategic cooperation with world-renowned enterprises in the field of environmental protection. Apart from this, the Group will actively develop environmental protection projects, create quality projects, and establish and enhance the brand name of "Everbright Environmental Protection". While developing itself as a leader in the environmental protection business and infrastructure investment in the PRC, the Group strives to improve the communal living environment in the PRC.

Finally, on behalf of the Group, I would like to express the heartfelt gratitude for the unfailing effort, support and trust of all our shareholders, members of the Board, the management and staff members. With our persistent effort, I have full confidence that the Group will accomplish an even better performance with steady growth in the future, providing satisfactory return for its shareholders.

Wang Mingquan
Chairman

Hong Kong, 14 April 2005

本集團預計二零零五年中國經濟將繼續保持強勁的增長。中央政府強調科學發展觀、努力建設和諧社會，並已將環保定為重點扶持的行業，鼓勵環保行業的發展。這一政策將為本集團帶來具龐大潛力的發展機遇。本集團作為光大集團的綠色環保業務旗艦，在垃圾焚燒發電及污水處理等領域已取得獨特的競爭優勢，並擁有一定的知名度。本集團將貫徹攜手國際知名環保公司進行優勢互補的戰略合作，積極拓展環保項目，打造項目精品，提升「光大環保」品牌，在建設中國具領導地位的綠色環保及基建投資產業集團的同時，致力為中國人民的生活環境作出貢獻。

最後，本人亦謹此向全體股東、董事會成員、管理層及所有員工一直以來對本集團的支持、信任及貢獻致以衷心謝意。本人深信，通過我們的不懈努力，本集團業務將持續穩定的增長，為股東帶來理想的回報。

王明權
主席

香港，二零零五年四月十四日