

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in note 16 on the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries ("the Group") during the financial year are set out in note 13 on the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2004, the five largest customers in aggregate and five largest suppliers in aggregate accounted for less than 30% of the Group's turnover and purchases respectively.

CONNECTED TRANSACTIONS

- (a) On 16 June 2004, the Company announced that:
- (i) On 1 June 2004, Qingdao EB-VW Waste Water Treatment Co. Ltd. ("Qingdao EB-VW", a subsidiary of the Company) entered into an operation and maintenance agreement with Qingdao Veolia Water Operating Company Limited ("Qingdao Veolia", an associate of the Company"). Pursuant to the agreement, Qingdao EB-VW will subcontract to Qingdao Veolia the provision of the operation and maintenance services in respect of the waste water treatment plants ("the Plants") in Qingdao, the People's Republic of China ("PRC").

董事會欣然提呈截至二零零四年十二月三十一日止年度之年度報告及經審核財務報表。

主要業務

本公司之主要業務為投資控股。各附屬公司之主要業務及其他詳情載於財務報表附註十六。

本公司及其附屬公司（「本集團」）於本財政年度內之主要業務及按地域劃分之分析載於財務報表附註十三。

主要客戶及供應商

截至二零零四年十二月三十一日止年度，五大客戶合計及五大供應商合計分別佔本集團之營業額及採購額少於30%。

關連交易

- (a) 於二零零四年六月十六日，本公司公佈：
- (i) 於二零零四年六月一日，青島光威污水處理有限公司（「青島光威」，本公司之附屬公司）與青島威立雅水務運營有限公司（「青島威立雅」，本公司之聯營公司），訂立營運及維修保養合同。據此，青島光威將把中華人民共和國（「中國」）青島市污水處理廠（「污水處理廠」）之營運及維修保養服務外判予青島威立雅。

CONNECTED TRANSACTIONS (continued)

(a) (continued)

- (ii) On 1 June 2004, Qingdao EB-VW entered into a technical assistance agreement with Veolia Water Asia Limited (“Veolia Asia”, a subsidiary of a minority shareholder of the Group). Pursuant to the agreement, Veolia Asia will provide technical assistance to Qingdao EB-VW in respect of the operation and maintenance of the Plants in Qingdao, the PRC.
- (iii) On 1 June 2004, Qingdao EB-VW entered into a waste water treatment agreement with Qingdao Municipal Drainage Company (“Qingdao Drainage”, a minority shareholder of the Group). Pursuant to the agreement, Qingdao EB-VW will provide waste water treatment services and other related service to Qingdao Drainage on an exclusive basis.
- (iv) On 1 November 2003, Qingdao EB-VW entered into a lease agreement with Qingdao Drainage. Pursuant to the agreement, Qingdao Drainage will lease the facilities related to the Plants to Qingdao EB-VW.

The transactions constituted continuing connected transactions as defined by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”) and were announced by way of a press announcement by the Company on 16 June 2004. Details of the transactions have been included in the circular to shareholders dated 8 July 2004.

關連交易 (續)

(a) (續)

- (ii) 於二零零四年六月一日，青島光威與Veolia Water Asia Limited(「威立雅亞洲」，本集團少數股東之附屬公司)訂立技術支援協議。據此，威立雅亞洲將就中國青島市污水處理廠之營運及維修保養事宜向青島光威提供技術支援。
- (iii) 於二零零四年六月一日，青島光威與青島市排水公司(「青島排水」，本集團少數股東)訂立污水處理協議。據此，青島光威將獨家向青島排水提供污水處理服務及其他相關服務。
- (iv) 於二零零三年十一月一日，青島光威與青島排水訂立租賃協議。據此，青島排水將出租污水處理廠相關設施予青島光威。

上述交易構成持續關連交易(定義見香港聯合交易所有限公司證券上市規則(「上市規則」))及本公司已於二零零四年六月十六日透過報章公告予以公佈。有關交易之詳情載於二零零四年七月八日致予股東之通函內。

CONNECTED TRANSACTIONS (continued)

(b) On 3 March 2005, Qingdao EB-VW entered into the following contracts with certain subsidiaries of Veolia Water Systems S.A. (“Veolia Subsidiaries”, subsidiaries of a minority shareholder of the Group):

- (i) The engineering, procurement and construction contract, pursuant to which, the Veolia Subsidiaries and an independent third party will design and construct the extension facilities of a waste water treatment plant in Qingdao, the PRC (“the Extension Facilities”).
- (ii) The equipment supply contract, pursuant to which, a Veolia Subsidiary will supply foreign equipment to be used in the construction of the Extension Facilities.
- (iii) The service contract, pursuant to which, a Veolia Subsidiary will provide offshore basic design, offshore project management, other technical services, process guarantee, patent and proprietary provision to be used in the construction of the Extension Facilities.

The transactions constituted connected transactions as defined by the Listing Rules and were announced by way of a press announcement by the Company on 9 March 2005. Details of the transactions have been included in the circular to shareholders dated 31 March 2005.

關連交易 (續)

(b) 於二零零五年三月三日，青島光威與Veolia Water Systems S.A.若干附屬公司（「Veolia附屬公司」，本集團少數股東之附屬公司）訂立了下列合同：

- (i) 工程、採購及建築合同。據此，Veolia附屬公司及一名獨立第三者將設計及建造中國青島市污水處理廠擴建設施（「擴建設施」）。
- (ii) 設備供應合同。據此，一家Veolia附屬公司將供應建造擴建設施所需之外國設備。
- (iii) 服務合同。據此，一家Veolia附屬公司將就建造擴建設施提供境外基本設計、境外項目管理、其他技術服務、工序保證，以及提供所需專利權及所有權。

上述交易構成關連交易（定義見上市規則）及本公司已於二零零五年三月九日透過報章公告予以公佈。有關交易之詳情載於二零零五年三月三十一日致予股東之通函內。

MAJOR TRANSACTIONS

(a) On 9 July 2004, China Everbright Environmental Protection Investment Limited (“CE Environmental”, a subsidiary of the Company) entered into a sale and purchase agreement with Dynagreen International Holding (Group) Company Limited (“Dynagreen International”), pursuant to which, Dynagreen International agreed to sell and CE Environmental agreed to acquire 1,000 shares of US\$1 each in the issued share capital of Starland Resources Limited (“Starland”), representing 50% of Starland’s issued share capital, at a total consideration of RMB11,000,000 (equivalent to HK\$10,368,000). The transaction constituted a major transaction as defined by the Listing Rules and was announced by way of a press announcement by the Company on 14 July 2004. Details of the transaction have been included in the circular to shareholders dated 5 August 2004.

(b) On 15 December 2004, the Company announced that on 14 December 2004:

(i) the Company entered into an agreement with Kerry Properties (China) Limited (“Kerry China”) whereby the Company agreed to sell and Kerry China agreed to purchase 10% of the issued share capital of Hong Kong Shanghai Development Co Ltd. (“HK Shanghai”, then an associate of the Company) and the loan owing by HK Shanghai to the Company for a total cash consideration of HK\$180,250,000.

主要交易

(a) 於二零零四年七月九日，中國光大環保投資有限公司（「光大環保」，本公司之附屬公司）與綠色動力國際控股（集團）有限公司（「綠色動力國際」）訂立買賣協議。據此，綠色動力國際同意出售，而光大環保同意收購星域資源有限公司（「星域」）已發行股本中每股面值1美元之股份1,000股，佔星域已發行股本50%，總代價為人民幣11,000,000元（相等於港幣10,368,000元）。上述交易構成主要交易（定義見上市規則）及本公司已於二零零四年七月十四日透過報章公告予以公佈。有關交易之詳情載於二零零四年八月五日致予股東之通函內。

(b) 於二零零四年十二月十五日，本公司公佈於二零零四年十二月十四日：

(i) 本公司與Kerry Properties (China) Limited（「嘉里中國」）訂立協議。據此，本公司同意出售而嘉里中國同意收購港滙發展有限公司（「港滙發展」，本公司當時之聯營公司）10%已發行股本及港滙發展欠負本公司之貸款，現金代價總額為港幣180,250,000元。

MAJOR TRANSACTIONS (continued)

(b) (continued)

- (ii) the Company entered into an agreement with Cheung Kong (China Property Development) Limited (“CK China”) whereby the Company agreed to sell and CK China agreed to purchase 15% of the issued share capital of HK Shanghai and the loan owing by HK Shanghai to the Company for a total cash consideration of HK\$270,375,000.

The transactions constituted major transaction as defined by the Listing Rules and were announced by way of a press announcement by the Company on 15 December 2004. Details of the transaction have been included in the circular to shareholders dated 6 January 2005.

REDUCTION OF SHARE PREMIUM ACCOUNT

On 5 January 2004, the Company announced its intention to put forward a proposal for the reduction of the Company’s share premium account by the sum of HK\$2,372,172,824 (i.e. accumulated losses of the Company as at 30 September 2003) and the same amount of credit arising from such reduction be applied towards the elimination of the accumulated losses of the Company. Details of the proposal for the reduction of share premium account have been included in the circular to shareholders dated 8 January 2004. The reduction of share premium account, which was approved by the shareholders at the extraordinary general meeting held on 2 February 2004, had been confirmed by an order made by the High Court of Hong Kong on 2 March 2004 and became effective upon registration of the said order by the Registrar of Companies in Hong Kong on the same date.

主要交易 (續)

(b) (續)

- (ii) 本公司與Cheung Kong (China Property Development) Limited (「長江中國」) 訂立協議。據此，本公司同意出售而長江中國同意收購港滙發展 15% 已發行股本及港滙發展欠負本公司之貸款，現金代價總額為港幣 270,375,000 元。

上述交易構成主要交易(定義見上市規則)及本公司已於二零零四年十二月十五日透過報章公告予以公佈。有關交易之詳情載於二零零五年一月六日致予股東之通函內。

削減股份溢價賬

於二零零四年一月五日，本公司公佈其擬提呈建議，削減本公司股份溢價賬港幣 2,372,172,824 元(即本公司截至二零零三年九月三十日之累計虧損)，並將削減股份溢價賬所產生之同一數額進賬金額用於抵銷本公司之累計虧損。削減股份溢價賬建議之詳情載於二零零四年一月八日致予股東之通函內。削減股份溢價賬事項已於二零零四年二月二日舉行之股東特別大會上獲股東批准，並於二零零四年三月二日獲香港高等法院作出頒令予以確認及於本公司在同日向香港公司註冊處登記上述頒令後生效。

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2004 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 66 to 152.

An interim dividend of HK0.4 cent per share (2003: HK\$Nil) was paid on 29 October 2004. The directors now recommend the payment of a final dividend of HK0.6 cent per share (2003: HK\$Nil) in respect of the year ended 31 December 2004.

TRANSFER TO RESERVE

Profit attributable to shareholders, before dividends, of HK\$86,776,000 (2003: HK\$56,837,000) have been transferred to reserves.

FIXED ASSETS

Details of the movements in fixed assets during the year are set out in note 14 on the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 27 on the financial statements.

RESERVES

Details of the movements in reserves of the Group and of the Company during the year are set out in note 28 on the financial statements.

財務報表

本集團截至二零零四年十二月三十一日止年度之盈利，以及本公司與本集團於該日之財政狀況載於第六十六頁至第一百五十二頁之財務報表內。

本公司已於二零零四年十月二十九日派付中期股息每股0.4港仙（二零零三年：無）。董事現建議派付截至二零零四年十二月三十一日止年度末期股息每股0.6港仙（二零零三年：無）。

轉撥至儲備

股東應佔盈利（未派付股息前）港幣86,776,000元（二零零三年：港幣56,837,000元）已轉撥至儲備。

固定資產

於本年度內固定資產之變動詳情載於財務報表附註十四。

股本

本公司於本年度內股本之變動詳情載於財務報表附註二十七。

儲備

本集團及本公司於本年度內儲備之變動詳情載於財務報表附註二十八。

DIRECTORS

The directors during the financial year and up to the date of this report were:

Executive directors

Wang Mingquan, *Chairman*
Zang Qiutao, *Vice-chairman*
(appointed on 21 September 2004)
Li Xueming, *Vice-chairman*
Chen Xiaoping, *Chief Executive Officer*
Fan Yan Hok, Philip, *General Manager*
Huang Chaohua
Wong Kam Chung, Raymond
Chen Shuang
Zhang Weiyun

Independent non-executive directors

Sir David Akers-Jones
Li Kwok Sing, Aubrey
Mar Selwyn
(appointed on 21 September 2004)
Lee Ka Sze, Carmelo
(resigned on 21 September 2004)

In accordance with articles 73, 77, 78 and 79 of the Company's Articles of Association, Mr Zang Qiutao, Mr Fan Yan Hok, Philip, Ms Zhang Weiyun, Mr Li Kwok Sing, Aubrey and Mr Mar Selwyn retire from the board at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The independent non-executive directors are appointed for a term until 31 December 2006 and subject to retirement in accordance with the Company's Articles of Association as indicated above.

董事

於本財政年度內及截至本報告日期止之董事如下：

執行董事

王明權 (主席)
臧秋濤 (副主席)
(於二零零四年九月二十一日獲委任)
李學明 (副主席)
陳小平 (行政總裁)
范仁鶴 (總經理)
黃朝華
黃錦驄
陳爽
張衛云

獨立非執行董事

鍾逸傑爵士
李國星
馬紹援
(於二零零四年九月二十一日獲委任)
李嘉士
(於二零零四年九月二十一日辭任)

依據本公司之公司章程細則第七十三、七十七、七十八及七十九條規定，臧秋濤先生、范仁鶴先生、張衛云女士、李國星先生及馬紹援先生須於即將舉行之股東週年大會上依章告退，而彼等已表示願意膺選連任。

獨立非執行董事之任期直至二零零六年十二月三十一日及須如上文所述根據本公司之公司章程細則告退。

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 December 2004, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company, its holding companies, subsidiaries and other associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) at that date as recorded in the register of directors' and chief executives' interests and short positions required to be kept under section 352 of the SFO are as follows:

(i) Long position in underlying shares of equity derivatives of the Company**董事之服務合約**

本公司或其任何附屬公司並無與在即將舉行之股東週年大會上提名連任之董事訂立不可於一年內免付賠償（一般法定賠償除外）予以終止之未屆滿服務合約。

董事及主要行政人員持有之股份、相關股份及債券權益及淡倉

於二零零四年十二月三十一日，按本公司根據證券及期貨條例第352條規定須予存置之董事及主要行政人員權益及淡倉登記冊所載記錄顯示，本公司各董事及主要行政人員於該日在本公司、其控股公司、附屬公司及其他聯繫公司（定義見證券及期貨條例）之股份、相關股份及債券中所擁有之權益及淡倉如下：

(i) 於本公司相關股份股本衍生工具之好倉

Name of director 董事姓名	Nature of interest 權益性質	Number of equity derivatives held (share options) 持有股本 衍生工具數目 (購股權)		Number of underlying shares (ordinary shares) 相關股份數目 (普通股)	Percentage 百分比
Wang Mingquan	王明權	Personal 個人	25,400,000	25,400,000	1.00%
Li Xueming	李學明	Personal 個人	18,000,000	18,000,000	0.71%
Chen Xiaoping	陳小平	Personal 個人	18,000,000	18,000,000	0.71%
Fan Yan Hok, Philip	范仁鶴	Personal 個人	10,000,000	10,000,000	0.39%
Huang Chaohua	黃朝華	Personal 個人	9,000,000	9,000,000	0.35%
Wong Kam Chung, Raymond	黃錦驄	Personal 個人	9,000,000	9,000,000	0.35%
Chen Shuang	陳爽	Personal 個人	4,000,000	4,000,000	0.16%
Zhang Weiyun	張衛云	Personal 個人	4,000,000	4,000,000	0.16%
Sir David Akers-Jones	鍾逸傑爵士	Personal 個人	1,000,000	1,000,000	0.04%
Li Kwok Sing, Aubrey	李國星	Personal 個人	1,000,000	1,000,000	0.04%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

董事及主要行政人員持有之股份、相關股份及債券權益及淡倉 (續)

(ii) Long position in underlying shares of equity derivatives of China Everbright Limited ("CEL"), an associated corporation of the Company

(ii) 於本公司之聯繫公司中國光大控股有限公司(「光大控股」)相關股份股本衍生工具之好倉

Name of director 董事姓名	Nature of interest 權益性質	Number of equity derivatives held (share options) 持有股本 衍生工具數目 (購股權)		Number of underlying shares (ordinary shares) 相關股份數目 (普通股)	Percentage 百分比
Wang Mingquan	王明權	Personal 個人	9,000,000	9,000,000	0.58%
Chen Shuang	陳爽	Personal 個人	750,000	750,000	0.05%

All the above underlying shares of equity derivatives (being unlisted and physically settled) were beneficially owned by the directors concerned. The percentage shown was calculated based on the respective number of issued shares of the Company and CEL as at 31 December 2004.

上述相關股份股本衍生工具(非上市及實物結算)均由有關董事實益持有。上表所顯示之百分比以本公司及光大控股於二零零四年十二月三十一日各自已發行股份數目計算。

Further details relating to the options granted to the directors and chief executive of the Company are set out in the section "Share option scheme" below.

有關本公司向董事及主要行政人員授出購股權的進一步詳情載於下文「購股權計劃」一節。

Apart from the foregoing, none of the directors and chief executive of the Company or any of their associates has interests or short positions in the shares, underlying shares or debentures of the Company, any of its holding companies, subsidiaries or other associated corporations, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

除上文所述者外，按本公司根據證券及期貨條例第352條規定須予存置之登記冊所載記錄顯示，本公司各董事及主要行政人員或彼等之任何聯繫人仕概無在本公司、其任何控股公司、附屬公司或其他聯繫公司之股份、相關股份或債券中擁有權益或淡倉或根據上市公司董事進行證券交易之標準守則須知會本公司之權益或淡倉。

SHARE OPTION SCHEME

The Company has a share option scheme which was adopted on 26 May 2003 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. The exercise price of options is the highest of the nominal value of the shares, the closing price of the shares on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) on the date of grant and the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of grant. The options are exercisable six months (or a later date as determined by the directors of the Company) after the date on which the options are granted for a period up to ten years or 25 May 2013, whichever is earlier.

The total number of securities available for issue under the share option scheme as at 31 December 2004 were 254,831,170 shares (including options for 108,400,000 shares that have been granted but not yet lapsed or exercised) which represented approximately 10% of the issued share capital of the Company at 31 December 2004. In respect of the maximum entitlement of each participant under the share option scheme, the number of securities issued and to be issued upon exercise of the options granted to each participant in any 12-month period is limited to 1% of the Company's ordinary shares in issue.

Offer of an option shall be deemed to have been accepted when the letter comprising acceptance of the option duly signed by the grantee together with a remittance of HK\$1 is received within 28 days from the date of offer. The share option scheme will expire on 25 May 2013.

At 31 December 2004, the directors and employees of the Company had the following interests in options to subscribe for shares of the Company (market value per share at 31 December 2004 is HK\$0.5) granted at nominal consideration under the share option scheme of the Company. The options are unlisted. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 each of the Company.

購股權計劃

本公司設有一個購股權計劃，其於二零零三年五月二十六日採納。據此，本公司董事獲授權可酌情邀請本集團僱員（包括本集團任何成員公司之董事）接納可認購本公司股份之購股權。購股權之行使價為股份面值、股份於授出日期在香港聯合交易所有限公司（「聯交所」）之收市價及股份在緊接授出日期前五個營業日在聯交所之平均收市價三者中之較高者。購股權之行使期自授出後六個月（或本公司董事決定之較後日期）起計最多達十年或至二零一三年五月二十五日止（以較早者為準）。

於二零零四年十二月三十一日，在購股權計劃下可予發行之證券數目為254,831,170股（包括已授出惟尚未失效或行使涉及108,400,000股股份之購股權），佔本公司於二零零四年十二月三十一日之已發行股本約10%。就購股權計劃下每名參與者可獲授權益上限而言，每名參與者在任何12個月期間內獲授之購股權予以行使時所獲發行及可獲發行之股份總數，不得超逾本公司已發行普通股1%。

在本公司於要約日期起計28日內接獲經由承授人正式簽署有關接納購股權之函件及港幣1元代價後，購股權要約即被視為已獲接納。購股權計劃將於二零一三年五月二十五日屆滿。

於二零零四年十二月三十一日，本公司董事及僱員在可認購本公司股份之購股權中擁有下列權益（於二零零四年十二月三十一日之每股市價為港幣0.5元）。有關購股權乃根據本公司購股權計劃按象徵式代價授出。有關購股權並無上市。每股購股權賦予持有人認購一股本公司每股面值港幣0.1元之普通股之權利。

SHARE OPTION SCHEME (continued)

購股權計劃 (續)

		No. of options outstanding at the beginning of the year 年初 尚未行使之 購股權數目	No. of options outstanding at the year end 年終 尚未行使之 購股權數目	Date granted 授出日期	Period during which options exercisable 購股權 之行使期	No. of shares acquired on exercise of options during the year 年內行使 購股權購入 之股份數目	Exercise price per share 每股行使價	Market value per share at date of grant of options* 於購股權 授出日期之 每股市值*	Market value per share on exercise of options* 購股權 行使時之 每股市值*
Directors									
董事									
Wang Mingquan	王明權	12,700,000	12,700,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-
		12,700,000	12,700,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-
Li Xueming	李學明	9,000,000	9,000,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-
		9,000,000	9,000,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-

SHARE OPTION SCHEME (continued)

購股權計劃 (續)

		No. of options outstanding at the beginning of the year 年初 尚未行使之 購股權數目	No. of options outstanding at the year end 年終 尚未行使之 購股權數目	Date granted 授出日期	Period during which options exercisable 購股權 之行使期	No. of shares acquired on exercise of options during the year 年內行使 購股權購入 之股份數目	Exercise price per share 每股行使價	Market value per share at date of grant of options* 於購股權 授出日期之 每股市價*	Market value per share on exercise of options* 購股權 行使時之 每股市價*
Chen Xiaoping	陳小平	9,000,000	9,000,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-
		9,000,000	9,000,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-
Fan Yan Hok, Philip	范仁鶴	5,000,000	5,000,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-
		5,000,000	5,000,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-

SHARE OPTION SCHEME (continued)

購股權計劃 (續)

		No. of options outstanding at the beginning of the year 年初 尚未行使之 購股權數目	No. of options outstanding at the year end 年終 尚未行使之 購股權數目	Date granted 授出日期	Period during which options exercisable 購股權 之行使期	No. of shares acquired on exercise of options during the year 年內行使 購股權購入 之股份數目	Exercise price per share 每股行使價	Market value per share at date of grant of options* 於購股權 授出日期之 每股市價*	Market value per share on exercise of options* 購股權 行使時之 每股市價*
Huang Chaohua	黃朝華	4,500,000	4,500,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-
		4,500,000	4,500,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-
Wong Kam Chung, Raymond	黃錦聰	4,500,000	4,500,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-
		4,500,000	4,500,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-

SHARE OPTION SCHEME (continued)

購股權計劃 (續)

		No. of options outstanding at the beginning of the year 年初 尚未行使之 購股權數目	No. of options outstanding at the year end 年終 尚未行使之 購股權數目	Date granted 授出日期	Period during which options exercisable 購股權 之行使期	No. of shares acquired on exercise of options during the year 年內行使 購股權購入 之股份數目	Exercise price per share 每股行使價	Market value per share at date of grant of options* 於購股權 授出日期之 每股市價*	Market value per share on exercise of options* 購股權 行使時之 每股市價*
Chen Shuang	陳爽	2,000,000	2,000,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-
		2,000,000	2,000,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-
Zhang Weiyun	張衛云	2,000,000	2,000,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-
		2,000,000	2,000,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-

SHARE OPTION SCHEME (continued)

購股權計劃 (續)

		No. of options outstanding at the beginning of the year 年初 尚未行使之 購股權數目	No. of options outstanding at the year end 年終 尚未行使之 購股權數目	Date granted 授出日期	Period during which options exercisable 購股權 之行使期	No. of shares acquired on exercise of options during the year 年內行使 購股權購入 之股份數目	Exercise price per share 每股行使價	Market value per share at date of grant of options* 於購股權 授出日期之 每股市值*	Market value per share on exercise of options* 購股權 行使時之 每股市值*
Sir David Akers-Jones	鍾逸傑爵士	500,000	500,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-
		500,000	500,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-
Li Kwok Sing, Aubrey	李國星	500,000	500,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-
		500,000	500,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-

SHARE OPTION SCHEME (continued)

購股權計劃 (續)

		No. of options outstanding at the beginning of the year 年初 尚未行使之 購股權數目	No. of options outstanding at the year end 年終 尚未行使之 購股權數目	Date granted 授出日期	Period during which options exercisable 購股權 之行使期	No. of shares acquired on exercise of options during the year 年內行使 購股權購入 之股份數目	Exercise price per share 每股行使價	Market value per share at date of grant of options* 於購股權 授出日期之 每股市值*	Market value per share on exercise of options* 購股權 行使時之 每股市值*
Lee Ka Sze, Carmelo	李嘉士	500,000	-	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零一三年 五月二十五日	500,000 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	HK\$0.415 港幣0.415元
		500,000	- (note) (附註)	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-
Employees	僱員	4,500,000	4,500,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-
		4,500,000	4,500,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零一三年 五月二十五日	Nil 無	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元	-

SHARE OPTION SCHEME (continued)

Note: Options of 500,000 previously granted to Mr Lee Ka Sze, Carmelo (a director who resigned on 21 September 2004) were lapsed in accordance with the terms of the share option scheme during the year.

During the year, no option was granted or cancelled. The options granted to directors are registered under the names of the directors who are also the beneficial owners. The closing price of the Company's ordinary shares immediately before the date of grant of options was HK\$0.29.

* being weighted average closing price of the Company's ordinary shares immediately before the dates on which the options were granted/exercised.

Share option scheme of CEL

At 31 December 2004, two directors of the Company had the following interests in options to subscribe for shares of CEL, which was granted under the share option scheme of CEL.

		No. of options outstanding at the beginning of the year 年初尚未行使 之購股權數目	No. of options granted during the year 年內授出之 購股權數目	No. of options outstanding at the year end 年終尚未行使 之購股權數目	Date granted 授出日期	Period during which options exercisable 購股權之行使期	Exercise price 每股行使價
Wang Mingquan 王明權	6,000,000	-	6,000,000	26 June 2002 二零零二年 六月二十六日	27 June 2003 to 26 December 2005 二零零三年六月二十七日至 二零零五年十二月二十六日	HK\$4.36 港幣4.36元	
	3,000,000	-	3,000,000	7 July 2003 二零零三年 七月七日	8 July 2004 to 7 January 2007 二零零四年七月八日至 二零零七年一月七日	HK\$2.375 港幣2.375元	
Chen Shuang 陳爽	-	750,000	750,000	3 September 2004 二零零四年 九月三日	4 September 2005 to 3 March 2008 二零零五年九月四日至 二零零八年三月三日	HK\$3.225 港幣3.225元	

購股權計劃 (續)

附註：先前授予李嘉士先生（於二零零四年九月二十一日辭任之董事）之500,000股購股權已於年內根據購股權計劃之條款失效。

年內，並無授出或註銷任何購股權。授予董事之購股權乃以董事之姓名登記，而彼等亦為實益擁有人。本公司普通股在緊接購股權授出日期前之收市價為港幣0.29元。

* 即本公司普通股在緊接購股權授出／行使日期前之加權平均收市價。

光大控股之購股權計劃

於二零零四年十二月三十一日，本公司兩名董事擁有下列根據光大控股購股權計劃授出可認購光大控股股份之購股權權益。

SHARE OPTION SCHEME (continued)

Apart from the foregoing, at no time during the year was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors or chief executive of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

The share options granted are not recognised in the financial statements until they are exercised. The value of the options depends on a number of factors such as the exercise price, the exercise period, interest rate, expected volatility and other relevant variables. The directors believe that any calculation of the value of the options as at the dates they were granted which are based on a great number of speculative assumptions would not be meaningful and would be misleading to the shareholders. Therefore the directors believe it is not appropriate to state herein the value of options granted.

購股權計劃 (續)

除上文所述者外，在本年度內任何時間，本公司、任何其控股公司、附屬公司或同系附屬公司並無參與任何安排，致使本公司之董事或主要行政人員或任何彼等之配偶或未滿十八歲之子女可藉購買本公司或任何其他法人團體之股份或債券而取得利益。

已授出之購股權在行使前不會在財務報表中確認。購股權之價值取決於多項因素，包括行使價、行使期、利率、預期波幅及其他有關變數。董事相信，於購股權授出日期根據大量推測性假設計算購股權價值並無意義，且會誤導股東。因此，董事認為不宜在年報內載列已授出購股權之價值。

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

主要股東及其他人仕在股份及相關股份中擁有之權益及淡倉

The Company has been notified of the following interests in the Company's issued shares at 31 December 2004 amounting to 5% or more of the ordinary shares in issue:

本公司獲悉於二零零四年十二月三十一日擁有本公司已發行股份之權益達已發行普通股5%或以上之股東如下：

	Ordinary shares held 所持 普通股數目	Percentage of total issued shares 佔全部已發行 股份百分比
China Everbright Holdings Company Limited 中國光大集團有限公司 ("CEH") (Note)	1,758,595,910 (「光大集團」) (附註)	approximately 69% 約69%

Note: Out of the 1,758,595,910 shares, 1,758,215,910 shares are held by Guildford Limited ("Guildford"). Guildford is owned as to 55% by Datten Investments Limited ("Datten") and the remaining 45% by CEH. Datten is wholly-owned by CEH. The remaining 380,000 shares are held by Everbright Investment & Management Limited ("EIM"), a wholly-owned subsidiary of CEH. Accordingly, CEH is deemed to be interested in the 1,758,215,910 shares held by Guildford and the 380,000 shares held by EIM.

附註: 在 1,758,595,910 股股份中，其中 1,758,215,910 股乃由 Guildford Limited (「Guildford」) 持有。Guildford 乃由 Datten Investments Limited (「Datten」) 擁有 55% 股權，其餘 45% 則由光大集團持有。Datten 為光大集團之全資附屬公司。其餘 380,000 股則由光大集團之全資附屬公司光大投資管理有限公司 (「光大投資管理」) 持有。故此，光大集團被視為擁有 Guildford 所持有之 1,758,215,910 股股份及光大投資管理所持有之 380,000 股股份。

Apart from the foregoing, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company.

除上文所述者外，本公司並無獲悉有其他必須記錄於依照證券及期貨條例第 336 條存置之登記冊內之權益。

DIRECTORS' INTEREST IN CONTRACTS

No contract of significance to which the Company, its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

Woo, Kwan, Lee & Lo, a firm of solicitors of which Mr Lee Ka Sze, Carmelo (a former director who resigned on 21 September 2004) is a partner, rendered professional services to the Group during the year and received normal remuneration for such services.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2004 are set out in notes 21, 23(a) and 24 on the financial statements.

FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 153 and 154 of the annual report.

PROPERTIES

Particulars of the major properties of the Group are shown on pages 155 and 156 of the annual report.

董事於合約之權益

於年結日或本年度內任何時間，本公司、其控股公司、附屬公司或同系附屬公司概無訂立任何本公司董事擁有重大利益之重要合約。

李嘉士先生（於二零零四年九月二十一日辭任之前董事）為胡關李羅律師行之合夥人。於本年度內，胡關李羅律師行向本集團提供專業服務，並就該等服務收取一般費用。

買賣或贖回本公司之上市證券

於本年度內，本公司或其任何附屬公司概無購回、出售或贖回任何本公司上市證券。

銀行貸款及其他借貸

本公司及本集團於二零零四年十二月三十一日之銀行貸款及其他借貸詳情載於財務報表附註二十一、二十三(a)及二十四。

五年業績概要

本集團過去五個財政年度之業績及資產與負債概要載於年報第一百五十三頁及第一百五十四頁。

物業

本集團之主要物業詳情載於年報第一百五十五頁及第一百五十六頁。

RETIREMENT SCHEMES

The Company provides retirement benefits to all local eligible employees under an approved defined contribution provident fund (“the ORSO Scheme”). The ORSO Scheme is administered by trustees, the majority of which are independent, with its assets held separately from those of the Company. The ORSO Scheme is funded by contributions from employees and employers at 5% each based on the monthly salaries of employees. Forfeited contribution may be used to reduce the existing level of contribution by the Company.

As from 1 December 2000, the Group also operates a Mandatory Provident Fund Scheme (“the MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the ORSO Scheme. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$20,000.

The employees of the subsidiaries in the People’s Republic of China are members of the retirement schemes operated by the local authorities. The subsidiaries are required to contribute a certain percentage of their payroll to these schemes to fund the benefits. The only obligation of the Group with respect to these schemes is the required contributions under the schemes.

The Group’s total contributions to these schemes charged to income statement during the year ended 31 December 2004 amounted to HK\$525,000.

退休計劃

本公司已為所有本地合資格僱員設定認可定額供款公積金（「職業退休計劃條例計劃」）。職業退休計劃條例計劃由信託人（大部份為獨立信託人）管理，其資產與本公司之資產分開持有。僱員及僱主均須就職業退休計劃條例計劃供款，分別為僱員月薪的5%。沒收供款可用作抵銷本公司現需承擔之供款。

自二零零零年十二月一日起，本集團亦根據香港強制性公積金計劃條例為受香港僱傭條例管轄且原先未包括在職業退休計劃條例計劃內之僱員提供強制性公積金計劃（「強積金計劃」）。強積金計劃為由獨立信託人管理之定額供款退休計劃。根據強積金計劃，僱主及僱員各自須向計劃供款，供款額為僱員有關收入之5%，有關收入每月之上限為港幣20,000元。

中華人民共和國附屬公司之僱員均參與當地政府管理之退休計劃。該等附屬公司須按員工薪金之若干百分比向上述計劃作出供款。就此等計劃而言，本集團之唯一責任為根據此等計劃作出所需供款。

本集團於截至二零零四年十二月三十一日止年度內向此等計劃所作之總供款額為港幣525,000元，並已入賬損益表內。

COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Company has complied throughout the year with the Code of Best Practice as set out by the Stock Exchange in Appendix 14 to the Listing Rules except that independent non-executive directors are not appointed for a specific term as they are subject to retirement by rotation in accordance with the Company's Articles of Association.

In March 2005, the Company entered into service contracts with the Company's independent non-executive directors. Subject to the retirement by rotation in accordance with the Company's Articles of Association, the appointments will continue until 31 December 2006.

AUDIT COMMITTEE

The audit committee of the Company comprises Sir David Akers-Jones, Mr Li Kwok Sing, Aubrey and Mr Mar Selwyn, who are independent non-executive directors. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements for the year ended 31 December 2004.

AUDITORS

KPMG retire and, being eligible, offer themselves for reappointment. A resolution for the reappointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By order of the board

Zang Qiutao

Vice-chairman

Hong Kong, 14 April 2005

遵守最佳應用守則

本公司於整個年度內均遵守聯交所上市規則附錄十四所載之最佳應用守則，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。

於二零零五年三月，本公司與獨立非執行董事訂立服務合約。彼等之任期直至二零零六年十二月三十一日止，並須根據本公司之公司章程細則輪值告退。

審核委員會

本公司的審核委員會成員包括獨立非執行董事鍾逸傑爵士、李國星先生及馬紹援先生。審核委員會已與管理層一同審閱本集團所採用之會計政策及慣例，並討論審計、內部監控及財務申報事宜（包括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）。

核數師

畢馬威會計師事務所任滿告退並願意膺選連任。本公司將於即將舉行之股東週年大會上提呈續聘畢馬威會計師事務所為本公司核數師之決議案。

承董事會命

臧秋濤

副主席

香港，二零零五年四月十四日