光大國際
Everbright International

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

(Incorporated in Hong Kong with limited liability)

(Stock Code : 00257)

ANNOUNCEMENT
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

HIGHLIGHTS

Outstanding project development consolidating the Company's industry leading position Sustainable financial strength laying foundation for the next round of development

- Turnover from continuing operations decreased by 21% to HK$1,387,552,000 (2011 (restated): HK$1,749,453,000)
- EBITDA on recurring basis increased by 16% to HK$681,728,000 (2011 (restated): HK$587,129,000)
- Profit attributable to equity shareholders increased by 72% to HK$605,148,000 (2011: HK$351,668,000)
- Basic earnings per share increased by 71% to HK16.46 cents (2011: HK9.61 cents)
- Interim dividend increased by 50% to HK3.0 cents per share (2011: HK2.0 cents)

INTERIM RESULTS

The board of directors ("the Board") of China Everbright International Limited ("the Company") announces the unaudited results of the Company and its subsidiaries (collectively "the Group") for the six months ended 30 June 2012. The interim financial results are unaudited, but have been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), whose independent review report is included in the interim report to be sent to shareholders. The interim financial results have also been reviewed by the Company's Audit Committee.

Consolidated income statement
For the six months ended 30 June 2012 – unaudited

		Six months ended 30 June	
		2012	2011
	Note	***HK$'000***	*HK$'000* (restated - see note 6)
Continuing operations			
Turnover	*3(a)*	**1,387,552**	1,749,453
Direct costs and operating expenses		**(682,949)**	(1,103,028)
		704,603	646,425
Other revenue		**56,572**	28,818
Other loss		**(27)**	(917)
Administrative expenses		**(113,024)**	(97,861)
Valuation gains on investment properties		**-**	6,074
Profit from operations		**648,124**	582,539
Finance costs	*4(a)*	**(152,158)**	(108,925)
Profit before taxation	*4*	**495,966**	473,614
Income tax	*5*	**(120,516)**	(144,834)
Profit from continuing operations		**375,450**	328,780
Discontinued operation			
Profit from discontinued operation (net of tax)	*6*	**250,096**	41,173
Profit for the period		**625,546**	369,953

Consolidated income statement
For the six months ended 30 June 2012 – unaudited (continued)

		Six months ended 30 June	
		2012	2011
	Note	***HK$'000***	*HK$'000* (restated - see note 6)
Attributable to:			
Equity shareholders of the Company			
- Continuing operations		**363,118**	318,730
- Discontinued operation		**242,030**	32,938
		605,148	351,668
Non-controlling interests			
- Continuing operations		**12,332**	10,050
- Discontinued operation		**8,066**	8,235
		20,398	18,285
Profit for the period		**625,546**	369,953
Earnings per share	*7*		
Basic			
- Continuing operations		**HK9.88 cents**	HK8.71 cents
- Discontinued operation		**HK6.58 cents**	HK0.90 cent
		HK16.46 cents	HK9.61 cents
Diluted			
- Continuing operations		**HK9.82 cents**	HK8.62 cents
- Discontinued operation		**HK6.54 cents**	HK0.89 cent
		HK16.36 cents	HK9.51 cents

Consolidated statement of comprehensive income
For the six months ended 30 June 2012 – unaudited

		Six months ended 30 June	
		2012	2011
	Note	***HK$'000***	*HK$'000*
Profit for the period		**625,546**	369,953
Other comprehensive income for the period (after reclassification adjustments):			
Exchange differences on translation of financial statements of subsidiaries		**(76,108)**	99,594
Available-for-sale securities: net movement in fair value reserve		**(2,495)**	(37,097)
Reserve realised on disposal of subsidiaries	*6*	**(96,560)**	-
Tax effect relating to changes in fair value of available-for-sale securities		**590**	8,884
		(174,573)	71,381
Total comprehensive income for the period		**450,973**	441,334
Attributable to:			
Equity shareholders of the Company		**442,913**	414,997
Non-controlling interests		**8,060**	26,337
Total comprehensive income for the period		**450,973**	441,334

Consolidated balance sheet
At 30 June 2012 – unaudited

		At 30 June 2012		At 31 December 2011	
	Note	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*
Non-current assets					
Fixed assets	*8*				
- Investment properties			**10,291**		10,509
- Other property, plant and equipment			**1,324,530**		845,511
- Interest in leasehold land held for own use			**37,509**		31,577
			1,372,330		887,597
Intangible assets	*9*		**512,708**		1,069,730
Goodwill			**20,793**		46,133
Interest in an associate			**-**		-
Other financial assets			**180,431**		184,284
Other receivables and deposits	*10*		**2,317,921**		2,181,165
Gross amounts due from customers for contract work	*11*		**6,079,152**		5,963,047
Finance lease receivables			**21,211**		21,608
Deferred tax assets			**13,307**		12,836
			10,517,853		10,366,400
Current assets					
Inventories		**63,562**		43,475	
Debtors, other receivables, deposits and prepayments	*10*	**1,126,585**		1,016,164	
Gross amounts due from customers for contract work	*11*	**628,108**		553,177	
Finance lease receivables		**442**		432	
Pledged bank deposits		**48,674**		215,670	
Cash and cash equivalents	*12*	**2,163,779**		1,684,299	
		4,031,150		3,513,217	

Consolidated balance sheet
At 30 June 2012 – unaudited (continued)

		At 30 June 2012		At 31 December 2011	
	Note	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*
Current liabilities					
Bank loans					
- Secured		**592,859**		507,152	
- Unsecured		**722,123**		556,928	
		1,314,982		1,064,080	
Creditors, other payables and accrued expenses	*13*	**1,241,548**		1,423,305	
Current taxation		**55,197**		52,101	
		2,611,727		2,539,486	
Net current assets			**1,419,423**		973,731
Total assets less current liabilities			**11,937,276**		11,340,131
Non-current liabilities					
Bank loans					
- Secured		**3,078,931**		3,012,588	
- Unsecured		**1,431,873**		1,016,341	
		4,510,804		4,028,929	
Other loans		**36,606**		55,350	
Loan from ultimate holding company		**-**		122,022	
Deferred tax liabilities		**538,447**		472,266	
			5,085,857		4,678,567
NET ASSETS			**6,851,419**		6,661,564

Consolidated balance sheet
At 30 June 2012 – unaudited (continued)

	At 30 June 2012		At 31 December 2011	
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
CAPITAL AND RESERVES				
Share capital		**367,566**		367,546
Reserves		**6,173,649**		5,822,478
Total equity attributable to equity shareholders of the Company		**6,541,215**		6,190,024
Non-controlling interests		**310,204**		471,540
TOTAL EQUITY		**6,851,419**		6,661,564

Notes :

1. Basis of preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the HKICPA.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2011 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2012 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The financial information relating to the financial year ended 31 December 2011 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2011 are available at the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 20 February 2012.

2. Changes in accounting policies

The HKICPA has issued a few amendments to Hong Kong Financial Reporting Standards ("HKFRSs") 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:

- Amendments to HKFRS 7, *Financial instruments: Disclosures - Transfers of financial assets*
- Amendments to HKAS 12, *Income taxes - Deferred tax: Recovery of underlying assets*

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

Amendments to HKFRS 7, *Financial instruments: Disclosures*

The amendments to HKFRS 7 require certain disclosures to be included in the annual financial statements in respect of all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset existing at the reporting date, irrespective of when the related transfer transaction occurred. However, an entity needs not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

Amendments to HKAS 12, *Income taxes*

Under HKAS 12, deferred tax is required to be measured with reference to the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the assets in question. In this regard, the amendments to HKAS 12 introduced a rebuttable presumption that the carrying amount of investment property carried at fair value under HKAS 40, *Investment property*, will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property in question is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The Group's investment properties are located in the People's Republic of China ("PRC"). As a result of adopting the amendments to HKAS 12, the Group determined that these properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time and consequently the presumption in the amended HKAS 12 is rebutted for these properties. As a result, the Group continues to measure the deferred tax relating to these properties using the tax rate that would apply as a result of recovering their value through use.

3. Turnover and segment reporting

(a) Turnover

Continuing operations

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

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

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Revenue from environmental energy project construction services	**300,294**	830,785
Revenue from environmental water project construction services	**218,144**	23,293
Revenue from alternative energy project construction services	**5,279**	281,867
Revenue from environmental energy project operation services	**214,509**	157,202
Revenue from environmental water project operation services	**240,871**	192,415
Revenue from alternative energy project operation services	**122,729**	12,673
Finance income	**285,500**	250,407
Gross rentals from investment properties	**226**	811
	1,387,552	1,749,453

The Group has transactions with the PRC local governmental authorities which in aggregate exceeded 10% of the Group's revenues. For the six months ended 30 June 2012, aggregated revenues from environmental energy project construction and operation services, environmental water project construction and operation services, alternative energy project construction and operation services and finance income derived from the PRC local governmental authorities amounted to HK$1,289,538,000 (six months ended 30 June 2011: HK$1,747,863,000). The revenues are included in "Environmental energy project construction and operation", "Environmental water project construction and operation" and "Alternative energy project construction and operation" segments as disclosed in note 3(b).

3 Turnover and segment reporting (continued)

(b) 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: this segment engages in 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: this segment engages in 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: this segment engages in the construction and operation of methane-to-energy power plants, photovoltaic energy projects, a biomass power generation plant and a waste water source heat pump project to generate revenue from construction services, revenue from operation services as well as finance income.
- Environmental technology and construction management: this segment engages in the conduct of environmental protection technology research projects and the provision of construction management services to generate management and consultancy fee income.
- Property investment: this segment engages in the leasing of office premises to generate rental income and to gain from the capital appreciation of the properties' values in the long term.
- Infrastructure construction and operation: this segment engages in the construction and operation of a toll bridge to generate revenue from construction service and toll fee revenue.

(i) Segment 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 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.

3 Turnover and segment reporting (continued)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

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 period is set out below:

	Continuing operations												Discontinued operation			
	Environmental energy project construction and operation		Environmental water project construction and operation		Alternative energy project construction and operation		Environmental technology and construction management		Property investment		Subtotal		Infrastructure construction and operation		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	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*	***HK$'000***	*HK$'000*
For the six months ended 30 June																
Revenue from external customers	**683,226**	1,116,032	**573,859**	335,848	**130,241**	296,762	**-**	-	**226**	811	**1,387,552**	1,749,453	**73,564**	84,849	**1,461,116**	1,834,302
Inter-segment revenue	**-**	-	**-**	-	**-**	-	**54,137**	48,593	**-**	-	**54,137**	48,593	**-**	-	**54,137**	48,593
Reportable segment revenue	**683,226**	1,116,032	**573,859**	335,848	**130,241**	296,762	**54,137**	48,593	**226**	811	**1,441,689**	1,798,046	**73,564**	84,849	**1,515,253**	1,882,895
Reportable segment profit (EBITDA)	**445,257**	372,248	**200,960**	179,715	**56,910**	56,705	**29,870**	16,894	**218**	5,825	**733,215**	631,387	**69,012**	80,623	**802,227**	712,010
Additions to fixed assets and intangible assets during the period	**1,731**	5,689	**43,330**	37,980	**21,489**	85,417	**484,769**	5,151	**-**	-	**551,319**	134,237	**7**	12	**551,326**	134,249
Additions to non-current portion of other receivables and deposits and gross amounts due from customers for contract work during the period	**468,717**	696,695	**332,988**	154,748	**1,581**	283,443	**-**	-	**-**	-	**803,286**	1,134,886	**-**	-	**803,286**	1,134,886
As at 30 June 2012/ 31 December 2011																
Reportable segment assets	**6,725,652**	6,134,993	**4,369,628**	4,170,449	**1,430,025**	1,450,728	**1,026,183**	745,437	**26,441**	25,110	**13,577,929**	12,526,717	**-**	700,016	**13,577,929**	13,226,733
Reportable segment liabilities	**2,991,901**	3,098,593	**1,546,993**	1,570,190	**599,541**	731,683	**577,492**	465,433	**3,619**	2,468	**5,719,546**	5,868,367	**-**	220,977	**5,719,546**	6,089,344

3 Turnover and segment reporting (continued)

(b) Segment reporting (continued)

(ii) Reconciliations of reportable segment revenue, profit, assets and liabilities

	Six months ended 30 June					
	2012			*2011*		
	Continuing operations HK$'000	***Discontinued operation HK$'000***	***Total HK$'000***	*Continuing operations HK$'000*	*Discontinued operation HK$'000*	*Total HK$'000*
Revenue						
Reportable segment revenue	**1,441,689**	**73,564**	**1,515,253**	1,798,046	84,849	1,882,895
Elimination of inter-segment revenue	**(54,137)**	**-**	**(54,137)**	(48,593)	-	(48,593)
Consolidated turnover	**1,387,552**	**73,564**	**1,461,116**	1,749,453	84,849	1,834,302
Profit						
Reportable segment profit	**733,215**	**69,012**	**802,227**	631,387	80,623	712,010
Elimination of inter-segment profits	**(38,480)**	**-**	**(38,480)**	(24,482)	-	(24,482)
Reportable segment profit derived from the Group's external customers	**694,735**	**69,012**	**763,747**	606,905	80,623	687,528
Depreciation and amortisation	**(33,604)**	**(10,889)**	**(44,493)**	(10,664)	(12,715)	(23,379)
Finance costs	**(152,158)**	**(2,302)**	**(154,460)**	(108,925)	(3,143)	(112,068)
Gain on disposal of subsidiaries	**-**	**234,768**	**234,768**	-	-	-
Unallocated head office and corporate income	**6,981**	**-**	**6,981**	5,902	-	5,902
Unallocated head office and corporate expenses	**(19,988)**	**(1,895)**	**(21,883)**	(19,604)	(5,946)	(25,550)
Consolidated profit before taxation	**495,966**	**288,694**	**784,660**	473,614	58,819	532,433

3 Turnover and segment reporting (continued)

(b) Segment reporting (continued)

(ii) Reconciliations of reportable segment revenue, profit, assets and liabilities (continued)

	At 30 June 2012	At 31 December 2011
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**13,577,929**	13,226,733
Non-current other financial assets	**180,431**	184,284
Goodwill	**20,793**	46,133
Unallocated head office and corporate assets	**769,850**	422,467
Consolidated total assets	**14,549,003**	13,879,617
Liabilities		
Reportable segment liabilities	**5,719,546**	6,089,344
Unallocated head office and corporate liabilities	**1,978,038**	1,128,709
Consolidated total liabilities	**7,697,584**	7,218,053

4. Profit before taxation

Continuing operations

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

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
(a) Finance costs:		
Interest on bank advances wholly repayable within five years	**71,159**	47,089
Interest on other bank advances and other loans	**80,999**	61,836
	152,158	108,925
(b) Other items:		
Amortisation		
- land lease premium	**414**	-
- intangible assets	**10,032**	-
Depreciation	**23,158**	10,664
Dividends and interest income	**(19,992)**	(8,311)
Value-added tax refund*	**(26,741)**	(15,568)

* Value-added tax refund of HK$26,741,000 (six months ended 30 June 2011: HK$15,568,000) was received for the six months ended 30 June 2012 in relation to environmental energy project operations and alternative 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. Income tax

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the period	**-**	-
Current tax – PRC income tax		
Provision for the period	**76,534**	36,205
(Over)/under-provision in prior periods	**(4,761)**	20,137
	71,773	56,342
Deferred tax		
Origination and reversal of temporary differences	**87,341**	106,138
Actual tax expense	**159,114**	162,480
Representing:		
Income tax expense from continuing operations	**120,516**	144,834
Income tax expense from discontinued operation	**38,598**	17,646
	159,114	162,480

No provision for Hong Kong Profits Tax has been made in the interim financial report as the Group's operation in Hong Kong sustained a loss for Hong Kong Profits Tax purpose during the six months ended 30 June 2012 and 30 June 2011.

Taxation for the PRC operations is charged at the appropriate current rates of taxation ruling in the PRC. During the period, certain PRC subsidiaries are subject to tax concession under the relevant tax rules and regulations.

6. Discontinued operation

On 25 May 2012, the Company entered into sale and purchase agreements with an independent third party to dispose of the Group's 80% equity interest in and shareholder's loan to Greenway Venture Limited ("Greenway") at a total consideration of approximately HK$657,629,000. The subsidiaries of Greenway include China Everbright Road & Bridge (Fujian) Investment Limited and Fuzhou Guang Min Road and Bridge Construction & Development Company Limited. The principal activities of Greenway and its subsidiaries are construction and operation of a toll bridge in the PRC. The disposal was completed in June 2012.

Accordingly, the consolidated operating results of Greenway and its subsidiaries for the period ended 31 May 2012 are presented as discontinued operation in the interim financial report. The presentation of comparative information in respect of the period ended 30 June 2011 has been reclassified to conform to the current year's presentations.

6. Discontinued operation (continued)

(a) Results of discontinued operation:

	1 January 2012 to 31 May 2012 HK$'000	*1 January 2011 to 30 June 2011 HK$'000*
Revenue	**73,986**	85,208
Expenses	**(20,060)**	(26,389)
Results from operating activities	**53,926**	58,819
Income tax	**(13,598)**	(17,646)
Results from operating activities (net of tax)	**40,328**	41,173
Gain on sale of discontinued operation (net of tax)	**209,768**	-
Profit for the period	**250,096**	41,173

(b) Cash flows of discontinued operation:

	1 January 2012 to 31 May 2012 HK$'000	*1 January 2011 to 30 June 2011 HK$'000*
Net cash generated from operating activities	**32,124**	69,954
Net cash generated from/(used in) investing activities	**648,563**	(6)
Net cash used in financing activities	**(46,838)**	(73,477)
Net cash flows for the period	**633,849**	(3,529)

6. Discontinued operation (continued)

(c) Effect of disposal on the financial position of the Group:

	HK$'000
Net assets disposed of:	
Fixed assets	1,515
Intangible assets	533,419
Goodwill	25,340
Debtors, other receivables, deposits and prepayments	32,394
Pledged bank deposits	158,709
Cash and cash equivalents	9,059
Bank loans	(85,484)
Creditors, other payables and accrued expenses	(4,305)
Current taxation	(4,456)
Deferred tax liabilities	(16,915)
Loans from non-controlling shareholder	(47,142)
Non-controlling interests	(82,713)
Exchange reserve realised on disposal	(96,560)
Net identifiable assets	422,861
Gain on disposal of subsidiaries	234,768
	657,629
Satisfied by:	
Cash consideration	657,629
Analysis of the net cash inflow in respect of the disposal of subsidiaries	
Cash consideration	657,629
Cash and cash equivalents disposed of	(9,059)
Net cash inflow	648,570

7. 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$605,148,000 (six months ended 30 June 2011: HK$351,668,000) and the weighted average number of 3,675,586,000 ordinary shares (six months ended 30 June 2011: 3,657,638,000 ordinary shares) in issue during the period.

(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$605,148,000 (six months ended 30 June 2011: HK$351,668,000) and the weighted average number of 3,698,398,000 ordinary shares (six months ended 30 June 2011: 3,696,905,000 ordinary shares) after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option scheme.

8. Fixed assets

During the six months ended 30 June 2012, the Group acquired items of other property, plant and equipment with a cost of HK$539,363,000 (six months ended 30 June 2011: HK$134,229,000), among which HK$445,196,000 (six months ended 30 June 2011: HK$Nil) and HK$87,530,000 (six months ended 30 June 2011: HK$126,519,000) related to purchase of an office building and construction in progress of environmental water projects and alternative energy projects respectively. Items of other property, plant and equipment with a net book value of HK$1,542,000 were disposed of during the six months ended 30 June 2012 (six months ended 30 June 2011: HK$108,000), among which HK$1,515,000 was disposed of through disposal of subsidiaries. A loss on disposal of HK$27,000 was recognised during the six months ended 30 June 2012 (six months ended 30 June 2011: HK$108,000).

Government grant of HK$10,838,000 was granted during the six months ended 30 June 2011 to subsidise the construction of an alternative energy plant in the PRC and was deducted from the carrying amount of other property, plant and equipment. No such government grant was received during the period ended 30 June 2012.

9. Intangible assets

Certain subsidiaries of the Group entered into service concession arrangements with the local government authorities in the PRC ("the grantors"). Pursuant to the service concession arrangements, the Group was granted rights to construct, operate and maintain a toll bridge and alternative energy power plants in the PRC for a period of 30 years. The toll bridge revenue and alternative energy power plant operation service fees receivables are determined based on the type of vehicles and the extent of services rendered respectively and are subject to the approvals from the relevant local government authorities. During the operating period, the Group is required to maintain the toll bridge and alternative energy power plants in good condition. The service concession arrangements do not contain renewal options. Both the grantors and the Group have the rights to terminate the agreements in the event of a material breach of the terms of the agreements. During the six months ended 30 June 2012, the intangible asset of HK$533,419,000 in respect of the toll bridge operating right was disposed of through disposal of subsidiaries (see note 6(c)).

10. Debtors, other receivables, deposits and prepayments

	At 30 June 2012	At 31 December 2011
	HK$'000	*HK$'000*
Debtors	**395,838**	196,352
Other receivables, deposits and prepayments	**3,048,668**	3,000,977
	3,444,506	3,197,329
Less: Non-current portion		
- other receivables and deposits	**(2,317,921)**	(2,181,165)
Current portion	**1,126,585**	1,016,164

10. 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:

	At 30 June 2012	At 31 December 2011
	HK$'000	*HK$'000*
Current	**198,125**	174,053
Within 1 month past due	**63,232**	9,655
More than 1 month but within 3 months past due	**80,245**	12,142
More than 3 months but within 6 months past due	**51,029**	99
More than 6 months but within 12 months past due	**3,207**	403
Amounts past due	**197,713**	22,299
	395,838	196,352

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$395,838,000 (31 December 2011: HK$196,352,000) of which HK$19,842,000 (31 December 2011: HK$10,261,000) and HK$10,726,000 (31 December 2011: HK$9,932,000) are due from a non-controlling shareholder and a related company respectively. Debtors represent toll bridge revenue and revenue from environmental energy project, environmental water project and alternative energy project operation services. There was no recent history of default in respect of the Group's debtors. Since most of the debtors are local governmental authorities in the PRC and based on past experience, management believes that no impairment allowance is necessary in respect of the past due balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. No impairment loss was recognised by the Group at 30 June 2012 (31 December 2011: HK$Nil).

"Debtors, other receivables, deposits and prepayments" include balances totalling HK$2,533,774,000 (31 December 2011: HK$2,387,032,000) which bear interest at rates ranging from 5.94% to 7.83% (31 December 2011: 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$185,657,000 (31 December 2011: HK$181,606,000) and HK$477,805,000 (31 December 2011: HK$476,468,000) are due from a non-controlling shareholder and a related company respectively. The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the TOT arrangements. No impairment loss was recognised by the Group at 30 June 2012 (31 December 2011: HK$Nil).

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

11. Gross amounts due from customers for contract work

	At 30 June 2012 *HK$'000*	At 31 December 2011 *HK$'000*
Contract costs incurred plus recognised profits less anticipated losses	**8,239,409**	7,785,708
Less: Progress billings	**(1,532,149)**	(1,269,484)
Net contract work	**6,707,260**	6,516,224
Representing:		
Gross amounts due from customers for contract work		
– Non-current	**6,079,152**	5,963,047
– Current	**628,108**	553,177
	6,707,260	6,516,224

Included in "Gross amounts due from customers for contract work" are amounts of HK$233,694,000 (31 December 2011: HK$246,876,000) and HK$218,190,000 (31 December 2011: HK$229,651,000) 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% (31 December 2011: 5.94% to 7.83%) per annum. Among the total of HK$6,707,260,000 (31 December 2011: HK$6,516,224,000), HK$5,935,289,000 (31 December 2011: HK$6,297,640,000) 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 arrangements will be settled according to respective repayment schedules as stated in the agreements.

12. Cash and cash equivalents

	At 30 June 2012 *HK$'000*	At 31 December 2011 *HK$'000*
Deposits with banks	**76,873**	327,426
Cash at bank and in hand	**2,086,906**	1,356,873
	2,163,779	1,684,299

Included in "Cash and cash equivalents" are deposits of HK$105,413,000 (31 December 2011: HK$60,155,000) which are placed with a related party bank.

13. Creditors, other payables and accrued expenses

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

	At 30 June 2012	At 31 December 2011
	HK$'000	*HK$'000*
Due within 1 month or on demand	**30,399**	63,463
Due after 1 month but within 3 months	**23,569**	51,125
Due after 3 months but within 6 months	**70,257**	36,797
Due after 6 months	**587,992**	737,422
Total creditors	**712,217**	888,807
Other payables and accrued expenses	**529,331**	534,498
	1,241,548	1,423,305

Included in "Creditors, other payables and accrued expenses" of the Group is an amount of HK$9,331,000 (31 December 2011: HK$4,610,000) 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 totaling HK$677,832,000 (31 December 2011: HK$868,230,000) represent construction payables for the Group's BT and BOT arrangements, among which HK$660,000 (31 December 2011: HK$12,257,000) is due to a non-controlling shareholder. The construction payables are current and not yet due for payment. Included in "Other payables and accrued expenses" of the Group as at 30 June 2012 is an amount of HK$47,954,000 (31 December 2011: HK$Nil) which is payable to a non-controlling shareholder. The amounts due to non-controlling shareholders are unsecured, interest free and expected to be settled within one year.

14. Dividends

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

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Interim dividend declared after the interim period of HK3.0 cents per ordinary share (six months ended 30 June 2011: HK2.0 cents per ordinary share)	**110,270**	73,509

The interim dividend has not been recognised as a liability at the balance sheet date.

14. Dividends (continued)

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

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK2.5 cents per ordinary share (six months ended 30 June 2011: HK1.5 cents per ordinary share)	**91,892**	54,802

Business Review and Prospect

Operating Results

To tackle the challenges presented by the global financial crisis and global climate changes, the major economies worldwide have initiated stimulus packages to achieve economic growth as well as industrial transformation through developing a green economy. In a bid to secure an advantageous position in the next round of economic competition, the PRC has endeavoured to develop energy conservation and environmental protection industry. During the first half of 2012, the State ranked energy conservation and environmental protection first among the seven "Strategic Emerging Industries" under its "Twelfth Five-Year Plan", and the National Development and Reform Commission ("NDRC") has refined the waste-to-energy tariff policy and provided concrete support to the environmental protection industry through special subsidies. Benefitting from these favourable government policies, the Group has been actively developing businesses in environmental energy, environmental water, construction engineering and technological research and development. The Company has successfully disposed the Fuzhou Qingzhou Bridge, its only infrastructure project, thus completely transformed towards environmental protection businesses. The completion of its equipment manufacturing centre has spawned another business sector, advancing the Group's development from a downstream business into mid-stream and upstream business segments. The Group has also extended its business operations from Jiangsu, Shandong, Anhui and Guangdong Provinces to Zhejiang and Hainan Provinces. This has not only expanded its market presence across the country, but also laid a solid foundation for the Group's next round of development.

Up to 30 June 2012, the Group has successfully secured four new waste-to-energy projects in Nanjing, Pizhou, Wujiang and Ningbo cities, increasing the daily waste processing capacity by 5,100 tonnes and commanding a total investment of approximately RMB2.81 billion. The project in Ningbo City, a new market developed by the Group this year, has further consolidated the Group's leading position in the environmental protection industry. In addition, disposal of the Group's interest in the Fuzhou Qingzhou Bridge during the first half of the year contributed a cash flow of approximately HK$657,629,000. This, together with additional bank loan facilities, has enhanced our capital strength. As at 30 June 2012, the Group had abundant cash on hand, amounting to HK$2,212,453,000, and maintained a reasonable gearing level and healthy financial position. It has also steadily achieved business development milestones and further enhanced its competitive strength. The Group's dedicated efforts in the environmental protection business have been acknowledged by the country most recently with Mr Chen Xiaoping, Chief Executive Officer of the Company, being honoured as the "2010-2011 Man of the Year in China's Green Industry" on 12 June 2012. This particular award was organised by 8 PRC governmental departments and committees, most notably the Ministry of Environmental Protection of the PRC. Winning the award constitutes industry recognition honouring Mr. Chen's dedication for the past eight years in developing the Group into a leading enterprise within the PRC's environmental protection industry, and his achievements and contributions in advancing the industry in the PRC.

The first half of 2012 was a consolidation period for the Group's construction. With a batch of projects completed and commenced operation in the past two years and the newly secured projects still under preparatory stage, the Group concluded its construction experience during the period under review to better prepare for the next peak construction cycle. It is expected that the new projects will generate substantial construction service revenue to the Group following the kicking-off of construction. As for operating projects, following the completion of trial runs and gradual operation in full load capacity, the new projects that commenced operation in the second half of 2011 has become a new growth driver of the Group. The steady increases in the waste processing volume, electricity generation and waste water treatment volume of the projects brought a remarkable growth of operation service revenue. During the period under review, the Group's consolidated turnover amounted to HK$1,387,552,000, decreased by 21% from HK$1,749,453,000 in the same period last year. During the period, the EBITDA on recurring basis amounted to HK$681,728,000, an increase of 16% from HK$587,129,000 in the first half of 2011. Profit attributable to equity shareholders during the period was HK$605,148,000, a growth of 72% as compared to the same period last year. Basic earnings per share for the first half of 2012 was HK16.46 cents, HK6.85 cents more than HK9.61 cents in the same period last year.

To reward shareholders for their support and in consideration of the need of the Group to achieve long term continuous development, the Board declared to pay an interim dividend of HK3.0 cents per share (2011: HK2.0 cents per share).

Environmental Protection and Alternative Energy Businesses

During the period under review, to keep pace with the rapid development of the environmental protection and alternative energy industries, the Group has actively expanded businesses in both domestic and overseas markets and achieved remarkable results. Up to 30 June 2012, the Group has engaged in 62 environmental protection projects commanding a total investment of approximately RMB14.716 billion. Of these projects, those with construction already completed had a total investment amounting to approximately RMB7.785 billion, whereas those under construction accounted for a total investment of about RMB1.72 billion. The total investment of projects at preparatory stage was approximately RMB5.211 billion (amounted to RMB3.590 billion after deducting the biomass power generation projects of which construction has been postponed).

During the period under review, the turnover from the environmental protection and alternative energy businesses reached HK$1,387,326,000 in which construction service revenue decreased by 54% to HK$523,717,000 and operation service revenue, increased by 60% to HK$578,109,000 as compared to the same period of 2011. This is the first time the environmental protection and alternative energy businesses' operation service revenue exceeds the construction service revenue. Ratio of each revenue is: construction service revenue: 38%, operation service revenue: 42%, finance income: 20%.

Major financial data of the environmental protection and alternative energy businesses in the first half of 2012 is summarised below:

	2012 For the six months ended 30 June				2011 For the six months ended 30 June			
	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	**300,294**	**218,144**	**5,279**	**523,717**	830,785	23,293	281,867	1,135,945
- Operation services	**214,509**	**240,871**	**122,729**	**578,109**	157,202	192,415	12,673	362,290
- Finance income	**168,423**	**114,844**	**2,233**	**285,500**	128,045	120,140	2,222	250,407
	683,226	**573,859**	**130,241**	**1,387,326**	1,116,032	335,848	296,762	1,748,642
EBITDA	**445,257**	**200,960**	**56,910**	**703,127**	372,248	179,715	56,705	608,668

In its energy conservation and emission reduction operations, the Group has processed household and industrial waste of 1,777,000 tonnes and agricultural waste of 196,000 tonnes and generated green electricity of 614,776,000 kWh during the period under review. This output can fulfill the annual electricity consumption of 512,000 households and is equivalent to saving the consumption of standard coal of 246,000 tonnes and reducing carbon dioxide (CO_2)

emissions by 629,000 tonnes. Meanwhile, the Group has treated waste water (including leachate from waste-to-energy plants) of 253,788,000 m^3 and reduced COD emissions by 110,000 tonnes. Since the operation of its first environmental protection project in 2005, the Group has processed accumulated household and industrial waste of 8,570,000 tonnes and agricultural waste of 283,000 tonnes while generating green electricity of 2,932,508,000 kWh, which can fulfill the annual electricity consumption of 2,444,000 households and saving the standard coal of 1,173,000 tonnes, reducing CO_2 emissions by 2,576,000 tonnes and preventing the cutting of 380,000,000 trees. The Group has cumulatively treated waste water (including leachate from waste-to-energy plants) of 2,398,075,000 m^3 and reduced COD emissions by 943,000 tonnes.

1. Environmental Energy

As at 30 June 2012, the Group had 16 waste-to-energy projects, 4 industrial solid waste and hazardous waste landfill projects and 7 environmental protection industrial parks that carried a total investment of approximately RMB8.185 billion. The facilities are designed with an annual processing capacity of household waste of approximately 5.71 million tonnes which can in turn generate electricity of approximately 1.620 billion kWh annually. The annual industrial solid waste landfill capacity is approximately 115,000 m^3.

In the first half of the year, the Group has successfully extended its market into Zhejiang Province, signing an investment agreement of waste-to-energy project with the Beilun District Government of Ningbo City. The project has a daily waste processing capacity of 1,500 tonnes. Phase I of the project, with a daily waste processing capacity of 1,000 tonnes, commanded a total investment of RMB560 million. Being the Group's first project in Zhejiang Province, it strives to help the Group to expand its environmental protection businesses in the Province.

Meanwhile, the Group has further increased its investments in Jiangsu Province by constructing the waste-to-energy projects in Nanjing, Pizhou and Wujiang cities, which will further enhance the Group's systematic management in that region. The Nanjing Project has a daily waste processing capacity of 2,000 tonnes commanding a total investment of RMB1.03 billion. The Pizhou Project has a daily waste processing capacity of 1,000 tonnes. The Phase I of the project, with a daily waste processing capacity of 600 tonnes, commands a total investment of RMB330 million. The Wujiang Project has a daily waste processing capacity of 1,500 tonnes commanding a total investment of RMB890 million.

Most recently, the Group has secured waste-to-energy projects in Sanya City of Hainan Province and Boluo County of Guangdong Province as the bidder with the highest score on 12 July 2012 and 25 July 2012 respectively. The Sanya project, designed with a daily waste processing capacity of 1,050 tonnes, is the Group's first waste-to-energy project in Hainan Province. Phase I of the Sanya project, with a daily waste processing capacity of 700 tonnes, commands a total investment of RMB426 million. The total designed daily waste processing capacity of the Boluo project is 1,050 tonnes. Phase I of the Boluo project, with a daily waste processing capacity of 700 tonnes, commands a total investment of RMB417 million. The Company has secured a waste-to-energy project in Shouguang City of Shandong Province and a hazardous waste landfill project in Guanyun City of Jiangsu Province in August 2012. The Shouguang project has a total daily waste processing capacity of 1,000 tonnes. Phase I of the Shouguang project, with a daily processing capacity of 600 tonnes, commands a total investment of approximately RMB338 million. The Guanyun project has a total landfill capacity of 500,000 m^3, with an operating period of 25 years. The annual processing capacity for hazardous waste of the Guanyun project is 20,000 m^3, commands a total investment of RMB150 million. Construction will be in 2 phases. Phase I of the Guanyun project, with capacity of 300,000 m^3, commands a total investment of approximately RMB109 million.

To consolidate its leadership in the waste-to-energy industry, the Group proactively upgraded its operating projects in accordance with the Euro 2000 Standard (currently the most stringent in the world). The Group has become the first enterprise in the PRC with gas emissions of all operating waste-to-energy projects complying with the Euro 2000 Standard, underscoring its leadership role as the largest waste-to-energy project operator in the PRC and adhering to the highest standards. The Group's waste-to-energy projects in Zhenjiang and Suqian have received subsidies totaling RMB10 million and RMB4 million respectively under the scheme of "Year 2012 Central Budgetary Investment Plan of Waste Water and Waste Treatment Facilities and Sewage Piping Network Project located in Urban and Town". During the period under review, the Group had received tax refund and government subsidies amounted to RMB7 million approximately.

On 28 March 2012, the NDRC issued a "Notice in relation to the Optimisation of Waste-to-energy Power Tariff

Policy", which sets the benchmark power tariff of waste-to-energy projects across the country at RMB0.65/kWh, effective from 1 April 2012. The notice may facilitate the optimization of the waste-to-energy power tariff policy and the healthy development of the industry while foster resources saving and environmental protection. This will also have a favourable impact on the Group's long term development in waste-to-energy industry in the PRC.

During the period under review, the environmental energy projects of the Group together processed household waste of 1,754,000 tonnes, solid waste of 23,000 m^3 and generated on-grid electricity of 387,239,000 kWh, an increase of 77%, 0% and 62% respectively compared with the same period last year. The environmental energy projects brought an EBITDA of HK$445,257,000, an increase of 20% over last year. The growth in profit was mainly attributable to the recognition of construction service revenue and cost savings during the period. In addition, the growth in processing volume in operating projects sustained the increase in the operation service revenue.

Major operating and financial data of the environmental energy sector in the first half of 2012 is summarised below:

Project	**Waste Processing Volume (tonne)**		**On-grid Electricity (MWh)**		**EBITDA (HK$'000)**	
	2012	2011	**2012**	2011	**2012**	2011
Suzhou Waste-to-energy Project ("Suzhou Project") Phase I, II and III [1]	**466,000**	450,000	**113,813**	115,610	**139,292**	81,200
Yixing Waste-to-energy Project ("Yixing Project") [2]	**118,000**	118,000	**26,014**	26,362	**15,917**	17,051
Jiangyin Waste-to-energy Project ("Jiangyin Project") Phase I and II [3]	**256,000**	236,000	**63,408**	57,754	**42,299**	50,053
Changzhou Waste-to-energy Project ("Changzhou Project") [4]	**192,000**	188,000	**40,700**	39,945	**26,870**	27,096
Jinan Waste-to-energy Project ("Jinan Project") [5]	**412,000**	-	**79,075**	-	**140,902**	84,932
Zhenjiang Waste-to-energy Project ("Zhenjiang Project") [6]	**226,000**	-	**51,461**	-	**30,958**	43,063
Suqian Waste-to-energy Project ("Suqian Project") [7]	**84,000**	-	**12,768**	-	**18,978**	50,713
Huidong Waste-to-energy Project ("Huidong Project") [8]	**-**	-	**-**	-	**(124)**	(969)
Nanjing Waste-to-energy Project ("Nanjing Project") [9]	**-**	-	**-**	-	**25**	-
	1,754,000	992,000	**387,239**	239,671	**415,117**	353,139
Suzhou Industrial Solid Waste Landfill Project and Suqian Hazardous Waste Landfill Project (collectively "Solid Waste Projects") [10] (m^3)	**23,000**	23,000	**-**	-	**30,140**	19,109
					445,257	372,248

(1) The increase in profit of the Suzhou Project was mainly attributable to the construction service revenue generated by the construction of the Suzhou Project Phase III during the period under review.

(2) The decrease in profit of the Yixing Project was mainly attributable to the maintenance expenditure during the period under review.

(3) The decrease in profit of the Jiangyin Project was mainly attributable to the recognition of construction service revenue during construction of the Jiangyin Project Phase II in the first half of 2011. The commencement of operation of Jiangyin Project Phase II which has increased the waste processing volume and on-grid electricity generated, thereby boosted the operation service revenue.

(4) The decrease in profit of the Changzhou Project was mainly attributable to the maintenance expenditure during the period under review.

(5) The Jinan Project completed construction and commenced commercial operation in October 2011. During the period under review, the project has started to contribute operation service revenue, and has recognised construction cost saving.

(6) The Zhenjiang Project commenced generation of on-grid electricity in August 2011. In November 2011, the Zhenjiang Municipal Government approved an increase of 8.3% in the waste processing fee. The decrease in profit was mainly attributable to the recognition of construction service revenue during construction in the first half of 2011. During the period under review, this project only recognised operation service revenue.

(7) The Suqian Project completed construction in December 2011. During the period under review, the project has completed trial run and commenced commercial operation. The waste processing volume and operation efficiency is gradually increasing.

(8) Due to the change in site selection, the Huidong Project is still under preparatory stage.

(9) The Nanjing Project is still under preparatory stage.

(10) The increase in profit of the Solid Waste Projects was attributable to the construction service revenue contributed by the construction of the Suqian Hazardous Waste Landfill Project during the period under review. The project is expected to complete construction and commence operation by the fourth quarter of 2012.

2. Environmental Protection Industrial Parks

While designing and building an environmental protection industrial park, the Group works in close concert with the responsible local government authorities to comprehensively plan the full utilisation of local resources within the park, the sharing of infrastructure and optimising available land resources. The objective of this exercise is to achieve the integrated use of solid waste and enhance the efficiency of energy conservation, so ultimately the park can achieve "zero discharge".

During the period under review, the Group has 7 environmental protection industrial parks, including the industrial parks in Suzhou, Changzhou, Suqian, Zhenjiang, Yixing and Nanjing cities in Jiangsu Province and Yantai city in Shandong Province.

3. Environmental Water

As at 30 June 2012, 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 projects are designed with an annual waste water treatment capacity of approximately 657,000,000 m^3, as well as to provide reusable water of 22,330,000 m^3 and supply surface water of 36,500,000 m^3 annually.

During the period under review, the Group has continued in further consolidation of its environmental water sector, stabilising operations and strictly complying with discharge standards. The Group conducted a series of adjustments and controls on water volume and water quality through carefully evaluating project agreements, sewage piping network deployment, work arrangement among factories and complementary water charges.

During the period under review, environmental water projects treated waste water of 253,788,000 m^3, an increase of 10% as compared with last year. These operations brought an EBITDA of HK$200,960,000, 12% higher than 2011. The increase in profit was mainly attributable to the steady increase in the volume of waste water treated, and the construction service revenue contributed by the construction work of the Xinyi Surface Water BT Project.

Major operating and financial data in the environmental water sector in the first half of 2012 is summarised below:

Project	Waste Water Treated Volume (m^3)		EBITDA (HK$'000)	
	2012	2011	**2012**	2011
Qingdao Waste Water Treatment Project ("Qingdao Project") (1)	**33,078,000**	32,678,000	**17,321**	22,961
Zibo Waste Water Treatment Project (Southern and Northern Plants and Hightech Zone Plant) ("Zibo Projects") (2)	**57,902,000**	48,979,000	**38,627**	22,960
Jinan Waste Water Treatment Project (Plant 1, 2 and 4) ("Jinan Waste Water Projects") (3)	**94,251,000**	90,516,000	**59,995**	60,497
Jinan Licheng Waste Water Treatment Project Phase I (Plant 3) and Phase II ("Jinan Licheng Project") (4)	**19,026,000**	18,253,000	**7,916**	13,498
Boxing and Zhoucun Waste Water Treatment Projects ("Boxing and Zhoucun Projects") (5)	**16,348,000**	12,875,000	**2,772**	10,561
Jiangyin Waste Water Treatment Project ("Jiangyin Waste Water Project") (6)	**26,464,000**	21,547,000	**45,762**	42,524
Ling County Waste Water Treatment Project (Plant 1 and 2) ("Ling County Project") (7)	**6,719,000**	5,414,000	**7,017**	6,130
Xinyi BT Project and Xinyi Surface Water BT Project (8)	**-**	-	**18,120**	584
Dezhou Nanyunhe Waste Water Treatment Project ("Nanyunhe Project") (9)	**-**	-	**(570)**	-
Jinan, Zibo and Jiangyin Reusable Water Projects (10)	**-**	-	**4,000**	-
	253,788,000	230,262,000	**200,960**	179,715

(1) The decrease in profit of the Qingdao Project was mainly attributable to the maintenance expenditure during the period.

(2) The increase in profit of the Zibo Projects was mainly attributable to the increase in the waste water treatment fee approved last year, rise in waste water treatment volume and effective cost control measures which enhanced overall operating efficiency.

(3) The decrease in profit of the Jinan Waste Water Projects was attributable to the upward adjustment of electricity charges by the power company late last year. The project company has maintained operation efficiency through the increase of waste water treatment volume and other operating cost control.

(4) The decrease in profit of Phase I of the Jinan Licheng Project was mainly attributable to the construction cost saving recognised last year. Phase II of the project is expected to commence construction in the second half of 2012.

(5) The decreases in profit of the Boxing and Zhoucun Projects were mainly attributable to the maintenance expenditure incurred during the period under review. In addition, Zhoucun Project also recognised construction cost saving in the first half of 2011.

(6) The increase in profit of the Jiangyin Waste Water Project was mainly attributable to the increase in the volume of waste water treated which increased the operation service revenue.

(7) The rise in profit of the Ling County Project was mainly attributable to the increase in the volume of waste water treated which increased the operation service revenue.

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

(9) The Nanyunhe Project Phase I commenced construction in late June 2012 and is expected to commence commercial operation in 2013.

(10) The Jinan and Zibo Reusable Water Projects commenced commercial operation in September 2011 and contributed revenue from operation during the period under review. In addition, Jiangyin Reusable Water Project commenced construction in January 2012 and is expected to commence operation in the second half of 2012.

4. Alternative Energy

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 gases etc. also continues to increase. The Group strove to develop alternative energy businesses such as photovoltaic energy, biomass power generation, wind power, etc. to consolidate its leadership position in the industry.

Up to 30 June 2012, the Group had secured 18 alternative energy projects, including 8 photovoltaic energy projects, 6 biomass power generation projects, 2 methane-to-energy projects and 2 waste water source heat pump projects. These projects commanded an overall investment of approximately RMB2.855 billion, and provided a total designed annual processing capacity of agricultural waste of approximately 1,643,000 tonnes, and generate on-grid electricity of 1,167,000,000 kWh annually.

During the period under review, the Group continued to pay close attention to the state policies related to the alternative energy industry. It was able to make timely adjustments on a number of biomass power generation projects under development which were affected by the local economic situation and uncertain policies. A total investment of approximately RMB1.621 billion, which was reserved for these biomass power generation projects, will be invested in the waste-to-energy projects of the Group. The photovoltaic energy projects and the Dangshan Biomass Power Generation Project have been operating very well with efficiency in line with our expectation.

During the period under review, the Group's alternative energy projects have provided on-grid electricity a total of 128,128,000 kWh, and brought an EBITDA of HK$56,910,000 which was comparable to last year. Moreover, the commencement of operation of 3 photovoltaic energy projects at last year end also contributed to the increase in the operating profit which offset the decline in construction service revenue.

Major operating and financial data of the alternative energy sector in the first half of 2012 is summarised below:

Project	On-grid Electricity (MWh)		EBITDA (HK$'000)	
	2012	2011	**2012**	2011
Dangshan Biomass Power Generation Project（"Dangshan Project") (1)	**104,270**	-	**18,706**	42,103
Suqian Photovoltaic Energy Project (2)	**3,557**	1,249	**8,385**	3,093
Zhenjiang Ground and Rooftop Photovoltaic Energy Project ("Zhenjiang Photovoltaic Energy Project") (3)	**5,752**	1,945	**12,181**	2,518
Huaining Ground Photovoltaic Energy Project ("Huaining Photovoltaic Energy Project") (4)	**923**	322	**1,253**	(252)
Suzhou Methane-to-energy Project ("Suzhou Methane-to-energy Project") (5)	**9,741**	11,627	**5,417**	5,448
Shenzhen Rooftop Photovoltaic Energy Project ("Shenzhen Photovoltaic Energy Project") (6)	**-**	-	**789**	778
Zibo Heat Pump Project (7)	**-**	-	**1,843**	3,017
German Photovoltaic Energy Project (8)	**1,852**	-	**3,705**	-
Changzhou Rooftop Photovoltaic Energy Project ("Changzhou Photovoltaic Energy Project") (9)	**2,033**	-	**4,631**	-
	128,128	15,143	**56,910**	56,705

(1) The Dangshan Project connected to the power grid and started power generation in September 2011. The decrease in profit was mainly attributable to the recognition of construction service revenue in the first half of 2011. During the period under review, the project only recognised operation service revenue.

(2) The Suqian Photovoltaic Energy Project complete construction and started commercial operation to contribute profit to the Group in late 2010. Phase II was completed in December 2011, and commenced operation in January 2012.

(3) The Zhenjiang Photovoltaic Energy Project (Ground) complete construction and started operations to bring profit to the Group in 2010. The Zhenjiang Photovoltaic Energy Project (Rooftop) was completed in December 2011, and started operation in January 2012.

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

(5) The slight decline in profit of the Suzhou Methane-to-energy Project was mainly attributable to the recognition of VER revenue during the period under review, which offset the impact on the decrease in on-grid electricity.

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

(7) The Zibo Heat Pump Project started commercial operation in the fourth quarter of 2011. The decrease in profit was attribute to the recognition of construction revenue in the first half of 2011.

(8) The German Photovoltaic Energy Project has connected to the power grid and started commercial operation in July 2011.

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

Environmental Protection Engineering

In the first half of 2012, the Group continued to develop its environmental protection engineering projects. As at 30 June 2012, 20 projects commanding a total investment of RMB6.931 billion (amounted to RMB5.310 billion after deducting the investment of the biomass power generation projects of which construction is postponed) are under construction or in the preparatory stage. Some of these projects will be gradually completed during this year. It is expected that more construction works will be secured in the future, making construction service revenue one of the major income sources for the Group. The Group has adhered to its philosophy of "producing quality facilities and building a brand" in carrying out its construction work, as well as its management. In the first half of 2012, the Company utilised the management experience accumulated in the construction and management of environmental protection engineering projects to establish a standardised engineering management system. This system encompasses construction standards, implementation rules and operations manuals. Specific components include "Construction Standards of Waste-to-energy Plants", "Operations Manual for Management of Engineering Projects", "Manual to Prevent Common Errors in the Design of Waste-to-energy Plants" and "Collection of Theories from Engineering and Construction Seminars", etc. The Group aims to standardise the management of engineering projects to provide top engineering construction services, thus enhancing the overall efficiency of construction works. While we continue the construction of projects on hand, the Group continues to be guided by the operating philosophies of "Integrity, Pragmatism, Efficiency and Innovation" to build and operate every project according to the highest standards, thus consolidating the Group's leading presence in the environmental protection industry in the PRC.

Environmental Protection Technology

The Group's environmental protection technology is the foundation supporting its sustained development. During the period under review, by upholding an operating philosophy aspiring to bold innovation and the diligent execution of plans in carrying out its scientific work, the Group has increased its R&D investment in order to bolster its R&D capability and standard by introducing advanced domestic and overseas technology. After careful consideration of the actual operation of its projects and market demand, the Group set 8 priority areas for R&D in the beginning of 2012, and earmarked a total investment of more than RMB20 million. During the period under review, on top of the RMB10 million and RMB4 million subsidies for the Zhenjiang and Suqian waste-to-energy projects from the NDRC, the Group's environmental protection equipment project also secured a special subsidy of RMB9.7 million from the PRC Central Government. In addition, the Group's self-developed hydraulic grate furnace passed the environmental protection technology assessment by the Chinese Society for Environmental Sciences in May 2012. This type of self-developed furnace combustion system and combustion control system has been applied within the Jiangyin, Zhenjiang, and Suqian Waste-to-energy projects. The operating results have shown that the ignition loss rate of slag was under 3%, attaining a very high burning efficiency of 96% and a stable operating duration exceeding 8000 hours per year. This accomplishment has also demonstrated that the new grate furnace technology developed by the Group is ideal for treating household wastes in the PRC, and that the production, installation, operation and investment have attained the international standards of similar technologies.

During the period under review, the Group also restructured the organisation and management of the R&D department. Specialised teams were set up to focus on specific topics. Incentive schemes were also put into place for successful patent applications and commercialisation of R&D. These initiatives are expected to facilitate the development and the implementation of R&D activities of the Group.

During the period under review, the Group was awarded 6 utility patents. The Group will continue to step up efforts in advancing R&D work in specified technologies, and through innovations to expand its business scope and set a direction for continuing development.

Environmental Protection Equipment Manufacturing

This is a new business segment for the Group. The Group's environmental protection equipment production base in Changzhou City of Jiangsu Province has already started production. Currently, it mainly manufactures grate furnaces, sludge treatment and emission purification equipment for its waste-to-energy projects. The grate furnaces and automatic control systems for the new projects in Nanjing, Ningbo, Wujiang, Pizhou, Sanya, Boluo and Shouguang cities secured in 2012 have been included in its production plan. In addition, the development of an entire line of waste-to-energy equipment is under planning, which marks a new milestone in the development of the Group's mid-stream and upstream environmental markets.

Infrastructure

Toll Bridge

The Group's only non-core project, the Fuzhou Qingzhou Bridge, had brought good returns to the Group over the past few years. However, to further optimise resources allocation and focus capital on strengthening the traditional strong environmental protection businesses, the Group has disposed of its 80% equity interest in Fuzhou Qingzhou Bridge and shareholder's loan in May 2012 for a consideration of approximately HK$657,629,000. The disposal was completed in June 2012. During the period under review, the Fuzhou Qingzhou Bridge brought a net profit of HK$250,096,000, which included a profit on disposal of HK$209,768,000 and net operating profit of HK$40,328,000, to the Group. This disposal has strengthened the Group's cash position, and has facilitated the Group to expand and develop its core environmental protection projects. Subsequent to the completion of disposal, the Group has become an integrated environmental protection enterprise exclusively engaged in the environmental protection and alternative energy businesses.

Business Prospects

The PRC Government has designated Seven "Strategic Emerging Industries" and implemented the "Development Plan of the Energy Conservation and Environmental Protection Industry under the Twelfth Five-Year Plan" this year. Thus, the municipal governments have implemented changes in line with these policies to boost economic development. This year is set to be crucial for the launch of environmental protection projects nationwide. In the first half of 2012, the Group has scaled new heights in project development. However, the launch of new projects across the country has revealed the outstanding potential opportunities remaining to be captured by the Group in the environmental protection and alternative energy industry.

To focus on developing core environmental protection business, the Group has disposed the Fuzhou Qingzhou Bridge, contributing a cash flow of approximately HK$657,629,000. It also obtained a B loan of US$100 million loan facility from Asian Development Bank and 6 other banks during the period under review. This, together with other bank loan facilities, will provide sufficient capital for the Group to expand its core environmental protection business, thus facilitating its steady development in the years to come.

Facing the downturn of global economy and slowdown of the PRC economy, the Group will proceed to develop its business in a prudent and risk aversive way. As a leader in the environmental protection industry in the PRC, the Group will leverage the favourable national policies and seize opportunities to construct, operate and manage every project to the highest standard. While focusing on developing its core businesses of environmental energy and environmental water, the Group will continue to expand alternative energy projects. It will also capitalise on its strong innovation capabilities and core competencies to develop its environmental protection equipment manufacturing business. In this way the Group can extend its reach across the industry chain and develop into a more comprehensive environmental protection enterprise, while continuously contributing to protecting the environment within the PRC.

In addition, the Group will continue to develop environmental protection and alternative energy markets both domestically and overseas. On top of consolidating its leading market presence in Jiangsu and Shandong Provinces, the Group has garnered waste-to-energy projects in Ningbo and Sanya cities in succession in the first half of the year. This has become a stepping stone to enter markets elsewhere in Zhejiang and Hainan Provinces as well as other provinces and consolidated its investment position in the Yangtze River Delta and Pearl River Delta. Capitalising on its abundant experience in the project operation domestically and the success of the photovoltaic energy project in Germany, the Group will expand the environmental protection and alternative energy markets at home and abroad, with an aim to contribute to the solution of global environmental issues as well as strive for the best interests of its shareholders.

Management Discussion and Analysis

Financial Position
As at 30 June 2012, the Group had total assets amounted to HK$14,549,003,000, with HK$6,541,215,000 worth of net assets attributable to equity shareholders of the Company. Net asset value per share attributable to equity shareholders was HK$1.780 per share, representing an increase of 6% as compared to HK$1.684 per share as at the end of 2011. As at 30 June 2012, gearing ratio (total liabilities over total assets) of the Group was 53%, 1 percentage point more than 52% at last year end.

The Group generally finances its operations with internally generated cash flow, loan facilities from banks and funds from its ultimate holding company. As at 30 June 2012, the Group had an aggregate cash balance of approximately HK$2,212,453,000, representing an increase of HK$312,484,000 as compared to HK$1,899,969,000 at the end of 2011. As at 30 June 2012, the Group had outstanding borrowings of approximately HK$5,862,392,000, representing a rise of HK$592,011,000 as compared to HK$5,270,381,000 at the end of 2011. The borrowings comprised bank loans of HK$5,825,786,000 and other loans of HK$36,606,000 from an unrelated party. As at 30 June 2012, the Group had unutilized banking facilities amounted to HK$1,659,880,000. This together with the banking facilities under negotiation with policy banks provided strong financial support for the Group's rapid business development.

Foreign Exchange Risk
The Group's assets, borrowings and major transactions are mainly denominated in Renminbi. It 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 will closely manage and monitor foreign currency risks given the increased loan balances in Hong Kong dollars and US dollars.

Pledge of Assets

As at 30 June 2012, 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 shares of certain subsidiaries of the Company. The aggregate net book value of assets and equity interests in subsidiaries pledged amounted to approximately HK$6,042,797,000.

Commitments

As at 30 June 2012, the Group had outstanding commitments in connection with the Group's construction contracts not provided for in the amount of HK$579,153,000.

Contingent Liabilities

As at 30 June 2012, the Company had issued financial guarantees to 6 wholly-owned subsidiaries and 1 non-wholly owned subsidiary. The Board does not consider it probable that a claim will be made against the Company under the guarantees. As at 30 June 2012, the maximum liability of the Company under the guarantees issued was the facility drawn down by the subsidiaries of HK$2,272,586,000.

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 Management Committee, the Group formulated strict regulations on investment in, and construction and operating of environmental protection projects. During the period under review, the Group had held Management Committee meeting monthly to review all projects under construction and operation. The Group has continued to conscientiously implement various management models and has completed implementation of construction standards for its waste-to-energy projects. It has also introduced a series of measures to optimise its R&D operations, and set up a new management system for photovoltaic energy projects, and restructured other processes such as the management of market expansion and an incentive system.

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. The Group has arranged a variety of training courses during the period under review, highlighted by the International CEO Course III of Tsinghua University specifically designed for enhancing the capabilities of the management and specialised technical staff. The Group has also invited external lecturers to conduct 3 video training sessions for the entire staff to broaden their exposure to business. To enhance financial management, a centralised financial training was implemented in Beijing.

As at 30 June 2012, the Group had approximately 1,600 employees in Hong Kong and the PRC. Employees of the Group are remunerated according to their qualifications, experience, job nature, performance, and with reference to market conditions. Apart from discretionary performance bonus, the Group also provides other benefits such as medical insurance and provident fund scheme to employees in Hong Kong. According to the share option scheme approved 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 period 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 and accountability which also enhanced its corporate values. The Board meets regularly and makes collectively decisions on appointment and removal of Board members and key management, annual work task, medium-term development plan and project investments etc. The Board has set up 5 committees, including Executive

Committee, Audit Committee, Nomination Committee, Remuneration Committee and Management Committee. The Management Committee has particularly set up Risk Management Advisory Committee, Engineering Technical Management Committee and Budget Approval Management Committee. In addition, the Group has also set up Internal Audit Department to perform internal audits on investment projects to bolster the Group's management standard.

The Company has complied with the code provisions and most of the recommended best practices of the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) ("CG Code") as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2012 except the following deviation.

Two Independent Non-executive Directors had not attended the annual general meeting of the Company held on 18 April 2012 due to oversea or other commitment. This constitutes a deviation from the code provision of A.6.7 of the CG Code which requires, inter alia, independent non-executive directors and other non-executive directors to attend general meetings.

Executive Committee

The Executive Committee comprises Mr. Tang Shuangning (Chairman), the Chairman of the Board, and 5 other executive directors, namely Mr. Zang Qiutao, 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 3 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.

During the period under review, the Internal Audit Department of the Company has conducted internal audit function. At the request of the Audit Committee, KPMG, the Company's auditors had carried out a review of the unaudited interim financial results in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by HKICPA. The independent review report from the auditors is set out in the interim report of the Company. The interim financial results have also been reviewed by the Company's Audit Committee.

Nomination Committee

The Nomination Committee, comprises Mr. Zhai Haitao (Chairman), independent non-executive director, Mr. Chen Xiaoping, the Chief Executive Officer, Mr. Philip Fan Yan Hok, non-executive director, and 2 independent non-executive directors, namely Mr. Selwyn Mar and Mr. Aubrey Li Kwok Sing. It is primarily responsible for making recommendations to the Board on appointment of directors regarding the qualification and competency of the candidates, so as to ensure that all nominations are fair and transparent. The terms of reference of the Nomination Committee are disclosed on the website of the Company.

Remuneration Committee

The Remuneration Committee currently comprises Mr. Aubrey Li Kwok Sing (Chairman), independent non-executive director, and Mr. Zang Qiutao, the Vice-chairman of the Board, and 2 independent non-executive directors of the Company, namely Mr. Selwyn Mar 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 period under review, 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, and the persons-in-charge of the Environmental Protection Engineering sector, Environmental Protection Technology sector, Environmental Water sector, Alternative Energy sector, Investment Development Department, Investment Management Department and Legal and Compliance Department. 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. The Management Committee is the decision-making body for day-to-day business activities and makes collective decisions on major matters relating to the Group's daily business operation, management and personnel 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 for securities transactions by directors ("the Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct in this regard. Having made specific enquiry with the directors, all directors confirmed that they had complied with the required standard of dealings as set out in the Model Code during the six months ended 30 June 2012.

Interim Dividend

The Board has declared payment of an interim dividend of HK3.0 cents per ordinary share for the six months ended 30 June 2012 (2011: HK2.0 cents per ordinary share) to shareholders whose names appear on the register of members of the Company on Tuesday, 25 September 2012. Interim dividend will be paid to shareholders on or about Thursday, 18 October 2012.

Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 25 September 2012 to Thursday, 27 September 2012 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for the interim dividend, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 24 September 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 six months ended 30 June 2012.

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

Hong Kong, 22 August 2012

As at the date of this announcement, the Board comprises (i) 6 executive directors, namely Mr. Tang Shuangning, Mr. Zang Qiutao, Mr. Chen Xiaoping, Mr. Wang Tianyi, Mr. Raymond Wong Kam Chung and Mr. Cai Shuguang; (ii) 1 non-executive director, Mr. Philip Fan Yan Hok; and (iii) 3 independent non-executive directors, namely Mr. Selwyn Mar, Mr. Aubrey Li Kwok Sing and Mr. Zhai Haitao.