

BUSINESS REVIEW

The PRC economy achieved a steady growth in 2004, showing continuous favorable momentum for growth. According to the State Statistical Bureau, the gross domestic product (GDP) for 2004 increased 9.5%. Given the rapid economic growth, the Central Government timely implemented macro economic control measures to consolidate its foundation. It is anticipated that the PRC economy would remain its healthy growth in 2005. In response to the demand from the transportation and logistics industries for a comprehensive transportation network and the increasing demand for energy all over the country, the Central Government has formulated a long-term development plan to support infrastructural construction, which would create enormous opportunities for the Group. Besides, as the development of environmental protection business in the PRC is rapid and the demand for such service is great, there is enormous potential for the development of environmental protection business. The Group will continue to capitalize on the business opportunities in developing environmental protection business, striving to achieve better results.

市場回顧

中國經濟於二零零四年保持穩步增長，繼續展示良好的發展優勢。根據中國國家統計局公佈，二零零四年國內生產總值(GDP)同比增長9.5%。面對經濟的高速發展，中央政府適時推行宏觀調控措施鞏固基礎，預計二零零五年經濟將持續穩健增長。配合運輸和物流行業對交通網絡的需要，加上全國能源需求的急速增長，中央政府已制定長遠發展規劃，以支持基礎設施的建設，這將為本集團締造龐大的發展空間。此外，中國環保產業發展迅速，市場需求殷切，亦為環保業務帶來具龐大潛力的發展機遇。本集團將繼續把握商機，積極拓展環保業務，爭取更佳成績。



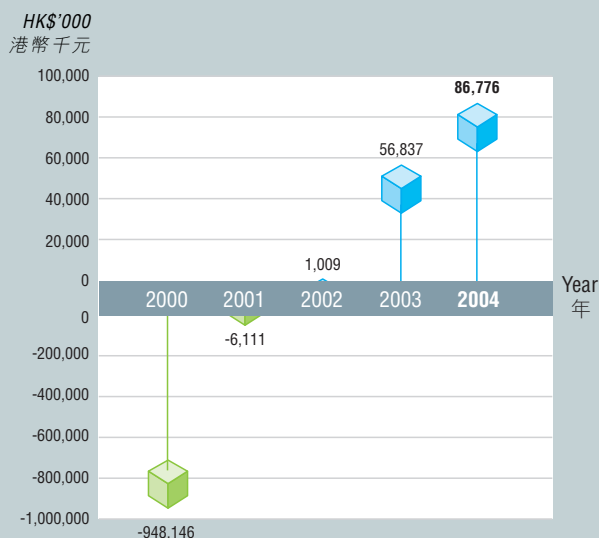
OPERATIONAL RESULTS

In 2004, while laying equal stress on development and management, the Group endeavored for an overall improvement in the state of affairs of the Company. During the year, the Group completed the elimination of accumulated losses by means of reduction of its share premium account and resumed the capability of dividend distribution. Apart from this, the Group continued its effort in the optimization of assets, resulting in the disposal of its 25% interest in Shanghai Kerry Everbright City. After a year's unremitting efforts, the Group finally achieved an improvement in its overall financial position, with an increase in profits, enhancement of return on asset and liquidity as well as a decrease in gearing ratio. At present, none of the Group's businesses in operation is in a loss position and its overall strength has significantly increased. For such, the Group realized the resumption of dividend, which was the first dividend payment over the past six years, and the Group has entered into a new era of development. Regarding the Group's environmental protection business, it has already passed beyond its embryonic stage and is now at its development stage. The Group has already built up stronger competitiveness and well-established reputation in the market, laying down a solid foundation for its future development.

經營業績

二零零四年，本集團本著發展與管理並重全面改善公司狀況，一方面完成削減股本溢價賬抵銷累計虧損，恢復派息能力；另一方面繼續致力優化資產質素，出售持有25%的嘉里不夜城項目。經過一年的細緻工作，本集團之整體財務狀況改觀，全年利潤增加，資產收益率與流動性提高，負債比率下降。目前本集團沒有一項經營中的虧損業務，整體實力明顯增強，實現了六年來的首度派息，並步入了一個新的發展階段。環保業務方面，本集團亦成功實現了從初創期向發展期的過渡，在業內已具備較強競爭力和良好市場形象，為下一步發展打下堅實基礎。

Profit/(Loss) attributable to shareholders
股東應佔盈利／（虧損）



During the year under review, the Group's operations maintained healthy growth, with an increase in profit as compared to the previous year. Profit attributable to shareholders amounted to HK\$86,776,000, representing an increase of 53% as compared to HK\$56,837,000 for the previous year, amongst which: i) Shenzhen Mawan Power Company Limited ("Mawan Power") contributed an attributable profit of HK\$72,634,000; ii) the traffic flow of Qingzhou Bridge continued to grow, recording a profit after taxation of HK\$17,748,000; iii) property investment contributed a profit after taxation of HK\$22,899,000; and iv) the pick-up of property prices brought about a surplus on revaluation of investment properties of HK\$14,790,000. Basic earnings per share for the year amounted to HK3.41 cents, representing an increase of HK1.18 cents as compared to HK2.23 cents for the previous year. During the year under review, the Group's consolidated turnover amounted to HK\$65,244,000, a decrease of 22% as compared to HK\$83,613,000 for the previous year, which is mainly attributable to the disposal of the timber operation last year. Excluding the disposal of the timber operation, the consolidated turnover increased 90% as compared to the previous year. With the Group's existing infrastructure business developing steadily and the ongoing development opportunities for the environmental protection business unfold, it is expected that turnover is well poised to grasp further growth in future.

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 on 2 March 2004, the Group resumed the capability of dividend distribution. Given the continuous improvement in the Company's financial position, the Board has resolved to pay an interim dividend for 2004 of HK0.4 cent per share, which was the first dividend payment over the past six years. In view of the fact that the Company is now progressing on to the stage of injecting project investment and satisfactory revenue from the investments in environmental protection projects is expected in the future, the Board, after reviewing the Company's final results, proposed to pay a final dividend of HK0.6 cent per share and total dividends for the year amounted to HK1 cent per share.

回顧年度內，本集團各項業務持續健康發展，盈利較去年增加，股東應佔盈利達港幣 86,776,000 元，較去年之港幣 56,837,000 元增加 53%。其中 i) 深圳媽灣電力有限公司（「媽灣電力」）貢獻應佔利潤港幣 72,634,000 元；ii) 青洲大橋車流量持續增長，錄得除稅後利潤港幣 17,748,000 元；iii) 物業投資貢獻稅後利潤港幣 22,899,000 元；iv) 由於物業價格回升錄得投資物業重估盈餘港幣 14,790,000 元。全年每股基本盈利 3.41 港仙，較去年之 2.23 港仙增加 1.18 港仙。回顧年度內，本集團錄得綜合營業額港幣 65,244,000 元，較去年之港幣 83,613,000 元下跌 22%，主要是去年出售木材業務所致，若扣除出售木材業務因素計算綜合營業額較去年增加 90%。隨著本集團原有基建業務的穩健發展和環保業務持續發展的空間打開，預計營業額日後可形成良好的增長態勢。

二零零四年三月二日，本集團獲得香港高等法院批准削減股份溢價賬以抵銷累計虧損，重新恢復派息能力。鑒於公司財務狀況持續改善，董事會議決派發二零零四年度中期股息每股 0.4 港仙，實現六年來首度派發股息。本公司目前正步入項目投資期，預計投資環保項目日後可帶來理想收益；故董事會於檢討全年業績後建議向股東派發末期股息每股 0.6 港仙，全年股息每股 1 港仙。

INFRASTRUCTURE INVESTMENT

Energy supply

During the year under review, Mawan Power underwent an overhaul on its machineries and facilities to enhance the operating efficiency. Mawan Power generated a total of 5.17 billion kilowatt-hour of electricity during the year, representing a decrease of 1% as compared to 5.22 billion kilowatt-hour for the previous year. In 2004, Mawan Power managed to overcome the adverse effect on its operating costs arising from the drastic surge in the prices of coal, charcoal and fuel in the PRC. By tapping internal potential to improve operation and the application of cost control measures, as well as the continuing profit contribution from Huizhou Natural Gas Company (the acquisition for its 87.5% interest was completed last year), attributable profit from Mawan Power was HK\$72,634,000. This project's return on investment for the year exceeded 20%. With a strong cash position and no bank borrowings, Mawan Power maintained a very sound financial standing and continuously made high dividend payout. During the year, it contributed strong cash flow of HK\$98,798,000 to the Group.

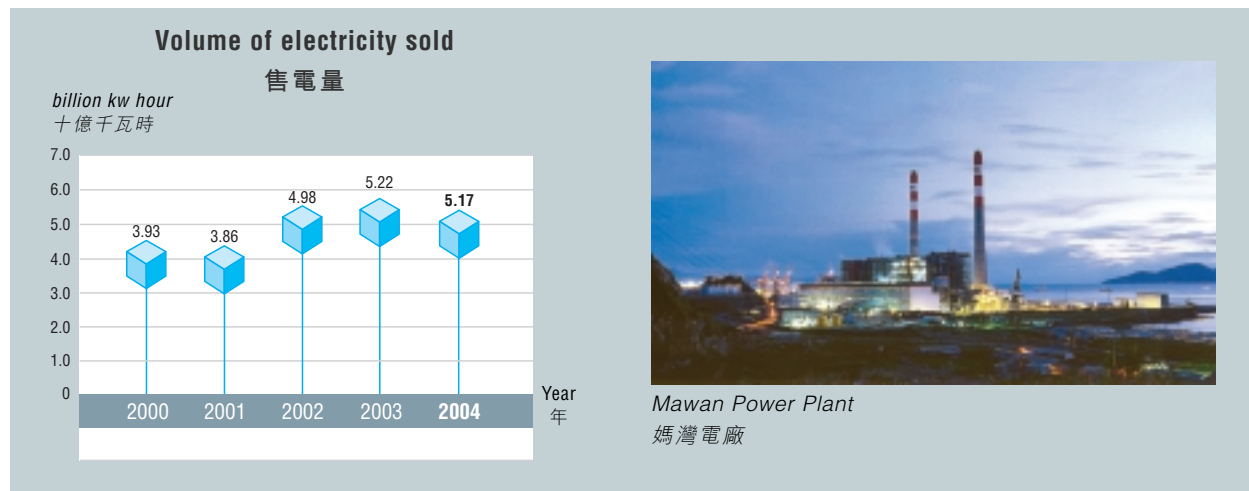
Looking ahead, with the rapid growth of the PRC economy, huge demand for electricity is expected to continue. Mawan Power will rationalize its resources to achieve economy of scale, thereby enhancing its ability in risk management as well as profitability. The Group believes that Mawan Power will continue to be a major source of income for the Group.

基建投資

能源供應

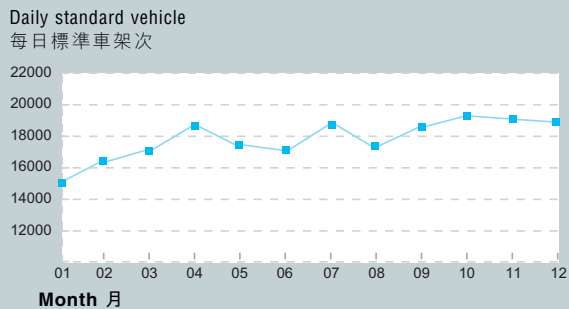
回顧年度內，媽灣電力全面檢修機組設備以提升營運效率，全年售電量51.7億千瓦時電力，較去年之52.2億千瓦時電力減少1%。二零零四年度，媽灣電力克服煤炭及燃油價格飆升，嚴重影響經營成本之重重困難，致力挖掘內部潛力，改善經營管理，控制和降低成本，加上去年完成收購87.5%的惠州燃氣公司亦繼續為媽灣電力貢獻盈利，故本集團仍錄得媽灣電力之股東應佔盈利港幣72,634,000元。此項目於回顧年度之投資成本收益率超過20%。媽灣電力財力穩健、資金充裕，沒有任何銀行負債，並持續派發高股息，年內為本集團提供港幣98,798,000元之強勁現金流。

展望未來，中國經濟持續蓬勃發展，電力需求仍然強勁。媽灣電力將全面整合資源，增加效益，提高抗風險能力和盈利水平。本集團相信媽灣電力仍將繼續為本集團貢獻理想收益。



Traffic flow for 2004

二零零四年度車流量



Fuzhou Qingzhou Bridge
福州青洲大橋

Toll bridge

Qingzhou Bridge is one of the major transportation hubs in the PRC, with its northern section connected to Mawei Economic Zone of Fuzhou City, and the southern section connected to Changle City. The Qingzhou Bridge, which is built across the Minjiang River, forms part of the “Tungshan Expressway” and also serves as a shortcut between Fuzhou City and Changle International Airport. Since its opening in 2003, the traffic flow of Qingzhou Bridge continues to rise. Following the cessation of operation of the Fuzhou Minjiang Bridge and the full opening of the Fujian and Zhejiang sections of the “Tungshan Expressway”, traffic flow further increased. Average daily traffic flow during the year under review reached 17,972 standard vehicles, representing an increase of 62% as compared to 11,116 standard vehicles for the previous year. During the year, attributable operating profit from Qingzhou Bridge amounted to HK\$17,748,000, representing a significant increase of 74% from HK\$10,213,000 for the previous year.

Looking ahead, with the rapid growth of the PRC economy and the increase in cross-province economic activities, as well as the opening of the highway connecting Fuzhou City and the Changle International Airport, traffic flow will continue to grow. Meanwhile, the government's tightening control on overloaded lorries and promotion of the production of environmentally friendly and energy-saving vehicles will also benefit the development of road and bridge infrastructure in the long run.

收費橋樑

青洲大橋是國內重要交通樞紐，北接福州市馬尾經濟開發區，南連長樂市，是國道「同三線」跨越閩江的一座大型橋樑，也是福州市區通往福州長樂國際機場的最便捷通道。青洲大橋自二零零三年開通以來，車流量持續上升。在福州閩江大橋停用及「同三線」福建省與浙江省路段全面開通後，車流量更進一步上升。回顧年度內，每日平均車流量已達至17,972標準車次，較去年平均之11,116標準車次增長62%。年內應佔經營利潤為港幣17,748,000元，較去年之港幣10,213,000元大幅上升74%。

展望未來，隨著國內經濟日益活躍，跨省經濟活動頻繁，加上福州市區通往長樂國際機場的高速公路快將通車，車流量將進一步增加，而政府嚴格控制貨車違規超載及鼓勵生產環保及馬力較小之汽車亦有利路橋基建的長遠運行。

PROPERTY INVESTMENT

Sino Villa Holdings Limited ("Sino Villa") holds a four-storey commercial podium in Shenzhen Zhongshan Garden, which continues to generate steady rental income and cash flow to the Group. During the year under review, a total of 14,204 square metres of the property were leased to Walmart, Park'n Shop, McDonald and Agricultural Bank etc., generating an operating profit of HK\$7,225,000. In view of the increase in property prices in Shenzhen, the Group also recorded a surplus on revaluation of investment properties of HK\$1,790,000. In addition, in March 2004, the Group has completed the acquisition of 95% interest in Shenzhen Zhongshan Property Management Limited ("Zhongshan Property") at nil consideration pursuant to the option granted upon the acquisition of Sino Villa in 1999. During the year under review, Zhongshan Property contributed net profits of HK\$691,000 to the Group. The Group believes that the acquisition of Zhongshan Property will further enhance the management of Sino Villa, thereby stabilizing the overall operational efficiency.

Since 1997, the Group has held approximately 25% interest of Shanghai Kerry Everbright City. Given the repositioning of environmental protection business as its core business, the Group decided to dispose of this low-return project at market price, with a view to focusing resources on its core development business to enhance operating efficiency. On 14 December 2004, the Group entered into agreements with the other shareholders of this project (i.e. a subsidiary of Kerry Properties Limited and a subsidiary of

物業投資

Sino Villa Holdings Limited (「Sino Villa」) 持有位於深圳中山花園之四層商業裙樓，繼續為本集團帶來穩定的租金收入及現金流量。回顧年度內，物業約14,204平方米之面積分別租予沃爾瑪、百佳、麥當勞及農業銀行等，為本集團帶來港幣7,225,000元之經營盈利。鑒於年內深圳物業價格上升，本集團亦錄得港幣1,790,000元之投資物業重估盈餘。二零零四年三月，本集團按照一九九九年收購Sino Villa時獲授的期權以零收購價完成收購深圳中山物業管理有限公司（「中山物業」）之95%權益。中山物業於回顧年度為本集團貢獻盈利港幣691,000元。通過收購中山物業，本集團相信可進一步加強此項物業投資的管理，穩定整體經營效益。

自一九九七年以來，本集團一直持有上海嘉里不夜城約25%權益。鑒於本集團已確定環保業務為重點發展業務，為集中資源增加經營效益，本集團於回顧年度決定以市場價格退出此項投資收益低的項目。二零零四年十二月十四日，本集團分別與該項目之其他股東嘉里建設有限公司之附屬公司及長江實業(集團)有



Zhongshan Garden
中山花園



Far East Finance Centre
遠東金融中心



Lippo Centre
力寶中心

Cheung Kong (Holdings) Limited) for the disposal of its entire interest in this project at a total consideration of HK\$450,625,000. Pursuant to the sale agreements, the Group would be paid back the shareholder's loan for this project of approximately RMB25,870,938. The said transaction constituted a major transaction (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules")) for the Group and was completed on 23 December 2004. Up to the completion date of this disposal, this project contributed a net profit of approximately HK\$11,227,000 for the Group in 2004, among which the share of profit after taxation amounted to approximately HK\$7,593,000, the share of surplus on revaluation of investment properties amounted to HK\$4,294,000 and the loss on disposal was HK\$660,000. The consideration received has greatly improved the Group's cash flow, providing sufficient reserves for its future development. During the year under review, the total sold and leased areas of the Shanghai Trade Square and International Apartments, in which the Group holds approximately 14% interest, remained stable at about 97%. The dividend income from this project for the year amounted to HK\$266,000.

Stimulated by the positive impact of the relaxation of the restrictions concerning mainland individuals visiting Hong Kong, the retail sector in Hong Kong registered continuous growth. Market conditions show great improvement and this trend of prosperous development is continuing. During the year under review, the property market of Hong Kong achieved rapid growth with steady increase in rentals and sale prices. Fuelled by the increase in valuation in Hong Kong, the Group recorded a surplus on revaluation of investment properties of HK\$13,000,000 during the year.

Looking ahead, the Group believes that there is enormous potential in investing in properties in the PRC's major cities such as Shenzhen. In respect of Hong Kong, benefiting from the implementation of the second phase of the Closer Economic Partnership Agreement and the positive impact of the "Individual Visit Scheme" to the consumer industry, the property market of Hong Kong would maintain steady growth. The Group will grasp these opportunities so as to consolidate its property projects and to generate stable long-term revenue.

限公司之附屬公司達成協議，以總現金代價港幣450,625,000元全數出售持有該項目之權益。按照出售協議，本集團並可收回項目股東貸款約人民幣25,870,938元。有關交易構成本集團之主要出售交易（定義見香港聯合交易所有限公司證券上市規則（「上市規則」））。該項交易已於二零零四年十二月二十三日完成。截至出售交易完成日，此項目於二零零四年度為本集團帶來淨盈利港幣11,227,000元，其中包括應佔稅後盈利約港幣7,593,000元，應佔投資物業重估盈餘港幣4,294,000元，及出售虧損港幣660,000元。出售交易收取的代價大幅改善本集團的現金流量，為下一步發展提供充足儲備。本集團目前於上海仍擁有上海商貿大廈與國際公寓之約14%權益。回顧年度內，該物業之已售及已租總面積約為97%，並為本集團提供股息收入港幣266,000元。

在中國放寬旅客來港的政策帶動下，香港零售業務持續錄得增長，市場狀況明顯改善，保持了繁榮發展的趨勢。回顧年度內，香港物業市場暢旺，租金與成交價穩步上揚。為此，本集團因應香港物業的上升估值，於年內錄得投資物業重估盈餘港幣13,000,000元。

展望將來，本集團相信中國主要城市如深圳之地產投資仍具發展潛力。香港方面，受惠於第二期更緊密經貿關係安排及「個人遊」對消費行業的刺激，物業市場將可穩步發展。本集團將會抓住機遇，調整各投資項目，以期帶來穩定的長遠收益。

ENVIRONMENTAL PROTECTION BUSINESS

During the year under review, the environmental protection business has shown good development progress. With a determination to construct high quality projects, the Group continued to expand its environmental protection business at a steady pace, while closely monitoring and strictly controlling the progress of projects during the construction stage. Meanwhile, the Group has streamlined the contracted projects to fully align with its long-term development, so as to further consolidate the foundation of its environmental protection business.

Since 2002, the Group has made major efforts in developing a team with strong technical capability. At present, the Group has established its own professional efficient and dedicated technical team and management team, fully capable of handling environmental protection projects independently. Meanwhile, the Group enhanced its strategy of forming strategic alliances with renowned international companies to achieve synergy. In May 2004, the Group formed a strategic alliance with the world-renowned Seghers Keppel Technology Group. The parties have already had extensive cooperation and exchange in the areas of engineering, joint investment, technical consultation, operation management and the exploration of domestic and overseas environmental protection projects. The parties have also commenced to form more

環保業務

回顧年度內，環保業務發展勢頭良好。本集團致力以建設精品示範項目作為發展目標，穩步拓展環保業務。年內加強項目建設期管理和控制，並配合長遠發展對已簽約的項目全面調整，令環保業務的基礎更穩固。

自二零零二年以來，本集團致力培養團隊，逐步形成了自己的技術支撐能力。目前已建立了一支專業、高效、敬業的工程技術隊伍和管理團隊，並完全具備獨立運作環保項目的能力。與此同時，本集團加強與國際知名公司建立強強聯合、優勢互補的戰略合作。二零零四年五月，本集團與國際知名的西格斯吉寶科技集團正式建立戰略聯盟。雙方已在工程領域、聯合投資、技術顧問、營運管理和開拓國內外環保項目進行廣泛的合作及交流，並且已開始在各個地區組成較強競爭力的聯合投標體。有見於自身競爭力加強，



Everbright Environmental Protection
光大環保



Signing ceremony with Seghers Keppel
與西格斯吉寶進行簽約儀式

competitive partnerships to jointly tender for projects in different regions. In view of our enhanced competitiveness as well as the positive momentum of the environmental protection industry in the PRC, the Group has decided to redirect its business development strategy to focus on the waste-to-energy project in Suzhou (“Suzhou Project”).

Given the fact that Suzhou is a major developing city in the PRC, the management believes that the success of the Suzhou Project will set a good example and impact Eastern China as well as to the whole country and facilitate the establishment and building of the “Everbright Environmental Protection” brand name. Besides, it would enhance the development of its core business, which in turn would help better demonstrate the Group's long-term development direction in the environmental protection to the market. In this regard, on 9 July 2004, the Group entered into an agreement with its partner for the acquisition of 50% interest in Starland Resources Limited (“Starland”) at a consideration of RMB11,000,000 (or equivalent amounts in Hong Kong dollars). The Suzhou Project accordingly became a wholly-owned project of the Group through its shareholdings in Starland. As such transaction constituted a major transaction for the Company under the Listing Rules, an announcement was made on 15 July 2004. In order to more efficiently focus resources on the Suzhou Project, the Group also entered into an agreement with its partner for the disposal of 50% interest in the waste-to-energy project in Hengtan of Foshan City. Such transaction resulted in a gain on disposal of HK\$660,000.

The Suzhou Project is the first wholly-owned environmental protection project to be constructed by the Group in relation to a waste-to-energy project in the over 1,000 tonnes category power station in Jiangsu Province. The total investment cost of the project is approximately RMB500,000,000. The plant has a total area of 126.6 acres and the main equipment of which include three waste incinerators with a respective processing capacity of 350-tonnes per day and two 9,000 kilo-watt generators. The Group operates the project in a dual capacity, being the landlord and main contractor simultaneously. Main facilities for the project including furnace bed of incinerators and fume cleaning system will be imported in package from renowned international manufacturers, while other facilities will be purchased from established suppliers

加上國內環保產業出現良好發展勢頭，本集團遂決定重新調整業務發展策略，全力發展蘇州垃圾焚燒項目（「蘇州項目」）。

鑒於蘇州是中國主要發展中的城市，管理層相信蘇州項目的成功運作，能在華東以至全國形成良好的輻射作用和示範效果，有利於「光大環保」品牌的建設和樹立，有利於加強培養核心業務，有利於市場更清晰本集團於環保業務的長遠發展路向。為此，本集團於二零零四年七月九日與合作夥伴達成協議，以人民幣11,000,000元或等額港元的代價收購星域資源有限公司（「星域」）的50%權益。本集團從而透過星域全資擁有蘇州項目。有關交易按照上市規則構成本公司之主要交易，並已於二零零四年七月十五日對外公佈。為了能更有效地集中資源於蘇州項目，本集團並與合作夥伴達成協議出售佛山市杏壇垃圾焚燒項目50%權益。本集團於此項交易錄得港幣660,000元的出售利潤。

蘇州項目為本集團第一個全資投資及建設的環保項目，該項目為江蘇省內第一個千噸級以上的垃圾焚燒發電項目，項目總投資約人民幣500,000,000元，項目佔地126.6畝，主要生產設備由三台日處理350噸城市生活垃圾焚燒爐和兩台9,000千瓦發電機組成。本集團以業主與總承包的雙重角色進行經營。項目主要核心設備包括焚燒爐排爐、煙氣淨化系統以打包形式選用國際知名公司的進口設備，其他設備亦已選定具規模且有優良運作記錄的供應商的設備，務求以高質量、高效率、高水平將項目建成一個精



Suzhou Suneng Waste-to-Energy Plant
蘇州蘇能垃圾焚燒發電廠



Suzhou Project Preliminary Design Review Meeting
蘇州項目初步設計審查會

with good trading records, with an aim to create a quality project and establish the brand name of “Everbright Environmental Protection”, so as to create its sustainable core competitive edge in the environmental protection business. Construction works of this project, which was duly commenced on 20 October 2004, has been progressing satisfactorily. Foundation works of the main plant was completed on 20 March 2005 and the installation team has commenced on-site works. It is expected that test run will be carried out upon completion of this project's construction works and installation works by the end of 2005 and commercial operation is expected to commence in the first half of 2006.

Urban sewage treatment is another development direction of the Group's environmental protection business. On 1 November 2003, the Group entered into a Sino-foreign cooperative joint venture agreement with Veolia Water and Qingdao Municipal Government for the establishment of Qingdao EB-VW Waste Water Treatment Co. Ltd. (“Qingdao EB-VW”) to invest in a sewage treatment project in Qingdao. This project has been designed as one of the supporting infrastructure projects in Qingdao for the 2008 Beijing Olympic Games. During the year under review, the project has been progressing satisfactorily. On 1 June 2004, the Group entered into the Subscription and Shareholders Agreement and four operation agreements, namely the Technical Assistance Agreement, the Operation and Maintenance Agreement, the Waste Water Treatment Agreement and the Lease Agreement, with Veolia Water to formalize the operation arrangements in details for the project. On 30 June 2004, Veolia Water subscribed for 40% shares in EB-VW HK Holding Company Limited (“EB-VW”) at a consideration of

品項目，打造「光大環保」的品牌，建立本集團環保業務的持續核心競爭力。此項目工程進展理想，於二零零四年十月二十日正式開始建築工程。主廠房之土建工程於二零零五年三月二十日基礎出零米，安裝隊伍亦已經進場，預計項目可於二零零五年底完成土建安裝工程，並進入點火調試，計劃於二零零六年上半年進入正式運行。

污水處理亦是本集團環保業務領域的發展方向之一。二零零三年十一月一日，本集團與威立雅水務及青島市政府簽訂中外合作合營協議成立青島光威污水處理有限公司（「青島光威」）發展青島污水處理項目，該項目為二零零八年北京奧運會青島賽場的配套項目。回顧年度內，此項目進展理想，本集團與威立雅水務於二零零四年六月一日簽訂認購及股東協議及四項營運協議（分別為技術支援協議、營運及維修保養合同、污水處理協議及租賃協議），落實項目的具體營運安排。威立雅水務並已於二零零四年六月三十日向本集團投入約港幣4,280,000元認購光大威立雅水務香港控股有限公司（「光大威立雅水務」）40%的股份，正式啟動項目的籌建工作。鑒於威立雅水



Qingdao Maidaowu Waste Water Treatment Plant
青島麥島污水處理廠



Qingdao Haibohe Waste Water Treatment Plant
青島海泊河污水處理廠

approximately HK\$4,280,000 and duly commenced the planning and construction works of the project. As Veolia Water has become a connected person of the Company (as defined in the Listing Rules) following the subscription of the new shares of EB-VW, the transactions contemplated under the aforementioned four agreements constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules. An announcement in respect of these transactions was made on 16 June 2004. Qingdao EB-VW was duly incorporated on 13 August 2004. The takeover of asset was also finalized during the year. Qingdao Municipal Government has agreed to pay Qingdao EB-VW the waste water treatment service charges commencing 1 January 2005.

As regards the construction of the Maidaowu Extension Facilities of Qingdao Project, Qingdao EB-VW, after repeated negotiations with Veolia Water, entered into the engineering, procurement & construction contract, the equipment supply contract and the services contract with the consortium led by Veolia Water on 3 March 2005 for the implementation of the Project. Total consideration for the aforesaid amounted to approximately RMB206,267,968. The transactions contemplated under the aforementioned agreements constituted connected transactions for the Company under the Listing Rules. An announcement in respect of these transactions was made on 10 March 2005. The operation of the Qingdao Project is so far smooth and has started to make contributions to the Group. The construction of the Maidaowu Extension Facilities is now under preparation. Civil works and equipment installation of the project is expected to complete by 2006.

務於認購光大威立雅水務之新股份後成為本公司之關連人仕（定義見上市規則），而前述的四項協議交易為持續性質，根據上市規則第14A章，該等協議所載各項交易構成本公司之持續關連交易。有關交易已於二零零四年六月十六日對外披露。青島光威於二零零四年八月十三日正式註冊成立，年內亦落實了資產的接收工作，青島市政府亦已正式確定二零零五年一月一日開始支付污水處理費予青島光威。

就青島污水處理項目之麥島擴建設施工程，經與威立雅水務反覆磋商，青島光威於二零零五年三月三日與以威立雅水務為首之聯合體分別簽署工程、採購及建築合同、設備供應合同與服務合同推進有關工程。該等合同之總代價約為人民幣206,267,968元。按照上市規則，該等合同所載之交易構成本公司之關連交易。有關交易已於二零零五年三月十日對外公佈。目前青島污水處理項目之經營情況穩定，已開始向本集團貢獻盈利。至於麥島擴建設施之工程則正在籌備進行中，預計可於二零零六年完成土建工程及設備安裝並實現通水。

Environmental Protection business is a new focus of the Group. China Everbright Holdings Company Limited (“CEH”) has repositioned the environmental protection business as one of its three main focuses of business development, alongside financial and exhibition businesses. With the full support of CEH as well as the business opportunities and solid foundation secured by the Group, we are committed to build up the environmental protection division as our core business and gradually shift from merely an investor in environmental protection sector to an environmental protection conglomerate. To achieve this long-term objective, the Group has restructured the management structure of its environmental protection business and clearly defined the areas of work of each division, with a view to further expanding its environmental protection business. Apart from the above, in order to draw a clear distinction between all lines of operation in its environmental protection business, the Group duly established China Everbright Environmental Protection Holdings Limited (“CE Environmental”) and China Everbright Environmental Energy Limited and China Everbright Environmental Protection Investment Limited has been renamed as China Everbright Water Investments Limited. The well-established structure of the Group’s environmental protection business will be the cornerstone for its healthy growth.

The Group strives to enhance its market recognition and corporate image. On 14 September 2004, the Group, as the sole co-organizer, jointly organized the 2004 Beijing International Environment Forum with the Beijing Municipal Environmental Protection Bureau and the Beijing Organizing Committee for the Games of the XXIX Olympiad (BOCOG). The theme of the forum 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, thus having significant meanings for enhancing the country’s environment. Through the forum, the Group has successfully established an expert network system in the environmental protection industry and strengthened the communication between the environmental protection authorities in the PRC, which will be advantageous to the future development of the Group’s environmental protection business.

環保業務為本集團重點培養的新業務。中國光大集團有限公司（「光大集團」）已為環保業務定位，正式確立環保業務為其三大業務發展支柱之一，與金融業與會展業併列。在獲得光大集團的全力支持以及憑藉本集團佔據的有利商機和堅定基礎，本集團決心將環保業務發展為主營核心業務，逐步從投資環保行業實現到經營環保行業。配合長遠發展目標，本集團重新調整環保業務管理架構，清晰各部門的分工，加大力度開拓環保項目。目前已正式成立中國光大環保控股有限公司（「光大環保」）和中國光大環保能源有限公司，而中國光大環保投資有限公司亦已更名為中國光大水務投資有限公司以突出各環保領域的業務發展。環保業務架構的正式確立為下一步的健康發展打下穩健基礎。

本集團積極加強對外宣傳，擴大影響，提升公司市場形象。二零零四年九月十四日，本集團成功獨家協辦由北京市環境保護局和北京奧組委環境活動部聯合舉行的二零零四年北京國際環境研討會。該次會議的主題是改善北京城市環境迎接綠色奧運，促進城鄉可持續發展，故對於提高城市環境質量具有重大意義。通過研討會本集團成功建立了環保行業的專家網絡系統，並加強了與國內政府環保機關間的相互溝通瞭解，對日後開拓環保業務有莫大裨益。

In February 2005, CEH entered into a framework agreement for long-term strategic cooperation, under which both parties will, base on the principles of mutual benefit and mutual cooperation, cooperate in every aspect of operations. 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. Being the environmental protection flagship of CEH and the Group, CE Environmental is well-positioned to benefit from the future opportunities brought by the abovementioned cooperation.

The Group has entered into a framework letter of intent with Suzhou Municipal Government for the development of a methane-to-energy project and methane test will be carried out soon. Apart from the above, the Group has also signed a framework letter of intent with Yixing Municipal Government of Jiangsu Province for the Yixing waste-to-energy project and both parties are still under negotiation.

The Group will continue to explore potential environmental protection projects, enhance its core competitiveness, expand its regional investment coverage and strengthen its leading position in the environmental protection industry. The Group has been conducting research and negotiations on several projects and business breakthrough is expected within this year.

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，雙方將按照優勢互補、互惠互利、長期合作、共同發展的原則，建立全方位、多層次的合作。合作協議並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。光大環保作為本集團及光大集團發展環保業務之旗艦，有關合作將可進一步開拓光大環保的未來發展空間。

目前，本集團與蘇州市政府就垃圾填埋沼氣發電項目的開發建設簽署框架性合作意向書，達成了共識，正準備作採氣測試。此外，江蘇宜興城市垃圾焚燒發電項目也與政府簽署框架性合作意向書，達成了共識，目前正進行商業談判。

本集團將繼續在市場物色具潛力的環保項目，加強核心競爭力，擴闊項目投資地域，鞏固本集團於環保行業的市場領先地位。本集團目前正與多個環保項目進行研究調查及磋商，預期年內將有新的突破。



Beijing International Environment Forum 2004
二零零四北京國際環境研討會



Strategic Cooperation signing ceremony between CEH and Shenzhen Municipal Government
光大集團與深圳市政府戰略合作簽約儀式

HK CONSTRUCTION

Hong Kong Construction (Holdings) Limited (“HK Construction”) is a leading contractor in Hong Kong and the PRC and has participated in various renowned construction projects. During the year under review, the debt restructuring of HK Construction was finally completed. On 11 February 2004, Creator Holdings Limited (“Creator”) entered into the Debt Conversion Agreement and Yangpu Agreement (“Agreements”) with HK Construction, under which HK Construction will fully settle the indebtedness owed to Creator by the issue of 1,340,555,276 new shares and the granting of a call option to Creator to subscribe for an aggregate of up to 380,000,000 bonus shares, both as fully paid at HK\$1 per share. The Agreements were approved by the shareholders at the extraordinary general meeting on 3 April 2004. Upon completion of the Agreements, the Group’s interest in HK Construction was diluted to 3.1%, and will be further diluted to 2.6% upon full exercise of the call option. In November 2004, HK Construction announced that Works Bureau of Hong Kong has uplifted its suspension in tendering for Group C works, which indicates that HK Construction may resume tendering for large scale construction works in Hong Kong. Besides, in December 2004, HK Construction was awarded the qualifications of “Main Contractor for Building Construction – Special Grade” and “Main Contractor for Municipal Public Work – First Grade (for roads, bridges and tunnels in city area)” by the Ministry of Construction of the PRC. HK Construction is the first wholly-owned foreign construction company awarded the said qualifications. On 24 March 2005, an announcement was made by HK Construction for its investment in Guilin Biya Expressway Construction Company Limited and such investment is expected to provide a long-term and stable return. On 8 April 2005, HK Construction announced its 2004 results which showed net profit attributable to shareholders of HK\$254,100,000 which marked a turnaround from loss to profit after its debt restructuring. For such, the Group believes that the operations of HK Construction will be improved.

香港建設

香港建設(控股)有限公司(「香港建設」)是香港和中國內地市場的一家重要建築商，曾承建不少知名的重大工程。回顧年度內，香港建設完成了債務重組，並於二零零四年二月十一日與創達集團有限公司(「創達」)簽訂債務轉換協議及洋浦協議(「有關協議」)。按照有關協議，香港建設發行1,340,555,276股每股面值港幣1元新股，以及授予創達可認購合共380,000,000股紅股的認購期權，以全數償還支付創達之負債。隨著有關協議於二零零四年四月三日舉行之股東特別大會上獲股東批准及完成後，本集團所持有之香港建設權益已被攤薄至3.1%，而於有關認購期權將來獲全面行使後，本集團之權益將會進一步被攤薄至2.6%。二零零四年十一月，香港建設對外公佈香港工務局已撤銷其暫停於建築丙組工程類別投標資格的禁制。這標誌著香港建設將可重新再參予香港的大型建築工程。二零零四年十二月，香港建設更獲中國建設部頒授房屋建築工程施工總承包特級及市政公用工程施工總承包壹級(限城市道路、橋及隧道工程)資格。此為中國建築業內首家獲得該等資格之外資公司。二零零五年三月二十四日，香港建設對外公佈將投資於桂林碧雅高速公路公司，並預計該投資可提供長遠穩定回報。二零零五年四月八日，香港建設對外公佈其二零零四年度業績。全年股東應佔盈利港幣254,100,000元，實現債務重組後轉虧為盈。為此，本集團相信香港建設之未來營運將可獲改善。

FINANCIAL RESULTS

The Group's profit attributable to shareholders for 2004 amounted to HK\$86,776,000, representing an increase of 53% as compared to HK\$56,837,000 for the previous year. Basic earnings per share amounted to HK3.41 cents for the year under review, a significant increase from HK2.23 cents for the previous year. The increase is mainly attributable to the peeling off of loss-making operation, resulting in the normal reflection of income. During the year under review, the daily traffic of Qingzhou Bridge grew steadily, resulting in the rise of profit level. As for the Group's property investment, it continued to generate steady rental income. Benefiting from the rebound of property market, the Group recorded a surplus on revaluation of investment properties of HK\$14,790,000. The infrastructure and property investment businesses of the Group are growing steadily. As for the highly potential environmental protection business, its development has been satisfactory and will become the Group's future profit generator.

FINANCIAL POSITION

In 2004, the Group achieved an overall improvement in its financial position, with an improvement in its gearing ratio and cash flow. As at 31 December 2004, the Group had total assets of HK\$2,050,821,000. Net assets amounted to HK\$1,078,942,000 and the net assets per share were HK\$0.423. As at 31 December 2004, the gearing ratio (calculated by dividing total liabilities by total assets) was 47%, representing a decrease of 5% from 52% as at the end of last year. The current ratio was 716%, representing a significant increase as compared to 121% of the previous year.

The Group generally finances its operations with internally generated cash flow and loan facilities from banks and from its ultimate holding company. During the year under review, through the disposal of its 25% interest in Shanghai Kerry Everbright City, the Group received a consideration of HK\$450,625,000 resulting in a significant improvement in its cash flow. As at 31 December 2004, the Group has an aggregate cash balance of HK\$585,124,000, representing an increase of 239% as compared

財務業績

二零零四年度，本集團錄得股東應佔盈利港幣86,776,000元，較去年之港幣56,837,000元上升53%。回顧年度之每股基本盈利為3.41港仙，較去年之2.23港仙大幅增加。盈利上升主要由於虧損業務已剝離，業務利潤可以正常反映。回顧年度，青州大橋車流量穩步增長，帶動利潤水平上升；物業投資方面繼續提供穩定收入，並由於市場反彈而錄得投資物業重估盈餘港幣14,790,000元。現時，本集團之基建及物業投資業務穩步發展，環保業務發展理想，增長潛力龐大，將成為本集團未來利潤的增長點。

財務狀況

二零零四年度，本集團之財務狀況全面改觀，資產負債比率與現金流俱改善。於二零零四年十二月三十一日，本集團之總資產為港幣2,050,821,000元。資產淨額則為港幣1,078,942,000元，而每股資產淨值為港幣0.423元。於二零零四年十二月三十一日，本集團之資產負債比率（以總負債除以總資產計算所得）為47%，較去年底之52%下降5個百分點；至於流動比率則為716%，較去年之121%大幅度提升。

本集團基本以內部現金流量及往來銀行與最終控股公司提供之貸款為其業務提供資金。於回顧年度，本集團出售持有上海嘉里不夜城之25%權益，並收回總代價港幣450,625,000元，大幅改善現金狀況。於二零零四年十二月三十一日，本集團持有現金結餘總額為港幣585,124,000元，較去年底之港

to HK\$172,789,000 of the previous year. As at 31 December 2004, the Group had total outstanding borrowings of approximately HK\$912,494,000, a decrease of 3% from HK\$943,439,000 of the previous year. The borrowings comprised secured bank loans of HK\$367,288,000 and loans from ultimate holding company of HK\$545,206,000. With respect to foreign exchange exposure, the risk is minimal as all of the Group's foreign currency assets and borrowings are denominated in Renminbi and US dollars, and the exchange rate of which are relatively stable against Hong Kong dollar. The impact of exchange rate fluctuations of these currencies is insignificant to the Group.

PLEDGE OF ASSETS

As at 31 December 2004, the Group pledged cash and fixed assets with an aggregate net book value of approximately HK\$300,607,000 (2003: HK\$288,816,000) to secure general banking facilities granted to the Group. In addition, the shares of a subsidiary of the Group and the Group's toll bridge revenue have been pledged.

CONTINGENT LIABILITIES

As at 31 December 2004, there were contingent liabilities in respect of guarantees given to banks by the Company for end user financing guarantees and undertakings executed by a disposed associate to banks amounting to HK\$745,000 (2003: HK\$245,000). Pursuant to the sale agreements, these guarantees will be released by the end of June 2005.

EMPLOYEES AND REMUNERATION

As at 31 December 2004, the Group had a total of approximately 130 employees in Hong Kong and the PRC. During the year under review, the Group's total staff costs were HK\$17,900,000 (2003: HK\$17,611,000). Employees are remunerated according to their qualification and experience, job nature and performance, as well as market conditions. Apart from discretionary performance bonus,

幣172,789,000元上升239%。於二零零四年十二月三十一日，本集團尚未償還借款總額約為港幣912,494,000元，較去年之港幣943,439,000元下降3%。借款包括有抵押銀行貸款港幣367,288,000元及最終控股公司貸款港幣545,206,000元。就外匯風險而言，由於本集團所有的外幣資產及借款均以人民幣及美元結算，兩者與港幣之兌換率相對穩定，故面對之風險較微。對本集團而言，此等貨幣之匯率波動影響相對較輕。

資產抵押

於二零零四年十二月三十一日，本集團將賬面淨值總額約港幣300,607,000元（二零零三年：港幣288,816,000元）之現金及固定資產質押，作為本集團之一般銀行融資之抵押品。此外，本集團一家附屬公司之股份以及本集團收費橋樑收入亦已抵押。

或有負債

於二零零四年十二月三十一日，本公司因一家已出售聯營公司向銀行簽立最終用戶融資擔保與保證書而向有關銀行提供擔保所承擔之或有負債為港幣745,000元（二零零三年：港幣245,000元）。按照有關出售協議，此項擔保將可於二零零五年六月底前解除。

僱員薪酬

於二零零四年十二月三十一日，本集團在香港及中國合共僱用約130名員工。於回顧年度內，本集團之員工總成本為港幣17,900,000元（二零零三年：港幣17,611,000元）。僱員之薪酬乃根據資歷、經驗、工作性質、表現以及市場情況

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 at the Company's extraordinary general meeting held on 26 May 2003, the directors of the Company were authorized to grant share options to any employees, including directors, as incentives. No share option had been granted to any employee during the year under review.

INTERNAL MANAGEMENT

"People-oriented, honesty, practicality, creativity and management standardization" are the unchanged management principles of the Group. The Group upholds the management motto of acting and managing according to principles. For the past two years, the Group gradually completed a series of measures on risk control management mechanisms. Regarding investment decision-making process, the Group follows the principles of integrating power with responsibility and benefit and striking a balance between decision-making efficiency and risk control. For environmental protection business, the risk management advisory committee and the engineering technical management committee, comprising senior consultants and key corporate management of the Group, have been duly established to evaluate the matters from the business, legal and technical perspectives.

In terms of risk control management mechanisms, the Group strives to establish a solid risk control culture as well as a risk management system. During the year under review, the Group has formed its risk management divisions both in Hong Kong and Shenzhen, which are staffed with professional personnel specializing in regular risk control and inspection. The risk management division has established a risk control and internal control system, which covers such main areas as project identification, due diligence, tendering, contracting, construction and operation. The Group principally manages its investment projects by delegating appropriate directors or senior management to participate directly in project management, so as to protect the Company's interest.

計算釐定。除了酌情花紅外，本集團亦提供其他福利予香港僱員，包括醫療保險及公積金計劃。此外，根據本公司於二零零三年五月二十六日舉行的股東特別大會上批准的購股權計劃，本公司董事獲授權可授出購股權予任何僱員(包括董事)作為獎勵。於回顧年度內，未有任何僱員獲授購股權。

內部管理

本集團一直奉行「以人為本、求真務實、開拓創新、規範管理」的管理理念，堅持以制度管人，按制度辦事。近兩年來，本集團已逐步完善了一系列風險防範管理制度。在投資決策程序上，本集團按照責權利統一、決策效率與風險防範均衡原則進行。環保業務方面，本集團特別設置風險管理評審委員會和工程技術管理委員會，由本集團高級顧問和專業骨幹組成，分別負責商務、法律與技術方面的評審。

在風險管理機制上，本集團致力建立全員風險防範文化和風險管理體系。回顧年度內，本集團在香港及深圳分別設立風險管理部，配備了專職人員負責日常風險審查和管理，建立起一套涵蓋項目立項、盡職調查、投標、簽約、建設和運營等主要階段的風險防範和內控制度體系。對於投資項目的管理，本集團主要通過委派合適董事或高級管理人員直接參與項目管理，以保障本公司利益。

Regarding financial control, the Group maintains strict budget management. The Group applies different control measures on different companies based on their nature of operation. As for projects at their construction stage, budget allocations are approved and made monthly, and all major bank accounts are directly controlled by the Hong Kong headquarter. As for project companies in operation, the Group exercises two-way supervision by way of closely monitoring of bank accounts and allocation of fund according to budget. During the year under review, the Group increased its inspection of and supervision over subsidiaries. A system has been established to carry out annual internal inspection within the Group to enhance the Group's management standard. Besides, the Group strives to develop a strong team to fit the needs of its environmental protection business. During the year, the Group carried out several recruitment exercises to recruit people of excellent caliber. At present, the Group has built up a team of experienced and professional staff, with outstanding professional ethics.

Given the continuous improvement of its operating results, the Group made a pay increase of 3% and granted an average bonus payment for two months' salaries based on the merit of individual employees in early 2005, as a reward for their hard work and dedication over the past years.

在財務監控上，本集團堅持嚴格的預算管理。針對不同項目公司的特點，採取不同辦法進行控制。對籌建期項目實行預算費用逐月審核撥付制，對大額支付款項及大額存款賬戶由總部直接控制調撥。對運營期的項目公司，通過與銀行賬戶的封閉運作和總部按預算撥付的方式實行雙向監控等。回顧年度內，本集團加大力度對下屬公司進行檢查與監督，目前已形成制度每年定期進行內部審核，全面提升管理水平。此外，本集團積極培養團隊以配合轉型環保業務的需要，年內多次進行公開招聘，選賢任能，已建立了一支職業操守好、專業素質強、實踐經驗豐富的隊伍。

有見於本集團之經營業績持續改善，財務狀況改觀，本集團於二零零五年初按照個別員工工作表現調增薪金3%及發放平均兩個月花紅，以回饋員工過去勤勞的工作。



CORPORATE GOVERNANCE

To increase corporate transparency and to strengthen corporate governance, the Board has established four committees namely the Executive Committee, the Audit Committee, the Remuneration Committee and the Management Committee. The Executive Committee, comprising the Chairman of the Board and eight executive directors, is responsible for formulating the corporate objectives and development plan for the Group. The Audit Committee, comprising all three independent non-executive directors, is responsible for reviewing with management the accounting principles and practices adopted by the Group and discuss internal controls and financial reporting matters, including a full review of the audited financial statements for the year ended 31 December 2004. The Remuneration Committee, comprising the Chairman of the Board, one executive director and three independent non-executive directors, has reviewed the remuneration and bonus policy for the executive directors of the Company. The Management Committee, comprising the Chief Executive Officer, the General Manager, the Deputy General Manager and the Chief Financial Officer, is responsible for supervising the daily operation of all business units of the Group.

公司管治

為加強本公司高透明度及企業管治，本公司於董事會下設執行董事委員會、審核委員會、薪酬委員會及管理委員會。執行董事委員會由董事會主席及八位執行董事組成，主要職責為擬定本集團之企業目標和業務發展計劃。審核委員會由全數三名獨立非執行董事組成。其主要職責為審閱本集團所採納之會計原則及慣例，並討論內部控制及財務申報事宜，包括全面審閱截至二零零四年十二月三十一日止年度之經審核財務報表。薪酬委員會之成員包括董事會主席、一位執行董事及三位獨立非執行董事。薪酬委員會亦已就本公司執行董事之酬金及獎勵金制度進行檢討。管理委員會成員包括行政總裁、總經理、副總經理及財務總監，其主要職責為監督本集團各業務單位的日常運作。

In November 2004, The Stock Exchange of Hong Kong Limited published the Code on Corporate Governance Practices (“Code on CG Practices”) and Rules on the Corporate Governance Report. The Code on CG Practices has become effective for accounting periods commencing on or after 1 January 2005. The Code on CG Practices was duly approved and adopted by the Board on 31 March 2005 with immediate effect. In response to the Code on CG Practices, the Board has conducted overall reviews of, and (if necessary) made amendments to the “Terms of Reference of the Audit Committee”, the “Terms of Reference of the Remuneration Committee”, the “General Mandate of the Executive Committee”, the “General Mandate of the Management Committee” and the “Investment Management Guidelines”, with a view to further improving the management structure of the Company, standardizing its operational management and strengthening risk control under rigid corporate governance.

The Code of Best Practice as set out in Appendix 14 to the Listing Rules was replaced by the Code on CG Practices commencing 1 January 2005. During the year ended 31 December 2004, the Group has complied with the Code of Best Practice except that independent non-executive directors are not appointed for a specific term as they are subject to retirement in accordance with the Company's Articles of Association.

香港聯合交易所有限公司於二零零四年十一月發佈了《企業管治常規守則及企業管治報告》。《企業管治常規守則》（「企業守則」）於二零零五年一月一日及以後的會計期間陸續生效。董事會已於二零零五年三月三十一日正式通過採納企業守則，並於當日起生效。配合企業守則的實施，董事會已對本公司之《審核委員會職權範圍書》、《薪酬委員會職權範圍書》、《執行董事委員會一般性授權》、《管理委員會一般性授權》與《投資管理規範》進行全面檢討與修訂，以嚴格的企業管治來進一步完善公司之管理架構，規範公司管理運營以及強化風險控制。

企業守則自二零零五年一月一日起取代上市規則附錄14《最佳應用守則》，在截至二零零四年十二月三十一日止年度內，本公司均遵守《最佳應用守則》，惟獨立非執行董事乃根據本公司之公司章程細則依章輪值告退，而並非以固定任期獲委任者除外。

BUSINESS OUTLOOK

With ongoing improvements to the modern market economy, the increasing support of government at all levels to the promotion and implementation of technological development, the increasing awareness of the importance of environmental protection and the harmony between men and nature, it is expected that the prospects of the Group's infrastructure investment, property investment and environmental protection businesses will be promising. The targets for the Group's future development are clear – i.e. to build up a solid growth driver for the continuous contribution of profit, to create its sustainable core competitive edge and to establish the brand name of the Company's projects. In order to achieve rapid growth, the Group would take the following strategic measures: i) to develop the Group's existing businesses at a steady pace, so as to consolidate its foundation and to provide momentum for its long-term growth; ii) to enhance corporate management and overall operation efficiency, so as to consolidate the foundation of the Group's businesses; iii) to actively expand the Group's environmental protection business, build up its core business and establish environmental protection brand name, so as to benefit from the increasing support of the Central Government for environmental protection in the future; iv) to enhance and step up strategic cooperation and technology exchange with international companies, so as to grasp potential opportunities in relation to energy efficient equipments arising from the PRC's major environmental conservation works; v) to continue to develop itself into an investment operation company with outstanding core business and high economic efficiency according to the Group's aggressive business plans, so as to realize its target of becoming a leading infrastructure investment and environmental protection conglomerate. The Group is optimistic about its operations in the coming years and will grasp every potential opportunity, so as to maximize value for shareholders and to create a brilliant future.

Chen Xiaoping*Chief Executive Officer*

Hong Kong, 14 April 2005

業務展望

隨著市場經濟體系日趨完善，各級政府對科學發展觀的樹立和落實，對環境保護意識和建立人與自然相和諧的觀念的增強，本集團相信基建、物業投資以及環保三大業務將因而受惠。本集團對未來發展所定下的目標非常明確，在持續提供盈利的基礎上，建立支撐業務利潤增長點、建立可持續的核心競爭力，以及致力建立公司項目品牌。本集團將會採取以下的策略措施以達至蓬勃增長：i) 穩健經營集團現有業務，為長遠的增長提供更雄厚基礎和動力；ii) 於團隊管理上力求進步，銳意提升各方面營運效率，藉以進一步鞏固本集團業務基礎；iii) 積極拓展綠色環保產業的領域，培養核心業務，創立環保品牌，以配合中央政府於未來將加強於環境保護方面的投入；iv) 加強和擴大與國際公司的戰略合作及技術交流，以充份把握國家重點環境治理工程為環保能源裝備提供巨大的市場；v) 本集團已制定積極進取的計劃，繼續發展為一家具市場影響力，主業突出，效益良好的投資經營公司，以實踐本集團成為一家具領先地位的基建投資和綠色環保產業集團的目標。本集團對未來發展充滿信心，並會抓緊未來每一個發展商機，提升股東回報，開創更光輝未來。

陳小平*行政總裁*

香港，二零零五年四月十四日