CHINA EVERBRIGHT INTERNATIONAL LIMITED
中國光大國際有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code : 257)

2010 RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

Achieved record high in profitability
Well-placed to march into next round of robust growth

- Turnover increased by 66% to HK$2,929,415,000 (2009: HK$1,765,996,000)
- EBITDA on recurring basis increased by 49% to HK$1,059,858,000 (2009: HK$711,609,000)
- Profit attributable to equity shareholders increased by 66% to HK$616,433,000 (2009: HK$371,898,000)
- Final dividend of HK1.5 cents per share (2009: HK1.2 cents per share)

2010 ANNUAL RESULTS

The board of directors (the "Board") of China Everbright International Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2010 with comparative figures for the year ended 31 December 2009 as follows :

Consolidated income statement
For the year ended 31 December 2010

	Note	**2010**	2009
		HK$'000	*HK$'000*
Turnover	*3 & 10*	**2,929,415**	1,765,996
Direct costs and operating expenses		**(1,783,651)**	(991,074)
		1,145,764	774,922
Other revenue	*4*	**61,544**	62,093
Other loss	*4*	**(978)**	(31)
Administrative expenses		**(187,245)**	(164,661)
Valuation gains on investment properties		**3,996**	4,888
Profit from operations		**1,023,081**	677,211
Finance costs	*5(a)*	**(177,567)**	(170,262)
		845,514	506,949
Share of (loss)/profit of associate	*6*	**(588)**	588
Profit before taxation	*5*	**844,926**	507,537
Income tax	*7*	**(191,761)**	(99,060)
Profit for the year		**653,165**	408,477
Attributable to:			
Equity shareholders of the Company		**616,433**	371,898
Non-controlling interests		**36,732**	36,579
Profit for the year		**653,165**	408,477
Earnings per share	*9*		
Basic		**HK16.92 cents**	HK11.39 cents
Diluted		**HK16.68 cents**	HK11.19 cents

Consolidated statement of comprehensive income
For the year ended 31 December 2010

	2010	2009
	HK$'000	*HK$'000*
Profit for the year	653,165	408,477
Other comprehensive income for the year:		
Exchange differences on translation of financial statements of subsidiaries	**209,087**	815
Changes in fair value of available-for-sale securities	**43,738**	(1,604)
Tax effect relating to changes in fair value of available-for-sale securities	**(12,005)**	-
	240,820	(789)
Total comprehensive income for the year	893,985	407,688
Attributable to:		
Equity shareholders of the Company	**838,591**	371,030
Non-controlling interests	**55,394**	36,658
Total comprehensive income for the year	893,985	407,688

Consolidated balance sheet
At 31 December 2010

	Note	2010 HK$'000	2010 HK$'000	2009 HK$'000	2009 HK$'000
Non-current assets					
Fixed assets					
- Investment properties			28,856		24,467
- Other property, plant and equipment			385,021		143,544
			413,877		168,011
Intangible assets			638,728		553,828
Goodwill			46,133		46,133
Interest in associate			-		588
Other financial assets			244,949		21,385
Other receivables and deposits	*11*		2,399,734		1,736,218
Gross amounts due from customers for contract work	*12*		4,629,124		3,174,793
Deferred tax assets			14,080		22,522
			8,386,625		5,723,478
Current assets					
Inventories		21,490		13,150	
Debtors, other receivables, deposits and prepayments	*11*	673,635		603,772	
Gross amounts due from customers for contract work	*12*	350,836		302,596	
Tax recoverable		5,381		-	
Pledged bank deposits		38,852		29,425	
Deposits with bank		52,087		51,062	
Cash and cash equivalents		1,341,485		1,943,785	
		2,483,766		2,943,790	
Current liabilities					
Bank loans					
- Secured		**365,308**		380,395	
- Unsecured		**366,946**		315,927	
		732,254		696,322	
Creditors, other payables and accrued expenses	*13*	**853,444**		481,481	
Current taxation		**29,136**		10,017	
		1,614,834		1,187,820	
Net current assets			**868,932**		1,755,970

Consolidated balance sheet (continued)
At 31 December 2010

		2010		2009	
	Note	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*
Total assets less current liabilities			**9,255,557**		7,479,448
Non-current liabilities					
Bank loans					
- Secured		1,817,165		1,326,383	
- Unsecured		1,219,978		926,179	
		3,037,143		2,252,562	
Other loans		53,271		39,715	
Loans from ultimate holding company		117,439		112,707	
Deferred tax liabilities		299,055		144,698	
			3,506,908		2,549,682
NET ASSETS			**5,748,649**		4,929,766
CAPITAL AND RESERVES					
Share capital			**365,246**		363,932
Reserves			**4,972,806**		4,208,900
Total equity attributable to equity shareholders of the Company			**5,338,052**		4,572,832
Non-controlling interests			**410,597**		356,934
TOTAL EQUITY			**5,748,649**		4,929,766

Notes :

1. Basis of preparation

The financial statements have been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statement, except for the changes in accounting policies set out in note 2. The financial statements have been reviewed by the Company's audit committee. The financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 31 December 2010, but is derived from those financial statements.

2. Changes in accounting policies

The Hong Kong Institute of Certified Public Accountants has issued two revised Hong Kong Financial Reporting Standards ("HKFRS"), a number of amendments to HKFRSs and two new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 3 (revised 2008), *Business combinations*
- Amendments to HKAS 27, *Consolidated and separate financial statements*
- Amendments to HKFRS 5, *Non-current assets held for sale and discontinued operations - plan to sell the controlling interest in a subsidiary*
- Amendment to HKAS 39, *Financial instruments: Recognition and measurement - eligible hedged items*
- Improvements to HKFRSs (2009)
- HK(IFRIC) 17, *Distributions of non-cash assets to owners*
- HK (Int) 5, *Presentation of financial statements - Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause*

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

The amendment to HKAS 39 and the issuance of HK (Int) 5 have had no material impact on the Group's financial statements as the amendment and the Interpretation's conclusions were consistent with policies already adopted by the Group. The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revisions to HKFRS 3, HKAS 27, HKFRS 5 and HK(IFRIC) 17 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination, a disposal of a subsidiary or a non-cash distribution) and there is no requirement to restate the amounts recorded in respect of previous such transactions.
- The impact of the amendments to HKFRS 3 (in respect of recognition of acquiree's deferred tax assets) and HKAS 27 (in respect of allocation of losses to non-controlling interests (previously known as "minority interests") in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.
- The amendment introduced by the Improvements to HKFRSs (2009) omnibus standard in respect of HKAS 17, *Leases*, resulted in a change of classification of certain of the Group's leasehold land interests located in the Hong Kong Special Administrative Region, but this had no material impact on the amounts recognised in respect of these leases as the lease premiums in respect of all such leases are fully paid and are being amortised over the remaining length of the lease term.

2. Changes in accounting policies (continued)

Further details of these changes in accounting policy are as follows:

- As a result of the adoption of HKFRS 3 (revised 2008), any business combination acquired on or after 1 January 2010 will be recognised in accordance with the new requirements and detailed guidance contained in HKFRS 3 (revised 2008). These include the following changes in accounting policies:

  – Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognised.

  – If the Group holds interests in the acquiree immediately prior to obtaining control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

  – Contingent consideration will be measured at fair value at the acquisition date. Subsequent changes in the measurement of that contingent consideration unrelated to facts and circumstances that existed at the acquisition date will be recognised in profit or loss, whereas previously these changes were recognised as an adjustment to the cost of the business combination and therefore impacted the amount of goodwill recognised.

  – If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, then any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.

  – In addition to the Group's existing policy of measuring the non-controlling interests in the acquiree at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, in future the Group may elect, on a transaction by transaction basis, to measure the non-controlling interest at fair value.

  In accordance with the transitional provisions in HKFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

- As a result of the adoption of HKAS 27 (amended 2008), the following changes in policies will be applied as from 1 January 2010:

  - If the Group acquires an additional interest in a non-wholly owned subsidiary, the transaction will be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no goodwill will be recognised as a result of such transactions. Similarly, if the Group disposes of part of its interest in a subsidiary but still retains control, this transaction will also be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no profit or loss will be recognised as a result of such transactions. Previously the Group treated such transactions as step-up transactions and partial disposals, respectively.

  - If the Group loses control of a subsidiary, the transaction will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interest retained by the Group being recognised at fair value as if reacquired. In addition, as a result of the adoption of the amendment to HKFRS 5, if at the balance sheet date the Group has the intention to dispose of a controlling interest in a subsidiary, the entire interest in that subsidiary will be classified as held for sale (assuming that the held for sale criteria in HKFRS 5 are met) irrespective of the extent to which the Group will retain an interest. Previously such transactions were treated as partial disposals.

2. Changes in accounting policies (continued)

In accordance with the transitional provisions in HKAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

- In order to be consistent with the above amendments to HKFRS 3 and HKAS 27, and as a result of amendments to HKAS 28, *Investments in associates*, the following policies will be applied as from 1 January 2010:

  – If the Group holds interests in the acquiree immediately prior to obtaining significant influence, these interests will be treated as if disposed of and reacquired at fair value on the date of obtaining significant influence. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

  – If the Group loses significant influence, the transaction will be accounted for as a disposal of the entire interest in that investee, with any remaining interest being recognised at fair value as if reacquired. Previously such transactions were treated as partial disposals.

  Consistent with the transitional provisions in HKFRS 3 and HKAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

- HK(IFRIC) 17 requires distributions of non-cash assets to owners to be measured at the fair value of the assets distributed. This will result in a gain or loss being recognised in profit or loss to the extent that the fair value of the assets is different from their carrying value. Previously the Group's accounting policy is to measure such distributions at the carrying value of the assets distributed. In accordance with the transitional provisions in HK(IFRIC) 17, this new accounting policy will be applied prospectively to distributions in current or future periods and therefore previous periods have not been restated.

Other changes in accounting policies which are relevant to the Group's financial statements are as follows:

- As a result of the amendments to HKAS 27, as from 1 January 2010 any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in HKAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated.
- As a result of the amendment to HKAS 17, *Leases*, arising from the "Improvements to HKFRSs (2009)" omnibus standard, the Group has re-evaluated the classification of its interests in leasehold land as to whether, in the Group's judgement, the lease transfers substantially all the risks and rewards of ownership of the land such that the Group is in a position economically similar to that of a purchaser. The Group has concluded that the classification of such leases as operating leases continues to be appropriate, with the exception of those interests which are registered and transferable ownership interests in land located in the Hong Kong Special Administrative Region and subject to the Government's land policy of renewal without payment of additional land premium. These leasehold interests will no longer be classified by the Group as operating leases as the Group considers that it is in a position economically similar to that of a purchaser. This change in accounting policy has no material impact on the current or previous periods as the lease premiums in respect of all such leases are fully paid and are being amortised over the remaining length of the lease term.

3. Turnover

The principal activities of the Group are construction, environmental water project operation (waste-water treatment plants amd reusable water treatment plants), environmental energy project operation (waste-to-energy power plants and industrial solid waste landfill), alternative energy project operation (methane-to-energy power plants, photovoltaic energy projects and biomass power generation plants), environmental technology and construction management, toll bridge operation, property investments and investment holding.

Turnover represents the revenue from construction contracts, revenue from environmental water projects, environmental energy projects and alternative energy projects operation services, finance income, toll bridge revenue and rental income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2010	2009
	HK$'000	*HK$'000*
Revenue from environmental water project construction services	**233,243**	530,516
Revenue from environmental energy project construction services	**1,360,418**	268,078
Revenue from alternative energy project construction services	**91,220**	-
Revenue from environmental water project operation services	**381,547**	325,890
Revenue from environmental energy project operation services	**270,045**	198,421
Revenue from alternative energy project operation services	**12,160**	8,080
Finance income	**431,029**	319,986
Toll bridge revenue	**147,977**	113,737
Gross rentals from investment properties	**1,776**	1,288
	2,929,415	1,765,996

The Group has transactions with the People's Republic of China ("PRC") local government authorities which in aggregate exceeded 10% of the Group's revenues. In 2010, revenues from environmental water project construction and operation services, environmental energy project construction and operation services, alternative energy project construction and operation services and finance income derived from local government authorities in the PRC amounted to HK$2,779,662,000 (2009: HK$1,650,971,000). The revenues are included in "Environmental water project construction and operation", "Environmental energy project construction and operation" and "Alternative energy project construction and operation" segments as disclosed in note 10.

Further details regarding the Group's principal activities are disclosed in note 10.

4. Other revenue and other loss

	2010	2009
	HK$'000	*HK$'000*
Other revenue		
Bank interest income	**8,260**	8,809
Dividend income from listed securities	**1,766**	2,577
Government grant*	**1,997**	6,412
Value-added tax refund**	**40,023**	27,699
Others	**9,498**	16,596
	61,544	62,093
Other loss		
Net loss on sale of other property, plant and equipment	**978**	31

* Government grant of HK$1,997,000 (2009: HK$6,412,000) was granted during the year ended 31 December 2010 to subsidise certain environmental energy and water projects in the PRC, of which the entitlement was unconditional and under the discretion of the relevant authority.

** Value-added tax refund of HK$40,023,000 (2009: HK$27,699,000) was received during the year ended 31 December 2010 in relation to environmental energy project operations in the PRC. The entitlement of the value-added tax refund was unconditional and under the discretion of the relevant authorities.

5. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2010	2009
	HK$'000	*HK$'000*
(a) Finance costs:		
Interest on bank advances wholly repayable within five years	**81,903**	42,314
Interest on other bank advances and other loans	**95,664**	126,642
Interest on loans from ultimate holding company	**-**	1,306
	177,567	170,262
(b) Staff costs:		
Contributions to defined contribution retirement plan	**10,799**	9,412
Salaries, wages and other benefits	**155,872**	101,344
	166,671	110,756
(c) Other items:		
Amortisation of intangible assets	**24,489**	24,079
Depreciation	**16,872**	14,619
Net foreign exchange loss	**1,862**	4,012
Auditors' remuneration		
- audit services	**2,850**	2,500
- other services	**6**	6
Operating lease charges: minimum lease payments		
- hire of premises	**4,444**	2,396
Research and development	**5,512**	2,984
Rentals receivable from properties less direct outgoings of HK$323,000 (2009: HK$313,000)	**(1,453)**	(975)

6. Share of (loss)/profit of associate

	2010	2009
	HK$'000	*HK$'000*
Share of (loss)/profit of associate before taxation	**(588)**	588
Share of associate's taxation	**-**	-
	(588)	588

7. Income tax

	2010	2009
	HK$'000	*HK$'000*
Current tax - Hong Kong Profits Tax		
Provision for the year	**8,520**	-
Current tax – PRC Income Tax		
Provision for the year	**47,356**	36,492
Over-provision in respect of prior years	**(5,853)**	(7,304)
	41,503	29,188
Deferred tax		
Origination and reversal of temporary differences	**141,738**	69,872
	191,761	99,060

The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 December 2010. No provision for Hong Kong Profits Tax has been made in the financial statements for the year ended 31 December 2009 as the Group's operations in Hong Kong sustained a loss for Hong Kong Profits Tax purpose during the year.

Taxation for the PRC operations is charged at the appropriate current rates of taxation ruling in the PRC. During the year, certain PRC subsidiaries are subject to tax at 50% of the standard tax rates or fully exempt from income tax under the relevant tax rules and regulations.

Included in over-provision in prior years of the Group are tax credits of HK$4,600,000 (2009: HK$4,615,000) recognised by a PRC subsidiary in respect of the purchase of domestically manufactured equipment pursuant to CaiShuiZi [2000] No. 49 Notice on Relevant Issues Concerning the Offset or Exemption of Enterprise Income Tax for Foreign Investment Enterprises for Investment in the Purchase of Domestically Made Equipment.

8. Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2010	2009
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK1.0 cent per ordinary share (2009: HK1.0 cent per ordinary share)	**36,422**	31,507
Final dividend proposed after the balance sheet date of HK1.5 cents per ordinary share (2009: HK1.2 cents per ordinary share)	**54,787**	43,672
	91,209	75,179

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2010	2009
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK1.2 cents per ordinary share (2009: HK1.0 cent per ordinary share)	**43,683**	31,447

In respect of dividends attributable to the year ended 31 December 2009, the difference between the final dividend proposed and the amount approved and paid during the year represents the additional dividends to the ordinary shareholders upon the exercise of share options before the closing date of the register of members.

9. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$616,433,000 (2009: HK$371,898,000) and the weighted average number of 3,642,565,000 ordinary shares (2009: 3,264,504,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2010	2009
	'000	*'000*
Issued ordinary shares at 1 January	**3,639,325**	3,143,778
Effect of ordinary shares issued	**-**	115,726
Effect of share options exercised	**3,240**	5,000
Weighted average number of ordinary shares at 31 December	**3,642,565**	3,264,504

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$616,433,000 (2009: HK$371,898,000) and the weighted average number of 3,695,610,000 ordinary shares (2009: 3,322,968,000 ordinary shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2010	2009
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**3,642,565**	3,264,504
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**53,045**	58,464
Weighted average number of ordinary shares (diluted) at 31 December	**3,695,610**	3,322,968

10. Segment reporting

The Group manages its business by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following six reportable segments. No operating segments have been aggregated to form the following reportable segments.

Environmental energy project construction and operation	The construction and operation of waste-to-energy power plants and industrial solid waste landfill to generate revenue from construction services, revenue from operation services as well as finance income.
Environmental water project construction and operation	The construction, upgrade and operation of waste-water treatment plants, reusable water treatment plants and a surface water treatment plant to generate revenue from construction and upgrading services, revenue from operation services as well as finance income.
Alternative energy project construction and operation	The construction and operation of methane-to-energy power plants, photovoltaic energy power plants and a biomass power generation plant to generate revenue from construction services, revenue from operation services as well as finance income.
Environmental technology and construction management	The conduct of environmental protection technology research projects and the provision of construction management services to generate management and consultancy fee income.
Infrastructure construction and operation	The construction and operation of a toll bridge to generate revenue from construction service and toll fee revenue.
Property investment	The leasing of office premises to generate rental income and to gain from the appreciation in the properties' values in the long term.

(a) *Segments results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, intangible assets, interest in associate, deferred tax assets and current assets with the exception of investments in other financial assets, goodwill, intercompany receivables and other corporate assets. Segment liabilities include current taxation, deferred tax liabilities, creditors, other payable and accrued expenses attributable to the activities of the individual segments and borrowings managed directly by the segments, with the exception of intercompany payables.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment provision of construction management services, assistance provided by one segment to another, including technical know-how, is not measured.

10. Segment reporting (continued)

(a) *Segments results, assets and liabilities (continued)*

The measure used for reporting segment profit is "EBITDA" i.e. "earnings before interest, taxes, depreciation and amortisation". To arrive at EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning EBITDA, management is provided with segment information concerning revenue (including inter-segment revenue from construction management services), interest expense from borrowings managed directly by the segments, depreciation and amortisation and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purpose of resource allocation and assessment of segment performance for the years ended 31 December 2010 and 2009 is set out below:

10. Segment reporting (continued)

(a) *Segments results, assets and liabilities (continued)*

	Environmental energy project construction and operation		Environmental water project construction and operation		Alternative energy project construction and operation		Environmental technology and construction management		Infrastructure construction and operation		Property investment		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**1,816,442**	604,032	**856,714**	1,035,717	**106,506**	11,222	**-**	-	**147,977**	113,737	**1,776**	1,288	**2,929,415**	1,765,996
Inter-segment revenue	**-**	-	**-**	-	**-**	-	**129,058**	32,544	**-**	-	**-**	-	**129,058**	32,544
Reportable segment revenue	**1,816,442**	604,032	**856,714**	1,035,717	**106,506**	11,222	**129,058**	32,544	**147,977**	113,737	**1,776**	1,288	**3,058,473**	1,798,540
Reportable segment profit (EBITDA)	**584,896**	291,041	**363,801**	346,249	**23,908**	10,990	**60,897**	17,505	**126,750**	107,427	**4,615**	5,730	**1,164,867**	778,942
Interest income from bank deposits	**1,686**	2,348	**1,195**	2,187	**81**	47	**498**	1,133	**799**	1,966	**15**	11	**4,274**	7,692
Interest expense	**65,912**	71,345	**100,257**	85,396	**-**	-	**-**	-	**10,245**	15,163	**-**	-	**176,414**	171,904
Depreciation and amortisation for the year	**4,217**	2,985	**6,031**	5,134	**88**	74	**3,303**	3,048	**24,679**	24,198	**2**	4	**38,320**	35,443
Additions to non-current segment assets during the year	**1,555,690**	412,109	**808,476**	928,501	**296,107**	3,223	**2,594**	1,163	**501**	280	**17**	-	**2,663,385**	1,345,276
Reportable segment assets	**4,480,791**	2,716,497	**4,343,109**	3,562,783	**530,881**	66,269	**202,769**	176,511	**611,180**	616,404	**44,086**	37,403	**10,212,816**	7,175,867
Reportable segment liabilities	**2,028,496**	1,394,510	**2,046,218**	1,736,652	**136,748**	2,716	**59,804**	25,570	**245,071**	327,908	**4,254**	3,230	**4,520,591**	3,490,586

10. Segment reporting (continued)

(b) *Reconciliation of reportable segment revenue, profit, assets and liabilities*

	2010	2009
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**3,058,473**	1,798,540
Elimination of inter-segment revenue	**(129,058)**	(32,544)
Consolidated turnover	**2,929,415**	1,765,996
Profit		
Reportable segment profit	**1,164,867**	778,942
Elimination of inter-segment profits	**(82,662)**	(31,351)
Reportable segment profit derived from the Group's external customers	**1,082,205**	747,591
Depreciation and amortisation	**(41,361)**	(38,698)
Finance costs	**(177,567)**	(170,262)
Unallocated head office and corporate income	**5,788**	7,907
Unallocated head office and corporate expenses	**(24,139)**	(39,001)
Consolidated profit before taxation	**844,926**	507,537
Assets		
Reportable segment assets	**10,212,816**	7,175,867
Non-current other financial assets	**244,949**	21,385
Goodwill	**46,133**	46,133
Unallocated head office and corporate assets	**366,493**	1,423,883
Consolidated total assets	**10,870,391**	8,667,268
Liabilities		
Reportable segment liabilities	**4,520,591**	3,490,586
Unallocated head office and corporate liabilities	**601,151**	246,916
Consolidated total liabilities	**5,121,742**	3,737,502

10. Segment reporting (continued)

(c) *Geographical information*

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets, non-current portion of other receivables and deposits, intangible assets, non-current portion of gross amounts due from customers for contract work ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in the case of other receivables and deposits, intangible assets and gross amounts due from customers for contract work.

	Revenue from external customers		*Specified non-current assets*	
	2010	2009	**2010**	*2009*
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**311**	306	**59,993**	63,374
Other parts of the PRC	**2,929,104**	1,765,690	**8,021,470**	5,569,476
	2,929,415	1,765,996	**8,081,463**	5,632,850

11. Debtors, other receivables, deposits and prepayments

	2010	2009
	HK$'000	*HK$'000*
Debtors	**182,728**	197,877
Other receivables, deposits and prepayments	**2,890,641**	2,142,113
	3,073,369	2,339,990
Less: Non-current portion		
– other receivables and deposits	**(2,399,734)**	(1,736,218)
Current portion	**673,635**	603,772

11. Debtors, other receivables, deposits and prepayments (continued)

Included in "Debtors, other receivables, deposits and prepayments" are debtors with the following ageing analysis as of the balance sheet date:

	2010	2009
	HK$'000	*HK$'000*
Current	**111,593**	106,644
Less than 1 month past due	**31,360**	8,985
1 to 3 months past due	**20,570**	15,509
More than 3 months but less than 12 months past due	**19,205**	66,739
Amounts past due	**71,135**	91,233
	182,728	197,877

Debtors are due within 30 days from the date of billing.

Included in "Debtors, other receivables, deposits and prepayments" of the Group are debtors of HK$182,728,000 (2009: HK$197,877,000) of which HK$8,246,000 (2009: HK$7,169,000) and HK$47,888,000 (2009: HK$63,749,000) are due from a non-controlling shareholder and a related company respectively. Debtors represent toll bridge revenue and revenue from waste-water treatment plants, waste-to-energy power plants, methane-to-energy power plants and industrial solid waste landfill operation services. There was no recent history of default in respect of the Group's debtors. Since most of the debtors are local government authorities in the PRC and based on past experience, management believes that no impairment allowance is necessary in respect of the past due balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. No impairment loss was recognised by the Group at 31 December 2010 (2009: HK$Nil).

"Debtors, other receivables, deposits and prepayments" include balances totalling HK$2,576,919,000 (2009: HK$1,919,206,000) which bear interest at rates ranging from 5.94% to 7.83% (2009: 5.94% to 7.83%) per annum and represent the considerations paid for the acquisition of waste-water treatment plants under TOT (Transfer-Operate-Transfer) arrangements, among which HK$161,945,000 (2009: HK$141,001,000) and HK$1,064,858,000 (2009: HK$698,296,000) are due from a non-controlling shareholder and a related company respectively. The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the TOT arrangements. No impairment loss was recognised by the Group at 31 December 2010 (2009: HK$Nil).

All of the current portion of the above balances are expected to be recovered or recognised as expense within one year.

12. Gross amounts due from customers for contract work

	2010	2009
	HK$'000	*HK$'000*
Contract cost incurred plus recognised profits less anticipated losses	**5,832,000**	4,014,699
Less: Progress billings	**(852,040)**	(537,310)
Net contract work	**4,979,960**	3,477,389
Representing:		
Gross amounts due from customers for contract work		
– Non-current	**4,629,124**	3,174,793
– Current	**350,836**	302,596
	4,979,960	3,477,389

Included in "Gross amounts due from customers for contract work" are amounts of HK259,030,000 (2009: HK$$270,221,000) and HK$216,958,000 (2009: HK$181,671,000) which are due from a non-controlling shareholder and a related company respectively.

"Gross amounts due from customers for contract work" represent revenue from construction services under BOT (Build-Operate-Transfer) and BT (Build-Transfer) arrangements or upgrade services under TOT arrangements and bear interest at rates ranging from 5.94% to 7.83% (2009: 5.94% to 7.83%) per annum. The amounts for BOT and TOT arrangements are not yet due for payment and will be settled by revenue to be generated during the operating periods of the arrangements. The amount for BT arrangement will be settled according to respective repayment schedules as stated in the agreements.

13. Creditors, other payables and accrued expenses

	2010	2009
	HK$'000	*HK$'000*
Creditors, other payables and accrued charges	**853,444**	481,481

Included in "Creditors, other payables and accrued expenses" are creditors with the following ageing analysis as of the balance sheet date :

	2010	2009
	HK$'000	*HK$'000*
Due within 1 month or on demand	**60,489**	58,861
Due after 1 month but within 3 months	**21,814**	45,129
Due after 3 months but within 6 months	**22,508**	52,368
Due after 6 months	**483,785**	228,244
	588,596	384,602

13. Creditors, other payables and accrued expenses (continued)

Included in "Creditors, other payables and accrued expenses" of the Group is an amount of HK$3,755,000 (2009: HK$3,719,000) which is payable to an associate. The balance is due within one month and represents service fee for operation of waste-water treatment plants.

Apart from the above, balances totalling HK$579,601,000 (2009: HK$374,518,000) represent construction payables for the Group's BT and BOT arrangements, among which HK$4,793,000 (2009: HK$4,594,000) and HK$11,570,000 (2009: HK$11,754,000) are due to related companies and non-controlling shareholder respectively. The construction payables are current and not yet due for payment. The amounts due to related companies and non-controlling shareholder are unsecured, interest free and expected to be settled within one year.

Business Review and Prospect

Operating Results

In 2010, energy conservation and environmental protection were accorded first priority among seven emerging strategic industries by the Central Government and accorded significant investment and strong support. With expertise in environmental protection and alternative energy industries, and the corporate mission of "Creating Beautiful Environment and Rewarding the Public", the Group has performed well in capturing opportunities to expand its business. During the year under review, the Group has classified its businesses into 3 core sectors, environmental energy, environmental water and alternative energy. It has put forth the utmost effort to develop its environmental protection business while expanding its alternative energy business. Hong Kong Head Office serves as an investment management centre while our offices in Shenzhen and Beijing act as project construction and technology development management centres. The Group's operations are primarily spread over Jiangsu, Shandong, Anhui and Guangdong Provinces, concentrating its businesses within specific geographical areas to achieve greater economies of scale and business synergies.

The year 2010 witnessed the most extensive project construction ever undertaken by the Group in its history. 13 construction projects commenced according to schedule, generating promising construction service revenue. Besides, the increase in scale of operating projects and improvement of operating efficiency also enhanced the base of operation service revenue. Taking into account the obtaining of a number of new projects in 2010, it is expected the Group will also be very busy in construction work in 2011 and the construction service revenue will continue to increase. In 2010, the Group's consolidated turnover amounted to HK$2,929,415,000, an increase of 66% from HK$1,765,996,000 of last year. The EBITDA on recurring basis amounted to HK$1,059,858,000, an increase of 49% from HK$711,609,000 of last year. In 2010, the Group recorded valuation gains on investment properties of HK$3,996,000. Profit attributable to equity shareholders of the Company for the year of 2010 was HK$616,433,000, 66% more than the HK$371,898,000 of 2009. Basic earnings per share were HK16.92 cents, HK5.53 cents more than the HK11.39 cents in the previous year.

To reward shareholders for their support and taking into consideration the long-term continued development of the Group, the Board has proposed to pay a final dividend of HK1.5 cents per share to shareholders of the Company. Together with the interim dividend of HK1.0 cent per share already paid, the total dividends for the year are to be HK2.5 cents per share (2009: HK2.2

cents per share).

Environmental Protection and Alternative Energy Businesses

During the year under review, the Group stepped up its efforts in exploring environmental protection and alternative energy projects and secured 17 new projects that carried a total investment of approximately RMB2,828,554,000. As at 31 December 2010, the Group was engaged in 49 environmental protection and alternative energy projects commanding a total investment of approximately RMB10,578,303,000. Of these projects, those with construction completed had a total investment amounting to approximately RMB5,635,785,000 whereas those currently undergoing construction accounted for a total investment of about RMB2,145,297,000. As for projects still in the preparatory stage, their estimated total investment cost was approximately RMB2,797,221,000. Subsequent to 31 December 2010, the Group further secured 3 new projects including Laiyang Biomass Power Generation Project, Zibo Ceramic Technology Development Zone Heat Pump Project and Suqian Solid Waste Landfill Project at a total investment of approximately RMB512,200,000.

The increasing number of environmental protection and alternative energy projects and rising processing volume and standard have boosted the Group’s revenue base for operation services. During the year under review, turnover from environmental protection and alternative energy businesses amounted to HK$2,779,662,000 (construction service revenue: 61%, operation service revenue: 24%, and finance income: 15%), an increase of 68% as compared with 2009 and accounting for 95% of the Group’s total turnover, 2 percentage points more than that in 2009. EBITDA amounted to HK$972,605,000, an increase of 50% as compared with 2009 and accounting for 92% of EBITDA on recurring basis.

Major financial data of the environmental protection and alternative energy businesses in 2010:

	2010				2009			
	Environ-mental Energy Projects	**Environ-mental Water Projects**	**Alternative Energy Projects**	**Total**	Environ-mental Energy Projects	Environ-mental Water Projects	Alternative Energy Projects	Total
	HK$’000	***HK$’000***	***HK$’000***	***HK$’000***	*HK$’000*	*HK$’000*	*HK$’000*	*HK$’000*
Turnover								
- Construction service	**1,360,418**	**233,243**	**91,220**	**1,684,881**	268,078	530,516	-	798,594
- Operation service	**270,045**	**381,547**	**12,160**	**663,752**	198,421	325,890	8,080	532,391
- Finance income	**185,979**	**241,924**	**3,126**	**431,029**	137,533	179,311	3,142	319,986
	1,816,442	**856,714**	**106,506**	**2,779,662**	604,032	1,035,717	11,222	1,650,971
EBITDA	**584,896**	**363,801**	**23,908**	**972,605**	291,041	346,249	10,990	648,280

In its energy conservation and emission reduction operations, the Group has processed 1,949,000 tonnes of household and industrial waste and generated 585,893,000 kilowatt-hours of green electricity, which can fulfill the annual electricity consumption of 488,000 households and is equivalent to saving the consumption of 234,000 tonnes of standard coal and reducing carbon dioxide (CO_2) emissions by 701,000 tonnes. Meanwhile, the Group has processed 458,054,000 m^3 of waste water (including leachate from waste-to-energy projects) and reduced

COD emission by 165,000 tonnes. Since the operation of its first environmental protection project in 2005, the Group has processed 4,729,000 tonnes of accumulated household and industrial waste and generated 1,540,000,000 kilowatt-hours of green electricity, which can fulfill the annual electrical consumption of 1,280,000 households and save the equivalent of 617,000 tonnes of standard coal, reducing the emissions of CO_2 by 2,017,000 tonnes and preventing the cutting of 200,000,000 trees. Meanwhile, the Group has processed 1,657,000,000 m^3 of accumulated waste water (including leachate from waste-to-energy projects) and reduced COD emission by 655,000 tonnes.

1. Environmental Energy

The Environmental Energy sector currently comprises 15 projects, encompassing waste-to-energy projects, industrial solid waste landfill projects ("Solid Waste Project") and environmental protection industrial parks. The designed total annual household waste processing capacity is approximately 3,850,000 tonnes, capable of yielding an average annual on-grid electricity of approximately 1,071,000,000 kilowatt-hours. The industrial waste storage capacity is approximately 625,000 m^3. The Group has taken the initiative to connect its online inspection and testing system for gas emissions at its operating projects for local environmental supervision as well as a testing centre for supervision by the Government and the public, including the Suzhou Waste-to-energy Project ("Suzhou Project") Phase I and II, the Yixing Waste-to-energy Project ("Yixing Project") Phase I, the Jiangyin Waste-to-energy Project ("Jiangyin Project") Phase I and II and the Changzhou Waste-to-energy Project ("Changzhou Project"). In addition, under the external supervision, the project management and operational standard of these projects have been continuously improving. Since operations have commenced, these projects have been operating smoothly with emission levels strictly complied with environmental protection requirements. Thus, they are regarded as demonstration projects for site visits by various local governments prior to construction of their waste-to-energy plants.

The Group continued to make improvements and strove to optimise its environmental energy business during the year under review. On the one hand, the Group has proceeded with the construction of the new projects, completed Jiangyin Project Phase II ahead of schedule and further enhanced its operating and management standards. On the other hand, it has capitalised on its present advantages to expand markets. In September and December, the Group signed an agreement in relation to the Yixing Project Phase II and a supplemental agreement on concession right for the Suzhou Project Phase III respectively. The Yixing Project Phase II carries a total investment of approximately RMB150,843,000, which covers the upgrade work for Phase I. After the completion of the Yixing Project Phase II, the combined designed daily waste processing capacity of Phase I and Phase II of the Yixing Project is planned to increase from 500 tonnes to 800 tonnes. Along with the construction of the Suzhou Project Phase III, Phase I and Phase II of the Suzhou Project are also to be upgraded to comply with the Euro 2000 Standard. The Suzhou Project Phase III will command a total investment of RMB750,000,000 including the upgrade work for Phase I and Phase II. Upon completion, the Suzhou Project will increase its designed daily waste processing capacity from 2,050 tonnes to 3,550 tonnes, being the largest daily waste processing capacity in China with the most advanced emission standard. The concession rights to operate the Suzhou Project would also be extended by three years to 2032.

To better facilitate the leachate treatment of waste-to-energy projects, during the year under review, the Group has completed the construction of a leachate treatment system for the Suzhou

Project with a daily processing capacity of 1,000 tonnes to meet the needs of Suzhou Project. The leachate treatment system was built to connect to the Government's piping network, and was constructed and operated under National Grade 3 Standard. It is the largest leachate treatment system presently adopted by waste-to-energy plants in China.

During the year under review, the environmental energy projects of the Group together processed a total of 1,911,000 tonnes of household waste, 38,000 m^3 of solid waste and generated on-grid electricity of 444,658,000 kilowatt-hours, representing an increase of 11%, 73% and 22% compared with last year. The environmental energy projects brought an EBITDA of HK$584,896,000, representing an increase of 101% over last year. The growth of profit was mainly attributable to the increased construction service revenue driven by the commencement of construction of the Jiangyin Project Phase II, the Jinan Waste-to-energy Project ("Jinan Project"), the Zhenjiang Waste-to-energy Project ("Zhenjiang Project") and the Suqian Waste-to-energy Project ("Suqian Project"), plus the higher operation service revenue boosted by the rising processing volume of operating projects.

Major operating and financial data of the Environmental Energy sector in 2010:

	Waste processing volume (tonnes)		On-grid electricity (kWh)		EBITDA (HK$'000)	
	2010	2009	**2010**	2009	**2010**	2009
- Suzhou Project Phase I and Phase II (1)	**941,000**	775,000	**228,275,000**	171,969,000	**173,310**	150,821
- Yixing Project Phase I (2)	**240,000**	228,000	**51,950,000**	47,020,000	**24,652**	23,363
- Jiangyin Project Phase I & Phase II (3)	**348,000**	347,000	**82,709,000**	70,140,000	**96,747**	53,985
- Changzhou Project (4)	**382,000**	374,000	**81,724,000**	75,991,000	**46,622**	55,357
- Jinan Project (5)	-	-	**-**	-	**136,504**	(3,292)
- Zhenjiang Project (6)	-	-	**-**	-	**68,299**	(891)
- Suqian Project (7)	-	-	**-**	-	**14,493**	**-**
- Huidong Waste-to-energy Project ("Huidong Project") (8)	-	-	**-**	-	**(1,678)**	**-**
	1,911,000	1,724,000	**444,658,000**	365,120,000	**558,949**	279,343
- Solid Waste Project (9) (m^3)	**38,000**	22,000	**-**	-	**25,947**	11,698
					584,896	291,041

(1) The increase in profit of the Suzhou Project was mainly attributable to the recognition of construction cost savings upon completion of the construction final accounts of Phase II, the increase in power generation and the gradual increase in operational efficiency during the year under review.

(2) The increase in profit of the Yixing Project was mainly attributable to the increase in waste processing volume and on-grid electricity which brought the growth of operation service revenue during the year under review.

(3) The increase in profit of the Jiangyin Project was mainly attributable to the construction of the Phase II during the year under review which generated construction service revenue. In addition, operation service revenue was increased because of a steady increase in waste processing volume and on-grid electricity. The Phase II Project is currently under trial run.

(4) The decrease in profit of the Changzhou Project was mainly attributable to the subsequent recognition of revenue generated during the trial run period in the first half of 2009. Moreover, the project has undergone an overhaul which also increased the maintenance cost during the year under review.

(5) Construction work of the Jinan Project commenced in February 2010 and commercial operation is expected to commence in 2011.

(6) Construction work of the Zhenjiang Project commenced in March 2010 and commercial operation is expected to commence in 2011.

(7) Construction work of the Suqian Project commenced in June 2010 and commercial operation is expected to commence in 2012.

(8) The Huidong Project is now under preparation and construction is expected to commence in the first half of 2011.

(9) The increase in profit of the Solid Waste Project was mainly attributable to the growth of solid waste treatment volume during the year under review which increased the operation service revenue of the project.

Environmental Protection Industrial Park

To build an environmental protection industrial park, the Group works closely with the local government on centralized planning and full utilization of local resources within the park, including the proper sharing of infrastructure in order to collect and recycle solid waste. All of these actions are made with the objective to optimise land resources and achieve coordinated treatment, so ultimately the park can achieve "nil discharge", serving as a model for the development of modern environmental protection business while playing an educational role.

During the year under review, the Group applied its successful business model of environmental industrial parks in Jiangsu Province into Shandong Province in executing an agreement with the Yantai Municipal Government to build an industrial park in Yantai. It also extended its coverage within Jiangsu Province, by signing an agreement with the Changzhou Municipal Government in Jiangsu Province to develop an environmental industrial park within the city. To date, the Group has signed agreements for the construction of environmental industrial parks with the municipal governments of Suzhou, Zhenjiang, Suqian, Changzhou and Yantai. The Suzhou Veinous Industrial Park spans a wide scale encompassing a number of operating projects including waste-to-energy, waste landfill methane-to-energy, industrial solid waste landfill and leachate treatment. Next to be built are Phase III of the waste-to-energy project, leachate methane-to-energy plant, Phase II of the industrial solid waste landfill project, the environmental equipment manufacturing centre and the low carbon centre etc. During the year under review, on top of the construction of waste-to-energy and leachate methane-to-energy projects in Zhenjiang and Suqian, the Group has also constructed solar photovoltaic energy projects. Another industrial waste landfill project is to be commenced soon. All of these projects are built by Everbright Environmental Protection Engineering (Shenzhen) Limited ("Everbright Environmental Engineering") and the Environmental Protection Energy Company within the Group to save construction, management and operational costs.

2. Environmental Water

This sector includes waste water treatment projects and projects for integrated use of water resources. As at 31 December 2010, the Group had a total of 18 waste water treatment projects, 3 reusable water projects and 1 surface water project with an aggregate annual waste water treatment capacity of approximately 566,000,000 m^3, annual reusable water capacity of 13,000,000 m^3 and annual surface water capacity of 36,500,000 m^3. During 2010, the Group has also established China Everbright Water Investments Limited in Jinan which is responsible for the coordination and management of all water projects. During the year under review, the Group extended the coverage of its environmental water business by securing the reusable water projects in Zibo, Licheng of Jinan and Jiangyin for the first time. Besides, the Jinan Xike Waste Water Treatment Project ("Jinan Xike Project"), Dezhou Ling County Waste Water Treatment Project ("Ling County Project") Plant 2 and the newly acquired Ling County Waste Water Treatment Plant 1 all started operation in June 2010. Apart from the self-built and self-operated projects, construction of the Xinyi BT Waste Water Treatment Project ("Xinyi Project") Phase I has also been completed in the fourth quarter of 2010 as scheduled, and had transferred to the Xinyi Municipal Government.

The Xinyi Surface Water Project is the second BT project undertaken by the Group. It processes 100,000 m^3 of lake water for the city each day. The project is to be transferred to the Xinyi Municipal Government upon completion of construction by the Group. The construction cost is approximately RMB360,300,000. This project is expected to start construction during 2011, and the construction and handover will be completed in 2012.

During the year under review, the environmental water projects treated 458,054,000 m^3 of waste water, representing an increase of 18% as compared with last year. These operations brought an EBITDA of HK$363,801,000, representing an increase of 5% against last year. The increase in profit was mainly due to the increase in waste water treatment volume which gave rise to the growth of operation service revenue. This offset the decrease in construction service revenue of Environmental Water sector during the year.

Major operating and financial data of the Environmental Water sector in 2010:

	Waste Water Treatment Volume (m³)		EBITDA (HK$'000)	
	2010	2009	**2010**	2009
- Qingdao Waste Water Treatment Project ("Qingdao Project") (1)	**67,768,000**	67,252,000	**30,508**	32,324
- Zibo Waste Water Treatment Project (including Southern and Northern Plants and High-Tech Zone) ("Zibo Project") (2)	**113,149,000**	115,683,000	**40,019**	43,480
- Jinan Waste Water Treatment Project ("Jinan Waste Water Project") (3)	**159,498,000**	143,095,000	**107,372**	126,561
- Jinan Licheng Waste Water Treatment Project ("Jinan Licheng Project") (4)	**36,861,000**	11,694,000	**19,374**	24,461
- Jinan Xike Project (5)	**5,053,000**	-	**13,135**	11,382
- Binzhou Boxing Waste Water Treatment Project ("Boxing Project") (6)	**12,072,000**	8,216,000	**1,986**	6,302
- Zhoucun Waste Water Treatment Project ("Zhoucun Project") (7)	**16,101,000**	9,557,000	**6,516**	1,805
- Jiangyin Waste Water Treatment Project ("Jiangyin Waste Water Project") (8)	**42,755,000**	32,515,000	**117,339**	99,934
- Ling County Project (9)	**4,797,000**	-	**17,763**	-
- Xinyi Project (10)	**-**	-	**9,789**	-
	458,054,000	388,012,000	**363,801**	346,249

(1) The decrease in profit of the Qingdao Project was mainly attributable to the receipt of the waste water treatment adjustment fee of RMB7,040,000 in 2009.

(2) The decline in profit of the Zibo Project was mainly attributable to the higher operational costs as a result of the increase in the proportion of industrial waste water treatment volume during the year under review.

(3) The decrease in profit of the Jinan Waste Water Project was mainly attributable to the recognition of construction service revenue of overall upgrading work in 2009. During the year under review, this project only recognised operation service revenue.

(4) The decrease in profit of the Jinan Licheng Project was mainly attributable to the recognition of construction service revenue during construction in 2009. During the year under review, this project only recognised operation service revenue.

(5) The Jinan Xike Project commenced commercial operation in June 2010.

(6) The decrease in profit of the Boxing Project was mainly attributable to the recognition of construction service revenue during construction in 2009.

(7) The rise in profit of the Zhoucun Project was mainly attributable to the growth of waste water treatment volume which in turn increased the operation service revenue during the year under review.

(8) The increase in profit of the Jiangyin Waste Water Project was mainly attributable to the growth of waste water treatment volume which in turn increased the operation service revenue during the year under review.

(9) Construction work of the Ling County Project Plant 2 and the acquisition of the Ling County Project Plant 1 were completed and commercial operations were commenced in June 2010.

(10) The Xinyi Project commenced construction in March 2010 and has been completed and handed over to the government in the fourth quarter of 2010.

3. <u>Alternative Energy</u>

To position itself to better succeed in the next round of international competition, the Group is planning to strategically focus on environmental protection and alternative energy by actively developing and expanding solar energy, wind power and biomass power generation businesses on top of its existing methane-to-energy and waste water source heat pump projects. During the year under review, the Group has established China Everbright Alternative Energy Investment Limited to coordinate, manage and expand its alternative energy projects. As at 31 December 2010, the Group has secured 12 alternative energy projects which included 3 methane-to-energy projects, 4 biomass power generation projects, 4 photovoltaic energy projects and a waste water source heat pump project, commanding a total investment of approximately RMB1,604,248,000. Moreover, the Group has entered the wind power sector through the agreements with the Muping Municipal Government of Shandong Province and Ningwu Municipal Government of Shanxi Province respectively, under which the Group was authorised to exclusively build 4 wind power generation projects in phases to be decided based on their actual situation. It is expected that the total investment will involve over RMB1,510,400,000 with a total installation capacity of 170 megawatts and a designed annual power generation capacity of 329,000,000 kilowatt-hours.

During the year under review, the alternative energy projects brought an EBIDTA of HK$23,908,000, which was mainly attributable to construction service revenue generated by the commencement of construction of the waste water source heat pump project and the Dangshan Biomass Power Generation Project ("Dangshan Project") and the continuous growth in the profit contribution of methane-to-energy projects.

<u>Methane-to-energy projects</u>

The Group's methane-to-energy operations include sludge, waste landfill and leachate methane-to-energy projects. Methane-to-energy is not only a safe solution for the methane pollution problem, it can also turn waste into value, providing electricity for factories and achieving the goal of emissions reduction. The Suzhou Methane-to-energy Project ("Suzhou Methane Project") is the Group's first alternative energy project in operation as well as the first Gold Standard Voluntary Emission Reduction ("VER") project in China. During the year under review, the Suzhou Methane Project supplied 26,148,000 kilowatt-hours of electricity to the power grid and brought an EBITDA of HK$12,735,000, representing an increase of 13% as compared with 2009.

<u>Waste water source heat pump project</u>

The Group's waste water source heat pump project in Zibo of Shandong Province uses recycled water to provide heating service in winter and cooling service in summer at a total investment of RMB57,887,000.

<u>Biomass power generation projects</u>

As at 31 December 2010, the Group had signed investment agreements with the governments of Xinyi City and Shuyang County in Jiangsu Province, Dangshan County in Anhui Province and Linyi County in Shandong Province to secure the authorisation to invest and build biomass power generation projects.

Dangshan Project is the first biomass power generation project of the Group. It started construction in July 2010 and is expected to be completed and start operation in 2011. The construction and operation of this project signifies the development of a new investment and management model in the biomass power generation field by the Group. The Group secured a new project in Laiyang County in Shandong Province in January 2011 by riding on the presence of its existing projects. These projects are now undergoing initial preparation and construction service revenue is expected to be generated for the Group after the respective construction starts during 2011.

Solar photovoltaic energy project

During the year under review, the Group secured 4 solar photovoltaic energy projects, including the already completed and operating rooftop Everbright Environmental-DuPont Apollo Photovoltaic Energy Golden Sun Pilot Project in Shenzhen, the Jiangsu Zhenjiang Photovoltaic Energy Project and the Jiangsu Suqian Rooftop Photovoltaic Energy Project, as well as the Anhui Huaining Photovoltaic Energy Golden Sun Pilot Project which is still under construction. The completion of these projects would establish a new milestone in the development of the Group's alternative energy business.

Wind power projects

During the year under review, the Group achieved a breakthrough in wind power through securing wind power projects at Jiangge Garden in Muping District within Yantai City, Shandong Province and Ningwu County in Shanxi Province respectively. In 2011, the Group plans to implement wind measurement tests and analysis of these 2 projects, ie, 4 wind farms, in order to determine the appropriate investment scale and construction plan.

Environmental Protection Engineering

Everbright Environmental Engineering is the Group's engineering technology platform for environmentally friendly construction business development in China. Everbright Environmental Engineering holds a licence as a "Main Contractor for Municipal Public Works" as well as ISO9001:2000 (Quality), ISO-14001 (Environment) and OHSMS28001 (Occupational Health and Safety) Management System accreditations. It is also designated as a "National High Tech Enterprise".

Regardless of the scale and size of investment in a project, Everbright Environmental Engineering has insisted on "Producing quality facilities and building a brand respected for quality" in carrying out its work. It upholds the Group's operating philosophies of "integrity, pragmatism, efficiency and innovation" to deliver work of "Excellent design through deploying state-of-art technology and advanced equipment as well as high quality construction and first class management". Through its strengths in technology, management and human resources and stringent controls on "Quality, safety, progress and cost", the Group is able to fulfill its commitment to society of developing environmental protection projects with first class quality, high standard, advanced technology and outstanding efficiency recognised by governments at different administrative levels, helping it establish a strong reputation within the industry.

Projects completed by Everbright Environmental Engineering include construction of household waste-to-energy plants, solid waste landfills and methane-to-energy plants in Suzhou City, Yixing City, Jiangyin City and Changzhou City in Jiangsu Province, and construction and upgrading of waste water treatment plants in Zibo City and Jinan City in Shandong Province. Other projects in progress include household waste-to-energy projects, waste water treatment projects, biomass power generation projects, solar photovoltaic energy projects and surface water and reusable water projects in Jiangsu, Shandong and Anhui Provinces.

As at the end of 2010, Everbright Environmental Engineering had 24 projects completed which have commenced operations and 19 projects in progress. The past year was a year in which the Group has the most projects under construction in the environmental protection business. Everbright Environmental Engineering has pushed forward at full speed ahead on the construction of different projects, ensuring works proceed smoothly and safely, according to high standards with effective cost control measures. During the year under review, the Group has completed the construction of 7 projects, including the Jiangyin Project Phase II, 3 waste water treatment projects in Xike, Xinyi and Ling County and 3 solar photovoltaic energy projects in Shenzhen, Zhenjiang and Suqian. In January 2011, the Group also completed the upgrading work for the leachate treatment project in Zhenjiang. This is the first external project undertaken by the Group, demonstrating its capability to develop projects independently. 19 projects under construction or at the preparation stage are scheduled to be completed in 2011 to 2013.

Guided by its emphasis on scientific development and business development strategies, Everbright Environmental Engineering will continue to learn from its experience, consolidate and enhance its engineering technology, optimise management flow and develop human resources, with the aim of making a critical contribution to build a resource-efficient and environmentally-friendly society.

Environmental Protection Technological Development

Everbright Environmental Protection Technological Development (Beijing) Limited is the Group's platform of cooperation with technology research institutions, international technology transfer and technological research and development.

During the year under review, the Group has identified 10 major research and development areas and achieved substantial results in the key topics. Among these, the self-developed grate furnaces and automatic control systems with a daily waste processing capacity of 400 tonnes have been installed at the Jiangyin Project Phase II. The equipment boasts lower costs with good quality and performance. The Group is now developing 300-tonne and 350-tonne grate furnaces for its Zhenjiang and Suqian projects. The success of grate furnaces and automatic control systems marks a milestone in the Group's development of its environmental protection business, allowing the Group to develop the new "Environmental protection equipment R&D and manufacturing" business sector, move from a downstream segment to mid-to-up stream sectors thereby enhancing its core competitiveness. In addition, the Group's first sludge treatment project provides landfill after dehydration. The next major goal is to incinerate the sludge in the Yixing Project Phase II, which would be a breakthrough in sludge treatment.

During the year under review, the Group has submitted applications for 7 research projects. As at the end of 2010, it also obtained 5 invention patents and 10 utility patents. The Group has won the Excellent Results Awards at the Sixth China International Forum on Environment and Development and the Fourth China International Exhibition of Achievements in Building Environmentally-Friendly Society. The accolades were garnered by its mechanical grate furnace combustion control system, solid waste leachate treatment technology, waste water source heat pump central heating and cooling technology. Its preparation of drinking water through urban waste water treatment technology has also been honoured with the Innovative Award.

The Group will continue to invest in technological innovation and enhance its research and development capabilities, with the aim of lowering construction and operating costs and boosting the cost effectiveness and competitiveness of its projects. The Group will seek to commercialise patented technologies and strive to develop into a new environmental protection enterprise that deploys "Top-notch techniques and high-end technologies".

Infrastructure

<u>Toll Bridge</u>

The Qingzhou Bridge is at the center of the major transportation hub of Fuzhou City. Traffic flow on the bridge has been increasing steadily since traffic commenced in 2003, thus has been a stable source of cash flow for the Group. In 2010, the average daily number of standard vehicles crossing the bridge was increased by 27% to 44,939 as compared with 2009. The project generated an EBITDA of HK$126,750,000 to the Group, an increase of 18% as compared with that in 2009.

Looking forward, with the gradually recovering global economy bringing increasing truck traffic and the commencement of service of Phase II of the North Airport Highway in Fuzhou, traffic on Qingzhou Bridge is expected to keep rising.

Honours and Recognition

Awards won by the Group during the year under review are listed as follows:

Date	Organiser	Awards
February 2010	solidwaste.com.cn	2009 Top 10 Most Influential Solid Waste Companies in China
June 2010	China Vitality Association and China Enterprise News	2010 Most Innovative Companies in China
September 2010	Mercomm Inc.	24th International ARC Awards 2010 – Honour Award for Interior Design (Waste Water Treatment Group)
September 2010	Mercomm Inc.	24th International ARC Awards 2010 – Bronze Award for Interior Design (Waste Recycling Solutions Group)
December 2010	Economic Digest	Hong Kong Outstanding Enterprises 2010

Business Prospects
2011 is the first year under the Twelfth-Five Year Plan and China intends to gradually introduce favourable policies to implement investment and construction of alternative energy industry. Being benefited from these policies and concern with the worsening global warming problem, development of alternative energy has become a major trend fuelling the growth of the entire industry. Demand for domestic environmental protection solutions continues to be strong, creating bright prospects for alternative energy business. The Group continues to adhere to the management and operating principle of “People-orientation, Pragmatism, Creativity and Systematic Management” and ride on its core competitive strength, expertise and brand leadership to achieve sustainable development of professionals, continue the implementation of environmental protection projects and growth of green GDP while facilitating the continuous, rapid and healthy growth of the Group’s business.

The Group has expanded its industry chain both horizontally and vertically. Its businesses are strategically located in both cities and rural areas in Jiangsu, Shandong, Guangdong and Anhui Provinces, bringing economies of scale and synergies to the Group’s operations. The Group has also implemented many projects in new fields for the first time in 2010 which will commence construction and operation in the coming year. In 2011, the Group will continue to push on its project construction and operation and step up its effort in expanding its alternative energy business, including the solar energy and wind power projects where public attention is focused.

The Group’s years of experience in project construction and management as well as the operation of completed projects is a fundamental advantage in developing alternative energy projects. The Group also has forged partnerships with academic and specialised research institutions which can support the Group’s development in the alternative energy industry in the future.

The Group will continue to improve internal operations and procedures as well as external capabilities, expand its core business as well as alternative energy business and advance its horizontal and vertical development model in order to enhance its brand presence in the market. It aims to speed up pursuit of projects in the Yangtze River Delta, Pearl River Delta and Bohai Bay area to benefit the economy, environment and society, as well as generate strong returns for shareholders.

Management Discussion and Analysis

Financial Position
As at 31 December 2010, the Group had total assets amounting to approximately HK$10,870,391,000, with HK$5,338,052,000 worth of net assets attributable to equity shareholders of the Company, amounting to HK$1.461 per ordinary share, an increase of 16% as compared with HK$1.257 per ordinary share for the year of 2009. As at 31 December 2010, gearing ratio (total liabilities over total assets) of the Group was 47%, 4 percentage points more than the 43% as at the end of 2009.

Financial Resources
The Group adopts a prudent approach in cash and financial management to ensure proper risk control and low costs of funds. It finances its operations primarily with internally generated cash flow and loan facilities from banks and funds from its ultimate holding company. As at 31

December 2010, the Group had cash and bank balances of approximately HK$1,432,424,000, representing a decrease of HK$591,848,000 as compared to HK$2,024,272,000 at the end of 2009. The decrease was mainly due to the payment of construction cost during the year under review. Currently, most of its cash, about 90%, are denominated in Hong Kong dollars and Renminbi.

Borrowings

As at 31 December 2010, the Group had outstanding borrowings of approximately HK$3,940,107,000, representing an increase of HK$838,801,000 as compared to HK$3,101,306,000 at the end of 2009. The borrowings comprised secured bank loans of HK$2,182,473,000, unsecured bank loans of HK$1,586,924,000, other loans of HK$53,271,000 and loans of HK$117,439,000 owed to the ultimate holding company. The borrowings are mainly denominated in Renminbi, a portion of about 84%, and the remaining are denominated in US dollars and Hong Kong dollars. All the borrowings are at floating rates. In 2010, the average interest rate of the Group's borrowings dropped from 6% to 5%, which was mainly attributable to interest rate cuts.

Foreign Exchange Risk

The Group's assets, borrowings and major transactions are mainly denominated in Renminbi. The Group mainly settles business expenses in China with Hong Kong dollar remittance and income in Renminbi. It has not used any financial instruments to hedge against bank borrowings in Renminbi, which are used mainly to meet capital requirements of its business in China. The Group closely manages and monitors foreign currency risks given the increased loan balances in Hong Kong dollars and US dollars.

Pledge of Assets

As at 31 December 2010, specified banking facilities of the Group were secured by certain revenue and receivables in connection with the Group's service concession arrangement, bank deposits, mortgages on fixed assets and shares of certain subsidiaries of the Company. These banking facilities, amounting to HK$2,820,729,000 (2009: HK$2,885,595,000), were utilised to the extent of HK$2,182,473,000 (2009: HK$1,706,778,000) of the facilities as at 31 December 2010. The aggregate net book value of assets pledged amounted to HK$3,980,856,000 (2009: HK$4,055,137,000).

Commitments

As at 31 December 2010, the Group had outstanding commitments in connection with TOT arrangements in the amount of HK$28,411,000 and HK$773,756,000 of purchase commitments outstanding in connection with construction contracts.

Contingent Liabilities

As at 31 December 2010, the Company had issued financial guarantees to five wholly-owned subsidiaries and a non-wholly owned subsidiary. The directors do not consider it probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as at year end under the guarantees issued is the facility drawn down by the subsidiaries of HK$1,517,459,000 (2009: HK$956,044,000).

Internal Management

The Group adheres diligently to the management principle of focusing on "People-orientation, Pragmatism, Creativity and Systematic Management" and is committed to building a solid risk management culture. During the year under review, the Group restructured the Management Committee and invited the Group's management, the persons-in-charge of different sectors and different departments to be the members of the Committee. They focused on developing solutions to solve the problems of different sectors and enhancing management efficiency. They have completed the integration of four sectors during the year: environmental protection engineering, environmental protection technological development, environmental energy and environmental water, and enhanced internal communication. The Group also formulated and optimised a series of measures to strengthen internal management including the "Revised Target Management and Appraisal Policy for Environmental Protection Project Companies", the "Construction Budgetary Management Policy", the "Financial Computerised Management and System", "the Venture Project Management Policy", the "Key Equipment R&D, Design, Manufacturing and Sales Incentive Policy" and the "Investment Project Management Policy". With the help of the Risk Management Advisory Committee, the Engineering Technical Management Committee and the Budget Approval and Management Committee, the Group formulated strict procedures on investment in and construction and operation of new environmental protection projects to reduce risk exposure.

Human Resources

The Group highly values its human resources. It believes realising the full potential of its employees is crucial to its long term growth, thus it puts great emphasis on staff training. In 2010, the Company co-organised a Master of Environmental Engineering program with the School of Environmental Science and Engineering of Tsinghua University to raise the staff's engineering capabilities. This will help complement the development needs of the Group's environmental protection and alternative energy businesses through deployment of top-notch techniques and high-end technologies. The aims of the programme are to improve the professional skills of staff and their work efficiency, and, in turn, the overall performance of the Group. The Group also nominated ten management staff to participate in the CEO course organised by Tsinghua University in order to improve their leadership and integrated management quality. It also organised two outward bound training sessions for the entire staff to bolster execution capability and team spirit. The Group has provided newcomers with pre-service training to help familiarise them with the Group's corporate culture. The Group has also organised outbound trips for staff to improve their technological capabilities and broaden their exposure through visits and exchanges.

As at 31 December 2010, the Group had approximately 1,400 employees in Hong Kong and mainland China. Employees of the Group are remunerated according to their qualifications, experience, job nature, performance and with reference to market conditions. Apart from a 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 by the Company's extraordinary general meeting on 26 May 2003, at the discretion of the Board, share options may be granted as performance incentives to any employees, including directors. During the year under review, no share option was granted.

Corporate Governance

The Group has strived to maintain high corporate governance standards as it believes good corporate governance is essential to maintain and enhance the confidence of the shareholders of the Company and safeguarding shareholders' interest as well as the key to assuring healthy business development. The Group upholds the management principle of "People-orientation, pragmatism, creativity and systematic management", and through a set of rules and regulations, has continuously strengthened internal controls and risk management. Furthermore, by full and timely public disclosure of information, the Group has maintained transparency and accountability aligned with its corporate values. The Board meets regularly and has set up an Executive Committee, an Audit Committee, a Remuneration Committee and a Management Committee. For risk management, the Group has set up a Risk Management Advisory Committee to monitor and assess risks regularly, boost related management standards and evaluate investment projects. To manage technological risk, the Group has in place an Engineering Technical Management Committee responsible for assessing the technologies used in different investment projects. For financial controls, the Group insists on stringent budget management, and has set up a Budget Approval Management Committee that focuses on monitoring construction budgets. In addition, the Group has also set up an Internal Audit Department to perform internal audits on investment projects to bolster the Group's management standard.

The Code on Corporate Governance ("the Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") has been duly adopted by the Board as the code on corporate governance practices of the Company.

For the year ended 31 December 2010, the Company had complied with the provisions of the Code and most of the recommended best practices as set out in the Code.

Executive Committee

The Executive Committee comprises Mr. Tang Shuangning (Chairman), the Chairman of the Board, and six other executive directors, namely Mr. Zang Qiutao, Mr. Li Xueming, Mr. Chen Xiaoping, Mr. Wang Tianyi, Mr. Raymond Wong Kam Chung and Mr. Cai Shuguang. Its main responsibilities include performing the duties assigned by the Board as well as exercising the authority and rights authorised by the Board. The general mandate in relation to the Executive Committee in written form has already been established.

Audit Committee

The Audit Committee, currently comprising all three independent non-executive directors of the Company, namely Mr. Selwyn Mar (Chairman), Mr. Aubrey Li Kwok Sing and Mr. Zhai Haitao, is primarily responsible for reviewing the accounting principles and practices adopted by the Group, as well as discussing and reviewing internal control and financial reporting matters of the Group. 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 auditors, the accounting principles and practices adopted by the Group and discussed the Group's internal control and financial reporting matters, including review of the annual results for the year ended 31 December 2010.

Remuneration Committee

The Remuneration Committee currently comprises Mr. Zang Qiutao (Chairman), the Vice-chairman of the Board, and the three independent non-executive directors of the Company, namely Mr. Selwyn Mar, Mr. Aubrey Li Kwok Sing and Mr. Zhai Haitao. Its main duties include offering advice to the Board on the matters pertaining to 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.

During the year, the Remuneration Committee has reviewed the remuneration policy and structure of the executive directors and senior management of the Company, and offered advice on the same to the Board.

Management Committee

The Management Committee comprises Mr. Chen Xiaoping (Chairman), the Chief Executive Officer of the Company, Mr. Wang Tianyi (Vice-chairman), the General Manager of the Company, Mr. Raymond Wong Kam Chung, the Chief Financial Officer of the Company, Mr. Cai Shuguang, the person-in-charge of Environmental Energy sector, the General Manager of Everbright Environmental Protection Engineering (Shenzhen) Limited, the General Manager of Everbright Environmental Protection Technology Development (Beijing) Limited and the persons-in-charge of Environmental Water sector, Alternative Energy sector and the Investment Development Department. Whereas the persons-in-charge of the Investment Management Department and Legal Department attend the meetings as non-voting delegates. The Management Committee is the decision-making body for day-to-day operations and its main duties include performing the duties assigned by the Board as well as exercising the authority and rights authorised by the same. The general mandate in relation to the Management Committee in written form has already been established.

Model Code for Securities Transactions by Directors

The Group has adopted the model code ("the Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of directors. Specific enquiry has been made with all the directors, who confirmed that they had complied with the required standard of dealings as set out in the Model Code during the year ended 31 December 2010.

Other Information

Final Dividend

The Board has proposed to pay a final dividend of HK1.5 cents per share (2009: HK1.2 cents per share) to shareholders whose names appear on the register of members of the Company on Thursday, 14 April 2011. Subject to the approval by the shareholders of the final dividend at the forthcoming annual general meeting of the Company, dividend warrants will be dispatched to shareholders on or about Monday, 16 May 2011.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 14 April 2011 to Tuesday, 19 April 2011 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for the proposed final dividend for the year, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company's share registrars, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 13 April 2011.

Purchase, Sale or Redemption of the Company's Listed Securities

There was no purchase, sale or redemption of the listed securities of the Company by the Company or any of its subsidiaries during the year.

By Order of the Board
China Everbright International Limited
Chen Xiaoping
Chief Executive Officer

Hong Kong, 28 February 2011

As at the date of this announcement, the Board comprises : (i) seven executive directors, namely Mr. Tang Shuangning, Mr. Zang Qiutao, Mr. Li Xueming, Mr. Chen Xiaoping, Mr. Wang Tianyi, Mr. Raymond Wong Kam Chung and Mr. Cai Shuguang; (ii) one non-executive director, Mr. Philip Fan Yan Hok; and (iii) three independent non-executive directors, namely Mr. Selwyn Mar, Mr. Aubrey Li Kwok Sing and Mr. Zhai Haitao.