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

(Incorporated in Hong Kong with limited liability)

(Stock Code : 257)

2011 RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

Operating Results Achieved New Height
Capturing Opportunities Presented by National Environmental Protection Policy
Under 12th Five-Year Plan

- Turnover increased by 25% to HK$3,663,563,000 (2010: HK$2,929,415,000)
- EBITDA on recurring basis increased by 36% to HK$1,439,571,000 (2010: HK$1,059,858,000)
- Profit attributable to equity shareholders increased by 30% to HK$801,441,000 (2010: HK$616,433,000)
- Final dividend of HK2.5 cents per share (2010: HK1.5 cents per share)

2011 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 2011 with comparative figures for the year ended 31 December 2010 as follows :

Consolidated income statement
For the year ended 31 December 2011

	Note	**2011** *HK$'000*	2010 *HK$'000*
Turnover	*3 & 10*	**3,663,563**	2,929,415
Direct costs and operating expenses		**(2,088,436)**	(1,783,651)
		1,575,127	1,145,764
Other revenue	*4*	**59,746**	61,544
Other loss	*4*	**(943)**	(978)
Administrative expenses		**(252,094)**	(187,245)
Valuation gains on investment properties		**-**	3,996
Profit from operations		**1,381,836**	1,023,081
Finance costs	*5(a)*	**(246,622)**	(177,567)
		1,135,214	845,514
Share of loss of associate	*6*	**-**	(588)
Profit before taxation	*5*	**1,135,214**	844,926
Income tax	*7*	**(289,950)**	(191,761)
Profit for the year		**845,264**	653,165
Attributable to:			
Equity shareholders of the Company		**801,441**	616,433
Non-controlling interests		**43,823**	36,732
Profit for the year		**845,264**	653,165
Earnings per share	*9*		
Basic		**HK21.86 cents**	HK16.92 cents
Diluted		**HK21.68 cents**	HK16.68 cents

Consolidated statement of comprehensive income
For the year ended 31 December 2011

	2011	2010
	HK$'000	*HK$'000*
Profit for the year	**845,264**	653,165
Other comprehensive income for the year:		
Exchange differences on translation of financial statements of subsidiaries	**242,019**	209,087
Changes in fair value of available-for-sale securities	**(69,011)**	43,738
Reclassification adjustment for amounts transferred to profit or loss upon disposal of available-for-sale securities	**1,030**	-
Tax effect relating to changes in fair value of available-for-sale securities	**15,739**	(12,005)
	189,777	240,820
Total comprehensive income for the year	**1,035,041**	893,985
Attributable to:		
Equity shareholders of the Company	**972,367**	838,591
Non-controlling interests	**62,674**	55,394
Total comprehensive income for the year	**1,035,041**	893,985

Consolidated balance sheet
At 31 December 2011

	Note	2011 HK$'000	2011 HK$'000	2010 HK$'000	2010 HK$'000
Non-current assets					
Fixed assets					
- Investment properties			**10,509**		28,856
- Other property, plant and equipment			**845,511**		385,021
- Interest in leasehold land held for own use			**31,577**		-
			887,597		413,877
Intangible assets			**1,069,730**		638,728
Goodwill			**46,133**		46,133
Interest in associate			**-**		-
Other financial assets			**184,284**		244,949
Other receivables and deposits	*11*		**2,181,165**		2,399,734
Gross amounts due from customers for contract work	*12*		**5,963,047**		4,629,124
Finance lease receivables			**21,608**		-
Deferred tax assets			**12,836**		14,080
			10,366,400		8,386,625
Current assets					
Inventories		**43,475**		21,490	
Debtors, other receivables, deposits and prepayments	*11*	**1,016,164**		673,635	
Gross amounts due from customers for contract work	*12*	**553,177**		350,836	
Tax recoverable		**-**		5,381	
Finance lease receivables		**432**		-	
Pledged bank deposits		**215,670**		38,852	
Deposits with bank		**-**		52,087	
Cash and cash equivalents		**1,684,299**		1,341,485	
		3,513,217		2,483,766	
Current liabilities					
Bank loans					
- Secured		**507,152**		365,308	
- Unsecured		**556,928**		366,946	
		1,064,080		732,254	
Creditors, other payables and accrued expenses	*13*	**1,423,305**		853,444	
Current taxation		**52,101**		29,136	
		2,539,486		1,614,834	
Net current assets			**973,731**		868,932

Consolidated balance sheet (continued)
At 31 December 2011

	Note	**2011** *HK$'000*	**2011** *HK$'000*	2010 *HK$'000*	2010 *HK$'000*
Total assets less current liabilities			**11,340,131**		9,255,557
Non-current liabilities					
Bank loans					
- Secured		**3,012,588**		1,817,165	
- Unsecured		**1,016,341**		1,219,978	
		4,028,929		3,037,143	
Other loans		**55,350**		53,271	
Loans from ultimate holding company		**122,022**		117,439	
Deferred tax liabilities		**472,266**		299,055	
			4,678,567		3,506,908
NET ASSETS			**6,661,564**		5,748,649
CAPITAL AND RESERVES					
Share capital			**367,546**		365,246
Reserves			**5,822,478**		4,972,806
Total equity attributable to equity shareholders of the Company			**6,190,024**		5,338,052
Non-controlling interests			**471,540**		410,597
TOTAL EQUITY			**6,661,564**		5,748,649

Notes :

1. Basis of preparation

The financial statements have been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, 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 2011, but is derived from those financial statements.

2. Changes in accounting policies

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and one new Interpretation 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:

- HKAS 24 (revised 2009), *Related party disclosures*
- Improvements to HKFRSs (2010)
- HK(IFRIC) 19, *Extinguishing financial liabilities with equity instruments*

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

HK(IFRIC) 19 has not yet had a material impact on the Group's financial statements as these changes will first be effective when the Group enters a relevant transaction (for example, a debt for equity swap).

The remaining developments related primarily to clarification of certain disclosure requirements applicable to the Group's consolidated financial statements. These developments have had no material impact on the contents of these consolidated financial statements.

3. Turnover

The principal activities of the Group are construction, environmental water project operation (waste-water treatment plants, reusable water treatment plants and a surface water treatment plant), 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 power plants 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 project, environmental energy project and alternative energy project 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:

	2011	2010
	HK$'000	*HK$'000*
Revenue from environmental water project construction services	**128,876**	233,243
Revenue from environmental energy project construction services	**1,536,109**	1,360,418
Revenue from alternative energy project construction services	**453,626**	91,220
Revenue from environmental water project operation services	**431,275**	381,547
Revenue from environmental energy project operation services	**347,148**	270,045
Revenue from alternative energy project operation services	**61,743**	12,160
Finance income	**526,616**	431,029
Toll bridge revenue	**176,866**	147,977
Gross rentals from investment properties	**1,304**	1,776
	3,663,563	2,929,415

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. For the year ended 31 December 2011, aggregated 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$3,432,212,000 (2010: HK$2,779,662,000). 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

	2011	2010
	HK$'000	*HK$'000*
Other revenue		
Bank interest income	**13,783**	8,260
Dividend income from listed securities	**6,316**	1,766
Government grant*	**1,144**	1,997
Value-added tax refund**	**32,381**	40,023
Others	**6,122**	9,498
	59,746	61,544
Other loss		
Net loss on sale of other property, plant and equipment	**943**	978

* Government grant of HK$1,144,000 (2010: HK$1,997,000) was granted during the year ended 31 December 2011 to subsidise certain environmental energy, environmental water and alternative energy projects of the Group in the PRC, of which the entitlement was unconditional and under the discretion of the relevant authorities.

** Value-added tax refund of HK$32,381,000 (2010: HK$40,023,000) was received during the year ended 31 December 2011 in relation to certain environmental energy project operations of the Group 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):

	2011	2010
	HK$'000	*HK$'000*
(a) Finance costs:		
Interest on bank advances wholly repayable within five years	**106,520**	81,903
Interest on other bank advances and other loans	**140,102**	95,664
	246,622	177,567
(b) Staff costs:		
Contributions to defined contribution retirement plan	**16,605**	10,799
Salaries, wages and other benefits	**222,524**	155,872
	239,129	166,671
(c) Other items:		
Amortisation		
- land lease premium	**223**	-
- intangible assets	**30,291**	24,489
Depreciation	**27,221**	16,872
Net foreign exchange loss	**415**	1,862
Auditors' remuneration		
- audit services	**3,250**	2,850
- other services	**6**	6
Operating lease charges: minimum lease payments		
- hire of premises	**9,070**	4,444
Loss on disposal of listed securities	**1,030**	-
Research and development costs	**5,078**	5,512
Rentals receivable from investment properties less direct outgoings of HK$535,000 (2010: HK$323,000)	**(769)**	(1,453)

6. Share of loss of associate

	2011	2010
	HK$'000	*HK$'000*
Share of loss of associate before taxation	**-**	(588)
Share of associate's taxation	**-**	-
	-	(588)

As at 31 December 2010 and 2011, the Group's share of accumulated loss of associate exceeds the Group's interest in the associate, the Group's interest is reduced to nil and recognition of losses is discontinued.

7. Income tax

	2011	2010
	HK$'000	*HK$'000*
Current tax - Hong Kong Profits Tax		
Provision for the year	**-**	8,520
Over-provision in respect of prior years	**(612)**	-
	(612)	8,520
Current tax - PRC Income Tax		
Provision for the year	**91,544**	47,356
Under/(over)-provision in respect of prior years	**23,425**	(5,853)
	114,969	41,503
Deferred tax		
Origination and reversal of temporary differences	**175,593**	141,738
	289,950	191,761

No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2011 as the Group's operations in Hong Kong sustained a loss for Hong Kong Profits Tax purpose. The provision for Hong Kong Profit Tax for the year ended 31 December 2010 was calculated at 16.5% of the estimated assessable profits for 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.

8. Dividends

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

	2011	2010
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK2.0 cents per ordinary share (2010: HK1.0 cent per ordinary share)	**73,509**	36,422
Final dividend proposed after the balance sheet date of HK2.5 cents per ordinary share (2010: HK1.5 cents per ordinary share)	**91,887**	54,787
	165,396	91,209

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

	2011	2010
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK1.5 cents per ordinary share (2010: HK1.2 cents per ordinary share)	**54,802**	43,683

In respect of dividends attributable to the year ended 31 December 2010, 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$801,441,000 (2010: HK$616,433,000) and the weighted average number of 3,666,560,000 ordinary shares (2010: 3,642,565,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2011	2010
	'000	*'000*
Issued ordinary shares at 1 January	**3,652,462**	3,639,325
Effect of share options exercised	**14,098**	3,240
Weighted average number of ordinary shares at 31 December	**3,666,560**	3,642,565

(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$801,441,000 (2010: HK$616,433,000) and the weighted average number of 3,696,713,000 ordinary shares (2010: 3,695,610,000 ordinary shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2011	2010
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**3,666,560**	3,642,565
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**30,153**	53,045
Weighted average number of ordinary shares (diluted) at 31 December	**3,696,713**	3,695,610

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, hazardous waste landfill 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 capital appreciation of the properties' values.

10. Segment reporting (continued)

(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 reportables 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 goodwill, investments in other financial assets, intercompany receivables and other corporate assets. Segment liabilities include current taxation, deferred tax liabilities, creditors, other payables 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.

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 2011 and 2010 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	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	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	**2,160,866**	1,816,442	**804,505**	856,714	**520,022**	106,506	**-**	-	**176,866**	147,977	**1,304**	1,776	**3,663,563**	2,929,415
Inter-segment revenue	**-**	-	**-**	-	**-**	-	**277,934**	129,058	**-**	-	**-**	-	**277,934**	129,058
Reportable segment revenue	**2,160,866**	1,816,442	**804,505**	856,714	**520,022**	106,506	**277,934**	129,058	**176,866**	147,977	**1,304**	1,776	**3,941,497**	3,058,473
Reportable segment profit (EBITDA)	**820,373**	584,896	**440,454**	363,801	**98,752**	23,908	**196,607**	60,897	**149,164**	126,750	**761**	4,615	**1,706,111**	1,164,867
Interest income from bank deposits	**3,177**	1,686	**1,581**	1,195	**442**	81	**1,410**	498	**971**	799	**-**	15	**7,581**	4,274
Interest expense	**111,883**	65,912	**103,499**	100,257	**4,013**	-	**4,413**	-	**5,844**	10,245	**-**	-	**229,652**	176,414
Depreciation and amortisation	**5,266**	4,217	**6,491**	6,031	**12,581**	88	**4,966**	3,303	**25,801**	24,679	**-**	2	**55,105**	38,320
Additions to fixed assets and intangible assets	**8.604**	9,293	**50,749**	36,772	**830,711**	285,651	**56,081**	2,594	**54**	501	**90**	17	**946,289**	334,828
Additions to non-current portion of gross amounts due from customers for contract work and other receivables and deposits	**1,813,718**	1,546,397	**394,177**	771,704	**28,966**	10,456	**-**	-	**-**	-	**-**	-	**2,236,861**	2,328,557
Reportable segment assets	**6,134,993**	4,480,791	**4,170,449**	4,343,109	**1,450,728**	530,881	**745,437**	202,769	**700,016**	611,180	**25,110**	44,086	**13,226,733**	10,212,816
Reportable segment liabilities	**3,098,593**	2,028,496	**1,570,190**	2,046,218	**731,683**	136,748	**465,433**	59,804	**220,977**	245,071	**2,468**	4,254	**6,089,344**	4,520,591

10. Segment reporting (continued)

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

	2011	2010
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**3,941,497**	3,058,473
Elimination of inter-segment revenue	**(277,934)**	(129,058)
Consolidated turnover	**3,663,563**	2,929,415
Profit		
Reportable segment profit	**1,706,111**	1,164,867
Elimination of inter-segment profits	**(233,782)**	(82,662)
Reportable segment profit derived from the Group's external customers	**1,472,329**	1,082,205
Depreciation and amortisation	**(57,735)**	(41,361)
Finance costs	**(246,622)**	(177,567)
Unallocated head office and corporate income	**7,627**	5,788
Unallocated head office and corporate expenses	**(40,385)**	(24,139)
Consolidated profit before taxation	**1,135,214**	844,926
Assets		
Reportable segment assets	**13,226,733**	10,212,816
Non-current other financial assets	**184,284**	244,949
Goodwill	**46,133**	46,133
Unallocated head office and corporate assets	**422,467**	366,493
Consolidated total assets	**13,879,617**	10,870,391
Liabilities		
Reportable segment liabilities	**6,089,344**	4,520,591
Unallocated head office and corporate liabilities	**1,128,709**	601,151
Consolidated total liabilities	**7,218,053**	5,121,742

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, (ii) the Group's fixed assets and intangible assets and (iii) the Group's non-current portion of other receivables and deposits and non-current portion of gross amounts due from customers for contract work. The geographical location of customers is based on the location at which the services were provided. The geographical location of the assets is based on the physical location of the asset, in the case of fixed assets, 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		*Fixed assets and intangible assets*		*Non-current portion of gross amounts due from customers for contract work and other receivables and deposits*	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	HK$'000	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**505**	311	**57,463**	59,993	**-**	-
Other parts of the PRC	**3,660,162**	2,929,104	**1,822,947**	992,612	**8,144,212**	7,028,858
Germany	**2,896**	-	**76,917**	-	**-**	-
	3,663,563	2,929,415	**1,957,327**	1,052,605	**8,144,212**	7,028,858

11. Debtors, other receivables, deposits and prepayments

	2011	2010
	HK$'000	*HK$'000*
Debtors	**196,352**	182,728
Other receivables, deposits and prepayments	**3,000,977**	2,890,641
	3,197,329	3,073,369
Less: Non-current portion		
– other receivables and deposits	**(2,181,165)**	(2,399,734)
Current portion	**1,016,164**	673,635

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:

	2011	2010
	HK$'000	*HK$'000*
Current	**174,053**	111,593
Less than 1 month past due	**9,655**	31,360
1 to 3 months past due	**12,142**	20,570
3 to 6 months past due	**99**	15,019
More than 6 months but less than 12 months past due	**403**	4,186
Amounts past due	**22,299**	71,135
	196,352	182,728

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$196,352,000 (2010: HK$182,728,000) of which HK$10,261,000 (2010: HK$8,246,000) and HK$9,932,000 (2010: HK$47,888,000) are due from a non-controlling shareholder and a related company respectively. Debtors represent toll bridge revenue and revenue from environmental energy project, environmental water project and alternative energy project operation services. There was no recent history of default in respect of the Group's debtors. Since most of the debtors are local government authorities in the PRC and based on past experience, management believes that no impairment allowance is necessary in respect of the past due balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. No impairment loss was recognised by the Group at 31 December 2011 (2010: HK$Nil).

"Debtors, other receivables, deposits and prepayments" include balances totalling HK$2,387,032,000 (2010: HK$2,576,919,000) which bear interest at rates ranging from 5.94% to 7.83% (2010: 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$181,606,000 (2010: HK$161,945,000) and HK$476,468,000 (2010: HK$1,064,858,000) are due from a non-controlling shareholder and a related company respectively. The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the TOT arrangements. No impairment loss was recognised by the Group at 31 December 2011 (2010: HK$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

	2011	2010
	HK$'000	*HK$'000*
Contract cost incurred plus recognised profits less anticipated losses	**7,785,708**	5,832,000
Less: Progress billings	**(1,269,484)**	(852,040)
Net contract work	**6,516,224**	4,979,960
Representing:		
Gross amounts due from customers for contract work		
– Non-current	**5,963,047**	4,629,124
– Current	**553,177**	350,836
	6,516,224	4,979,960

Included in "Gross amounts due from customers for contract work" are amounts of HK$246,876,000 (2010: HK$259,030,000) and HK$229,651,000 (2010: HK$216,958,000) 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% (2010: 5.94% to 7.83%) per annum. Among the total of HK$6,516,224,000 (2010: HK$4,979,960,000), HK$6,297,640,000 (2010: HK$3,545,912,000) relates to BOT and TOT arrangements with operation commenced. 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

	2011	2010
	HK$'000	*HK$'000*
Creditors, other payables and accrued charges	**1,423,305**	853,444

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

	2011	2010
	HK$'000	*HK$'000*
Due within 1 month or on demand	**63,463**	60,489
Due after 1 month but within 3 months	**51,125**	21,814
Due after 3 months but within 6 months	**36,797**	22,508
Due after 6 months	**737,422**	483,785
	888,807	588,596

Included in "Creditors, other payables and accrued expenses" of the Group is an amount of HK$4,610,000 (2010: HK$3,755,000) 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$868,230,000 (2010: HK$579,601,000) represent construction payables for the Group's BT and BOT arrangements, among which HK$12,257,000 (2010: HK$11,570,000) is due to a non-controlling shareholder. The construction payables are not yet due for payment. The amounts due to a non-controlling shareholder is unsecured, interest free and expected to be settled within one year. Included in 2010 balance was an amount of HK$4,793,000 which is due to related companies and were fully repaid during the year.

Business Review and Prospects

Operating Results

The year 2011 inaugurated China's Twelfth Five-Year Plan. During the year under review, the Central Government has launched a series of measures to boost both the economy as well as the seven emerging strategic industries. The national emphasis of promoting energy conservation and emission reduction to spur successful transformation of Chinese economy has presented huge development opportunities to the Group.

2011 was an important year as the Group initiated a new round of development according to the Twelfth Five-Year Plan. It was also the eighth year of the Group's business transformation to focus on environmental protection and alternative energy sectors. At the beginning of the year, the Group has carefully evaluated and concluded its business development experience during the previous Eleventh

Five-Year Plan. The Group concluded that its operating philosophies of "Integrity, Pragmatism, Efficiency and Innovation" will continue to guide the overall development, breakthroughs in strategic direction and choice of geographical area. The Group will advance from a higher position and a wider horizon with stronger momentum and better cohesiveness, enabled by its more sophisticated technology, as well as higher project quality and efficiency to steadily grow. In doing so, the Group is marching forward in achieving an excellent business performance and rapid development during the period of the Twelfth Five-Year Plan. Entering into a new stage of development, the Group does not only focus on quantitative growth and external expansion, but will also integrate speed, quality and effectiveness in its development, aiming to achieve growth in scale and effectiveness together.

The backdrop of the year 2011 was exceptional, particularly in the second half as the effects of the European and American debt crises have brought sudden changes to the market environment. The management maintains that development is the absolute principle and has taken proactive actions. The Group has promptly evaluated the development plan as well as its timely response to changing market conditions. Towards this end, the Group put forward a number of valuable corporate objectives of "Unifies understanding, Clarifies objectives, Improves overall efficiency in all operations and Develops steadily" and work requirements of "Preparing for crisis in good times, Staying calm when faced with challenges, Initiating timely and appropriate actions, and Preparing for the next boom". To achieve these objectives and fulfill these requirements, the management has devised a series of measures. In light of the huge one-off investment cost of environmental protection and alternative energy projects, the Group has proactively raised and prudently allocated capital for satisfying short, medium and long-term requirements ensuring that an investment for new and extended projects in the whole year is in place.

The year 2011 has witnessed a robust performance as the Group embarks on the new stage of development, mainly in the following areas: First, operating results achieved new heights with profit before taxation exceeding HK$1 billion for the first time, and the Group also enjoyed a greater improvement in operations efficiency in comparison to the scale of operations. Second, the operation of projects was stable with improved standards. At present, the projects in operation have entered a stage of better performance with the waste processing capacity, power generation and waste water treatment capacity setting new records. Third, the Group currently boasts its highest-ever number of projects commencing commercial operation, signifying its outstanding construction efficiency. In 2011, there were total of 13 projects completed construction and commenced commercial operation. These projects have not only generated construction service revenue to the Group, but also created a new growth driver for the Group. Fourth, the achievement of equipment manufacturing is explicit while creating continuous innovation in technology development. The Group has formed a product line of self-developed grate furnaces and automatic control system with a daily waste processing capacity of 250 tonnes to 500 tonnes. The Group has also achieved initial success with the R&D of the water cooling grating suitable for high heat value biomass furnaces. The leachate treatment system and sludge dehydration and burning treatment system were under optimization. Fifth, the Group achieved numerous breakthroughs in its development, which include: i) it completed construction of the first self-developed grate furnaces and automatic control system for waste-to-energy project in Zhenjiang, which has commenced commercial operation; ii) its first overseas photovoltaic energy project in Germany started commercial operation; iii) the first batch of reusable water projects for integrated use of water resources was completed and has commenced commercial operation; iv) the Group's first waste water source heat pump project has completed construction and commenced commercial operation; v) the Group's first biomass power generation demonstration project has completed construction and commenced commercial operation; vi) the first school donated by the Group has completed enrollment and commenced the initial school term; vii) the Group registered its first CDM project with the United Nations; and viii) the Group obtained its first-ever special subsidy approved by the Central Government.

During the year under review, the Group's consolidated turnover amounted to HK$3,663,563,000, an increase of 25% from HK$2,929,415,000 of 2010. The EBITDA on recurring basis amounted to HK$1,439,571,000, a rise of 36% from HK$1,059,858,000 of last year. Profit attributable to equity shareholders of the Company for the year of 2011 was HK$801,441,000, 30% more than the HK$616,433,000 of 2010. Basic earnings per share were HK21.86 cents, HK4.94 cents more than the HK16.92 cents in the previous year.

To reward shareholders for their support and taking into consideration the long-term sustainable development of the Group, the Board has proposed to pay a final dividend of HK2.5 cents per share to shareholders of the Company. Together with the interim dividend of HK2.0 cents per share already paid, the total dividends for the year are to be HK4.5 cents per share (2010: HK2.5 cents per share).

Environmental Protection and Alternative Energy Businesses

During the year under review, to keep pace with the rapid development of the environmental protection and alternative energy industries, the Group has expanded its businesses in both domestic and overseas markets. It has captured 11 new projects commanding a total investment of approximately RMB1.873 billion. Up to the end of 2011, the Group has secured 59 environmental protection and alternative energy projects with a total investment of approximately RMB11.914 billion. Of these projects, those with construction already completed accounted for a total investment of approximately RMB7.785 billion, while those currently under construction have a total investment of about RMB1.298 billion. The estimated total investment of projects still in the preparatory stage was approximately RMB2.831 billion.

During the year under review, the turnover from the environmental protection and alternative energy business sectors reached HK$3,485,393,000 (construction service revenue: 61%, operation service revenue: 24%, finance income: 15%). This marked an increase of 25% compared to 2010 and accounted for 95% of the Group's total turnover, same as that in 2010. The EBITDA amounted to HK$1,359,579,000, a rise of 40% when compared to the previous year and accounted for 94% of the Group's total EBITDA.

The major operation and financial data of the environmental protection and alternative energy businesses in 2011 is summarized in the table below.

	2011				2010			
	Environmental Energy Projects	**Environmental Water Projects**	**Alternative Energy Projects**	**Total**	Environmental Energy Projects	Environmental Water Projects	Alternative Energy Projects	Total
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000
Turnover								
- Construction services	**1,536,109**	**128,876**	**453,626**	**2,118,611**	1,360,418	233,243	91,220	1,684,881
- Operation services	**347,148**	**431,275**	**61,743**	**840,166**	270,045	381,547	12,160	663,752
- Finance income	**277,609**	**244,354**	**4,653**	**526,616**	185,979	241,924	3,126	431,029
	2,160,866	**804,505**	**520,022**	**3,485,393**	1,816,442	856,714	106,506	2,779,662
EBITDA	**820,373**	**440,454**	**98,752**	**1,359,579**	584,896	363,801	23,908	972,605

In its energy conservation and emission reduction operations, the Group has processed 2,488,000 tonnes of household and industrial waste and 87,000 tonnes of biomass and generated 776,392,000 kWh of green electricity. This output can fulfill the annual electricity consumption of 647,000 households and is equivalent to saving the consumption of 311,000 tonnes of standard coal and reducing carbon dioxide (CO_2) emissions by 789,000 tonnes. Meanwhile, the Group has treated 500,972,000 m^3 of waste water (including leachate from waste-to-energy plants) and reduced COD emissions by 178,000 tonnes. Since the operation of its first environmental protection project in 2005, the Group has processed 6,793,000 tonnes of accumulated household and industrial waste, 87,000 tonnes of biomass and generated 2,317,732,000 kilowatt-hours of green electricity, which can fulfill the annual electricity consumption of 1,931,000 households and save the equivalent of 927,000 tonnes of standard coal, reducing the emissions of CO_2 by 1,946,000 tonnes and preventing the cutting of 300,000,000 trees. The Group has treated 2,144,287,000 m^3 of accumulated waste water (including leachate from waste-to energy plants) and reduced COD emissions by 833,000 tonnes.

I. *<u>Environmental Energy</u>*

As at 31 December 2011, the Group has 12 waste-to-energy projects, 4 industrial solid waste landfill projects and 7 environmental protection industrial parks that carried a total investment of approximately RMB5.375 billion. The facilities are designed with an annual capacity to process approximately 3,850,000 tonnes of household waste which can in turn produce approximately 1,071,000,000 kWh of electricity annually. The annual industrial safe solid waste landfill capacity is approximately 100,000 m^3.

To consolidate its leadership in the waste-to-energy industry, the Group upgraded its operating projects in accordance with the Euro 2000 Standard (currently the most stringent standard in the world). The Group has become the sole company in the PRC with the emission of all operating waste-to-energy projects complying with Euro 2000 Standard, underscoring its position with the largest waste-to-energy project under operation in the PRC adhering to the highest standards.

During the year under review, the three waste-to-energy projects in Zhenjiang, Jinan and Suqian have been completed and commenced commercial operation. The Zhenjiang Project has been equipped with the Group's self-developed grate furnaces and automatic control system, realising the goal of using all domestically fabricated equipment. The Jinan Project is currently the largest waste-to-energy project completed within one phase in the PRC. The Group added the Suqian Hazardous Waste Landfill Project, the largest of its kind in the northern part of Jiangsu area. The project is expected to be completed and commence commercial operation by the end of 2012. During the year under review, the Zhenjiang Project was approved to increase the waste processing fee by 8.3% by the Zhenjiang Municipal Government in November. The application for the 7% increase in the waste processing fee of the Changzhou Project in accordance with the concession requirement has also been approved.

During the year under review, the environmental energy projects of the Group together processed a total of 2,442,000 tonnes of household waste, 46,000 m^3 of solid waste and generated on-grid electricity of 553,037,000 kWh, an increase of 28%, 21% and 24% respectively compared with last year. The environmental energy projects brought an EBITDA of HK$820,373,000, an increase of 40% over last year. The growth of profit was mainly attributable to the construction service revenue contributed by the waste-to-energy projects in Jinan, Zhenjiang and Suqian during the construction period. In addition, the growth in processing volume in operating projects sustained its increase which also increased the operation service revenue.

Major operating and financial data of the Environmental Energy Sector in 2011 is summarized below:

Project	Waste processing volume (tonne)		On-grid electricity (MWh)		EBITDA (HK$'000)	
	2011	2010	**2011**	2010	**2011**	2010
Suzhou Waste-to-Energy Project ("Suzhou Project") Phase I, II and III [1]	**950,000**	941,000	**240,713**	228,275	**186,525**	173,310
Yixing Waste-to-Energy Project ("Yixing Project") [2]	**231,000**	240,000	**52,480**	51,950	**29,711**	24,652
Jiangyin Waste-to-Energy Project ("Jiangyin Project") Phase I and II [3]	**489,000**	348,000	**117,234**	82,709	**141,846**	96,747
Changzhou Waste-to-Energy Project ("Changzhou Project") [4]	**372,000**	382,000	**81,599**	81,724	**60,564**	46,622
Jinan Waste-to-Energy Project ("Jinan Project") [5]	**269,000**	–	**40,126**	–	**193,074**	136,504
Zhenjiang Waste-to-Energy Project ("Zhenjiang Project") [6]	**131,000**	–	**20,885**	–	**74,045**	68,299
Suqian Waste-to-Energy Project ("Suqian Project") [7]	–	–	–	–	**91,838**	14,493
Huidong Waste-to-Energy Project ("Huidong Project") [8]	–	–	–	–	**(1,869)**	(1,678)
	2,442,000	1,911,000	**553,037**	444,658	**775,734**	558,949
Suzhou Industrial Solid Waste Landfill Project and Suqian Hazardous Waste Landfill Project (collectively "Solid Waste Projects")[9] (m^3)	**46,000**	38,000	**–**	–	**44,639**	25,947
					820,373	584,896

(1) The increase in profit of the Suzhou Project was mainly attributable to the sustained increase in scale and operating efficiency during the year under review. Also, the construction of Suzhou Project Phase III has commenced in September 2011, thus generating construction service revenue.

(2) The increase in profit of the Yixing Project was mainly attributable to more effective cost control which increased the overall operation efficiency.

(3) The increase in profit of the Jiangyin Project was mainly attributable to the recognition of construction cost saving upon completion of the construction final accounts of Phase II during the year under review. Also, the commencement of operation of Phase II increased the waste processing volume and on-grid electricity, thereby driving up the operation service revenue.

(4) The rise in profit of the Changzhou Project was mainly attributable to the 7% increase in the waste processing fee.

(5) The Jinan Project commenced commercial operation in October 2011.

(6) The Zhenjiang Project commenced commercial operation and generated on-grid electricity in August 2011. In November, the Zhenjiang Municipal Government approved an 8.3% increase in waste processing fee.

(7) The Suqian Project completed construction in December 2011 and is currently under trial run.

(8) The Huidong Project is now under preparatory stage and construction is expected to commence in 2012.

(9) The increase in profit of the Solid Waste Projects was because of the growth of solid waste volume processed during the year under review. Work for the Suqian Hazardous Waste Landfill Project have commenced and are expected to be completed and handed over for use by the end of 2012.

II. Environmental Protection Industrial Parks

When designing and building environmental protection industrial park, the Group works in close concert with the responsible local government authorities on the comprehensive planning and full utilisation of local resources within the park, sharing of infrastructure, optimising land resources in order to achieve the integrated use of solid waste and enhance the efficiency of energy conservation, so ultimately the park can achieve "zero discharge". In addition to the industrial parks in Suzhou, Changzhou, Suqian and Zhenjiang in Jiangsu Province and Yantai in Shandong Province, the Group has also added new environmental protection veinous industrial parks in Yixing and Nanjing in Jiangsu Province during the year under review, bringing the total number to seven.

During the year under review, the Group successfully extended its business coverage to Zhejiang Province by signing a cooperative framework agreement with the Ningbo Municipal Government in December in relation to the investment in the construction of energy conservation, environmental protection, alternative energy and municipal infrastructure facilities.

III. Environmental Water

As at 31 December 2011, the Group's environmental water sector comprised a total of 19 waste water treatment projects, 3 reusable water projects and 1 surface water project with a total investment of RMB3.587 billion. The designed annual capacity of the projects is approximately 657,000,000 m^3 of waste water treatment, as well as provision of 22,330,000 m^3 of reusable water and supply of 36,500,000 m^3 of surface water annually.

During the year under review, the Group further expanded this sector and secured the Jinan Licheng Waste Water Treatment Plant Expansion Project in Jinan, Shandong Province and the Nanyunhe Waste Water Treatment Plant in Dezhou, Shandong Province. Phase II of the former commands a total investment of approximately RMB195 million with a total daily processing capacity of 100,000 m^3, and pending completion and operation in 2012 for a concession period of 25 years including the construction period. Meanwhile, the concession period of Phase I is to be extended for another two years and handed over in 2036. The Dezhou Nanyunhe Waste Water Treatment Project is the Group's third investment project in Dezhou, Shandong Province, after Plant 1 and Plant 2 of the Dezhou Ling County Waste Water Treatment Project. With a total daily waste water treatment capacity of 150,000 m^3, it is to be built in two phases with a concession period of 25 years excluding the construction period. At a total investment cost of RMB230 million, the project is expected to be completed and commence operation in 2012 and 2013 in phases.

During the year under review, the Group's environmental water sector completed 3 reusable water projects. Jinan Reusable Water Project and Phase I of the Zibo Reusable Water Project started commercial operation in September, producing 447,000 m^3 of reusable water a day for industrial use. These projects represent a new profit growth driver for the Group as they have progressed a major step forward from sole internal use to external supply of water. In addition, the construction of Jiangyin Reusable Water Project has been started and will be completed for commercial operation in 2012. This project is planned to deliver 10,000 m^3 of reusable water a day to local textile and electronic industries, successfully opening a new market for integrated use of reusable water resource.

During the year under review, the Jinan Licheng Waste Water Treatment Plant and Zibo Waste Water Treatment Project have received official approval to increase their waste water treatment fees, the latter by 15%. Besides, the Group has completed the transfer of the Sewage Piping Network in the Jiangyin urban area during September, hence it received a refund of RMB561,329,000. Its waste water treatment fee was also increased to RMB1.661 per m^3 from the original waste water treatment fee of RMB1.36 per m^3 when the Waste Water Treatment Agreement was firstly entered into.

During the year under review, the environmental water projects treated 500,972,000 m^3 of waste water, an increase of 9% compared with last year. These operations brought an EBITDA of HK$440,454,000, 21% higher than the previous year. The increase in profit was mainly due to the increase in waste water treatment volume.

Major operating and financial data in the Environmental Water Sector in 2011 is summarized below:

Project	Waste water treatment volume (m^3)		EBITDA (HK$'000)	
	2011	2010	**2011**	2010
Qingdao Waste Water Treatment Project ("Qingdao Project") (1)	**70,358,000**	67,768,000	**44,616**	30,508
Zibo Waste Water Treatment Project (Southern and Northern Plants and High-tech Zone Plant) ("Zibo Project") (2)	**113,583,000**	113,149,000	**56,195**	40,019
Jinan Waste Water Treatment Project (Plant 1, 2 and 4) ("Jinan Waste Water Projects") (3)	**186,481,000**	164,551,000	**145,271**	120,507
Jinan Licheng Waste Water Treatment Project Phase I (Plant 3) and Phase II ("Jinan Licheng Project") (4)	**40,587,000**	36,861,000	**23,849**	19,374
Boxing Waste Water Treatment Project ("Boxing Project") (5)	**12,338,000**	12,072,000	**7,283**	1,986
Zhoucun Waste Water Treatment Project ("Zhoucun Project") (6)	**15,392,000**	16,101,000	**9,053**	6,516
Jiangyin Waste Water Treatment Project ("Jiangyin Waste Water Project") (7)	**51,063,000**	42,755,000	**106,888**	117,339
Ling County Waste Water Treatment Project (Plant 1 and 2) ("Ling County Project") (8)	**11,170,000**	4,797,000	**22,772**	17,763
Xinyi BT Project and Xinyi Surface Water BT Project (9)	**-**	-	**22,144**	9,789
Dezhou Nanyunhe Waste Water Treatment Project ("Nanyunhe Project") (10)	**-**	-	**-**	-
Jinan Reusable Water Project, Zibo Reusable Water Project Phase I and Jiangyin Reusable Water Project (11)	**-**	-	**2,383**	-
	500,972,000	458,054,000	**440,454**	363,801

(1) The increase in profit of the Qingdao Project was mainly attributable to the increase in the waste water treatment fee which increased the operation service revenue.

(2) The increase in profit of the Zibo Project was mainly attributable to the increase in the waste water treatment fee and effective cost control which enhanced overall operational efficiency.

(3) The increase in profit of the Jinan Project was because of the commencement of commercial operation of Plant 4 in June 2010 which increased the volume of waste water treated and thus generated greater operation service revenue.

(4) The increase in profit of Phase I of the Jinan Licheng Project was mainly attributable to the increase in the waste water treatment volume. Phase II of the project is expected to be completed and commence commercial operation in 2012.

(5) The increase in profit of the Boxing Project was mainly attributable to effective cost control which enhanced overall operational efficiency.

(6) The rise in profit of the Zhoucun Project was mainly attributable to the recognition of construction cost saving upon completion of the construction final accounts during the year under review.

(7) The decrease in profit of the Jiangyin Waste Water Project was mainly attributable to the decrease in finance income as a result of early receipt of revenue of RMB561,329,000 arising from the termination of the

Sewage Piping Network Transfer Agreement.

(8) The increase in profit of the Ling County Project was mainly attributable to the increase in waste water treatment fee which increased the operation service revenue.

(9) The Xinyi BT Project was transferred to the Xinyi Municipal Government in 2010. Profit for the year under review mainly represented the recognition of construction service revenue of Xinyi Surface Water BT Project.

(10) The Nanyunhe Project is expected to commence commercial operation in 2012.

(11) The Jinan Reusable Water Project and the Zibo Reusable Water Project Phase I commenced commercial operation in September 2011. The Jiangyin Reusable Water Project is expected to complete construction and commence commercial operation in 2012.

IV. <u>Alternative Energy</u>

In recent years, energy consumption has been growing along with the continuous development of the global economy. The consumption of fossil fuels such as coal, oil and natural gas etc. also continues to increase. The Group has taken big strides forward in developing alternative energy businesses such as photovoltaic energy, biomass power generation and wind power etc.

As at 31 December 2011, the Group has secured 19 alternative energy projects, including 8 photovoltaic energy projects, 6 biomass power generation projects, 3 methane-to-energy projects and 2 waste water source heat pump projects. Together, these command an overall investment of approximately RMB2.863 billion, and provide a total designed annual processing capacity of approximately 1,643,000 tonnes of agricultural waste, and generate on-grid electricity of 1,173,000,000 kWh annually.

During the year under review, the alternative energy business has been growing rapidly. The Group added 7 new alternative energy projects including the ground photovoltaic energy project in Germany, Phase II of the Suqian Rooftop Photovoltaic Energy Project, the Zhenjiang Rooftop Photovoltaic Energy Project, the Changzhou Rooftop Photovoltaic Energy Project, the Laiyang Biomass Power Generation Project, the Hanshan Biomass Power Generation Project and Phase II of the Zibo Waste Water Source Heat Pump Project ("Zibo Heat Pump Project"). The Group's first biomass power generation project, Dangshan Biomass Power Generation Project ("Dangshan Project") in Anhui province, commanding an investment of approximately RMB312 million, has commenced commercial operation in September 2011. Upon completion, this project is expected to process not lower than 300,000 tonnes of biomass a year. Within a year, the Dangshan Project has successfully registered as a CDM project under the United Nations, the short development period is rarely seen in projects of the same type. Besides, its first overseas alternative energy project, a photovoltaic energy project in Germany, has been connected to the power grid and has started photovoltaic power generation in June. The German Ground Photovoltaic Energy Project ("German Photovoltaic Energy Project") will help the Group to enhance the construction, management and operation of photovoltaic power projects in China as well as to extend its reach into the overseas market. Besides, the Group is also actively engaged in developing wind power projects and its wind power project, its wind farm in Ningwu County within Shanxi Province is conducting wind measurement tests and the preliminary indicators have been better than expected.

During the year under review, the Group's alternative energy projects have provided a total of 76,448,000 kWh of on-grid electricity, and brought an EBITDA of HK$98,752,000, representing an increase of 313% as compared to last year. The rise in profit is mainly attributable to the recognition of construction service revenue generated by the construction of the Dangshan Project. Moreover, the commencement of operation of 3 photovoltaic energy projects also contributed to the rise in the Group's overall profit.

Major operating and financial data of the Alternative Energy Sector in 2011 is summarized below:

Project	On-grid electricity (MWh)		EBITDA (HK$'000)	
	2011	2010	**2011**	2010
Dangshan Project [1]	**42,738**	-	**72,603**	5,894
Suqian Rooftop Photovoltaic Energy Project ("Suqian Photovoltaic Energy Project") Phase 1 and Phase 2 [2]	**2,221**	-	**4,428**	(757)
Zhenjiang Photovoltaic Energy Project ("Zhenjiang Photovoltaic Energy Project") Ground and Rooftop [3]	**3,553**	-	**3,878**	(394)
Huaining Ground Photovoltaic Energy Project ("Huaining Photovoltaic Energy Project") [4]	**1,444**	-	**610**	(333)
Suzhou Methane-to-energy Project ("Suzhou Methane-to-energy Project") [5]	**23,634**	26,148	**9,538**	12,735
Shenzhen Rooftop Photovoltaic Energy Project ("Shenzhen Photovoltaic Energy Project") [6]	**1,404**	-	**1,569**	-
Zibo Heat Pump Project [7]	**-**	-	**3,877**	6,763
German Photovoltaic Energy Project Project") [8]	**1,454**	-	**2,852**	-
Changzhou Rooftop Photovoltaic Energy Project ("Changzhou Photovoltaic Energy Project") [9]	**-**	-	**(603)**	-
	76,448	26,148	**98,752**	23,908

(1) The Dangshan Project was connected to the power grid and started power generation in September 2011.

(2) The Suqian Photovoltaic Energy Project Phase 1 commenced commercial operation in late 2010, and has made a profit contribution during the year under review. Phase 2 of the project completed construction in December 2011 and commercial operation started in January 2012.

(3) The Zhenjiang Ground Photovoltaic Energy Project commenced commercial operation in 2010, and has brought a profit contribution to the Group during the year under review. The rooftop project completed construction in 2011 and commercial operation started in January 2012.

(4) The Huaining Photovoltaic Energy Project commenced commercial operation in May 2011.

(5) The decline in profit of the Suzhou Methane-to-energy Project was mainly attributable to the decrease of on-grid electricity volume during the year under review.

(6) The Shenzhen Photovoltaic Energy Project commenced commercial operation in the fourth quarter of 2010 and has continued to bring profit contribution to the Group during the year under review.

(7) The Zibo Heat Pump Project commenced commercial operation in the fourth quarter of 2011.

(8) The German Photovoltaic Energy Project was connected to the power grid and has started power generation in June 2011.

(9) The Changzhou Photovoltaic Energy Project completed construction in December 2011 and commercial operation started in January 2012.

Environmental Protection Engineering

The Group has undertaken the most number of tasks and projects in environmental protection engineering in 2011, with 30 projects under development and preparations, commanding a total investment of RMB6.84 billion, and several projects are to be completed in the next year. During the year under review, the Group has completed the construction of 13 projects: 3 waste-to-energy projects in Zhenjiang, Jinan and Suqian, 2 reusable water projects in Jinan and Zibo, 2 ground photovoltaic energy projects in Huaining and Germany, 3 rooftop photovoltaic energy projects in Changzhou, Zhenjiang and Suqian, the Zibo Heat Pump Project, Phase II of the Suzhou Industrial Solid Waste Landfill Project, as well as the Dangshan Project, the Group's first biomass power generation project. The Group has insisted on maintaining the construction engineering concept of "Producing quality products and building a quality brand" as its objective of planning and executing its projects. Riding on quality design and pursuing lean management procedures with the support of a strong team, the Group has recorded outstanding achievements in the construction of a number of projects. For example, it completed the Zhenjiang Project with a daily waste processing capacity of 1,000 tonnes within 17 months and completed the Jinan Project, powered by four grate furnaces and two turbine generators, with a daily waste processing capacity of 2,000 tonnes within 18 months. The Group has acquired advanced overseas engineering and construction technologies through its investment in the photovoltaic energy project in Germany and has subsequently applied the technologies within its 3 rooftop photovoltaic energy projects in Zhenjiang, Suqian and Changzhou. Leveraging this expertise has helped the Group efficiently reduce cost and construction time. Moreover, the Group has taken just five months to complete the rooftop photovoltaic energy projects in Changzhou, Zhenjiang and Suqian with a total area of approximately 25 m^2 and a total installed power generation capacity of 19.73 MW. These three projects were completed by the end of last year and enabled the Group to levy a favorable on-grid electricity tariff of RMB2.4 per kWh, making the Group one of the largest rooftop photovoltaic energy station operators in the nation.

It is expected that the Group will continue to secure construction projects in the future, revenue from construction services will continue to be the major revenue contributor of the Group. While pushing full speed ahead on the construction of a wide range of projects, the Group will also ensure works proceed smoothly and safely, compliant with the highest standard and implemented under effective cost control measures. The construction and operation of projects will also enable the Group to continue to accumulate valuable experience and, enhance the level of refined management standard to create a world-class engineering construction team, which in turn, develop more quality projects.

Environmental Protection Technological Development

The Group's environmental protection technology is an important resource supporting its sustainable development. During the year under review, by upholding an operating philosophy of scientific planning, meticulous organization, bold innovation and actively executing plans in carrying out scientific work, the Group has increased its R&D investment to enhance its R&D capability by focusing on high-end environmental protection technology and related technical issues, thus boosted its R&D efforts and built independent and joint R&D systems. As a result, its technology R&D capability and standards have been improving continuously. During the year under review, the Group completed 8 self-developed projects and more than 10 Government subsidized R&D projects with the support of a subsidy from the government of over RMB13 million. The Group's self-developed grate furnaces and automatic control system have a daily waste processing capacity of 250 tonnes to 500 tonnes. These products have been used in the Jiangyin, Zhenjiang and Suqian projects, and achieved ideal results. They have shown to outperform overseas equipment in terms of sophistication, ease of installation, trial run cycle, operation results and investment cost etc. A prototype of its self-developed water cooling reciprocal grating has been built. This is a great leap forward in the R&D of biomass power generation projects based on this technology. The development of hazard-free treatment of sludge also bore fruit. This valuable technology is worth promoted and is intended to solve the treatment problem of sludge produced at the Jiangyin waste water treatment plant through dehydration and incineration. Safe treatment of leachates has presented a challenge for the waste-to-energy projects. The Group has capitalized on its extensive experience accumulated over the years and conducted an overall optimisation and design upgrade on the leachate treatment project at the Zhenjiang Project. The trial run has proceeded smoothly which has greatly reduced construction and operation costs. The technology has also outperformed similar projects elsewhere in China. The Group is operating seven leachate treatment projects with a daily treatment capacity of 3,350 tonnes, which gives it a leadership position within the industry. Apart from the original projects, the Group has also expanded its core business related technologies and R&D. For example, it has put the finishing touches on new technology solutions for treatment of kitchen waste, electronic waste and construction waste. The Group has also completed the development of prototypes for sludge dehydration equipment and modifiers, as well as the technology for small-scale waste water treatment and waste-to-energy projects. It has also conducted preliminary research on transforming biomass into ethanol and methane. The Group has also invested in building an environmental protection equipment production base in Changzhou, Jiangsu Province with capital support from the government. The project mainly manufactures core environmental protection equipment including grate furnaces of household waste, biomass furnaces, and sludge treatment and emission purification equipment. The production base will complete construction and commence commercial operation in the first half of 2012, which is a new milestone for the Group's advancement to the midstream of the environmental protection industry.

The Group has obtained higher qualification of various operations and management practices. During the year under review, the operation qualification of all the waste-to-energy projects and waste water treatment projects has been upgraded. Both Everbright Environmental Protection Technological Development (Beijing) Limited and Everbright Environmental Energy (Suzhou) Limited have obtained the "National High Tech Enterprise" certificate. In addition to R&D, the Group has strengthened collaboration in R&D with technology research institutions. It has worked together with Tsinghua University, Harbin Institute of Technology, North China Electric Power University and Shandong Academy of Sciences in developing the water-cooling reciprocal grating equipment, as well as sludge treatment and construction and energy conservation projects which have achieved excellent results.

During the year under review, the Group has been awarded 8 patents, 3 of which are invention patents and 5 are utility patents.

The Group will continue to step up efforts in improving R&D work on technologies, and to lead business development with innovation, aiming to establish a solid foundation for the continuous expansion of its business scope and sustainable development.

Infrastructure

Toll Bridge

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 2011, the average daily number of standard vehicles crossing the bridge was increased by 16% to 52,156 as compared with 2010. The project generated an EBITDA of HK$149,164,000 to the Group, an increase of 18% as compared with that in 2010. With its prime location and greater transportation need in the region, it is expected that the traffic volume of Qingzhou Bridge will steadily rise.

Honours and Recognition

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

Date	Organiser	Awards
September 2011	Wen Wei Po, Hong Kong	Green China, Outstanding Environmental Protection Enterprise
September 2011	Wen Wei Po, Hong Kong	Green China, Outstanding Innovative Environmental Protection Concept – Suzhou Everbright National Demonstrative Veinous Industrial Park
September 2011	Wen Wei Po, Hong Kong	Green China, Outstanding Environmental Protection Construction Project – Jinan Waste Water Treatment Project
September 2011	Wen Wei Po, Hong Kong	Green China, Outstanding Environmental Protection Construction Project – Changzhou Waste-to-energy Project
September 2011	Mercomm Inc.	25th International ARC Awards 2011 Gold Award Cover Design (Energy and Alternative Energy Group)
November 2011	Capital Magazine and Capital Weekly	The Most Investment Potential Company
December 2011	Economic Digest	Hong Kong Outstanding Enterprises 2011

In addition, the Company has been selected as a constituent member of Hang Seng Corporate Sustainability Benchmark Index by Hang Seng Indexes Company Limited on 5 September 2011.

Post-Results Events

The Group had reached an agreement with the Asian Development Bank ("ADB") and six other banks in January 2012. Pursuant to which, a US$100 million B loan ("the Loan") will be provided to the Group to support its continuous development of the waste-to-energy plants. The loan is only part of ADB's financing package to the projects. In 2009, ADB had already provided the Group a US$100 million A loan (the "A

Loan") and a technical assistance of US$600,000 from the Clean Energy Fund under ADB Clean Energy Financing Partnership Facility. The A Loan had already been utilized for the Jinan, Jiangyin Phase II and Zhenjiang Projects. This capital infusion can strengthen the Group especially in view of the current uncertain global economic environment. This support also clearly demonstrates that the achievements of the Group in the environmental energy sector in recent years have gained wide recognition across all sectors of society. We will capture the opportunities in relation to the encouragement of utilization of incineration to energy and heat supply resources arising from the "Notice of the Twelfth Five-Year Plan of the State Environmental Protection" issued on 15 December 2011 to further develop business in the waste-to-energy sector and construct, operate and manage all our projects to the highest standard.

In January 2012, the Group has signed a BOT (Build-Operate-Transfer) agreement with Nanjing Municipal Urban Management Bureau for investment in constructing a waste-to-energy plant (the "Project") in Nanjing. The Project commands an investment cost of approximately RMB1,030,218,000 (equivalent to approximately HK$1,267,168,000). With a designed waste processing capacity of 2,000 tonnes per day and 660,000 tonnes per year, the Project is expected to commence construction during 2012 and to be completed and start commercial operation in 2013. The Project will be under centralized management together with the existing projects operating in Suzhou, Yixing, Jiangyin, Changzhou, Zhenjiang and Suqian, all of which find themselves in Jiangsu, so as to reap synergies and economies of scale. It is also the first project of the Group in 2012, which will lay a solid foundation for sustainable development of the Group in the environmental energy sector.

Business Prospects

The United Nations Climate Change Conference (the "Conference") was held in South Africa during December 2011. At the event, 194 countries have reached agreement in a number of resolutions at the Conference, among which was an extension of the Kyoto Protocol for five years starting from 2013. Countries including the EU have undertaken to continue to shoulder the responsibility of reducing their emissions of greenhouse gas. The countries have also agreed to sign a new agreement for emission reduction at the end of 2015. All countries will strive to reduce the emission of greenhouse gases continually in order to address the worsening global warming and promote the sustainable development of the economy and society. The Chinese Government has also exerted great efforts in developing a green economy designating alternative energy as one of the strategic emerging industries under the Twelfth Five year Plan.

As an enterprise focusing on energy conservation and environmental protection and alternative energy business, the Group intends to capture the opportunities arising from the country's policies in developing environmental energy. Riding on its core competitiveness and its leadership position in the industry, the Group aims to combat the deterioration of the environment and focus on developing its core business sectors of environmental energy, environmental water, environmental protection equipment manufacturing and alternative energy.

The Group has embarked on extending its industry chain horizontally and geographically with a strategic presence in the key industrial regions of the Yangtze River Delta, the Pearl River Delta and the Bohai Bay including Jiangsu, Zhejiang, Shandong, Guangdong and Anhui Provinces. Across this area, the Group's environmental protection industrial parks have expanded into Suzhou, Changzhou, Suqian, Zhenjiang, Yixing, Nanjing and Yantai. Riding on its leading technological standards in environmental protection sector and successful experiences in acquiring overseas project, the Group has leveraged this opportunity to further expand into environmental protection and alternative energy sectors in the overseas and domestic market while focus on economic benefits. The Group has also integrated its resources to move to its mid-to-up stream sectors. This represents the Group's advance from an environmental protection company to a low-carbon industry player.

Looking ahead, environmental energy and environmental water sectors will continue as the strategic development focus of the Group. Thus, it will also actively develop its environmental protection equipment manufacturing business, alternative energy business encompassing solar energy, wind power and biomass power generation businesses in a prudent manner as well as expand into new environmental protection market. Adhering to the operating philosophies of "Integrity, Pragmatism, Efficiency and Innovation", the Group will continue to construct, operate and manage every project to the highest standard and promote the Group's healthy sustained growth by insisting on its belief of producing quality facilities and building a brand respected for quality. It will strive to achieve its goal of becoming the leader in the domestic environmental protection industry and generate fruitful returns for its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Position

As at 31 December 2011, the Group had total assets amounting to HK$13,879,617,000, with HK$6,190,024,000 worth of net assets attributable to equity shareholders of the Company, amounting to HK$1.684 per share, an increase of 15% as compared with HK$1.461 per share for the year of 2010. As at 31 December 2011, gearing ratio (total liabilities over total assets) of the Group was 52%, 5 percentage points more than the 47% as at the end of 2010.

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 2011, the Group had cash and bank balances of HK$1,899,969,000, representing an increase of HK$467,545,000 as compared to HK$1,432,424,000 at the end of 2010. The increase was mainly due to the cash receipt of RMB541,129,000 from termination of the Sewage Piping Network Transfer Agreement of Jiangyin Waste Water Treatment Project during the year under review. Currently, most of its cash, about 93%, are denominated in Hong Kong dollars and Renminbi.

Borrowings

As at 31 December 2011, the Group had outstanding borrowings of HK$5,270,381,000, representing an increase of HK$1,330,274,000 as compared to HK$3,940,107,000 at the end of 2010. The borrowings comprised secured bank loans of HK$3,519,740,000, unsecured bank loans of HK$1,573,269,000, other loans of HK$55,350,000 and loans of HK$122,022,000 owed to the ultimate holding company. The borrowings are mainly denominated in Renminbi, a portion of about 79%, and the remaining are denominated in US dollars and Hong Kong dollars. All the borrowings are at floating rates.

Foreign Exchange Risk

The Group's assets, borrowings and major transactions are mainly denominated in Renminbi. The Group mainly settles business expenses in the PRC 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 the PRC. 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 2011, certain banking facilities of the Group were secured by certain revenue and receivables in connection with the Group's service concession arrangements, bank deposits, mortgages on fixed assets and equity interests of certain subsidiaries of the Company. The aggregate net book value of assets and equity interests in subsidiaries pledged amounted to approximately HK$4,911,369,000.

Commitments

As at 31 December 2011, the Group had purchase commitments of HK$571,939,000 outstanding in connection with construction contracts.

Contingent Liabilities

As at 31 December 2011, 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$2,046,061,000.

Internal Management

The Group adheres diligently to the management principle that focuses on "People-oriented, Pragmatism, Creativity and Systematic Management" and is committed to building a comprehensive risk management culture. Strengthening management and risk control have always been important duties of a corporation during its operations and development. With the efforts of the Risk Management Advisory Committee, the Engineering Technical Management Committee and the Budget Approval and Management Committee, the Group formulated strict regulations on investment in, and construction and operating of environmental protection projects. During the year under review, the Group had held management committee meeting monthly to review all projects under construction and operation. In October 2011, due to the debt problems of European and the United States, the Group had evaluated the macroeconomic environment and hence concluded that there would be less influence to the daily operation and management of the Group. During the year under review, the Group has continued to conscientiously implement various management systems. The Group has unified the major policies of the environmental water sector as well as established the relative operation policies for the new businesses such as photovoltaic energy and biomass power generation projects. The Group has enhanced the existing policies of marketing development, investment management and construction management etc. To further improve the environmental management, the Group has completed the contingency plans for unexpected emergency environmental pollution incidents for its environmental protection and alternative energy projects across five major categories. It has also conducted internal audits of 26 projects and completed improvement of 43 problem areas. At the same time, the Group has developed the integrated and computerized financial management system to improve its financial accounting and analysis functions, boosting overall management efficiency. It has also set up a taxation research team during the year under review to enhance its understanding of preferential taxation policies. Moreover, it has set up a strategic planning team to devise the mid to long term strategic plans for the Group in an effort to set clear directions and goals for its prosperous and rapid growth in the future.

Human Resources

The Group highly values its human resources. It believes that realizing the full potential of its employees is crucial to its long term growth, thus it puts great emphasis on staff training. The Group has arranged a variety of training courses during the year, highlighted by the Master of Environmental Engineering Program II of Tsinghua University and the International CEO Course II of Tsinghua University specifically designed for enhancing the capabilities of the management and specialized technical staff. To assist newcomers to become familiar with and adapt to the corporate culture, the Group has also organized two military outward bound training sessions in Beijing and total 256 staff had joined the training. In addition, financial training has been held in Jinan to enhance the professional knowledge of the financial staff of the whole Group. The Group has also invited external lecturers to conduct 7 video training sessions for the entire staff to broaden their exposure to the business. To enhance management, technological standard and market expansion capabilities, the Group has also arranged various delegations to visit overseas countries. The Group had arranged a delegation comprising its management and specialized technical staff to visit Germany in order to gain a better understanding of the construction technology of photovoltaic energy projects. In the meantime, the Group has arranged business trips to the United States, Europe, Japan and Taiwan, thus helping in the design optimisation of its environmental protection projects located in the Mainland.

As at 31 December 2011, the Group had approximately 1,600 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 strives to maintain a high standard of corporate governance as it believes good corporate governance practices are increasingly important for maintaining and promoting the confidence of the shareholders of the Company. The Group upholds the management principle of "People-oriented, 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, accountability which also enhanced its corporate values. The Board meets regularly and makes collectively decisions on Board members, key management, annual work task, medium-term development plan and project investments etc. The Board has set up an Executive Committee, an Audit Committee, a Remuneration Committee and a Management Committee. The Management Committee is responsible for the daily business operation management work, formulates and implements annual work task and medium-term development plan of the Group as well as makes decision on the Group's daily business activities. The Management Committee also makes collective decision on major matters relating to the Group's daily business operation, management and personnel etc. The Management Committee has particularly set up a Risk Management Advisory Committee, an Engineering Technical Management Committee and a Budget Approval Management Committee. For risk management, the Risk Management Advisory Committee monitors and assesses risk regularly, boosts related management standards and evaluates investment projects. Regarding technological risk management, the Engineering Technical Management Committee is responsible for assessing the technologies used in different investment projects. For financial control, the Group insists on stringent budget management, and the Budget Approval Management Committee 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 2011, 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 authorized 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 2011.

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 the Environmental Water sector, Alternative Energy sector, Investment Development Department, Investment Management Department and Legal Department. The Management Committee makes collective decision on major matters relating to the Group's daily business operation, management and personnel etc. The Management Committee is the decision-making body for day-to-day business activities and its main duties include performing the duties assigned by the Board, exercising the authority and rights authorized by the same as well as performing daily business operation management work, formulating and implementing annual work task and medium-term development plan of the Group etc. The general mandate in relation to the Management Committee in written form has 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 2011.

Other Information

Final Dividend

The Board has proposed to pay a final dividend of HK2.5 cents per share (2010: HK1.5 cents per share) to shareholders whose names appear on the register of members of the Company on Thursday, 26 April 2012. Subject to the approval by the shareholders of the final dividend at the forthcoming annual general meeting of the Company to be held on 18 April 2012, dividend warrants will be dispatched to shareholders on or about Tuesday, 15 May 2012.

Closure of Register of Members

The register of members will be closed from Friday, 13 April 2012 to Wednesday, 18 April 2012, both days inclusive, on which no transfer of shares will be effected. In order to qualify for attendance of annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Thursday, 12 April 2012.

The register of members will be closed from Tuesday, 24 April 2012 to Thursday, 26 April 2012, both days inclusive, on which no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Monday, 23 April 2012.

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, 20 February 2012

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.