

## Chief Executive Officer's Report 行政總裁報告

### OPERATING RESULTS

The PRC economy continued to achieve substantial growth in 2005. The gross domestic product for 2005 increased by 9.9%. Given the increasing concern over the ecosystem issue in the PRC, coupled with the continuous efforts of the Central Government in promoting environmental protection, the environmental protection industry has been developing at a rapid pace, resulting in enormous business opportunities in the market. As such, the Group has been actively exploring the environmental protection field to broaden its

### 經營業績

二零零五年，中國經濟持續發展，全年國內生產總值較上年增長9.9%，勢頭強勁。隨著國內對生態環境問題關注程度日益增加，加上中央政府不斷推進環境保護的工作，環保產業的迅速發展，造就了龐大的商機。本集團自二零零三年開始大力發展環保業務，擴闊業務基礎，為股東爭取最佳回報。回顧年度內，本集團繼續積極審慎地開拓環保業務，並成功取得多個新環保項目，



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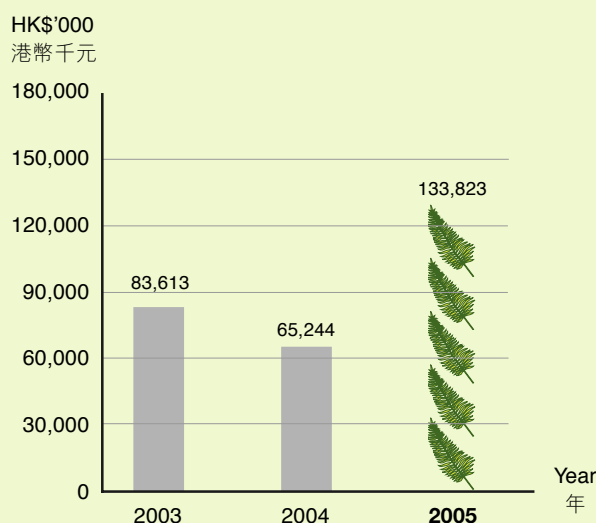
business base since 2003, so as to maximize returns to equity shareholders of the Company. During the year under review, the Group continued to prudently develop its environmental protection business and successfully secured a number of new environmental protection projects. Meanwhile, the environmental protection projects in operation have started to make profit contribution to the Group, becoming new profit drivers of the Group.

For the year ended 31 December 2005, the Group achieved satisfactory results, registering increase in turnover. The infrastructure investment business and the property investment business continued to be the Group's major profit contributors, their operating results increased as compared with the previous year. As regards the environmental protection business, it has started to make profit contribution to the Group and there is much room for its future growth. During the year under review, profit attributable to equity shareholders of the Company amounted to HK\$105,330,000 (excluding the net profit of Everbright Environmental Protection Engineering (Shenzhen) Company Limited ("Everbright Environmental Engineering") of HK\$24,206,000), representing an increase of 21% as compared with HK\$86,776,000 of the previous year, amongst which: (i) Shenzhen Mawan Power Company Limited ("Mawan Power") contributed an attributable profit of HK\$68,034,000; (ii) the traffic flow of Qingzhou Bridge

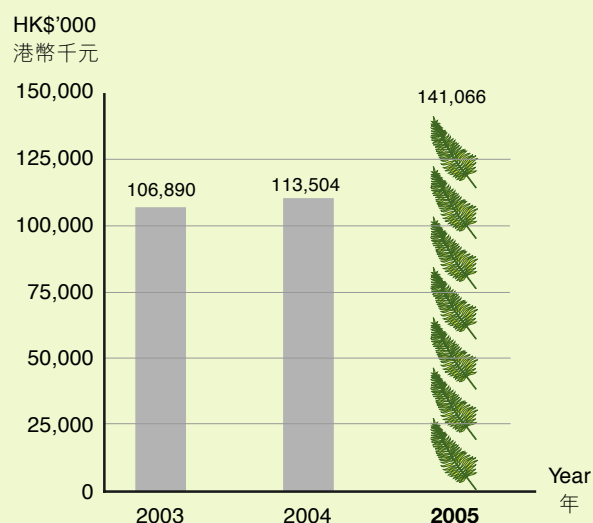
而進入經營期的環保項目亦開始為本集團貢獻盈利，形成新的利潤增長點。

截至二零零五年十二月三十一日止年度，本集團取得理想的業績，營業額錄得升幅。基建與物業投資業務繼續為本集團之主要盈利來源，整體利潤貢獻較去年上升，而環保業務亦開始為本集團貢獻盈利，未來增長潛力龐大。於回顧年度，本集團錄得股東應佔盈利港幣105,330,000元（不含光大環保工程技術（深圳）有限公司（「光大環保工程」）錄得淨利潤港幣24,206,000元），較去年之港幣86,776,000元增加21%。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68,034,000元；(ii) 青洲大橋車流量持續增長，錄得應佔利潤港幣

**Turnover**  
營業額



**Earnings before interest and tax**  
除利息及稅項前盈利



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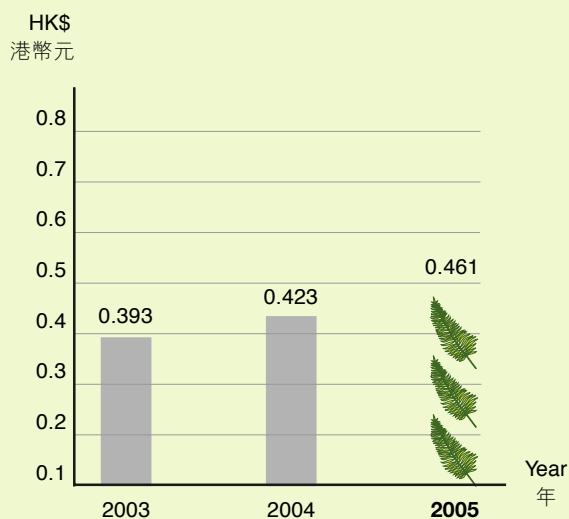
continued to grow, recording an attributable profit of HK\$27,427,000; (iii) the waste water treatment project in Qingdao ("Qingdao Project") contributed an attributable profit of HK\$12,628,000; (iv) property investments contributed a profit after taxation of HK\$11,530,000; and (v) the pick-up of property prices brought about valuation gains on investment properties of HK\$25,230,000. Basic earnings per share for the year amounted to HK4.13 cents, representing an increase of HK0.72 cent as compared with HK3.41 cents for the previous year. During the year under review, the Group's consolidated turnover amounted to HK\$133,823,000, representing an increase of 105% as compared with HK\$65,244,000 of the previous year, which is mainly attributable to the profit contribution from environmental protection projects, as well as the continual growth in the toll bridge revenue of Qingzhou Bridge.

Given the Group's healthy financial position and as a token of gratitude to the support by the equity shareholders of the Company, the Board proposed to pay a final dividend of HK0.6 cent per share to the equity shareholders of the Company. Together with the interim dividend of HK0.6 cent per share for 2005, total dividends for the year amounted to HK1.2 cent per share (2004: HK1 cent per share). Based on the share price of HK\$0.385 of the Company on 31 December 2005, the dividend yield is 3.12%.

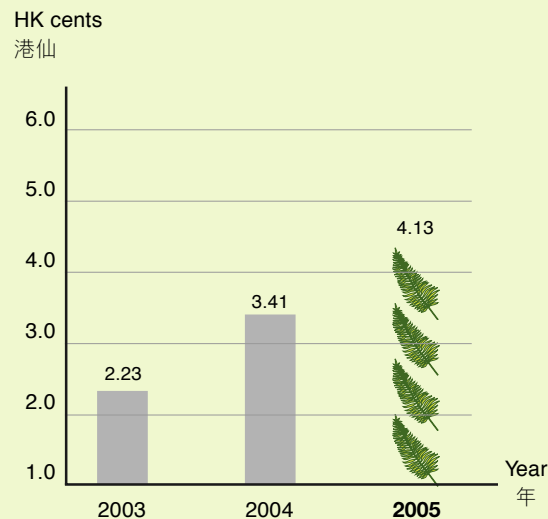
27,427,000元；(iii) 青島污水處理項目（「青島項目」）貢獻應佔利潤港幣12,628,000元；(iv) 物業投資貢獻稅後利潤港幣11,530,000元；(v) 物業價格回升錄得投資物業估值盈餘港幣25,230,000元。全年每股基本盈利4.13港仙，較去年之3.41港仙增加0.72港仙。回顧年內，本集團綜合營業額為港幣133,823,000元，較去年之港幣65,244,000元上升105%，主要由於環保項目已開始貢獻盈利，加上青洲大橋收入持續增長所致。

為回饋股東的支持及經考慮集團穩健的財務狀況，董事會建議向股東派發末期股息每股0.6港仙，連同二零零五年度中期股息每股0.6港仙，全年股息每股1.2港仙（二零零四年：每股1港仙）。按照二零零五年十二月三十一日公司股價港幣0.385元計算之股息率為3.12%。

**Net assets value per share**  
每股資產淨值



**Basic earnings per share**  
每股基本盈利



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## INFRASTRUCTURE INVESTMENT

### Energy supply

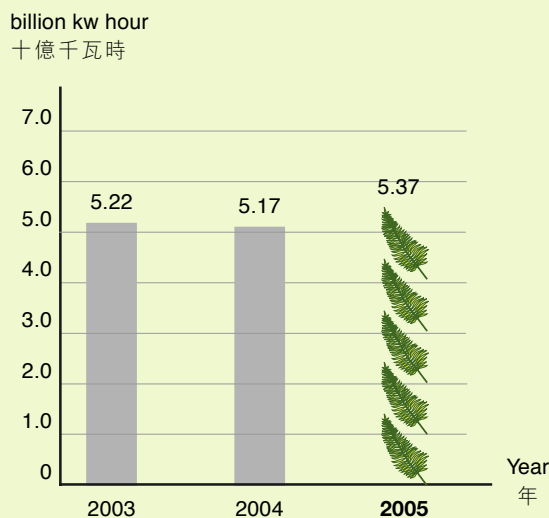
During the year under review, Mawan Power overhauled its machineries and facilities to enhance its operating efficiency. Apart from this, the maintenance period has also been shortened, which effectively extended the period for the sale of electricity. During the year ended 31 December 2005, Mawan Power generated a total of 5.37 billion kilowatt-hour of electricity, representing an increase of 4% as compared with 5.17 billion kilowatt-hour for the previous year. The ongoing surge in the prices of coal and fuel in the PRC during the year has brought pressure on the operating cost of Mawan Power. To deal with the situation, Mawan Power carried out strict cost control measures and exerted efforts to enhance production efficiency and operations management. In addition to the above-mentioned, with effect from May 2005, Mawan Power increased the up-loading electricity tariffs following the government approval of fuel-cost adjustment mechanism, which successfully relieved the adverse effect and pressure arising from the drastic surge in the prices of coal and fuel. In 2005, attributable profit after taxation from Mawan Power amounted to HK\$68,034,000. With a strong cash position and without any bank borrowings, Mawan Power maintained a very sound financial position and continued to make high dividend payout. During the year, Mawan Power paid cash dividend of HK\$99,818,000 to the Group.

## 基建投資

### 能源供應

於回顧年度，媽灣電力全面檢修機組設備以提升營運效率，並將縮短維修期限，有效增加售電期。截至二零零五年十二月三十一日止年度，媽灣電力共提供53.7億千瓦時電力，較去年之51.7億千瓦時電力上升4%。年內，國內煤炭及燃油價格繼續飆升，導致經營成本受壓。媽灣電力通過實施嚴謹的成本控制措施，同時積極提升生產效率，改善經營管理。此外，二零零五年五月開始，根據國家採取上網電價與煤油漲價因素掛鈎，媽灣電力每度上網電價調增，成功減輕煤炭燃油價格上漲所帶來的衝擊及影響。二零零五年，本集團於媽灣電力的應佔稅後盈利為港幣68,034,000元。目前媽灣電力的資金充裕，財務狀況穩健，並沒有任何銀行負債，於回顧年度持續維持高派息政策，向本集團派發現金股息約港幣99,818,000元。

**Mawan Power**  
媽灣電力  
**Volume of electricity sold**  
售電量



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Looking ahead, as the growth momentum of the PRC economy is expected to continue, the demand for electricity is expected to be great. While making every endeavor to put operating cost under control, Mawan Power will rationalize its resources to achieve economy of scale, thereby increasing the total electricity generated to meet the huge demand in the market. It is expected that Mawan Power will continue to operate in full capacity to provide reliable, safe and efficient electricity supply, and will continue to serve as a major profit source for the Group in the future.

### Toll bridge

During the year under review, Fuzhou City experienced frightful typhoon attack for four times. Against such unfavorable background, Qingzhou Bridge, by sticking to the operation principle of safety first, continued to have a healthy operation and achieved impressive development progress. Benefited from the continual growth in the traffic flow of the "Tungshan Expressway", the traffic flow of Qingzhou Bridge continued to rise significantly. Average daily traffic flow during the year ended 31 December 2005 increased to 22,186 standard vehicles, representing an increase of 23% as compared with 17,972 standard vehicles for the previous year. Operating profit before taxation for the year under review amounted to HK\$28,880,000, representing an increase of 70% as compared with the previous year. Taking into account the deferred tax credit and the share of profit of minority shareholders, the Group's attributable profit after taxation for the year amounted to HK\$27,427,000, representing an increase of 55% as compared with HK\$17,748,000 of the previous year. It is expected that the traffic flow of Qingzhou Bridge will rise further upon the opening of the highway to Fuzhou Airport in 2006. In view of the implementation of stricter control by the PRC government to deal with overloading vehicles, coupled with the charging of toll fee according to vehicle weight and the promotion of the production of environmentally friendly and energy-saving vehicles, the Group anticipates that traffic flow will continue to grow, which will benefit the healthy development of road and bridge infrastructure in the long run. Looking forward, the Group will enhance the management of Qingzhou Bridge and will increase promotional activities for the same, with the goal of enhancing its profit contribution for the Group.

展望未來，預計國內經濟持續增長，電力需求仍然強勁，媽灣電力將繼續控制成本，整合資源增加規模效益，提升發電量，以滿足市場龐大的需求。本集團預期媽灣電力將可持續滿負荷發電，為市場提供可靠、安全及有效率的電力供應，繼續成為本集團未來主要的盈利來源。

### 收費橋樑

回顧年度內，福州市經歷了四次強颱風襲擊，青洲大橋在堅持安全運營的前提下，繼續保持穩健的經營狀況，業務發展進程理想。隨著「同三綫」的客貨運不斷增長，青洲大橋車流量亦持續顯著增加。截至二零零五年十二月三十一日止年度，青洲大橋之平均日標準車流量已增加至22,186輛，較去年之17,972輛增加23%。此業務於回顧年度內錄得除稅前經營利潤港幣28,880,000元，較去年上升70%。計及應佔遞延稅項回撥與少數股東應佔利潤的因素，本集團的應佔稅後利潤為港幣27,427,000元，較去年之港幣17,748,000元增加55%。預計二零零六年福州市機場路開通以後，青洲大橋之車流量可進一步上升。此外，隨著全國治理公路車輛「超載超限」統一行動全面展開，加上中國政府實施公路車輛「計重收費」的政策及鼓勵生產環保及馬力較小之汽車，本集團預期車流量將持續增加，刺激路橋的長遠健康發展。展望未來，本集團將繼續加強青洲大橋的管理，擴大宣傳活動，致力提升其對本集團之盈利貢獻。

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## PROPERTY INVESTMENT

### The PRC

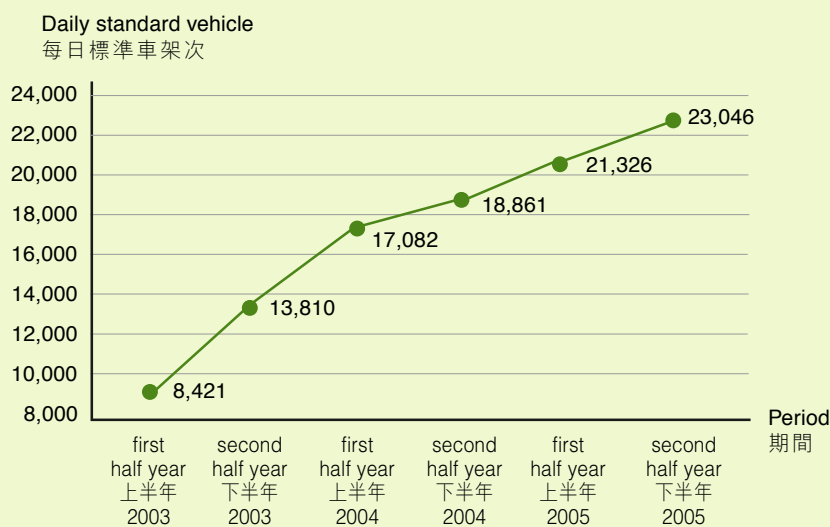
The Group holds a four-storey commercial podium in Shenzhen Zhongshan Garden ("the Property") as one of its major investment properties. The Property has been generating steady rental income and cash flow to the Group, and its major tenants include Walmart, Park'n Shop, McDonald, Agricultural Bank etc.,. During the year under review, as the Group increased the rent of certain major tenants pursuant to the lease agreements, rental income of the Property increased accordingly. The Property generated an operating profit of HK\$6,675,000 to the Group during the year. Benefiting from the increase in rental income and the appreciation of Renminbi exchange rate, the Group recorded valuation gains on investment properties of HK\$3,800,000 during the year. Besides, Shenzhen Zhongshan Property Management Limited, in which the Group holds 95% interest, recorded an attributable profit after taxation of HK\$576,000 during the year under review. And Shanghai Trade Square and International Apartments, in which the Group holds approximately 14% interest, has contributed a dividend income of HK\$1,135,000 to the Group.

## 物業投資

### 中國

本集團持有位於深圳中山花園之四層裙樓（「此物業」）作為其中一項主要投資物業，此物業一直為本集團帶來穩定的租金收入及現金流量。主要租戶包括沃爾瑪、百佳、麥當勞及中國農業銀行等。回顧年度內，本集團按照租賃合同調增了部份主要租戶的租金，增加了物業的租金收入。此物業於年內為本集團帶來港幣6,675,000元之經營盈利。鑒於租金收益以及人民幣匯率上升，本集團於年內錄得投資物業估值盈餘港幣3,800,000元。本集團持有95%權益之深圳中山物業管理有限公司於回顧年度內錄得應佔稅後盈利為港幣576,000元。至於本集團持有約14%權益之上海商貿大廈與國際公寓則為本集團提供股息收入港幣1,135,000元。

**Qingzhou Bridge**  
青洲大橋  
**Half year average traffic flow chart**  
半年平均車流量統計表





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## Hong Kong

Stimulated by the continuing recovery of Hong Kong's economy and the development progress made by the finance, property and retail sectors in 2005, the demand for office premises increased. Due to the inadequate supply of new commercial premises, the prices for Grade A office buildings rebounded drastically during the year. Fuelled by the increase in rental and valuation, the Group recorded rental income of HK\$3,955,000 and valuation gain on investment properties of HK\$21,430,000 during the year under review. In 2005, the Group recorded a gain of HK\$916,000 on disposal of an investment property which has been held for many years.

## 香港

二零零五年，香港整體經濟持續復甦，金融、地產、零售等各行業蓬勃發展，勢頭強勁，刺激市場對寫字樓的需求增長。由於寫字樓缺乏新供應，年內甲級商廈之價格大幅反彈。因應物業租金及估值的增長，本集團於回顧年度內分別錄得租金收入港幣3,955,000元及投資物業估值盈餘港幣21,430,000元。二零零五年度，本集團出售一項已持有多年之投資物業，錄得出售利潤港幣916,000元。



Zhongshan Garden  
中山花園



Far East Finance Centre  
遠東金融中心



Lippo Centre  
力寶中心

## ENVIRONMENTAL PROTECTION BUSINESS

During the year under review, with a determination to construct high quality projects and to become an investment operation conglomerate, the Group, on the one hand, continued to closely monitor and strictly control the progress of projects, and on the other hand, restructured the management structure of its environmental protection business and enhanced the technological level of its projects, which further consolidated the foundation of its environmental protection business. In 2005, Everbright Environmental Protection Industry (Shenzhen) Company Limited, a wholly-owned subsidiary of the Company, was formally renamed as Everbright Environmental Protection Engineering (Shenzhen) Company Limited ("Everbright Environmental Engineering"). Everbright Environmental Engineering has become the

## 環保業務

回顧年度內，本集團繼續以建設精品示範項目為發展目標，一方面加強項目管理和控制，另一方面調整環保業務的架構，提升工程技術水平，致力向投資經營型發展，使業務基礎更加穩固。二零零五年，本公司之全資附屬公司光大環保實業(深圳)有限公司正式更名為光大環保工程技術(深圳)有限公司(「光大環保工程」)，正式

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official contractor for the Group's environmental protection projects. Everbright Environmental Engineering has already established its own professional, efficient and dedicated technical management team, fully capable of handling environmental protection projects independently. During the year under review, Everbright Environmental Engineering recorded a net profit of HK\$24,206,000. Given that Everbright Environmental Engineering acted as the main contractor for the Group's projects, its project management and consultancy fee income is only an inter-company revenue. Therefore, the profit is treated as a reduction of construction costs of the projects instead of crediting to the consolidated income statement as profit. The total contract sum obtained by Everbright Environmental Engineering acting in the capacity of main contractor amounted to HK\$614,165,000.

In January 2006, Everbright Environmental Engineering received the licence of "Main Contractor for Municipal Public Works" and obtained three certificates, namely the ISO9001:2000 International Quality Management System Certificate, the ISO-14001 Environmental Management System Certificate and the OHSMS28001 Occupational Health and Safety Management System Certificate. The obtaining of the aforesaid licence and certificates demonstrates that the Group possesses the qualifications to participate in municipal public works, which can help further expand the municipal public works business of the Group.

確立其作為本集團投資環保項目的工程總包角色。光大環保工程已成功建立了專業、高效、敬業的工程技術管理團隊，完全具備獨立運作環保項目的能力。回顧年度內，光大環保工程成功錄得淨利潤港幣24,206,000元，唯目前光大環保工程僅為本集團環保項目之總承包，故有關收入只納為本集團內部收益，效益亦只體現於節省項目建設成本，而非於綜合損益表內體現為利潤。目前，光大環保工程以總承包方式獲得環保項目工程合約港幣614,165,000元。

二零零六年一月，光大環保工程正式榮獲市政公用工程施工總承包資質證書，更通過了質量、環境以及職業健康安全管理体系（ISO9001:2000、ISO-14001、OHSMS28001）三項認證，標誌著本集團取得了進軍市政公用工程施工市場的通用証，有助本集團進一步拓展市政工程建设領域。



質量管理體系認證證書  
ISO9001: 2000  
Quality Management System  
Certificate  
ISO9001: 2000



市政公用工程施工總承包之資質證書  
Main Contractor for Municipal Public  
Works Licence



環境管理體系認證證書  
ISO14001: 2004  
Environmental Management  
System Certificate  
ISO14001: 2004



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China Everbright Environmental Energy Limited (“Everbright Environmental Energy”) and China Everbright Water Investments Limited (“Everbright Water Investments”) continued to explore new business opportunities in the environmental protection field in the PRC during the year, and successfully secured three projects in 2005, namely Suzhou Everbright Environmental Protection Industrial Zone Project (“the Zone”), Yixing Waste-to-energy Project (“Yixing Project”) and Zibo Waste Water Treatment Project (“Zibo Project”), and one project in January 2006, namely Jiangyin Waste-to-energy Project (“Jiangyin Project”). Through the above, the Group has gradually built up its reputation and business network in the industry. The Group believes that the separate establishment of Everbright Environmental Engineering, Everbright Environmental Energy and Everbright Water Investments will provide a broad and solid platform for the Group to develop its environmental protection business, while enhancing its competitiveness.

SuNeng Waste-to-energy Project (“SuNeng Project”) is the first wholly-owned environmental protection project to be constructed by the Group. To ensure the success of SuNeng Project, the Group determined to “create the project as a top quality, high standard, high effectiveness and hi-tech one based on imported equipment”. Since the commencement of construction of SuNeng Project in October 2004, the Group has been devoting every effort to take care of every detail of the Project and has provided abundant human and financial resources for the same. The construction work has been progressing satisfactorily, with its quality, operational safety and progress under control. The company's stringent management of the Project received high recognition and great praise from the supervisory authority, experts and the industry. The construction work and installation work of SuNeng Project have already been completed, and test running for the Project commenced thereafter. SuNeng Project is expected to commence operation by June 2006.

中國光大環保能源有限公司（「光大環保能源」）及中國光大水務投資有限公司（「光大水務投資」）於年內亦繼續積極開拓國內新環保項目，並成功取得蘇州市光大環保產業園項目（「產業園」）、宜興垃圾焚燒發電項目（「宜興項目」）、淄博污水處理項目（「淄博項目」）及於二零零六年一月取得江陰垃圾焚燒發電項目（「江陰項目」），本集團已逐漸在市場及同業中建立良好的聲譽與網絡。本集團相信光大環保工程、光大環保能源與光大水務投資的分立，可為本集團於環保業務方面提供一個廣闊而堅實的平臺，對擴大經營規模、提高市場競爭力具有十分重要的意義。

蘇能垃圾焚燒發電項目（「蘇能項目」）是本集團全資投資及建設的首個項目。為確保項目的成功，本集團提出了建成主要設備進口的「高質量、高技術、高標準、高效益的精品示範工程」的目標。此項目自二零零四年十月開工以來，本集團圍繞這一目標精心組織，統籌安排，嚴格考核，在人力、物力、財力上給予充份保障，整體工程進度理想。而項目的建設整體質量、安全、進度俱控制良好，項目的嚴格管理受到政府監管機構、專家及同業的高度肯定和評價。目前項目已完成了土建、安裝工程，正進入點火調試階段，預計於二零零六年六月正式交付運營。

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Due to satisfactory progress of SuNeng Project and having won the confidence of Suzhou Municipal Government, the Group fully believes in the successful development of the Zone. In July 2005, the Group and Suzhou Municipal Government entered into a framework letter of intent in respect of the construction of the Zone, which will be the first comprehensive waste management zone for urban, industrial and household solid waste in the PRC. The parties aim at “establishing the area as a beautiful industrial zone, making it a base for

有見於蘇能項目建設進度理想，贏得了蘇州市政府的信賴，使本集團堅定了發展「產業園」的信心。二零零五年七月，本集團與蘇州市政府簽署建設產業園的合作框架意向書。「產業園」為全國第一個、示範性的集中處置城市工業、生活固體廢物的綜合環保產業園。建設目標是「建成蘇州市的環保宣傳教育基地及環境優美的工業景觀園區」。該項目包括上述提及之蘇能項目



蘇能垃圾焚燒發電廠(生活樓在建中)

*SuNeng waste-to-energy plant (Dormitory building under construction)*



蘇能垃圾焚燒發電廠(主廠房在建中)

*SuNeng waste-to-energy plant (Main plant under construction)*

environmental education and promotion in Suzhou”. The Zone will comprise a number of environmental protection projects, including the aforesaid SuNeng project, a methane-to-energy plant (“Methane-to-energy Project”), a disposal centre for industrial solid waste (“Solid Waste Disposal Project”), a sludge treatment centre and a leachate treatment plant etc. The Zone is planned comprehensively and will be implemented in phases over 3 to 5 years at an estimated total investment of HK\$1,500,000,000. The project yields great advantages, including better utilization of land, extension of industry chain and centralization of management.

外，還有沼氣發電項目（「沼氣項目」）、工業固體廢物安全填埋項目（「固廢項目」）、污泥處理和垃圾滲濾液處理等多個項目。整個項目將按統一規劃、分步實施的原則，以三至五年實施，預期總投資約港幣1,500,000,000元。該項目在節約土地資源、產業鏈延伸和集中管理等方面具有顯著優勢。

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In addition to SuNeng Project, the foundation laying for Methane-to-energy Project and Solid Waste Disposal Project in the Zone also completed during the year. With a site area of 10 hectares, Methane-to-energy Project will be carried out on BOO basis at a total investment of Rmb27,940,000 and two generators with capacity of 1,250 kilowatt each are intended to be installed in the plant. The foundation laying of Methane-to-energy Project completed in October 2005 and commercial operation is expected to commence by July 2006. Regarding Solid Waste Disposal Project, it is the third project of the Zone, with a site area of 80 hectares and storage capacity 600,000 cubic metre. The storage capacity of Solid Waste Disposal Project

繼蘇能項目後，產業園之「沼氣項目」及「固廢項目」於年內相繼動工。「沼氣項目」以BOO模式實施，工程總投資額約人民幣27,940,000元，佔地10畝，採用兩台1,250千瓦德國進口發電機組。項目工程已於二零零五年十月奠基，目前預計二零零六年七月正式運行。固廢項目為產業園第三個實施的項目，項目佔地80畝，總規模600,000立方米，採取一次規劃，分期建設，首期



蘇州市光大環保產業園揭牌簽約儀式  
Signing ceremony of Suzhou Everbright  
Environmental Protection Industrial Zone

phase I will be 100,000 cubic metre. The investment cost will be approximately Rmb78,260,000. The foundation laying of Solid Waste Disposal Project completed at the end of December 2005 and commercial operation of which is expected to commence in early 2007. With the implementation of the above-mentioned three projects, our Zone began to take shape.

規模為100,000立方米，投資額約為人民幣78,260,000元。此項目於二零零五年十二月底奠基，預計可於二零零七年初投入運行。隨著三個項目的實施，標誌著本集團投資建設的產業園已初步形成。

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In April 2005, the Group and the Construction Bureau of Yixing City entered into an undertaking in respect of the exclusive right to provide waste incineration service in Yixing City of Jiangsu Province. Pursuant to which a waste-to-energy plant will be constructed in Yixing City in 18 months on BOT basis. The total investment cost of the project will be approximately Rmb238,300,000 and the Group will have an exclusive right of operation for 25 years. The power plant will be constructed by Everbright Environmental Engineering in the capacity of main contractor pursuant to a turnkey contract. The Group aims at establishing Yixing project as a waste-to-energy pioneer project with daily handling capacity of 500 tonnes using domestically built

二零零五年四月，本集團與江蘇宜興市建設局簽訂了有關江蘇宜興市垃圾處理服務特許權承諾書，計劃以BOT模式於宜興市建設垃圾焚燒發電廠。項目總投資額約人民幣238,300,000元，建設期18個月，特許經營權25年。此項目由光大環保工程以交鑰匙方式作為項目總承包建設。本集團的目標是將宜興項目建設為一項具



蘇州市光大環保產業園沼氣發電項目奠基儀式  
Foundation laying ceremony for the methane-to-energy project in Suzhou Everbright Environmental Protection Industrial Zone



蘇州市光大環保產業園固體廢物安全填埋項目奠基儀式  
Foundation laying ceremony for disposal centre for industrial solid waste in Suzhou Everbright Environmental Protection Industrial Zone

equipment developed from imported technology, while striving to build up the brand name of "Everbright Environment" and to consolidate its leading position in the waste-to-energy field in Jiangsu Province as well as in the PRC. Both parties entered into the agreement for the project in April 2005 and a working team has been stationed in Yixing since May 2005. It took only four months for the Group to complete

「500噸」規模引進技術國產化的垃圾焚燒發電示範工程項目，進一步打造「光大環保」的品牌，以鞏固本集團於江蘇省以及全國垃圾焚燒發電項目的領先地位。該項目於二零零五年四月簽約，二零零五年五月派駐現場工作小組，僅用了四個月時間高效完成公司註冊、立項、環評等前



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the necessary preliminary project approvals, including incorporation of company, project proposal and environmental review and the construction work duly commenced in September 2005. The Group's great efficiency in kicking off the project has set a good example in the industry and received positive feedback from local government and the industry. The development of Yixing Project has been progressing satisfactorily. The site foundation work for the boiler installation already commenced in March 2006 and commercial operation of the project is expected to commence in February 2007.

In January 2006, the Group successfully won the tender for Jiangyin Project of Jiangsu Province. With a gross handling capacity of 1,200 tonnes per day, Jiangyin Project will be constructed in two phases. The daily handling capacity of Phase I will be 800 tonnes. Jiangyin Project will be implemented on BOT basis at a total investment cost of Rmb388,740,000. The term of exclusive right of operation for such project will be 30 years. The foundation laying of the project completed in March 2006 and commercial operation is expected in March 2008.

期工作，於二零零五年九月正式動工，在業內製造了高效啟動項目的例子，在當地政府和業內引起了良好的反響。目前宜興項目進度理想，鍋爐安裝基礎工程亦於二零零六年三月開始進行，預計項目於二零零七年二月進入運行。

二零零六年一月，本集團通過投標成功取得江蘇省無錫市之江陰項目。項目總規模日處理垃圾1,200噸，分兩期建設，第一期規模為日處理800噸，此項目採用BOT模式實施，特許經營權三十年，項目總投資約人民幣388,740,000元。此項目已於二零零六年三月奠基，預計可於二零零八年三月投入運行。



宜興垃圾焚燒發電項目奠基儀式  
Foundation laying ceremony for waste-to-energy project in Yixing



江陰垃圾焚燒發電項目奠基儀式  
Foundation laying ceremony for waste-to-energy project in Jiangyin



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Commenced commercial operation on 1 January 2005, Qingdao Project processed 54,370,000 cubic meters of waste water and contributed an attributable profit of HK\$12,628,000 to the Group during the year. Regarding the construction of the Maidao Extension Facilities, the Group entered into the engineering, procurement and construction contract, the equipment supply contract and the service contract with the consortium led by Veolia Water Systems in March 2005. The total consideration for the aforesaid amounted to approximately Rmb206,268,000. The construction of the Maidao Extension Facilities commenced in June 2005. Civil works and equipment installation of the project are expected to complete by July 2006. It is expected that its daily treatment capacity will increase from 150,000 tonnes to 220,000 tonnes upon completion of the extension facilities.

青島項目自二零零五年一月正式開始營運，於年內共處理污水54,370,000立方米，並為本集團帶來應佔利潤港幣12,628,000元。就此項目之麥島擴建設施工程，本集團已於二零零五年三月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。該等合同之總代價約為人民幣206,268,000元。麥島擴建設施工程於二零零五年六月動工，預計可於二零零六年七月完成土建工程及設備安裝並實現通水。擴建工程完成後，此項目之污水處理規模將會由現時之日處理150,000噸增至220,000噸。



青島麥島污水處理廠(擴建工程進行中)

*Qingdao Maidao waste water treatment plant (extension construction in progress)*

## Chief Executive Officer's Report 行政總裁報告

Zibo Project is the Group's first wholly-owned waste water treatment project acquired on TOT basis. The acquisition agreement was executed on 28 September 2005. Thereafter it took only two months for the Group to complete the transfer of assets and staff and the handover of books and accounts. The Group formally took charge of the operation of the project on 1 December 2005 and the project soon became another profit generator of the Group. The refurbishment work on equipment for the Northern plant phase II and the Southern plant commenced in December 2005 and are expected to be completed by the end of April 2006. By then, the daily treatment capacity of the plant will be more than 220,000 tonnes. Pursuant to the concession right agreement entered into between the Group and the Zibo Municipal Government, the Group will operate the waste water treatment plants to provide waste water treatment service in certain specified areas in Zibo City of Shangdong Province in the coming 25 years. Additionally, the Group will be authorized to invest in, develop, operate and provide reusable water generation service, and will be responsible for the enhancement and maintenance of the facilities and equipment of the waste water treatment plant.

淄博項目是本集團第一個全資以TOT模式收購運營的污水處理項目。自二零零五年九月二十八日簽約以來，本集團僅用了兩個月時間完成資產、財務、人員交接工作。二零零五年十二月一日，此項目已正式由本集團接管開始商業運營，並成為本集團又一新的利潤增長點。此項目中的北廠二期及南郊廠設備更新工程亦已於二零零五年十二月開工，預計於二零零六年四月底完工，屆時每日污水處理量將達220,000噸以上。根據本集團與淄博市政府所簽署的特許經營協議，本集團將於未來25年負責營運污水處理廠，並為中國山東省淄博市若干指定區域提供污水處理服務。此外，本集團亦將獲授權投資、建設、運營及提供中水回用服務，並負責維修或提升污水處理廠有關之設施及設備。



與淄博市政府合作簽約儀式  
Signing ceremony of cooperation with  
Zibo Municipal Government



淄博污水處理項目資產接收儀式  
Assets handover ceremony of waste water  
treatment project in Zibo

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The Group has been focusing on developing its environmental protection business in the Yangtze River Delta, the Pearl River Delta Regions and Bohai Bay Area. After three years of efforts, the Group has secured a number of environmental protection projects in Jiangsu Province and Shandong Province. Through the said projects, the Group successfully extended its investment coverage to, and established a strategic foothold in such regions, which created synergistic effect of project management for its projects. The Group is now under negotiations with other municipal governments over cooperation in environmental protection projects, with a view to exploring new business opportunities, and have entered into framework agreements with Shenzhen Municipal Government and Jinan Municipal Government for long-term strategic cooperation. In February 2005, CEH entered into a framework agreement with Shenzhen Municipal Government for long-term strategic cooperation, under which both parties will, base on the principles of mutual benefit and mutual cooperation, 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 waste water treatment projects in Shenzhen, and to develop such environmental protection businesses as reusable water generation, flue gas desulphurization and desalination. Being the environmental protection flagship of CEH, the Group is well-positioned to benefit from the future opportunities brought by the above-mentioned cooperation. In August 2005, the Group entered into a framework agreement of cooperation with Jinan Municipal Government, with a view to enhancing their investment and cooperation in such areas as urban environmental protection and municipal infrastructural development in Jinan Municipal. Regarding the proposed environmental protection projects under negotiation, the Group will strictly comply with the relevant disclosure obligations under the Listing Rules.

本集團一直以來專注於長江三角洲、珠江三角洲及環渤海灣等地發展環保業務。經過三年以來的努力，目前已於江蘇省及山東省取得多個環保項目，成功建立具策略意義的投資區域，並形成項目管理的協同效益。目前，本集團仍在與地方政府磋商環保業務的合作，進一步尋求突破，其中與深圳市政府及濟南市政府且已簽署長期戰略合作框架協定。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。本集團作為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。二零零五年八月，本集團與濟南市政府簽署了合作框架協議，雙方計劃在濟南市加強城市環境保護和市政基礎設施建設等領域投資合作。就上述正在磋商可能進行的新環保項目，本集團將會於落實後嚴格遵守上市規則作出適當的披露。



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



與濟南市政府合作簽約儀式  
Signing ceremony of cooperation with  
Jinan Municipal Government

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Given the fact that there is great demand for environmental protection services, the environmental protection business has been regarded as a sustainable business. Besides, the provision of pollution control products and environmental services will not only create tremendous economic benefits, it will also bring in greater social and environmental benefits. Given the above favorable factors, the Group will continue to build up the environmental protection business as its long-term business focus and will strive to enhance its market recognition and corporate image. And on the operating principle of “creating quality projects to build our brand”, the Group will exert efforts to further enhance the brand name of “Everbright Environment” to boost revenue growth for its environmental protection business. In 2005, the Group, as the sole supporter, jointly organized the 2005 PRC Environmental Cultural Festival under the lead of the National Environmental Protection Agency. Events of the Cultural Festival included “Everbright Environment Trophy: The First Environmental Arts, Photo and Calligraphy Exhibition in the PRC” and a soiree for award presentation – “Everbright Environment Soiree”. Held in November 2005 in Beijing, the soiree was broadcasted over a network of more than seventy television stations in the PRC. Through the event, the Group projects a favorable image of “Everbright Environment” and promotes its corporate vision, which will be advantageous to the future development of the Group's environmental protection business.

由於內在需求龐大，因此環保產業一直被視為可持續發展的業務。在提供污染控制產品和環境服務方面不僅創造了可觀的經濟效益，而且提高了社會和環境效益。因此，本集團將繼續堅持以發展環保業務為長遠目標，積極加強對外宣傳，以提升本集團的市場形象。秉承「打造項目精品，樹立項目品牌」的經營宗旨，本集團將進一步提升「光大環保」的品牌，致力推動環保業務之盈利增長。於二零零五年度，本集團成功爭取獨家協辦由國家環保總局牽頭的二零零五年中國環境文化節。文化節的內容包括「光大環保杯——首屆全國環保藝術、書法、攝影展」與「光大環保之夜」頒獎晚會。頒獎晚會已於二零零五年十一月在北京隆重舉行，全國超過70家電視台安排了聯播。此活動不但展示了「光大環保」的實業形象，更有效宣傳了企業經營理念，有利於環保業務的長遠發展。



光大環保杯—全國環保藝術、書法、攝影展  
Everbright Environment Trophy-Environmental Arts,  
Photo and Calligraphy Exhibition in the PRC



光大環保之夜—環保志願者群星演唱會  
Everbright Environment Soiree – Environmental Protection Stars  
in Concert



# Chief Executive Officer's Report 行政總裁報告

## BUSINESS OUTLOOK

The continual healthy growth of PRC economy, coupled with the faster pace of PRC's industrialization and urbanization, have led to a change in the spending pattern of the people in the PRC. At present, "shelter and transportation" rank higher on people's spending priority list. Not only will this change be a long-term trend, it will also become the driving force for future economic growth. Apart from the above, with the full support of the PRC Government to the promotion and implementation of technological development, the promotion of harmony between economic development and ecosystems, the continual improvement in the living standard of the people, and the increasing awareness of the importance of environmental protection, a positive operating environment has been created for the Group's core businesses, namely infrastructure investment, property investment and environmental protection businesses.

## 業務展望

中國經濟持續穩健增長，工業化及城市化加快發展，人民的消費模式有所轉變，逐步以住行為主，將成為市場未來增長的長期動力來源。與此同時，中國政府落實推行全面的科學發展，鼓勵達致經濟發展與環境間之協調，加上人民生活水平日益改善，環保意識不斷加強，為本集團的三大業務，包括基建、物業投資及環保業務帶來利好的營運環境。



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Looking ahead, the Group is quite optimistic about the future development of its core businesses and has set clear targets for the same. By capitalizing on the upcoming business opportunities in the PRC, the Group will strive to further consolidate the foundation of its infrastructure investment, property investment and environmental protection businesses, with a view to creating significant and stable income sources for the Group. And given the facts that market potential of environmental protection business in the PRC is great, the development of environmental protection business in the PRC is rapid, and Beijing Olympic Games and Shanghai Expo will be held in 2008 and 2010 respectively, investment in environmental projects and the demand for advanced environmental technology are expected to increase substantially. The Group will continue to build up the brand name of "Everbright Environment" by the principles of honesty, high efficiency, pragmatism, using advanced technology, high quality and competitive pricing, with a view to fostering the continual development of the Group. Realizing the importance of management enhancement to a business during its development, the Group will strive to enhance budget management and control the project costs in 2006, thereby ensuring the long-term stable development of its business. The Group will continue to develop itself into an investment operation company with outstanding core business and high economic efficiency at an ambitious pace, so as to realize its target of becoming a leading infrastructure investment and environmental protection conglomerate.

展望未來，本集團對三項主要業務的未來發展均非常樂觀。本集團已制定清晰的業務目標及發展策略，致力鞏固基建、物業投資業務的基礎，銳意抓緊中國蓬勃的發展商機，為集團提供可觀而穩定的收入。至於環保業務方面，本集團深諳中國環保市場的潛力優厚，加上國內環保產業發展迅速，產業規劃越趨龐大。隨著二零零八年北京奧運會和二零零一年上海世博日益臨近，將大幅增加企業對環保規劃的投資和現代化環保科技的需求。本集團將秉承以誠信、高效、務實的工作作風，以領先技術、卓越質量及具競爭力之價格進一步提升「光大環保」的品牌，推動集團持續發展。本集團亦意識到在業務發展過程加強管理的重要性。為此，本集團於二零零六年將強化預算管理，控制工程造價，保證本集團業務長期穩定的可持續發展。本集團將以積極進取的步伐，致力成為一家具市場影響力、主業突出、效益良好的投資經營公司，並向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奮發向前。

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## FINANCIAL RESULTS

In 2005, the Group's consolidated turnover amounted to HK\$133,823,000, representing an increase of 105% as compared with HK\$65,244,000 for the previous year. The increase is mainly attributable to the revenue contribution from Qingdao Project upon commencement of operation and the continual increase in the toll bridge revenue from Qingzhou Bridge. Profit attributable to equity shareholders of the Company for 2005 amounted to HK\$105,330,000, representing an increase of 21% as compared with HK\$86,776,000 for the previous year. During the year, basic earnings per share amounted to HK4.13 cents, representing an increase of HK0.72 cent as compared with HK3.41 cents for the previous year.

## FINANCIAL POSITION

As at 31 December 2005, the Group had total assets of HK\$2,673,720,000. Net assets attributable to equity shareholders of the Company amounted to HK\$1,176,857,000 and the net assets attributable to equity shareholders of the Company per share was HK\$0.46. As at 31 December 2005, the gearing ratio (calculated by dividing total liabilities by total assets) was 53%.

## 財務業績

於二零零五年，本集團錄得綜合營業額港幣133,823,000元，較去年之港幣65,244,000元上升105%。營業額增加，主要由於青島項目開始營運為本集團貢獻收入，加上青洲大橋車費收入持續上升。二零零五年全年之股東應佔盈利港幣105,330,000元，較去年之港幣86,776,000元上升21%。年內，每股基本盈利為4.13港仙，較去年之3.41港仙上升0.72港仙。

## 財務狀況

於二零零五年十二月三十一日，本集團之總資產約為港幣2,673,720,000元。本公司股東應佔之淨資產則為港幣1,176,857,000元，而本公司股東應佔之每股資產淨值為港幣0.46元。於二零零五年十二月三十一日，資產負債比率（以總負債除以總資產計算所得）為53%。

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The Group generally finances its operations with internally generated cash flow and loan facilities from banks and from its ultimate holding company. As at 31 December 2005, the Group had an aggregate cash balance of approximately HK\$498,670,000, representing a decrease of HK\$86,454,000 as compared with HK\$585,124,000 as at the end of the previous year. As at 31 December 2005, the Group had outstanding borrowings of approximately HK\$1,147,871,000, representing an increase of HK\$235,377,000 as compared with HK\$912,494,000 as at the end of the previous year. The borrowings comprised secured bank loans of HK\$612,243,000 and loans from ultimate holding company of HK\$535,628,000. 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 2005, the Group pledged cash and fixed assets with an aggregate net book value of approximately HK\$662,693,000 to secure general banking facilities granted to the Group. In addition, the shares of a subsidiary of the Group, the revenue of a waste water treatment plant, the Group's toll bridge revenue and the Group's revenue and franchising right of a waste-to-energy plant (which the construction has yet to be completed) have been pledged.

本集團基本以其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。於二零零五年十二月三十一日，本集團持有現金結餘總額約為港幣498,670,000元，較去年底之港幣585,124,000元減少港幣86,454,000元。於二零零五年十二月三十一日，本集團尚未償還借款總額約港幣1,147,871,000元，較去年之港幣912,494,000元增加港幣235,377,000元。借款包括有抵押銀行貸款港幣612,243,000元及最終控股公司貸款港幣535,628,000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

於二零零五年十二月三十一日，本集團將賬面淨值總額約港幣662,693,000元之現金及固定資產質押，作為本集團一般銀行融資之抵押品。此外，本集團一家附屬公司之股份、一家污水處理廠的收益、本集團收費橋樑收益，以及垃圾焚燒發電廠（建設工程仍未完成）收益及專營權亦已予以抵押。

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## CAPITAL COMMITMENTS

As at 31 December 2005, the Group had capital commitments contracted for and authorised but not contracted for amounted to HK\$289,081,000 and HK\$19,667,000 respectively.

## CONTINGENT LIABILITIES

As at 31 December 2005, the Group had no contingent liabilities.

## 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. The Group has already set up 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, striking a balance between decision-making efficiency and risk control, to perfect the decision-making process for new investments. 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 proposals from the business, legal and technical perspectives.

## 資本承擔

於二零零五年十二月三十一日，本集團已訂約及已授權但未訂約之資本承擔分別為港幣289,081,000元及港幣19,667,000元。

## 或有負債

於二零零五年十二月三十一日，本集團並沒有任何或有負債。

## 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。本集團已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，完善新項目投資決策程序。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。

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In terms of risk control management, the Group strives to establish a solid risk control culture as well as a risk management system. The Group has formed its risk management division, which is 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.

Regarding financial control, the Group maintains strict budget management and established the Budget Approval Management Committee responsible for supervising the construction budget and operating budget of projects. The Group applies different control measures on different subsidiaries 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 headquarters. As for project companies in operation, the Group exercises two-way supervision by way of closely monitoring of bank accounts and allocation of funds according to budget. 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 developing environmental protection business. During the year, the Group carried out several recruitment exercises to recruit staff of excellent caliber. At present, the Group has built up a team of experienced and professional staff, with outstanding professional ethics.

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。本集團已設立風險管理部，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。

在財務監控上，本集團堅持嚴格的預算管理，並特別成立預算審核管理委員會專職監控項目的工程和經營預算。針對不同項目公司的特點，本集團會採取相應的辦法進行控制。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。本集團目前亦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。



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## CORPORATE GOVERNANCE

In November 2004, The Stock Exchange of Hong Kong Limited published the Code on Corporate Governance Practices ("the Code") and Rules on the Corporate Governance Report. The Code, with one exception, has become effective for accounting periods commencing on or after 1 January 2005. The exception is in respect of Code Provision C.2 (on internal controls and disclosure requirements in the Corporate Governance Report relating to listed issuers' internal controls), which will be implemented for accounting periods commencing on or after 1 July 2005. The Code sets out the principles of good corporate governance, and two levels of recommendations: (1) code provisions: listed issuers are required to comply with. Where the listed issuer deviates from the code provisions set out in the Code, the issuer must give considered reasons as required; and (2) recommended best practices: for guidance only.

The Code has been duly approved and adopted by the Board.

For the year ended 31 December 2005, the Company has met the code provisions and some of the recommended best practices as set out in the Code except that Mr. Wang Mingquan, the Chairman of the Company, was unable to attend the 2005 Annual General Meeting of the Company, However, appropriate arrangements have been made accordingly before the holding of the Annual General Meeting.

## 企業管治

香港聯合交易所有限公司於二零零四年十一月發出了一份《企業管治常規守則》(「該守則」)及《企業管治報告》。該守則於二零零五年一月一日或之後開始的會計期間生效，唯一例外是該守則的條文C.2條(有關內部監控在企業管治報告中披露上市發行人內部監控資料的規定)，則於二零零五年七月一日或之後開始的會計期間實行。該守則訂明良好企業管治的原則及兩個層次的有關建議，包括：(1)守則條文：上市發行人需要切實遵守，若有任何偏離守則條文的行為，須按規定提供經過深思熟慮的理由；及(2)建議最佳常規：只屬指引。

董事會已通過採納該守則。

截至二零零五年十二月三十一日止年度內，本公司均遵守該守則的守則條文及部份建議的最佳常規，惟本公司主席王明權先生未克出席本公司於二零零五年年度股東週年大會。但已於會前對股東週年大會做了具體的部署。

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## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the model code ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of the directors, all directors have complied with the required standard of dealings as set out therein during the twelve months ended 31 December 2005.

## REMUNERATION COMMITTEE

The Remuneration Committee comprises Mr. Wang Mingquan (Chairman), the Chairman of the Board, Mr. Zang Qiutao, the Vice-chairman of the Board, and three independent non-executive directors of the Company, namely Sir David Akers-Jones, Mr. Aubrey Li Kwok Sing and Mr. Selwyn Mar. Its main duties include offering advice to the Board on the matters pertaining the remuneration policy and remuneration structure of the directors and senior management of the Company. The terms of reference of the Remuneration Committee are disclosed on the website of the Company.

## AUDIT COMMITTEE

The Audit Committee, comprising all three independent non-executive directors of the Company, namely Sir David Akers-Jones (Chairman), Mr. Aubrey Li Kwok Sing and Mr. Selwyn Mar, is primarily responsible for reviewing the accounting principles and practices adopted by the Group, as well as discussing and reviewing the internal control and financial reporting matters of the Company. The terms of reference of the Audit Committee are disclosed on the website of the Company. The Audit Committee has reviewed with the management and KPMG, the Company's auditor, the accounting principles and practice adopted by the Group and discussed internal controls and financial reporting matters, including a review of the annual report for the year ended 31 December 2005.

## 董事進行證券交易之標準守則

本集團採納上市規則附錄十所載的《標準守則》（「標準守則」）作為董事進行本公司證券交易事宜的指引。經向所有董事作出特定查詢後，截至二零零五年十二月三十一日止十二個月，本公司所有董事一直遵守標準守則所載之規定。

## 薪酬委員會

薪酬委員會由董事會主席王明權先生（擔任主席）、董事會副主席臧秋濤先生及三位獨立非執行董事包括鍾逸傑爵士、李國星先生及馬紹援先生組成，其主要職責包括就本公司董事及高級管理人員的全體薪酬政策及架構向董事會提出建議等，有關薪酬委員會的職權範圍書已載列於本公司的網站內。

## 審核委員會

審核委員會由全數三位獨立非執行董事包括鍾逸傑爵士（擔任主席）、李國星先生及馬紹援先生組成，其主要職責包括審閱本集團所採納之會計原則及慣例、討論及檢討內部監控及財務申報等事宜，有關審核委員會的職權範圍書已載列於本公司的網站內。審核委員會已與管理層及本公司核數師畢馬威會計師事務所審閱本集團所採納之會計政策及慣例，並就審核內部監控及財務報告事宜（包括審閱本公司截至二零零五年十二月三十一日止年度報告）進行磋商。

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## HUMAN RESOURCES

The Group devotes much attention to human resources management, striving to establish a high quality team to support its business development in the long run. As at 31 December 2005, the Group had a total of approximately 470 employees in Hong Kong and the PRC. During the year under review, the Group's total staff costs were HK\$30,693,000. Employees are remunerated according to their qualification, experience, job nature, performance, as well as market conditions. Apart from discretionary performance bonus, the Group also provides other benefits such as medical insurance and provident fund scheme to employees in Hong Kong. According to the share option scheme approved at the Company's extraordinary general meeting held on 26 May 2003, the board of directors of the Company was authorized to grant share options to any employees, including directors, as incentives. No option has been granted to any employee during the year under review.

By Order of the Board  
**Chen Xiaoping**  
*Chief Executive Officer*

Hong Kong, 28 March 2006

## 人力資源

本集團高度重視人力資源管理，致力建設高質素的團隊，以配合業務的長遠發展。於二零零五年十二月三十一日，本集團在香港及中國合共僱用約470名員工。於回顧年內，本集團之員工總成本為港幣30,693,000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，根據本集團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認購權計劃，本公司董事會獲授權可授出購股權予任何僱員（包括董事）作為獎勵。於回顧期內，未有任何僱員獲授購股權。

承董事會命  
**陳小平**  
*行政總裁*

香港，二零零六年三月二十八日

