



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

(stock code 股份編號：257)



2006

INTERIM REPORT 中期報告

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Corporate Information

公司資料

Directors

Executive Directors

WANG Mingquan (Chairman)
ZANG Qiutao (Vice-chairman)
LI Xueming (Vice-chairman)
CHEN Xiaoping (Chief Executive Officer)
FAN Yan Hok, Philip (General Manager)
HUANG Chaohua (Deputy General Manager)
WONG Kam Chung, Raymond
(Chief Financial Officer)
CHEN Shuang
ZHANG Weiyun

Independent Non-executive Directors

Sir David AKERS-JONES
LI Kwok Sing, Aubrey
MAR Selwyn

Qualified Accountant

WONG Kam Chung, Raymond

Company Secretary

POON Yuen Ling

Registered office

Room 2703, 27th Floor
Far East Finance Centre
16 Harcourt Road, Hong Kong

Principal bankers

CITIC Ka Wah Bank, Limited
Fubon Bank (Hong Kong) Limited
The Bank of East Asia, Limited
China Everbright Bank Co., Limited
China Minsheng Banking Corp., Ltd.
CITIC Industrial Bank
Industrial and Commercial Bank of China
Bank of China Limited

董事

執行董事

王明權 (主席)
臧秋濤 (副主席)
李學明 (副主席)
陳小平 (行政總裁)
范仁鶴 (總經理)
黃朝華 (副總經理)
黃錦驄
(財務總監)
陳爽
張衛云

獨立非執行董事

鍾逸傑爵士
李國星
馬紹援

合資格會計師

黃錦驄

公司秘書

潘婉玲

註冊辦事處

香港夏慤道十六號
遠東金融中心
二十七樓二二零三室

主要往來銀行

中信嘉華銀行有限公司
富邦銀行(香港)有限公司
東亞銀行有限公司
中國光大銀行股份有限公司
中國民生銀行股份有限公司
中信實業銀行
中國工商銀行
中國銀行股份有限公司

Solicitors

Paul, Hastings, Janofsky & Walker
Woo, Kwan, Lee & Lo
Grandall Legal Group (Beijing)

Auditors

KPMG

Registrars

Tengis Limited
26/F, Tesbury Centre, 28 Queen's Road East
Wanchai, Hong Kong

Website

www.ebchinaintl.com

Stock Code

257

律師

普衡律師事務所
胡關李羅律師行
國浩律師集團(北京)事務所

核數師

畢馬威會計師事務所

股份過戶處

登捷時有限公司
香港灣仔皇后大道東二十八號
金鐘匯中心二十六樓

電子網址

www.ebchinaintl.com

股份編號

257

Financial Highlights

財務概況

		2006	2005	Percentage change 百分比 變動
		二零零六年	二零零五年	
		Six months ended 30 June 截至六月三十日止六個月		
		(restated) (重報)		
		HK\$'000 港幣千元	HK\$'000 港幣千元	
Results	業績			
Turnover	營業額	94,344	61,137	54%
Earnings before interest and tax	除利息及稅項前盈利	103,720	79,995	30%
Profit attributable to equity shareholders	股東應佔盈利	71,620	62,480	15%
Basic earnings per share (HK cents)	每股基本盈利 (港仙)	2.64	2.45	8%
Return on shareholders' equity – half year (%)	股東資金回報 – 半年 (%)	5.21	5.67	(0.46%)
Interest cover (%)	利息覆蓋比率 (%)	534	573	(39%)
		As at 30 June	As at 31 December	
		於六月三十日	於十二月三十一日	
		(restated) (重報)		
		HK\$'000 港幣千元	HK\$'000 港幣千元	
Financial Position	財務狀況			
Total assets	資產總額	3,165,597	2,676,181	18%
Total liabilities	負債總額	1,490,253	1,404,966	6%
Shareholders' equity	股東權益	1,572,513	1,178,335	33%
Net asset value per share (HK\$)	每股資產淨值 (港幣元)	0.514	0.462	11%
Gearing (%)	資產負債比率 (%)	47	52	(5%)
Current ratio (%)	流動比率 (%)	571	221	350%

Business Review and Outlook

業務回顧及展望

OPERATING RESULTS

The PRC economy continued to grow rapidly in the first half of 2006. Being the first year in the State's 11th Five-year Plan, 2006 has seen the speeding up of development of the entire country. Given the increasing ecological concern in the PRC and the increasing support given to the environmental protection industry by the Central Government, the China market is simmering with business opportunities. During the reporting period, China Everbright International Limited ("the Company") and together with its subsidiaries (collectively, "the Group") had consolidated its three main businesses, namely infrastructure investment, property investment and environmental protection. The Group continued to actively seek opportunities to grow its environmental protection business and has secured a number of new projects and achieved satisfactory results.

For the six months ended 30 June 2006, the Group recorded steady growth in turnover and profits. During the reporting period, infrastructure investment business and property investment business continued to be the Group's major profit contributors. Environmental protection has begun to take off as a number of projects became operational and started generating revenue. The environmental protection business will gradually become a growth driver of the Group. During the period under review, the Group's consolidated turnover amounted to HK\$94,344,000, representing an increase of 54% as compared with the restated turnover of HK\$61,137,000 for the same period last year. Profit attributable to shareholders amounted to HK\$71,620,000, representing an increase of 15% as compared with the restated profit of HK\$62,480,000 for the same period last year. In particular, i) Shenzhen Mawan Power Company Limited ("Mawan Power") recorded an attributable profit of HK\$24,634,000; ii) Qingzhou Bridge registered an attributable profit of HK\$13,592,000; iii) the waste water treatment project in Qingdao ("Qingdao Project") generated an attributable profit of HK\$7,997,000; iv) the waste water treatment project in Zibo ("Zibo Project") recorded a profit of HK\$8,775,000; v) property investments contributed a net profit of HK\$5,397,000; vi) the pick up of the property prices in the PRC brought about valuation gains on investment properties of HK\$6,971,000; and vii) gains of HK\$27,745,000 arose from the disposal of an investment property and certain other financial assets. In the first half of this year, basic earnings per share were HK2.64 cents, representing an increase of 8% from HK2.45 cents for the corresponding period last year.

經營業績

二零零六年上半年，中國經濟仍保持高速增长，加上今年乃全面實施「十一」規劃的第一年，全國各地區的發展步伐加快。隨著國內對生態環境問題日益關注，中央政府加大對環保產業的支持力度，造就了龐大的商機。回顧期內，中國光大國際有限公司（「本公司」），連同其附屬公司合稱「本集團」，致力鞏固基建、物業投資及環保三大主要業務，積極尋求環保業務發展契機，穩健開拓環保業務，成功取得多個新環保項目，錄得理想業績。

截至二零零六年六月三十日止六個月，本集團營業額及盈利均錄得穩定增長。期內，基建與物業投資繼續為本集團提供主要盈利，環保業務亦已陸續投入營運並開始步入收成期，成功建立新的利潤增長點，並將逐步成為集團的主要增長動力。回顧期內，本集團錄得綜合營業額港幣94,344,000元，較去年同期重報之營業額港幣61,137,000元上升54%；股東應佔盈利為港幣71,620,000元，較去年同期重報之盈利港幣62,480,000元增加15%，其中i) 深圳媽灣電力有限公司（「媽灣電力」）貢獻應佔利潤港幣24,634,000元；ii) 青州大橋錄得應佔利潤港幣13,592,000元；iii) 青島污水處理項目（「青島項目」）貢獻應佔利潤港幣7,997,000元；iv) 淄博污水處理項目（「淄博項目」）錄得淨利潤港幣8,775,000元；v) 物業投資貢獻利潤港幣5,397,000元；vi) 國內物業價格回升錄得投資物業估值盈餘港幣6,971,000元；vii) 出售投資物業及部分其他財務資產錄得利潤港幣27,745,000元。上半年每股基本盈利為2.64港仙，較去年同期之2.45港仙增加8%。

OPERATING RESULTS *(continued)*

On 25 April 2006, the Company placed 510,000,000 shares at HK\$0.66 per share with independent institutional investors through Deutsche Bank AG. Excluding related expenses, the Group received net proceeds of approximately HK\$321,723,000, which greatly enhanced its cashflow and reserve for developing the environmental protection business. The placement with institutional investors not only enlarged the shareholders' base of the Company, but has opened up financing possibilities for the Group and boosted its image.

Given the satisfactory operating results and healthy financial condition, the board of directors of the Company ("the Board") resolved that an interim dividend of HK0.6 cent per share will be paid for the six months ended 30 June 2006 (2005: HK0.6 cent per share).

INFRASTRUCTURE INVESTMENT

Energy supply

Since 1998, the Group has been holding 15% effective interest in Mawan Power. Mawan Power has been one of the major profit sources for the Group. During the period under review, Mawan Power overhauled its plants and facilities to enhance operational efficiency. However, the operation was still under the pressure of rising prices for coal and oil in the PRC. Operating costs were affected to a certain extent. Furthermore, the major overhaul in April lowered the amount of electricity sold by the company. During the period, the attributable profit after taxation from Mawan Power amounted to HK\$24,634,000, or 19% lower than that of the same period last year. During the period, Mawan Power's board of directors resolved that a cash dividend of approximately HK\$87,012,000 will be paid to the Group for the financial years up to 31 December 2005.

經營業績 *(續)*

二零零六年四月二十五日，本公司透過德意志銀行向獨立機構投資者配售510,000,000股公司股份，每股作價港幣0.66元。配售股份扣除其他費用共集資約港幣321,723,000元，增加本集團現金流，並為本集團發展環保業務儲備資金。這次成功配售公司股份予機構投資者，一方面擴闊了公司的股東基礎，亦打開了本集團的融資空間，重塑市場形象。

鑒於本集團經營業績理想，財務狀況穩健，本公司董事會（「董事會」）議決派發截至二零零六年六月三十日止六個月之中期股息每股0.6港仙（二零零五年：每股0.6港仙）。

基建投資

能源供應

自一九九八年以來，本集團一直持有媽灣電力15%的實際權益，該項目一直是本集團其中一項主要盈利來源。回顧期內，媽灣電力繼續檢修機組設備以提升營運效率。但仍受制於國內煤炭及燃油價格不斷上升的壓力，經營成本受到一定的影響；此外，媽灣電力於四月份進行大修，故售電量減少。期內本集團於媽灣電力的應佔稅後盈利為港幣24,634,000元，較去年同期下降19%，期內媽灣電力董事會議決向本集團派發二零零五年及以前年度現金股息港幣87,012,000元。

INFRASTRUCTURE INVESTMENT (continued)

Energy supply (continued)

Mawan Power has been operating for 17 years since its establishment, and its power generators have become worn. The maintenance cost of the power plant is expected to increase in the future. Moreover, Mawan Power is expected to be under great pressure as the balance is tipped in favour of the demand side – power shortage has gradually abated in China; the grand programme of West-to-East power transmission has been gaining momentum. In addition, the implementation of competitive in-grid electricity fee and the ongoing surge in the prices of coal and oil add pressure on the power plant's profitability. The proportion of profit contribution from Mawan Power in the Group's profit is expected to be diminishing as profit contribution from the environmental protection business is growing on the back of launching new projects.

On 28 August 2006, the Group entered into an agreement with the subsidiary of Shenzhen Energy Group Company Limited for the disposal of its 15% effective interest in Mawan Power at a cash consideration of HK\$641,595,000. The disposal constituted a major transaction for the Group as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). Following the disposal of the equity interest in Mawan Power, the Group can concentrate on developing its environmental protection business. It will also seek opportunities in municipal public works business. The Group is expected to realize an estimated gain on disposal of approximately HK\$325,105,000 (before taxation and expenses) from the transaction. However, the actual profit from the transaction will be adjusted to reflect for the Group's share of results and reserve of Mawan Power from 1 January 2006 up to the date of completion of the transaction. It is expected that the gain on disposal will be accounted for in the financial year ending 31 December 2006. Approximately HK\$441,000,000 of the net proceeds from the transaction will be used to reduce liabilities of the Group and the remaining HK\$200,000,000 will be used as working capital of the Group for its investment in the environmental protection business and municipal public works business.

基建投資 (續)

能源供應 (續)

媽灣電力從建設期至今已經營近十七年，發電機組日漸陳舊，未來定期進行維修會不斷增加。此外，近年國內電力短缺的情況已逐漸緩和，加上西電東輸，競價上網及煤油價格高企等不利因素，預計媽灣電力未來營運會面對很大壓力。鑒於本集團已發展環保業務數年，新項目逐步投入營運貢獻盈利，媽灣電力對本集團盈利貢獻之比重將會日漸減少。

二零零六年八月二十八日，本集團與深圳市能源集團有限公司之附屬公司簽署協議，以現金代價約港幣641,595,000元出售持有媽灣電力之15%實際權益，有關出售構成本集團之主要出售交易（定義見香港聯合交易所有限公司證券上市規則（「上市規則」）。通過出售此項目的權益，本集團可專注於環保業務的發展，並窺機進軍國內市政公用工程的領域。本集團預計出售媽灣電力的權益可錄得出售利潤約港幣325,105,000元（未計稅項及開支）。惟實際出售利潤需予調整以反映本集團於二零零六年一月一日至出售交易完成日期內應佔媽灣電力的業績與儲備。本集團目前預計出售利潤將於本集團截至二零零六年十二月三十一日止年度之財務業績中反映。出售交易所得款項淨額其中之港幣441,000,000元將用於減低負債，而餘額之約港幣200,000,000元將用作一般營運資金以發展環保業務及市政公用工程等領域。

INFRASTRUCTURE INVESTMENT (continued)

Toll bridge

During the period under review, the traffic flow on Qingzhou Bridge continued to grow, bringing steady cash inflow to the Group. For the six months ended 30 June 2006, the average daily traffic flow on Qingzhou Bridge increased to 25,797 standard vehicles, or a 21% rise over that in the same period last year. Operating profit before taxation for the period amounted to HK\$18,867,000, representing an increase of 48% as compared with the same period last year. Taking into account the deferred tax and the profit attributable to minority shareholders, attributable net profit for the first half year amounted to HK\$13,592,000.

By the end of 2006 when the highway to the Fuzhou airport is opened and with the Fuzhou Municipal Government pushing forward its city development plan, peripheral areas around the city are expected to flourish. In addition, the local government has also invested amply to improve the east-to-west traffic network. Moreover, the government adopted measures to tighten control on overloading of vehicles and to charge toll fees according to the weight of a vehicle and its load. The Group expects traffic flow on Qingzhou Bridge to continue to grow on the back of these developments. That will in turn contribute to the healthy development of road and bridge infrastructure in the long run and the steady growth in the Group's income, and thus will ensure reliable cash inflow to the Group. Looking ahead, the Group will continue to enhance the management of Qingzhou Bridge, strive to "increase income and reduce expenses" and try to boost the traffic flow on the bridge through publicity campaigns with an aim to enhance the bridge's profit contribution to the Group.

基建投資 (續)

收費橋梁

回顧期內，青洲大橋的車流量持續增長，為本集團提供穩定的現金流。截至二零零六年六月三十日止六個月，青洲大橋之日均標準車流量已增加至25,797輛，較去年同期增長21%。期內之除稅前經營利潤為港幣18,867,000元，較去年同期增長48%。計及遞延稅項與少數股東應佔利潤的因素，本年上半年之應佔淨利潤為港幣13,592,000元。

預計二零零六年底福州市機場路開通以後，福州市政府的城市發展規劃，將帶動周邊地區經濟快速發展，同時市政府於期內已經投入較大資金對東西向主要交通通道進行改造。此外，隨著全國治理公路車輛「超載超限」統一行動全面展開，中國政府實施公路車輛「計重收費」的政策，本集團預期青洲大橋的車流量有望進一步上升，刺激路橋的長遠健康發展，收益會繼續穩步增長，為本集團帶來穩定的現金流。展望未來，本集團將繼續加強青洲大橋的管理，全方位推動「增收節支」，增強宣傳策略，增加橋樑車流量，以提升其對本集團之盈利貢獻。

PROPERTY INVESTMENT

The PRC

Regarding property investment in the PRC, the Group holds a four-storey commercial podium in Shenzhen Zhongshan Garden. This property has been generating steady rental income and cash flow for the Group. Its major tenants include Walmart, Park'n Shop and McDonald, etc, and the occupancy rate during the period was 99%. During the period under review, the Group recorded profit after taxation of HK\$4,134,000 from this property, representing a growth of 13% from HK\$3,661,000 in the same period last year. In addition, benefiting from the increase in property prices in the PRC, the Group recorded valuation gains on investment properties of HK\$6,971,000 during the period.

During the period under review, Shenzhen Zhongshan Property Management Limited, in which the Group holds a 95% interest, recorded an attributable profit after taxation of HK\$39,000. And Shanghai Trade Square and International Apartments, in which the Group holds approximately 14% interest, continued to operate smoothly. In July 2006, it was resolved that an annual dividend will be paid to its shareholders, and the Group will collect a dividend income of HK\$1,165,000 in the second half of this year.

物業投資

中國

在國內物業投資方面，本集團持有位於深圳中山花園之四層裙樓作為收租用途，繼續為本集團帶來穩健的租務收益及現金流。該物業主要租戶包括沃爾瑪、百佳及麥當勞等，期內出租率達99%。於回顧期內，該物業為本集團帶來港幣4,134,000元的稅後盈利，較去年同期之港幣3,661,000元增長13%。此外，因應國內物業價格的增長，本集團於期內錄得投資物業估值盈餘港幣6,971,000元。

於回顧期內，本集團持有95%權益之深圳中山物業管理有限公司錄得應佔稅後盈利港幣39,000元。另外，本集團持有約14%權益之上海商貿大廈與國際公寓繼續穩健經營。二零零六年七月，此項目議決向股東派發年度股息，本集團應佔之股息收入約港幣1,165,000元將於下半年收取。

PROPERTY INVESTMENT *(continued)*

Hong Kong

Stimulated by stable economic growth during the reporting period, the demand for Grade A offices in Hong Kong increased drastically, resulting an increase in rental income for the Group. Rental of Grade A offices rose substantially during the period, and as a result, the Group made gross rental income of HK\$2,076,000. On 13 April 2006, the Group entered into an agreement for the sale of the investment property at the 8th floor of Tower One, Lippo Centre, Hong Kong at a consideration of HK\$122,098,000. The transaction was completed on 18 May 2006 and the Group recorded a gain of HK\$16,203,000 on the disposal. Approximately HK\$54,154,000 of the proceeds from the disposal was used to settle relevant bank borrowings and selling expenses, while the remaining HK\$67,944,000 was used as general working capital for the Group's environmental protection business.

物業投資 *(續)*

香港

回顧期內，香港經濟持續保持穩定增長，甲級寫字樓需求強勁，租金收入增長，甲級商廈之價格大幅回升。本集團於期內錄得租金收入港幣2,076,000元。二零零六年四月十三日，本集團簽署協議以代價港幣122,098,000元出售位於香港力寶中心第一座八樓的投資物業，該項交易已於二零零六年五月十八日完成。本集團於該項交易錄得出售利潤港幣16,203,000元，出售所得款項其中港幣54,154,000元已用作償還物業相關銀行貸款和支付出售交易費用，餘額港幣67,944,000元則作為本集團在環保業務的一般營運資金。

ENVIRONMENTAL PROTECTION BUSINESS

During the period under review, the Group continued to steadily develop its environmental protection business. Turnover from the business for the period was HK\$49,665,000, accounting for 53% of the Group's turnover, a marked increase as compared with the turnover contribution of 41% for the same period last year. The Group will continue to pursue high quality projects, closely monitor and strictly control their progress, to build an optimised management structure and a strong foundation for the business. In the first half of the year, it secured the Jinan waste water treatment project in Shandong province and a waste-to-energy project at Changzhou, Jiangsu province. Recently, the Group also secured the waste water treatment project at the Zibo High-tech Industrial Development Zone, Shandong province and the upgrade project for the Northern plant and the Southern plant of Zibo Project. At present, the Group had more than ten environmental protection projects undertaking in Jiangsu and Shandong provinces, involving a total investment of approximately HK\$2,800,000,000. Furthermore, the Group achieved two years' ahead of schedule its goal of increasing waste water treatment volume to over 1 million tonnes per day and gross processing capacity of industrial and household solid waste to over 1 million tonnes per year. The environmental protection business has had rapid and healthy development and is expected to present the Group with vast room for further growth.

環保業務

回顧期內，本集團繼續穩步拓展環保業務。期內環保業務的營業額為港幣49,665,000元，佔總營業額的53%，較去年同期佔總營業額的41%大幅上升。期內，本集團繼續以建設精品示範項目作為發展目標，一方面加強項目建設期的管理和控制，完善環保業務的管理架構；另一方面積極穩健拓展環保業務，上半年繼取得山東濟南污水處理項目及江蘇省常州市垃圾焚燒發電項目，又於近日成功取得山東省濰博開發區新建污水處理項目及南北廠的全面改造工程。目前，本集團已在江蘇、山東兩大區域成功取得環保項目十餘個。涉及總投資約港幣28億元。並提前兩年實現污水日處理量超過100萬噸。工業、生活固體廢物年處理量超過100萬噸的「雙百」目標。環保業務的快速健康發展，將為本集團帶來巨大的發展空間。

ENVIRONMENTAL PROTECTION BUSINESS

(continued)

Environmental protection engineering

Everbright Environmental Protection Engineering (Shenzhen) Company Limited (“Everbright Environmental Engineering”), a wholly-owned subsidiary of the Company, has a professional, efficient and dedicated technical management team, which is fully involved in all of the Group’s environmental protection projects. In the first half of this year, it recorded a net profit of HK\$20,259,000, representing an increase of 466% as compared with HK\$3,579,000 for the same period last year. Since Everbright Environmental Engineering is the main contractor for the Group’s projects, its project management and consultancy fee income is considered as inter-company transaction. Therefore, its profit is treated as a reduction of construction costs of the projects instead of being credited to the consolidated income statement as profit.

In January 2006, Everbright Environmental Engineering received the licence of “Main Contractor for Municipal Public Works” and obtained three certificates, namely the ISO9001:2000 International Quality Management System Certificate, the ISO-14001 Environmental Management System Certificate and the OHSMS28001 Occupational Health and Safety Management System Certificate. These licences and certificates serve to provide the Group with a solid and extensive platform for securing municipal public works and environmental construction projects.

環保業務 (續)

環保工程

本公司之全資附屬公司光大環保工程技術(深圳)有限公司(「光大環保工程」)·已成功建立了一支專業、高效、敬業的工程技術管理團隊·並全面參與各個環保項目的工程建設·上半年錄得淨利潤港幣20,259,000元·較去年同期之港幣3,579,000元增長466%。惟光大環保工程為本集團投資建設環保項目之總承包·故有關環保項目管理及顧問收入為本集團內部收入·只可以沖減項目建設成本·故已在綜合損益表內剔除。

二零零六年一月·光大環保工程取得了市政公用工程總承包資質證書並通過質量·環境·職業健康安全管理体系 (ISO 9001:2000、ISO-14001、OHSMS28001) 三項認證·標誌著本集團取得了進軍市政公用工程施工市場的通用證·為本集團今後在市政工程領域·環保領域的建設方面提供了一個廣闊而堅實的平臺。

ENVIRONMENTAL PROTECTION BUSINESS

(continued)

Waste-to-energy

During the reporting period, construction of the Suzhou waste-to-energy project (“Suzhou Project”), the first wholly-owned environmental protection project of the Group, made satisfactory progress. On 20 June 2006, the project completed the full-load trial run and started supplying electricity to power grid. On 18 July 2006, the project received official permission to start commercial operation, such that the project was permitted to increase its up-loading electricity tariff from RMB0.50 per kilowatt-hour to RMB0.575 per kilowatt-hour. The project is expected to start contributing a steady income to the Group in the second half of this year and become another new profit driver of the Group.

During the reporting period, construction of the Yixing waste-to-energy project (“Yixing Project”) in Jiangsu province progressed satisfactorily. The site was ready for boiler installation in March 2006, marking the advance of the project from the construction stage into the installation stage. At the end of June 2006, the project completed the boiler no.1 water pressure test milestone and passed the inspection of Quality Supervision Centre of Jiangsu province. The project is expected to commence commercial operation in the beginning of 2007.

In January 2006, the Group won the tender for the Jiangyin waste-to-energy project (“Jiangyin Project”) in Jiangsu province. The total investment cost of the project is RMB388,740,000. Construction will be divided into two phases and phase I will have a daily processing capacity of 800 tonnes. Jiangyin Project will be implemented on BOT basis (Build-Operate-Transfer) with the Group entitled to 30 years’ exclusive right of operation. Construction work had begun on 28 June 2006 and commercial operation is scheduled for commencement in the first quarter of 2008.

環保業務 (續)

垃圾焚燒發電

回顧期內，本集團第一個全資投資建設的環保項目－蘇州垃圾焚燒發電項目（「蘇州項目」）的建設工程進展理想。二零零六年六月二十日，完成了滿負荷試運行考核並成功上網發電。二零零六年七月十八日批准轉入正式商業運行。期內，該項目獲當地政府批准調高上網電價，由原來與政府簽訂的每千瓦時人民幣0.50元上調至人民幣0.575元。此項目下半年將可為本集團帶來穩定收入，成為本集團又一新的利潤增長點。

期內，本集團位於江蘇省宜興市垃圾焚燒發電項目（「宜興項目」）的建設進展理想，如期於二零零六年三月實現「鍋爐基礎交付安裝」里程碑，標誌著施工由土建轉入安裝，鍋爐安裝的工作已全面展開。二零零六年六月底，項目完成一號「鍋爐具備水壓試驗條件」里程碑，並通過江蘇省監測站檢查和驗收，預計項目可於二零零七年初交付運行。

二零零六年一月，本集團成功取得江蘇省江陰市垃圾焚燒發電項目（「江陰項目」），總投資約人民幣388,740,000元，分兩期建設，首期為日處理生活垃圾800噸。此項目採用「BOT」（建造、營運、轉讓）模式實施，特許經營權為30年。該項目於二零零六年六月二十八日正式動工，預計可於二零零八年第一季度投入運行。

ENVIRONMENTAL PROTECTION BUSINESS

(continued)

Waste-to-energy (continued)

On 5 June 2006, the Group signed with Changzhou Municipal Administration Bureau in Jiangsu province a framework agreement to design, build, exclusively operate and manage the Changzhou waste-to-energy plant (“Changzhou Project”) for 25.5 years on BOT basis. The total investment cost of the project is RMB412,560,000. The daily processing capacity of the plant will be 800 tonnes. Changzhou Project is the fourth waste-to-energy project of the Group in Jiangsu province. Together with the Suzhou Project, Yixing Project and Jiangyin Project, it is expected to create strong management synergies and regional advantages for the Group. The Changzhou Project will not only help to consolidate competitiveness of the Group in the sector of waste-to-energy in Jiangsu province, but will also reinforce the Group’s leadership in the country’s waste-to-energy industry.

Suzhou Everbright Environmental Protection Industrial Zone Project in progress

Suzhou Everbright Environmental Protection Industrial Zone (“the Zone”) is the country’s first environmental protection integrated zone dedicated to centralized disposal of municipal solid waste and is developed jointly by the Group and Suzhou Municipal Government. The project is expected to occupy an area of 2.5 square kilometres and will cost total investment of approximately HK\$1,500,000,000. Together with the Suzhou Project, the methane-to-energy project (“Methane-to-energy Project”) and a disposal centre for industrial solid waste (“Solid Waste Disposal Project”), the project is expected to bring to the Group great advantages, including better utilization of land, extension of the industry chain and centralization of management. The Zone is planned comprehensively and will be implemented in phases. The Group’s aim is to establish the area as an industrial zone with a beautiful environment, making it a base for environmental education promotion in Suzhou.

環保業務 (續)

垃圾焚燒發電 (續)

二零零六年六月五日，本集團與江蘇省常州市城市管理局簽署特許經營權框架協議，採用BOT形式設計、建設、營運及管理常州市垃圾焚燒發電項目（「常州項目」）。項目總投資人民幣412,560,000元，日處理垃圾800噸，特許經營權25.5年。該項目是本集團投資江蘇省之第四個垃圾焚燒發電項目，並與本集團投資的蘇州項目、宜興項目及江陰項目位置鄰近，便於集中統一管理，節約成本，發揮區域優勢，產生協同效應。投資該項目加強了本集團在江蘇省垃圾焚燒發電項目的優勢，並鞏固了本集團在國內垃圾焚燒發電行業的領先地位。

推行中的蘇州市光大環保靜脈產業園

本集團與蘇州市政府合作建設全國首個集中處理城市固體廢棄物等項目的環保綜合產業園—蘇州市光大環保靜脈產業園（「產業園」）。預期產業園佔地2.5平方公里，總投資約港幣1,500,000,000元。產業園包括蘇州項目、沼氣發電項目（「沼氣項目」）及工業固體廢物安全填埋項目（「固廢項目」）等，相信在節約土地資源、產業鏈延伸和集中管理等方面具有顯著優勢。產業園將按統一規劃、分步實施，成熟一個推進一個的原則，打造成為環境優美的工業景觀園區和蘇州市環保教育示範基地。

ENVIRONMENTAL PROTECTION BUSINESS

(continued)

Suzhou Everbright Environmental Protection Industrial Zone Project in progress (continued)

Apart from the Suzhou Project, the Methane-to-energy Project in the Zone has commenced construction work in December 2005. The Project has been progressing satisfactorily, and started supplying electricity to power grid on 20 August 2006, adding a new income source for the Group. The Solid Waste Disposal Project will be constructed in phases, and the initial phase has been progressing satisfactorily. Its construction work started in August 2006, and commercial operation is expected to start at the beginning of 2007. With the above-mentioned three projects in progress, the Zone has begun to take shape. Currently, the Group is negotiating with the Suzhou Municipal Government in relation to other projects in the Zone, such as a leachate treatment plant and a sludge treatment centre. The Group will commence these projects when conditions are ripe. The Group will strive to establish the Zone as the first comprehensive waste management zone for urban, industrial and household solid wastes in the PRC, and build up the Group's banding in this industry.

Waste water treatment

Our first environmental protection project in Shandong province, the Qingdao Project, progressed satisfactorily during the reporting period. In the first half of the year, it processed 24,900,000 tonnes of waste water and contributed an attributable profit of HK\$7,997,000 to the Group. Construction of the Maidao Extension Facilities ("Extension Facilities") also completed in June 2006, and it will start trial run in the second half of this year. The waste water treatment capacity of this project will be expanded by 50% to 220,000 tonnes upon commencement of commercial operation of the Extension Facilities. During the reporting period, the project company conducted 33 overhaul and equipment upgrading and innovation projects for the Haibohe waste water treatment plant. The moves have substantially improved the equipment and facilities of the Haibohe waste water treatment plant, ensuring its long term smooth operation.

環保業務 (續)

推行中的蘇州市光大環保靜脈產業園 (續)

除蘇州項目外，產業園之沼氣項目亦已於二零零五年十二月動工建設。該項目之建設順利，並已於二零零六年八月二十日並網發電，成為本集團另一收入來源。固廢項目分期建設，前期工作進度理想。此項目已於二零零六年八月正式動工，預計可於二零零七年初開始運行。隨著三個項目的實施，標誌著本集團投資建設的產業園已初步形成。目前，本集團正與蘇州市政府商洽產業園的垃圾滲濾液處理、污泥處理等多個項目，待條件成熟會逐步推進，務求將產業園建成全國第一個示範性的集中處置城市工業、生活固體廢物的綜合環保產業園，打造光大環保品牌。

污水處理

本集團位於山東省的第一個環保項目—青島項目於回顧期內進度理想，上半年共處理污水24,900,000噸，為本集團帶來應佔利潤港幣7,997,000元。至於麥島污水處理廠的擴建工程（「擴建工程」）亦已於二零零六年六月完成並正式通水，下半年將進入調試。於擴建工程正式投入商業運行後，此項目之污水處理規模將增加50%至220,000噸。回顧期內，項目公司進行33項海泊河污水處理廠大修改造項目。通過設備設施的改造，大大改善了海泊河污水處理廠設備設施狀況，為項目長遠生產運營提供了有效保障。

ENVIRONMENTAL PROTECTION BUSINESS

(continued)

Waste water treatment (continued)

Zibo City is the third largest industrial city in Shandong province and its environmental protection industry has huge development potential. Since our Zibo Project (including the Northern plant and Southern plant) commenced operation in December last year, it has been running smoothly. In the first half of 2006, it processed 34,870,000 tonnes of waste water, contributing an attributable profit of HK\$8,775,000 to the Group. The refurbishment work on equipment for the two plants completed on 28 April 2006. Then, the Group signed an agreement with the Zibo Municipal Government on 28 August 2006 to invest RMB130,221,000 to upgrade the Northern plant and the Southern plant, with the aim of improving water quality to Grade 1A (reusable water grade). The refurbished Northern and Southern plants will increase waste water treatment fee from RMB0.75 per tonne to RMB0.98 per tonne. The refurbishment effort will see the existing plant function better and bring in higher income to the Group. In addition, on 13 July 2006, the Group entered into the “Concession Right Agreement for the new waste water treatment plant at Zibo High-tech Industrial Development Zone” and the “Waste Water Treatment Service Agreement” with the Zibo Municipal Government. The Group will invest and build the new waste water treatment project on BOT basis. This new project will have a gross processing capacity of 300,000 tonnes of waste water per day. The daily processing capacity of Phase I will be 100,000 tonnes, with a total investment cost of approximately RMB150,000,000. The operation is expected to commence by the end of June 2007. By then, the Group will enjoy an exclusive right of waste water treatment in the urban area and High-tech Industrial Development Zone in Zibo City. The addition of this new project will enhance the overall operational efficiency of the Group’s Zibo Project, help to boost income and reduce costs, and consolidate its strategic development in the region.

環保業務 (續)

污水處理 (續)

淄博市是山東省第三大工業城市，發展環保產業有很大的潛力。本集團投資的淄博項目（包括北廠和南郊廠）於去年十二月正式營運以來，經營穩定，上半年共處理污水34,870,000噸，貢獻盈利港幣8,775,000元。該兩個污水處理廠恢復通水工程已於二零零六年四月二十八日完成。緊接又於二零零六年八月二十八日與淄博市政府達成協議，由本集團投資人民幣130,221,000元用於北廠及南郊廠的全面升級改造，使出水水質達到一級A（即中水回用）標準，改造後的北廠及南郊廠污水處理費將由原每噸人民幣0.75元提高到每噸人民幣0.98元。相信對老廠全面升級改造後，將為本集團帶來更為可觀的效益。此外，二零零六年七月十三日，本集團與淄博市政府簽署了《淄博高新技術產業開發區新建污水處理項目特許權協議》及《污水處理服務協議》，本集團以BOT方式投資、建設新污水處理項目。該新項目總規模為日處理污水300,000噸，第一期工程為日處理量100,000噸，投資額約人民幣150,000,000元，預計二零零七年六月底交付運營。自此，本集團獲得了淄博市城市和高新區的全部污水處理權。此新項目的實施可進一步提升淄博項目整體的營運效益，增收節支，並鞏固本集團在區域的戰略發展。

ENVIRONMENTAL PROTECTION BUSINESS

(continued)

Waste water treatment (continued)

On 23 June 2006, the Group signed a “Cooperative Agreement” with the Jinan Municipal Government to acquire the existing assets of Jinan No. 1 and No. 2 Waste Water Treatment Plants (“Jinan Project”) by way of TOT (transfer-operate-transfer) at RMB400,000,000. The concession right period of the project will last for 30 years. The total daily waste water processing capacity of the two plants is 420,000 tonnes. The Group is currently undertaking corporate registration and handover work and the concession right agreement will be signed and handover is scheduled by the end of October. The project will start to make profit contribution to the Group from the fourth quarter. The acquisition has laid a solid foundation for the Group to pursue further investments in environmental protection projects and municipal public works projects in Jinan City. The investment in Qingdao Project, Zibo Project and Jinan Project will create synergies and strong geographical advantages for the Group. The Group has achieved its strategic positioning for its water business in Shandong province.

STRATEGIC PARTNERS

The Group places much emphasis on technological research and development, and is always ready to join forces with world-renowned companies to form complementary partnership. After establishing strategic partnership with Seghers Keppel and Veolia Water, the Group has recently secured a partnership with another leading international company. On 2 August 2006, the Group signed a “cooperation memorandum of understanding” with Remondis, a famous environmental protection company in Germany. Both parties agreed to enhance cooperation in relation to the environmental protection projects in Hong Kong and the PRC. The Group will provide management and financial support, undertake construction and liaison with local governments. Remondis will provide guidance and professional advice in relation to technology and equipment, staff training and management system.

環保業務 (續)

污水處理 (續)

二零零六年六月二十三日，本集團與濟南市政府簽署《合作協議》，同意採用TOT（轉讓—運營—移交）方式收購濟南市水質淨化一廠、二廠（「濟南項目」）的存量資產，特許經營期30年，收購價人民幣400,000,000元，兩廠合計日處理能力420,000噸。目前正在進行項目公司註冊及接收工作，預計項目可於十月底前正式簽署特許經營協議及營運接收，並於第四季度開始提供盈利貢獻。此次收購為日後進一步投資濟南市其他環保項目及市政公用項目打下良好的基礎。青島項目、淄博項目及濟南項目的投資能夠產生協同效應，並帶來地域上的優勢。自此，本集團成功實現了山東水務行業的整體戰略佈局。

戰略合作夥伴

本集團一直高度重視技術研發，並致力加強與國際知名公司建立強強聯合，優勢互補的戰略合作。繼與西格斯吉寶及威立雅水務進行戰略合作後，本集團於近日再次與國際知名公司進行戰略合作。二零零六年八月二日，本集團與德國知名環保服務公司瑞曼迪斯集團簽署《合作備忘錄》，雙方將在香港及內地環保項目方面加強合作。本集團提供項目所在地的各種管理、財政、建設及與政府的聯繫支持；瑞曼迪斯集團將在相關技術設備、人員培訓及管理系統方面提供指導及專業意見。

AWARD WINNING ENTERPRISE

The Group is committed to promoting environmental protection business and has achieved outstanding results in just three years' time. Its efforts have won its high acclaims from the industry and community. In May 2006, the Group received "The Outstanding Environmental Protection Corporation Award" in "The First Capital Outstanding China Enterprise Awards Presentation Ceremony" organized by CAPITAL Magazine. The award acknowledges Chinese enterprises with great potential and had delivered excellent performance and outstanding results in their respective industries in the past year. The Group was also named the "Most socially responsible and honest enterprise 2006" on 28 June 2006. The contest was jointly held by the Chinese Association of Productivity Science, Association of China Economic Press and Forum for International Competitiveness of Chinese Enterprises and the winner was selected based on its "creativity, influence and contribution". And, on 6 August 2006, the Group was ranked 15th among the "Top 100 most vital enterprises in China in 2006". The listing was decided after multiple rounds of meticulous, fair and open assessment of enterprises based on the authoritative "vitality index" and assessment system of the Chinese Association of Productivity Science. The Group will strive to compete effectively in the market by adhering to its operation principles entailing integrity, high efficiency and pragmatism. The above honours represent the wide recognition the Group enjoys for its environmental protection business efforts. They conveyed endorsement of local governments and the industry for the Group's remarkable achievement in market expansion, project investment, construction, operation and management.

屢獲殊榮

本集團致力發展環保業務，於短短三年間取得的成績獲得了外界的認同。二零零六年五月，本集團榮獲由《資本雜誌》舉辦之「第一屆資本中國傑出企業成就獎－傑出環保企業」獎項，此次評選的目的，主要以表彰具有潛力，過去一年在各行業有出色表現及做出顯著成績的中國企業。二零零六年六月二十八日，本集團又獲得由中國生產力學會、中國經濟報刊協會和中國企業國際競爭力論壇聯合共同舉辦的，以「創新力、影響力、貢獻力」為評價標準，推選出的「2006年最具社會責任誠信企業」的榮譽。二零零六年八月六日，本集團又獲得依據中國生命力學會權威的生命力指數和測評體系，經過慎重、公正、公開多輪評定程序評選出「2006中國最具生命力百強企業」第十五名的榮譽。本集團遵循誠信、高效、務實的作風，在激烈的市場中打拼，獲得以上榮譽是對本集團近年來發展環保產業的肯定，說明本集團在市場拓展、項目投資、建設、運營、管理等方面取得的成績獲得各地政府及行業的認可。

PROSPECTS

The Chinese government has stepped up its economic austerity measures to suppress overheated industries in the country. For environmental protection projects, however, its investment will increase. The State's 11th Five-year Plan places special emphasis on "natural environment protection and establishment of an energy saving and environmental friendly society". As environmental protection is a key area encouraged and supported by the Central government, the Group is optimistic about the industry's prospects.

The current investment in global environmental protection industry amounted to US\$600 billion, and of that, China accounted only for about 4% (US\$24 billion). This indicated that environmental protection industry in China is still rather green and has substantial untapped potential. The Central government plans to invest RMB1.4 trillion in improving water quality, the atmospheric environment and household solid waste treatment in the coming five years. It provides support to the energy saving power generation projects and offers higher up-loading electricity tariffs for waste-to-energy plants. All these reflect the Government's support of the environmental protection industries in the country. Riding on this strong backup and its well-established brand of "Everbright Environment", the Group will be well positioned to secure quality environmental protection projects.

業務展望

雖然中國正逐步推出宏調措施以壓抑過熱經濟，但對環保事業的投資卻有增無減，國家「十一五」規劃中強調要「保護生態環境，建立資源節約型、環境友好型社會」，環保是中央政府重點鼓勵、大力扶持的行業，本集團對環保行業未來發展前景持樂觀態度。

目前全球環保產業市場的投資為6,000億美元，中國只有240億美元，佔世界環保市場的4%左右，由此可見中國環保行業尚未成熟，環保產業發展空間巨大。中央政府計劃未來五年投入人民幣1.4萬億元，將致力整治水污染、大氣環境、固體廢物等環保領域，同時亦對節能性的發電給予支持，如垃圾焚燒發電廠給予較高的上網電價，均反映國家對環保行業的鼓勵及支持。憑藉光大集團強而有力的後盾及本集團已建立的「光大環保」品牌，相信本集團於爭取優質環保項目上具有一定的優勢。

PROSPECTS (continued)

According to the State's 11th Five-year Plan, the target by 2010 for average waste water treatment rate of the country will be not lower than 60%. This plus the gradual opening of the water market by the government have created immense opportunities for water and environmental protection related industries. The Group will focus on environmental protection projects in China to cater to the macro trend and continue to increase its investment in environmental protection projects to groom the business into a major revenue stream.

The Group will seize upcoming business opportunities in the PRC to consolidate the foundation of its infrastructure investment and property investment businesses, and ultimately create significant and stable income sources from its operation. The Group will continue to build its "Everbright Environment" brand by operating with advanced technology, high quality and at fair prices and to enhance its sustainable core competitiveness. Regarding the development strategy of the environmental protection business, the Group will first focus on the Yangtze River Delta, the Pearl River Delta Regions and Bohai Bay Area. It will continue to foster continual development operating with honesty, high efficiency and pragmatism while strengthening internal management and risk control, so as to realize the target of becoming an influential and leading infrastructure investment and environmental protection conglomerate and to maximize returns to shareholders.

業務展望 (續)

按照「十一五」規劃，到二零一零年，全國平均污水處理率將不低於60%，政府正逐步開放水務市場，為水務、環保相關的行業帶來浩瀚商機。本集團將集中於國內環保項目，迎合大趨勢發展，未來將繼續加大對環保產業的投資建設，讓環保產業成為集團利潤的主要增長亮點。

本集團將抓緊中國蓬勃的發展商機，致力鞏固基建、物業投資業務的基礎，為集團提供可觀而穩定的收入。本集團將堅持以技術、質量及價格的優勢進一步鞏固「光大環保」的品牌，建立可持續的核心競爭力，並會繼續專注於長江三角洲、珠江三角洲及環渤海灣等地發展環保業務，本集團將繼續以誠信、高效、務實的作風推進集團業務的發展，強化內控、嚴控風險，致力成為一家極具市場影響力及領先地位的基建及環保產業集團公司，並為股東爭取最佳的回報。

Management Discussion and Analysis

管理層討論與分析

FINANCIAL RESULTS

In the first half of 2006, the Group's consolidated turnover amounted to HK\$94,344,000, representing an increase of 54% as compared with HK\$61,137,000 for the same period last year. The increase was mainly attributable to the turnover contribution from Zibo Project which commenced operation in December 2005, as well as the continual increase in toll bridge revenue from the Qingzhou Bridge. Profit attributable to equity shareholders of the Company for the first half of the year amounted to HK\$71,620,000, representing an increase of 15% as compared with HK\$62,480,000 for the same period last year. During the period, basic earnings per share amounted to HK2.64 cents, representing an increase of HK0.19 cent as compared with HK2.45 cents for the same period last year.

FINANCIAL POSITION

As at 30 June 2006, the Group had total assets of approximately HK\$3,165,597,000. Net assets attributable to equity shareholders of the Company amounted to HK\$1,572,513,000 and the net assets per share attributable to equity shareholders of the Company were HK\$0.514, representing an increase of 11% as compared with HK\$0.462 as at the end of last year. As at 30 June 2006, the gearing ratio (calculated by dividing total liabilities by total assets) was 47%, representing a decrease of 5% as compared with 52% as at the end of last year.

財務業績

二零零六年上半年，本集團錄得綜合營業額港幣94,344,000元，較去年同期之港幣61,137,000元上升54%。營業額上升，主要是由於淄博項目自二零零五年十二月開始營運並貢獻可觀的營業額，加上青洲大橋車費收益持續上升。今年上半年本公司股東應佔盈利為港幣71,620,000元，較去年同期之港幣62,480,000元上升15%。期內，每股基本盈利為2.64港仙，較去年同期之2.45港仙上升0.19港仙。

財務狀況

於二零零六年六月三十日，本集團之總資產約為港幣3,165,597,000元。本公司股東應佔淨資產則為港幣1,572,513,000元，而本公司股東應佔每股資產淨值為港幣0.514元，較去年底每股淨資產之港幣0.462元增加11%。於二零零六年六月三十日，資產負債比率（以總負債除以總資產計算所得）為47%，較去年底之52%下降5%。

FINANCIAL POSITION (continued)

The Group generally finances its operations with internally generated cash flow and loan facilities from banks and its ultimate holding company. As at 30 June 2006, the Group had an aggregate cash balance of approximately HK\$787,270,000, representing an increase of HK\$288,600,000 as compared with HK\$498,670,000 as at the end of last year. At present, the Group has ample cash on hand to fulfill its contracted capital commitments of approximately HK\$678,563,000. With the receipt of cash consideration of HK\$641,595,000 on disposal of its 15% effective interest in Mawan Power, the Group will be able to maintain capital deployment for its expansion in environmental protection business and municipal public works business. As at 30 June 2006, the Group had outstanding borrowings of approximately HK\$1,321,491,000, representing an increase of HK\$173,620,000 as compared with HK\$1,147,871,000 as at the end of last year. The borrowings comprised secured bank loans of HK\$784,696,000 and loans from ultimate holding company of HK\$536,795,000.

FOREIGN EXCHANGE RISK MANAGEMENT

The foreign exchange risk of the Group is minimal as all of the Group's foreign currency assets and borrowings are denominated in Renminbi and US dollars, and the exchange rate of which are relatively stable against the Hong Kong dollar. The exchange rate fluctuations of these currencies have insignificant impact on the Group.

PLEDGE OF ASSETS

As at 30 June 2006, the Group pledged cash and fixed assets with an aggregate net book value of approximately HK\$794,768,000 to secure general banking facilities granted to the Group. In addition, the shares of a subsidiary of the Group, the revenue of two waste water treatment plants, the Group's toll bridge revenue and the Group's revenue and concession right of two waste-to-energy plants have been pledged.

財務狀況 (續)

本集團基本以其內部現金流量及往來銀行與最終控股公司提供之貸款為其業務提供資金。於二零零六年六月三十日，本集團持有現金結餘額約為港幣787,270,000元，較去年年底之港幣498,670,000元增加港幣288,600,000元。本集團目前之手持現金足夠支付已訂約之資本承擔約港幣678,563,000元。通過收取出讓媽灣電力15%實際權益的現金代價約港幣641,595,000元，本集團可儲備資金為發展環保業務與市政公用工程業務作出充分準備。於二零零六年六月三十日，本集團尚未償還借款總額約港幣1,321,491,000元，較去年年底之港幣1,147,871,000元增加港幣173,620,000元。借款包括有抵押銀行貸款港幣784,696,000元及最終控股公司貸款港幣536,795,000元。

外匯風險管理

由於本集團所有的外幣資產及借款均以人民幣及美元結算，兩者與港幣之兌換率相對穩定，故面對之風險較微。對本集團而言，此等貨幣之匯率波動影響相對較輕。

資產抵押

於二零零六年六月三十日，本集團將賬面淨值總額約港幣794,768,000元之現金及固定資產質押作為本集團之一般銀行融資之抵押品。此外，本集團一家附屬公司之股份，兩家污水處理廠的收益，本集團收費橋梁收益，以及兩家垃圾焚燒發電廠收益及特許經營權亦已予以抵押。

CAPITAL COMMITMENTS

As at 30 June 2006, the Group had capital commitments contracted for amounted to HK\$678,563,000.

CONTINGENT LIABILITIES

As at 30 June 2006, the Group had no contingent liabilities.

SHARES PLACEMENT

On 25 April 2006, Guildford Limited ("Guildford"), a shareholder of the Company entered into a placing agreement with Deutsche Bank AG to place 510,000,000 shares of the Company at HK\$0.66 per share. According to the subscription agreement made on the same day, Guildford subscribed 510,000,000 new ordinary shares of the Company at HK\$0.66 per share. The net proceeds of the share placement were approximately HK\$321,723,000 (after deducting relevant expenses). Approximately HK\$200,000,000 of the net proceeds were planned to apply to expand the Group's existing environmental protection projects and as general working capital, while the balance of HK\$121,723,000 was planned to invest in new environmental protection projects. As at 30 June 2006, HK\$83,000,000 of the net proceeds were applied for the expansion of the Group's environmental protection business, while the balance of HK\$238,723,000 was held as bank deposits.

資本承擔

於二零零六年六月三十日，本集團已訂約資本承擔為港幣678,563,000元。

或有負債

於二零零六年六月三十日，本集團並沒有任何或有負債。

配售股份

二零零六年四月二十五日，本公司股東 Guildford Limited (「Guildford」) 與德意志銀行訂立配售協議，以每股港幣0.66元配售510,000,000股公司股份。根據同日訂立之認購協議，Guildford以每股港幣0.66元之價格認購510,000,000股本公司新普通股。認購新股份籌集的淨額約港幣321,723,000元(扣除開支後)。所得集資淨額約港幣200,000,000元計劃用於拓展本集團之現有在建環保項目開支及用作一般營運資金，餘額之港幣121,723,000元則計劃用於投資新環保項目。截至二零零六年六月三十日，所得款項淨額其中之港幣83,000,000元已用於拓展環保業務，而餘額之約港幣238,723,000元則存入銀行作為銀行結餘。

INTERNAL MANAGEMENT

“People-oriented, honesty, practicality, creativity and management standardization” are the management principles of the Group. The Group strives to establish a solid risk management culture. During the period, the Group adopted a series of measures to strengthen risk management strategies, raise risk consciousness and set up risk prevention blocks. Accordingly, the Group adjusted members of the Risk Management Advisory Committee and the Engineering Technical Management Committee. This move not only strengthened the functions of the two committees but also their authority. In addition, the Group set up a Budget Approval Management Committee to strengthen budget management, control expenses of the project companies and project construction costs. At the same time, the Group also introduced a budget management department in the headquarter of its environmental protection division. This has enabled two-way supervision and restriction as well as strengthened project budget management, which will be helpful to the Group in ensuring long-term, stable and sustainable development.

HUMAN RESOURCES

The Group devotes much attention to human resources management and developing the potential of each employee with the goal of establishing a high quality team to support its business development in the long run. To strengthen its financial management and raise the business knowledge of finance staff, the Group organized a comprehensive finance staff training programme during the period under review. The training programme included such topics as the impact of the new enterprise accounting standards in the PRC, internal auditing, financial budget organization and management, tax planning, differences in the accounting standards between Hong Kong and the PRC, etc. The Group has invited accounting and tax specialists from Hong Kong and Shenzhen to give lectures on the different topics.

內部管理

本集團一直奉行「以人為本、求真務實、開拓創新、規範管理」的管理理念，並致力建立健全的風險管理文化。期內，本集團採取一系列措施強化風險應對策略，提高風險意識，建立風險防護牆。本集團相應調整了風險管理評審委員會和工程技術管理委員會的成員，進一步強化該兩委員會的工作職責，樹立各職能委員會的權威。本集團並增設預算審核管理委員會，以加強預算管理，控制項目公司費用和項目工程造價，同時在光大環保總部設立了專門的預算管理部門，以建立相互監督、相互制約的機制，強化工程預算管理，保證公司長期、穩定和可持續發展。

人力資源

本集團高度重視人力資源管理，注重發揮每個僱員的潛力，致力建設高素質的團隊，以配合集團業務的長遠發展。為加強本集團財務管理及提高財務人員業務水平，於回顧期內，本集團舉辦了全系統財務人員培訓課程，培訓內容主要包括中國新企業會計準則、內部審計、財務預算編製與管理、稅務籌劃、香港會計準則與中國企業會計準則差異等專題，分別邀請香港及深圳等地的會計及稅務專家講授。

HUMAN RESOURCES (continued)

As at 30 June 2006, the Group had a total of approximately 472 employees in Hong Kong and the PRC. Employees are remunerated according to their qualifications, experience, job nature, performance, as well as market conditions. Apart from discretionary performance bonus, the Group also provides other benefits such as medical insurance and provident fund scheme to employees in Hong Kong. According to the share option scheme approved at the Company's extraordinary general meeting held on 26 May 2003, the Board has the authority to grant share options to any employees, including directors, as performance incentives. On 3 August 2006, directors of the Company, key management and technical personnel and staff of the Group had been granted options to subscribe for 66,000,000 shares of the Company at HK\$0.85 per share to reward and encourage their dedication in achieving the Group's stable and sustainable development in the long run.

人力資源 (續)

於二零零六年六月三十日，本集團在香港及中國共僱用約472名員工。僱員之薪酬乃根據資歷、經驗、工作性質、表現以及市場情況計算釐定。除了酌情花紅外，本集團亦提供其它福利予香港僱員，包括醫療保險及公積金計劃。此外，根據本公司於二零零三年五月二十六日舉行的股東特別大會上批准的購股權計劃，董事會獲授權可授出購股權予任何僱員（包括董事）作為獎勵，並於二零零六年八月三日向本公司董事及本集團主要工程技術和管理骨幹及員工授予購股權認購本公司66,000,000股股份，每股價格為港幣0.85元。這次授出購股權目的是激勵公司高級管理人員和主要工程技術骨幹長期效力於本公司，並共謀本集團的持續穩健發展。

Disclosure of Interests

披露權益資料

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

As at 30 June 2006, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company, its holding company, subsidiaries and other associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) at that date as recorded in the register of directors' and chief executives' interests and short positions required to be kept under section 352 of the SFO are as follows:

董事及主要行政人員持有之股份、相關股份及債券權益及淡倉

於二零零六年六月三十日，按本公司根據證券及期貨條例（「證券及期貨條例」）第352條規定須予存置之董事及主要行政人員權益及淡倉登記冊所載記錄顯示，本公司各董事及主要行政人員於本公司、其控股公司、附屬公司及其他聯繫公司（定義見證券及期貨條例）之股份、相關股份及債券中所擁有之權益及淡倉如下：

(i) Long position in underlying shares of equity derivatives of the Company

(i) 於本公司相關股份股本衍生工具之好倉

Name of director 董事姓名	Nature of interest 權益性質		Number of equity derivatives held (share options)	Number of underlying shares (ordinary shares)	Percentage 百分比
			持有股本 衍生工具數目 (購股權)	相關股份數目 (普通股)	
Wang Mingquan	王明權	Personal 個人	25,400,000	25,400,000	0.83%
Li Xueming	李學明	Personal 個人	18,000,000	18,000,000	0.59%
Chen Xiaoping	陳小平	Personal 個人	18,000,000	18,000,000	0.59%
Fan Yan Hok, Philip	范仁鶴	Personal 個人	10,000,000	10,000,000	0.33%
Huang Chaohua	黃朝華	Personal 個人	9,000,000	9,000,000	0.29%
Wong Kam Chung, Raymond	黃錦聰	Personal 個人	9,000,000	9,000,000	0.29%
Chen Shuang	陳爽	Personal 個人	4,000,000	4,000,000	0.13%
Zhang Weiyun	張衛云	Personal 個人	4,000,000	4,000,000	0.13%
Sir David Akers-Jones	鍾逸傑爵士	Personal 個人	1,000,000	1,000,000	0.03%
Li Kwok Sing, Aubrey	李國星	Personal 個人	1,000,000	1,000,000	0.03%

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

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

董事及主要行政人員持有之股份、相關股份及債券權益及淡倉
(續)

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

Name of director 董事姓名		Nature of interest 權益性質	Number of equity derivatives held (share options) 持有股本 衍生工具數目 (購股權)	Number of underlying shares (ordinary shares) 相關股份數目 (普通股)	Percentage 百分比
Wang Mingquan	王明權	Personal 個人	4,920,000	4,920,000	0.31%
Chen Shuang	陳爽	Personal 個人	2,030,000	2,030,000	0.13%

All the above underlying shares of equity derivatives (being unlisted and physically settled) were beneficially owned by the directors concerned. The percentage shown was calculated based on the respective number of issued shares of the Company and CEL as at 30 June 2006.

上述所有相關股份股本衍生工具(非上市及實物結算)均由有關董事實益擁有。上表顯示之百分比以本公司及光大控股於二零零六年六月三十日各自已發行股份數目計算。

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

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

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

除上文所述者外，按本公司根據證券及期貨條例第352條規定須予存置之登記冊所載記錄顯示，本公司各董事及主要行政人員或任何彼等之配偶或十八歲以下之子女概無在本公司、其任何控股公司、附屬公司或其他聯繫公司之股份、相關股份或債券中擁有任何權益或淡倉，或根據上市公司董事進行證券交易的標準守則已知會本公司之權益或淡倉。

SHARE OPTION SCHEME

(i) The Company

As at 30 June 2006, the directors and employees of the Company had the following interests in options to subscribe for shares of the Company granted at nominal consideration under the share option scheme of the Company adopted on 26 May 2003 ("Share Option Scheme"). The options are unlisted. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 of the Company.

購股權計劃

(i) 本公司

於二零零六年六月三十日，本公司董事及僱員在可認購本公司股份之購股權中擁有下列權益。有關購股權乃根據本公司於二零零三年五月二十六日採納之購股權計劃（「購股權計劃」）按象徵式代價授出。有關購股權並無上市。每股購股權賦予持有人認購一股本公司每股面值港幣0.1元普通股之權利。

		No. of options outstanding as at 1 January 2006 於二零零六年 一月一日 尚未行使之 購股權數目	No. of options outstanding as at 30 June 2006 於二零零六年 六月三十日 尚未行使之 購股權數目	Date granted 授出日期	Period during which options are exercisable 購股權 之行使期	Exercise price per share 每股行使價	Market value per share at date of grant of options* 於購股權 授出日期之 每股市值*
Directors							
董事							
Wang Mingquan	王明權	12,700,000	12,700,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零零三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元
		12,700,000	12,700,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零零三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元

Disclosure of Interests

披露權益資料

SHARE OPTION SCHEME (continued)

(i) The Company (continued)

購股權計劃 (續)

(i) 本公司 (續)

		No. of options outstanding as at 1 January 2006 於二零零六年 一月一日 尚未行使之 購股權數目	No. of options outstanding as at 30 June 2006 於二零零六年 六月三十日 尚未行使之 購股權數目	Date granted 授出日期	Period during which options are exercisable 購股權 之行使期	Exercise price per share 每股行使價	Market value per share at date of grant of options* 於購股權 授出日期之 每股市值*
Li Xueming	李學明	9,000,000	9,000,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零一三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元
		9,000,000	9,000,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零一三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元
Chen Xiaoping	陳小平	9,000,000	9,000,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零一三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元
		9,000,000	9,000,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零一三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元

Disclosure of Interests

披露權益資料

SHARE OPTION SCHEME (continued)

(i) The Company (continued)

購股權計劃 (續)

(i) 本公司 (續)

		No. of options outstanding as at 1 January 2006 於二零零六年 一月一日 尚未行使之 購股權數目	No. of options outstanding as at 30 June 2006 於二零零六年 六月三十日 尚未行使之 購股權數目	Date granted 授出日期	Period during which options are exercisable 購股權 之行使期	Exercise price per share 每股行使價	Market value per share at date of grant of options* 於購股權 授出日期之 每股市值*
Fan Yan Hok, Philip	范仁鶴	5,000,000	5,000,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零一三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元
		5,000,000	5,000,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零一三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元
Huang Chao-hua	黃朝華	4,500,000	4,500,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零一三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元
		4,500,000	4,500,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零一三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元

Disclosure of Interests

披露權益資料

SHARE OPTION SCHEME (continued)

(i) The Company (continued)

購股權計劃 (續)

(i) 本公司 (續)

		No. of options outstanding as at 1 January 2006 於二零零六年 一月一日 尚未行使之 購股權數目	No. of options outstanding as at 30 June 2006 於二零零六年 六月三十日 尚未行使之 購股權數目	Date granted 授出日期	Period during which options are exercisable 購股權 之行使期	Exercise price per share 每股行使價	Market value per share at date of grant of options* 於購股權 授出日期之 每股市值*
Wong Kam Chung, Raymond	黃錦聰	4,500,000	4,500,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零一三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元
		4,500,000	4,500,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零一三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元
Chen Shuang	陳爽	2,000,000	2,000,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零一三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元
		2,000,000	2,000,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零一三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元

Disclosure of Interests

披露權益資料

SHARE OPTION SCHEME (continued)

(i) The Company (continued)

購股權計劃 (續)

(i) 本公司 (續)

		No. of options outstanding as at 1 January 2006 於二零零六年 一月一日 尚未行使之 購股權數目	No. of options outstanding as at 30 June 2006 於二零零六年 六月三十日 尚未行使之 購股權數目	Date granted 授出日期	Period during which options are exercisable 購股權 之行使期	Exercise price per share 每股行使價	Market value per share at date of grant of options* 於購股權 授出日期之 每股市值*
Zhang Weiyun	張衛云	2,000,000	2,000,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零一三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元
		2,000,000	2,000,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零一三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元
Sir David Akers-Jones	鍾逸傑 爵士	500,000	500,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零一三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元
		500,000	500,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零一三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元

Disclosure of Interests

披露權益資料

SHARE OPTION SCHEME (continued)

(i) The Company (continued)

購股權計劃 (續)

(i) 本公司 (續)

		No. of options outstanding as at 1 January 2006 於二零零六年 一月一日 尚未行使之 購股權數目	No. of options outstanding as at 30 June 2006 於二零零六年 六月三十日 尚未行使之 購股權數目	Date granted 授出日期	Period during which options are exercisable 購股權 之行使期	Exercise price per share 每股行使價	Market value per share at date of grant of options* 於購股權 授出日期之 每股市值*
Li Kwok Sing, Aubrey	李國星	500,000	500,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零零三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元
		500,000	500,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零零三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元
Employees	僱員	3,000,000	3,000,000	29 September 2003 二零零三年 九月二十九日	29 March 2004 to 25 May 2013 二零零四年 三月二十九日至 二零零三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元
		3,000,000	3,000,000	29 September 2003 二零零三年 九月二十九日	29 September 2004 to 25 May 2013 二零零四年 九月二十九日至 二零零三年 五月二十五日	HK\$0.296 港幣0.296元	HK\$0.296 港幣0.296元

SHARE OPTION SCHEME *(continued)*

The options granted to directors are registered under the names of the directors who are also the beneficial owners. The closing price of the Company's ordinary shares immediately before the date of grant of options was HK\$0.29.

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

During the period, no option was granted, exercised, lapsed or cancelled under the Share Option Scheme.

購股權計劃 *(續)*

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

* 即緊接購股權授出或行使（視何者適用）日期本公司普通股之加權平均收市價。

期內，並無任何購股權根據購股權計劃獲授出、獲行使、告失效或被註銷。

SHARE OPTION SCHEME (continued)**(ii) CEL**

As at 30 June 2006, two directors of the Company had the following interests in options to subscribe for shares of CEL, which were granted under the share option scheme of CEL.

		No. of options outstanding as at 1 January 2006 於二零零六年 一月一日 尚未行使之 購股權數目	No. of options outstanding as at 30 June 2006 於二零零六年 六月三十日 尚未行使之 每股行使價	Date granted 授出日期	Period during which options are exercisable 購股權 之行使期	Exercise price per share 每股行使價
Wang Mingquan	王明權	3,000,000	3,000,000	7 July 2003 二零零三年 七月七日	8 July 2004 to 7 January 2007 二零零四年 七月八日至 二零零七年 一月七日	HK\$2.375 港幣2.375元
		1,920,000	1,920,000	3 May 2005 二零零五年 五月三日	4 May 2006 to 3 May 2010 二零零六年 五月四日至 二零一零年 五月三日	HK\$2.85 港幣2.85元
Chen Shuang	陳爽	750,000	750,000	3 September 2004 二零零四年 九月三日	4 September 2005 to 3 March 2008 二零零五年 九月四日至 二零零八年 三月三日	HK\$3.225 港幣3.225元
		1,280,000	1,280,000	3 May 2005 二零零五年 五月三日	4 May 2006 to 3 May 2010 二零零六年 五月四日至 二零一零年 五月三日	HK\$2.85 港幣2.85元

購股權計劃 (續)**(ii) 光大控股**

於二零零六年六月三十日，本公司兩名董事擁有下列根據光大控股購股權計劃授出可認購光大控股股份之購股權權益。

SHARE OPTION SCHEME (continued)

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

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2006, the interests or short positions of the person or corporation in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

China Everbright Holdings Company Limited ("CEH") (Note)	中國光大集團有限公司 ("光大集團") (附註)
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Note: Out of the 1,758,595,910 shares, 1,758,215,910 shares are held by Guildford. Guildford is owned as to 55% by Datten Investments Limited ("Datten") and the remaining 45% by CEH. Datten is wholly-owned by CEH. The remaining 380,000 shares are held by Everbright Investment & Management Limited ("EIM"), a wholly-owned subsidiary of CEH. Accordingly, CEH is deemed to be interested in the 1,758,215,910 shares held by Guildford and the 380,000 shares held by EIM.

Apart from the foregoing, as at 30 June 2006, no other person or corporation has any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

購股權計劃 (續)

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

主要股東

於二零零六年六月三十日，按本公司根據證券及期貨條例第336條須予存置之登記冊所載記錄顯示，於本公司股份及相關股份中擁有權益或淡倉之人仕或法團如下：

Long position in ordinary shares held 所持普通股 之好倉	Percentage of total issued shares 佔全部已發行 股份百分比
1,758,595,910	approximately 57.4% 約57.4%

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

除上文所述者外，於二零零六年六月三十日，按本公司根據證券及期貨條例第336條須予存置之登記冊所載記錄顯示，概無任何其他人士或公司於本公司股份或相關股份中擁有任何權益或淡倉。

Corporate Governance

企業管治

The Group strives to strengthen corporate governance and to increase corporate transparency. To achieve this, the Board has established four committees, namely the Executive Committee, the Audit Committee, the Remuneration Committee and the Management Committee. The management of the Company believes that good corporate governance will be beneficial to the business development of the Company and to the protection of shareholders' interest.

Throughout the six months ended 30 June 2006, the Company had complied with the provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules except that Mr. Wang Mingquan, the Chairman of the Company, was unable to attend the 2006 Annual General Meeting of the Company. However, appropriate arrangements have been made accordingly before the holding of the Annual General Meeting.

本集團一直致力提升企業管治水平，增加對市場的透明度。董事會下設執行董事委員會、審核委員會、薪酬委員會及管理委員會。本公司管理層相信良好的企業管治有利於本公司的業務發展及保障本公司股東的利益。

截至二零零六年六月三十日止六個月內，本公司一直遵守載於上市規則附錄14之企業管治常規守則條文，惟本公司主席王明權先生未克出席本公司二零零六年年度股東週年大會。但已於會前對股東週年大會做了具體的部署。

AUDIT COMMITTEE

The Audit Committee, comprising all three independent non-executive directors of the Company, namely Sir David Akers-Jones, Mr. Aubrey Li Kwok Sing and Mr. Selwyn Mar, is primarily responsible for reviewing the accounting principles and practices adopted by the Group, as well as discussing and reviewing the internal control and financial reporting matters of the Company. The terms of reference of the Audit Committee are disclosed on the website of the Company. The Audit Committee has reviewed the unaudited interim financial report for the six months ended 30 June 2006 with the management. At the request of the Board, KPMG, the Company's auditors, has carried out a review of the unaudited interim financial report in accordance with SAS 700 "Engagements to review interim financial reports" issued by the HKICPA. The independent review report from the auditors is set out in this interim report.

REMUNERATION COMMITTEE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the model code for securities transactions by directors set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of the directors, all directors have complied with the required standard of dealings as set out therein during the six months ended 30 June 2006.

審核委員會

審核委員會由全數三位獨立非執行董事包括鍾逸傑爵士、李國星先生及馬紹援先生組成，其主要職責包括審閱本集團所採納之會計原則及慣例、討論及檢討內部監控及財務申報等事宜，有關審核委員會的職權範圍書已載列於本公司的網站內。審核委員會已與管理層審閱本集團截至二零零六年六月三十日止六個月之未經審核中期財務報告。應董事會之要求，本公司核數師畢馬威會計師事務所已根據香港會計師公會頒佈之核數準則第700號（「審閱中期財務報表的委聘」）審閱未經審核中期財務報告，核數師之獨立審閱報告載於本中期報告內。

薪酬委員會

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

董事進行證券交易之標準守則

本集團採納上市規則附錄十所載有關董事進行證券交易的《標準守則》作為董事進行本公司證券交易事宜的指引。經向所有董事作出特定查詢後，截至二零零六年六月三十日止六個月，本公司所有董事一直遵守標準守則所載之規定。

Other Information

其他資料

INTERIM DIVIDEND

The Board has declared an interim dividend of HK0.6 cent per share for the six months ended 30 June 2006 (2005: HK0.6 cent per share) to shareholders whose names appear on the register of members of the Company on Thursday, 19 October 2006. Dividend warrants will be despatched to shareholders on or about Tuesday, 31 October 2006.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 16 October 2006 to Thursday, 19 October 2006 (both days inclusive), during which period 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 registrars, 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 13 October 2006.

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 period.

By Order of the Board
Chen Xiaoping
Chief Executive Officer

Hong Kong, 14 September 2006

中期股息

董事會宣佈派發截至二零零六年六月三十日止六個月之中期股息每股0.6港仙(二零零五年:每股0.6港仙),給予於二零零六年十月十九日(星期四)名列在本公司股東名冊之股東。股息單將於二零零六年十月三十一日(星期二)左右寄出。

截止過戶日期

本公司將於二零零六年十月十六日(星期一)至二零零六年十月十九日(星期四)(包括首尾兩天在內),暫停辦理股份過戶登記手續。為確保享有中期股息,所有過戶文件連同有關股票,最遲須於二零零六年十月十三日(星期五)四時三十分前送達本公司股份過戶登記處登捷時有限公司,地址為香港灣仔皇后大道東二十八號金鐘匯中心二十六樓,以便辦理有關手續。

買賣或贖回本公司之上市證券

期內,本公司或其任何附屬公司概無購回、出售或贖回任何本公司上市證券。

承董事會命
陳小平
行政總裁

香港,二零零六年九月十四日

Interim Financial Report

中期財務報告

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2006
– unaudited
(Expressed in Hong Kong dollars)

綜合損益表

截至二零零六年六月三十日止六個月
– 未經審核
(以港幣計算)

		Six months ended 30 June		
		截至六月三十日止六個月		
		2006	2005	
		二零零六年	二零零五年 (restated) (重報)	
		\$'000	\$'000	
		千元	千元	
	Note 附註			
Turnover	營業額	3	94,344	61,137
Direct costs and operating expenses	直接成本及經營費用		(27,341)	(19,015)
Other revenue	其他收入		67,003	42,122
Administrative expenses	行政費用		36,922	7,008
Valuation gains on investment properties	投資物業估值盈餘		(31,718)	(20,576)
			6,971	21,000
Profit from operations	經營盈利		79,178	49,554
Finance costs	財務費用	5	(19,415)	(13,956)
			59,763	35,598
Share of profits of associates	所佔聯營公司盈利	4	24,542	30,441
Profit before taxation	除稅前盈利	5	84,305	66,039
Income tax	所得稅	6	(3,603)	5,745
Profit for the period	本期間盈利		80,702	71,784
Attributable to:	應佔部份：			
Equity shareholders of the Company	本公司股東		71,620	62,480
Minority interests	少數股東權益		9,082	9,304
Profit for the period	本期間盈利		80,702	71,784
Earnings per share	每股盈利			
Basic	基本	8	2.64 cents 仙	2.45 cents 仙
Diluted	攤薄	8	2.59 cents 仙	2.41 cents 仙

The notes on pages 47 to 72 form part of this interim financial report.

載於第47頁至第72頁之附註為本中期財務報告之一部份。

CONSOLIDATED BALANCE SHEET

at 30 June 2006

– unaudited

(Expressed in Hong Kong dollars)

綜合資產負債表

於二零零六年六月三十日

– 未經審核

(以港幣計算)

		At 30 June 2006 二零零六年六月三十日		At 31 December 2005 二零零五年十二月三十一日 (restated) (重報)	
	Note 附註	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Non-current assets					
Fixed assets					
– Investment properties			162,965		262,194
– Other property, plant and equipment			1,281,765		1,031,827
– Interest in leasehold land held for own use under operating leases			72,555		76,045
			1,517,285		1,370,066
Intangible assets			34,013		34,433
Goodwill			48,253		48,236
Interest in associates			441,299		413,304
Other financial assets			45,663		51,931
Finance lease receivables			131,500		131,701
Deferred tax assets			19,557		16,433
			2,237,570		2,066,104
Current assets					
Debtors, other receivables, deposits and prepayments			138,277		109,023
Finance lease receivables			2,480		2,384
Pledged bank deposits			62,038		89,197
Deposits with bank			907		907
Cash and cash equivalents			724,325		408,566
			928,027		610,077
Current liabilities					
Secured bank loans			18,247		40,227
Amount due to minority shareholder			290		575
Creditors, other payables and accrued expenses			141,642		233,219
Current taxation			2,435		2,138
			162,614		276,159
Net current assets			765,413		333,918

CONSOLIDATED BALANCE SHEET (continued)

at 30 June 2006

– unaudited

(Expressed in Hong Kong dollars)

綜合資產負債表 (續)

於二零零六年六月三十日

– 未經審核

(以港幣計算)

		At 30 June 2006 二零零六年六月三十日		At 31 December 2005 二零零五年十二月三十一日 (restated) (重報)	
	Note 附註	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Total assets less current liabilities	總資產減流動負債		3,002,983		2,400,022
Non-current liabilities	非流動負債				
Secured bank loans	有抵押銀行貸款		766,449		572,016
Loans from ultimate holding company	最終控股公司貸款		536,795		535,628
Deferred tax liabilities	遞延稅項負債		24,395		21,163
			1,327,639		1,128,807
NET ASSETS	資產淨額		1,675,344		1,271,215
CAPITAL AND RESERVES	股本及儲備				
Share capital	股本	14	306,181		255,181
Reserves	儲備		1,266,332		923,154
Total equity attributable to equity shareholders of the Company	本公司股東應佔權益總額		1,572,513		1,178,335
Minority interests	少數股東權益	14	102,831		92,880
TOTAL EQUITY	權益總額	14	1,675,344		1,271,215

The notes on pages 47 to 72 form part of this interim financial report.

載於第47頁至第72頁之附註為本中期財務報告之一部份。

**CONSOLIDATED STATEMENT OF CHANGES
IN EQUITY**

for the six months ended 30 June 2006
– unaudited
(Expressed in Hong Kong dollars)

綜合權益變動表

截至二零零六年六月三十日止六個月
– 未經審核
(以港幣計算)

		Six months ended 30 June 2006 截至二零零六年 六月三十日止六個月		Six months ended 30 June 2005 截至二零零五年 六月三十日止六個月 (restated) (重報)	
	<i>Note 附註</i>	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Total equity at 1 January:	於一月一日之權益總額:				
As previously reported	如前呈報	14	1,269,185	1,079,474	
Prior period adjustments arising from change in accounting policy	會計政策變動所致之前期調整	2 & 14	2,030	-	
As restated	已重報	14	1,271,215	1,079,474	
Net income and expense for the period recognised directly in equity:	直接於權益確認之 本期間淨收入 及開支:				
Share of exchange reserves of associates	所佔聯營公司匯兌儲備	14	3,453	(386)	
Exchange differences on translation of financial statements of subsidiaries and associates	換算附屬公司及聯營公司財務報表產生之匯兌差額	14	6,333	(1,667)	
Changes in fair value of available-for-sale securities	待售證券公允值之變動	14	11,641	1,519	
Net income and expense for the period recognised directly in equity carried forward	直接於權益確認之 本期間淨收入 及開支轉後		21,427	(534)	

**CONSOLIDATED STATEMENT OF CHANGES
IN EQUITY** (continued)

for the six months ended 30 June 2006
– unaudited
(Expressed in Hong Kong dollars)

綜合權益變動表 (續)

截至二零零六年六月三十日止六個月
– 未經審核
(以港幣計算)

		Six months ended 30 June 2006 截至二零零六年 六月三十日止六個月		Six months ended 30 June 2005 截至二零零五年 六月三十日止六個月 (restated) (重報)	
	Note 附註	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Net income and expense for the period recognised directly in equity brought forward	直接於權益確認之 本期間淨收入 及開支承前		21,427		(534)
Net profit for the period:	本期間淨盈利:				
As previously reported	如前呈報			70,992	
Prior period adjustments arising from change in accounting policy	會計政策變動所致 之前期調整	2		792	
Net profit for the period (2005: as restated)	本期間淨盈利 (二零零五年:已重報)	14	80,702		71,784
Transfer from fair value reserve to profit or loss on disposal of available-for-sale securities	出售待售證券後從公允值 儲備轉撥至損益表	14	(4,122)		-
Total recognised income and expense for the period (2005: as restated)	本期間已確認收入及 開支總額 (二零零五年:已重報)		98,007		71,250
Attributable to:	應佔部份:				
– equity shareholders of the Company	– 本公司股東		87,766	62,150	
– minority interests	– 少數股東權益		10,241	9,100	
			98,007	71,250	
Dividends declared:	宣派股息:				
– by the Company to equity shareholders	– 本公司支付予 股東	7 & 14	(15,311)	(15,293)	
– by non-wholly owned subsidiary to minority shareholder	– 非全資附屬公司 支付予少數 股東	14	(290)	(281)	
			(15,601)	(15,574)	

**CONSOLIDATED STATEMENT OF CHANGES
IN EQUITY** (continued)

for the six months ended 30 June 2006
– unaudited
(Expressed in Hong Kong dollars)

綜合權益變動表 (續)

截至二零零六年六月三十日止六個月
– 未經審核
(以港幣計算)

	Note 附註	Six months ended 30 June 2006 截至二零零六年 六月三十日止六個月 \$'000 千元	Six months ended 30 June 2005 截至二零零五年 六月三十日止六個月 (restated) (重報) \$'000 千元
Movements in equity arising from capital transactions with equity shareholders of the Company:			
– shares issued under share option scheme	14	–	888
– issue of ordinary shares	14	321,723	–
		321,723	888
Movements in equity arising from transactions between non-wholly owned subsidiaries and their minority shareholders:			
– capital contribution received by non-wholly owned subsidiaries from minority shareholders	14	–	71,879
		–	71,879
Total equity at 30 June		1,675,344	1,207,917
Restatements of total recognised income and expense for the period are attributable to:			
– equity shareholders of the Company			475
– minority interests			317
			792
Arising from restatement of net profit for the period			792

The notes on pages 47 to 72 form part of this interim financial report.

載於第47頁至第72頁之附註為本中期財務報告之一部份。

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2006
 – unaudited
 (Expressed in Hong Kong dollars)

簡明綜合現金流量表

截至二零零六年六月三十日止六個月
 – 未經審核
 (以港幣計算)

		Six months ended 30 June	
		截至六月三十日止六個月	
		2006	2005
		二零零六年	二零零五年 (restated) (重報)
		\$'000	\$'000
		千元	千元
	Note 附註		
Net cash generated from operating activities	經營活動所產生之現金淨額	31,240	28,320
Net cash used in investing activities	投資活動所動用之現金淨額	(158,451)	(178,266)
Net cash generated from financing activities	融資活動所產生之現金淨額	442,288	152,129
Net increase in cash and cash equivalents	現金及現金等價物增加淨額	315,077	2,183
Cash and cash equivalents at 1 January	於一月一日之現金及現金等價物	408,566	572,358
	12		
Effect of foreign exchange rates changes	匯率變動之影響	682	371
Cash and cash equivalents at 30 June	於六月三十日之現金及現金等價物	724,325	574,912
	12		

The notes on pages 47 to 72 form part of this interim financial report.

載於第47頁至第72頁之附註為本中期財務報告之一部份。

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars)

(1) BASIS OF PREPARATION

This 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, including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issuance by the Board of Directors on 14 September 2006.

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2005 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2006 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2005 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700, Engagements to review interim financial reports, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on pages 73 and 74.

未經審核中期財務報告附註

(以港幣計算)

(1) 編製基準

本中期財務報告乃根據香港聯合交易所有限公司證券上市規則的適用披露規定編製而成，包括遵從香港會計師公會（「香港會計師公會」）頒佈之《香港會計準則》（「香港會計準則」）第34號－「中期財務報告」之規定。董事會於二零零六年九月十四日授權刊發。

除了預期在二零零六年度財務報表反映之會計政策變動外，本中期財務報告已按照二零零五年度財務報表所採用之同一會計政策編製。有關該等會計政策變動之詳情載於附註2。

管理層在編製符合《香港會計準則》第34號規定之中期財務報告時所作之判斷、估計及假設，會影響會計政策之應用以及按目前情況為基準計算之經匯報資產與負債、收入及支出之金額。實際結果可能與估計金額有異。

本中期財務報告包括簡明綜合財務報表及部份說明附註。附註闡述了自二零零五年度財務報表刊發以來，在瞭解本集團之財務狀況變動及表現方面確屬重要之事件及交易。此簡明綜合中期財務報表及附註並不包括按照《香港財務報告準則》（「香港財務報告準則」）規定編製完整財務報表所需之所有資料。

本中期財務報告雖未經審核，惟已由畢馬威會計師事務所按照香港會計師公會頒佈之《核數準則》第700號－「審閱中期財務報告之委聘」進行了審閱。畢馬威會計師事務所致董事會之獨立審閱報告載於第73頁至第74頁。

(1) BASIS OF PREPARATION (continued)

The financial information relating to the financial year ended 31 December 2005 that is included in this 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 2005 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 28 March 2006.

(2) CHANGES IN ACCOUNTING POLICIES

The HKICPA issued a number of new and revised HKFRSs, which term collectively includes HKASs and Interpretations, that are effective or available for early adoption for accounting periods beginning on or after 1 January 2006. The Board of Directors has determined the accounting policies to be adopted in the preparation of the Group's annual financial statements for the year ending 31 December 2006, on the basis of HKFRSs currently in issue.

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 December 2006 may be affected by the issue of additional interpretation(s) or other changes announced by the HKICPA subsequent to the date of issuance of this interim financial report. Therefore the policies that will be applied in the Group's financial statements for that period cannot be determined with certainty at the date of issuance of this interim financial report.

The following sets out further information on the change in accounting policy for the annual accounting period beginning on 1 January 2006 which has been reflected in this interim financial report.

(1) 編製基準 (續)

本中期財務報告所載有關截至二零零五年十二月三十一日止財政年度之財務資料並不構成本公司於該財政年度之法定財務報表，惟有關財務資料均取自該等財務報表。截至二零零五年十二月三十一日止年度之法定財務報表可於本公司之註冊辦事處索取。核數師已於日期為二零零六年三月二十八日之核數師報告就該等財務報表發表無保留意見。

(2) 會計政策之變動

香港會計師公會頒佈了多項新訂及經修訂之《香港財務報告準則》(包括《香港會計準則》及詮釋)。有關準則自二零零六年一月一日或以後開始之會計期間生效或可供提前採用。董事會已根據已頒佈之《香港財務報告準則》訂立於編製本集團截至二零零六年十二月三十一日止年度之年度財務報表時將予以採用之會計政策。

在本中期財務報告刊發日後，該等對截至二零零六年十二月三十一日止年度之年度財務報表有效或可自選提早採用之《香港財務報告準則》或會受到香港會計師公會頒佈額外詮釋或作出其他修訂所影響。因此，於本中期財務報告刊發日期，本公司仍未能完全確定本集團將就有關期間財務報表所採用之會計政策。

與二零零六年一月一日開始之年度會計期間有關，並已在本中期財務報告中反映之會計政策變動詳情如下：

(2) CHANGES IN ACCOUNTING POLICIES (continued)
Lease arrangement (HK(IFRIC) 4: Determining whether an arrangement contains a lease)

In prior years, the Group recognised its waste-water treatment plants under the build-operate-transfer (“BOT”) and transfer-operate-transfer (“TOT”) arrangements as property, plant and equipment and recognised the waste-water treatment revenue and depreciation of waste-water treatment plants on a straight-line basis over their estimated useful lives.

With effect from 1 January 2006, in order to comply with HK(IFRIC) 4, the Group determined that the BOT and TOT arrangements contain lease elements and the Group classified the leases as finance leases. As a result, the waste-water treatment plants under the BOT and TOT arrangements are derecognised as property, plant and equipment and the fair value of the waste-water treatment plants are recognised as finance lease receivables. The lease receivables are reduced when lease payments, being a portion of the waste-water treatment revenue, are received and an imputed finance lease income on the lease receivables is recognised using an estimate of the lessee’s incremental borrowing rate of interest.

The new accounting policy has been applied retrospectively with comparatives restated. The following is a summary of the effect of the change in accounting policy for the annual accounting period beginning on 1 January 2006 which have been reflected in this interim financial report.

(2) 會計政策之變動 (續)

租賃安排 (《香港 (國際財務報告詮釋委員會) 詮釋》第4號：釐定一項安排是否包含租賃)

於過往年度，本集團把其在「建造－經營－轉移」(「BOT」)及「轉移－經營－轉移」(「TOT」)安排下之污水處理廠確認為物業、廠房及設備，並確認污水處理收益及按直線法於估計可使用年內確認污水處理廠折舊。

自二零零六年一月一日起，為了符合《香港 (國際財務報告詮釋委員會) 詮釋》第4號之規定，本集團釐定BOT及TOT安排包含租賃部份及本集團把有關租賃歸類為融資租賃。因此，在BOT及TOT安排下之污水處理廠不再確認為物業、廠房及設備，而污水處理廠之公允值則確認為融資租賃應收款項。租賃應收款項會於租賃款項 (即部份污水處理收益) 獲取後扣減，並會透過利用承租人估計累升借貸利率，確認租賃應收款項之估算融資租賃收入。

新會計政策已追溯應用，並已重報比較數字。二零零六年一月一日開始之年度會計期間之會計政策變動影響已在本中期財務報告中反映及概述如下。

(2) CHANGES IN ACCOUNTING POLICIES (continued)

(a) Restatement of prior periods and opening balances

The following tables disclose the adjustments that have been made to each of the line items in the consolidated income statement for the six months ended 30 June 2005 and consolidated balance sheet at 31 December 2005 as previously reported.

(i) Consolidated income statement for the six months ended 30 June 2005

		2005 二零零五年 (as previously reported) (如前呈報) \$'000 千元	HK(IFRIC) 4 《香港 國際財務報告 詮釋委員會 詮釋》第4號 \$'000 千元	2005 二零零五年 (as restated) (已重報) \$'000 千元
Turnover	營業額	61,546	(409)	61,137
Direct costs and operating expenses	直接成本及經營費用	(20,509)	1,494	(19,015)
		41,037	1,085	42,122
Other revenue	其他收入	7,008	-	7,008
Administrative expenses	行政費用	(20,576)	-	(20,576)
Valuation gains on investment properties	投資物業估值盈餘	21,000	-	21,000
Profit from operations	經營盈利	48,469	1,085	49,554
Finance costs	財務費用	(13,956)	-	(13,956)
		34,513	1,085	35,598
Share of profits of associates	所佔聯營公司盈利	30,441	-	30,441
Profit before taxation	除稅前盈利	64,954	1,085	66,039
Income tax	所得稅	6,038	(293)	5,745
Profit for the period	本期間盈利	70,992	792	71,784

(2) 會計政策之變動 (續)

(a) 重報過往期間及期初結餘

下表披露就截至二零零五年六月三十日止六個月綜合損益表及於二零零五年十二月三十一日之綜合資產負債表內各個已呈報項目作出之調整。

(i) 截至二零零五年六月三十日止六個月之綜合損益表

(2) CHANGES IN ACCOUNTING POLICIES (continued)

(a) Restatement of prior periods and opening balances (continued)

(i) Consolidated income statement for the six months ended 30 June 2005 (continued)

Attributable to:	應佔部份:
Equity shareholders of the Company	本公司股東
Minority interests	少數股東權益
Profit for the period	本期間盈利
Earnings per share	每股盈利
Basic	基本
Diluted	攤薄

(2) 會計政策之變動 (續)

(a) 重報過往期間及期初結餘 (續)

(i) 截至二零零五年六月三十日止六個月之綜合損益表 (續)

2005 二零零五年 (as previously reported) (如前呈報)	HK(IFRIC) 4 《香港 (國際財務報告 詮釋委員會) 詮釋》第4號	2005 二零零五年 (as restated) (已重報)
\$'000 千元	\$'000 千元	\$'000 千元
62,005	475	62,480
8,987	317	9,304
<u>70,992</u>	<u>792</u>	<u>71,784</u>
2.43 cents	0.02 cent	2.45 cents
<u>2.39 cents</u>	<u>0.02 cent</u>	<u>2.41 cents</u>

(2) CHANGES IN ACCOUNTING POLICIES (continued)

(a) Restatement of prior periods and opening balances (continued)

(ii) Consolidated balance sheet at 31 December 2005

(2) 會計政策之變動 (續)

(a) 重報過往期間及期初結餘 (續)

(ii) 於二零零五年十二月三十一日之綜合資產負債表

	At 31 December 2005 二零零五年 十二月三十一日 (as previously reported) (如前呈報)	HK(IFRIC) 4 《香港 國際財務報告 詮釋委員會 詮釋》第4號	At 31 December 2005 二零零五年 十二月三十一日 (as restated) (已重報)
	\$'000 千元	\$'000 千元	\$'000 千元
Non-current assets	非流動資產		
Fixed assets	固定資產		
- Investment properties	- 投資物業	262,194	-
- Other property, plant and equipment	- 其他物業、 廠房及設備	1,163,052	(131,225)
- Interest in leasehold land held for own use under operating leases	- 根據經營租賃 持作自用之 租賃土地權益	76,045	-
		1,501,291	(131,225)
Intangible assets	無形資產	34,433	-
Goodwill	商譽	48,236	-
Interest in associates	聯營公司權益	413,304	-
Other financial assets	其他財務資產	51,931	-
Finance lease receivables	融資租賃應收款項	-	131,701
Deferred tax assets	遞延稅項資產	16,832	(399)
		2,066,027	77
		-----	-----
		2,066,104	2,066,104
Current assets	流動資產		
Debtors, other receivables, deposits and prepayments	應收賬款、其他應收 款項、按金及 預付款項	109,023	-
Finance lease receivables	融資租賃應收款項	-	2,384
Pledged bank deposits	已抵押銀行存款	89,197	-
Deposits with bank	銀行存款	907	-
Cash and cash equivalents	現金及現金等價物	408,566	-
		607,693	2,384
		-----	-----
		610,077	610,077

(2) CHANGES IN ACCOUNTING POLICIES (continued)

(a) Restatement of prior periods and opening balances (continued)

(ii) Consolidated balance sheet at 31 December 2005 (continued)

(2) 會計政策之變動 (續)

(a) 重報過往期間及期初結餘 (續)

(ii) 於二零零五年十二月三十一日之綜合資產負債表 (續)

		At 31 December 2005 二零零五年 十二月三十一日 (as previously reported) (如前呈報)	HK(IFRIC) 4 《香港 國際財務報告 詮釋》第4號	At 31 December 2005 二零零五年 十二月三十一日 (as restated) (已重報)
		\$'000 千元	\$'000 千元	\$'000 千元
Current liabilities	流動負債			
Secured bank loans	有抵押銀行貸款	40,227	-	40,227
Amount due to minority shareholder	應付少數股東款項	575	-	575
Creditors, other payables and accrued expenses	應付賬款、其他應付款項及應計費用	233,219	-	233,219
Current taxation	本期稅項	2,138	-	2,138
		<u>276,159</u>	<u>-</u>	<u>276,159</u>
Net current assets	流動資產淨額	<u>331,534</u>	<u>2,384</u>	<u>333,918</u>
Total assets less current liabilities	總資產減流動負債	<u>2,397,561</u>	<u>2,461</u>	<u>2,400,022</u>
Non-current liabilities	非流動負債			
Secured bank loans	有抵押銀行貸款	572,016	-	572,016
Loans from ultimate holding company	最終控股公司貸款	535,628	-	535,628
Deferred tax liabilities	遞延稅項負債	20,732	431	21,163
		<u>1,128,376</u>	<u>431</u>	<u>1,128,807</u>
NET ASSETS	資產淨額	<u>1,269,185</u>	<u>2,030</u>	<u>1,271,215</u>
CAPITAL AND RESERVES	股本及儲備			
Share capital	股本	255,181	-	255,181
Reserves	儲備	921,676	1,478	923,154
Total equity attributable to equity shareholders of the Company	本公司股東應佔權益總額	<u>1,176,857</u>	<u>1,478</u>	<u>1,178,335</u>
Minority interests	少數股東權益	<u>92,328</u>	<u>552</u>	<u>92,880</u>
TOTAL EQUITY	權益總額	<u>1,269,185</u>	<u>2,030</u>	<u>1,271,215</u>

(2) CHANGES IN ACCOUNTING POLICIES (continued)

(b) *Estimated effects of changes in accounting policies on the current period*

The following tables provide estimates of the extent to which each of the line items in the consolidated income statement and balance sheet of the Group for the six months ended 30 June 2006 is higher or lower than it would have been had the previous policies still been applied in the year.

(i) Effect on the consolidated income statement for the six months ended 30 June 2006

Turnover	營業額	(1,183)
Direct costs and operating expenses	直接成本及經營費用	5,846
Other revenue	其他收入	4,663
Administrative expenses	行政費用	-
Valuation gains on investment properties	投資物業估值盈餘	-
Profit from operations	經營盈利	4,663
Finance costs	財務費用	-
		4,663
Share of profits of associates	所佔聯營公司盈利	-
Profit before taxation	除稅前盈利	4,663
Income tax	所得稅	(1,470)
Profit for the period	本期間盈利	3,193

(2) 會計政策之變動 (續)

(b) *會計政策變動對本期間之估計影響*

下表載列假設本年度繼續採用過往會計政策，計算本集團截至二零零六年六月三十日止六個月綜合損益表及資產負債表內各個項目時，可能增加或減少之估計金額。

(i) 對截至二零零六年六月三十日止六個月綜合損益表之影響

Estimated effect of HK(IFRIC) 4
《香港(國際財務報告詮釋委員會)詮釋》第4號之估計影響
(increase/(decrease) in profit for the period)
(期內盈利增加/(減少))
\$'000
千元

(2) CHANGES IN ACCOUNTING POLICIES (continued)

(b) *Estimated effects of changes in accounting policies on the current period (continued)*

(i) Effect on the consolidated income statement for the six months ended 30 June 2006 (continued)

(2) 會計政策之變動 (續)

(b) 會計政策變動對本期間之估計影響 (續)

(i) 對截至二零零六年六月三十日止六個月綜合損益表之影響 (續)

**Estimated effect of
 HK(IFRIC) 4
 《香港(國際財務報告
 詮釋委員會)詮釋》第4號
 之估計影響
 (increase/(decrease)
 in profit for the period)
 (期內盈利增加/(減少))**
 \$'000
 千元

Attributable to:	應佔部份:	
Equity shareholders of the Company	本公司股東	2,857
Minority interests	少數股東權益	336
		<hr/>
Profit for the period	本期間盈利	3,193
		<hr/>
Earnings per share	每股盈利	
Basic	基本	0.11 cent/仙
		<hr/>
Diluted	攤薄	0.10 cent/仙
		<hr/>

(2) CHANGES IN ACCOUNTING POLICIES (continued)

(b) *Estimated effects of changes in accounting policies on the current period (continued)*

(ii) Effect on the consolidated balance sheet at 30 June 2006

(2) 會計政策之變動 (續)

(b) *會計政策變動對本期間之估計影響 (續)*

(ii) 對二零零六年六月三十日綜合資產負債表之影響

**Estimated effect of
 HK(IFRIC) 4
 《香港(國際財務報告
 詮釋委員會)詮釋》第4號
 之估計影響
 (increase/(decrease)
 in net assets)
 (資產淨額增加/(減少))**
 \$'000
 千元

Non-current assets	非流動資產	
Fixed assets	固定資產	
– Investment properties	– 投資物業	-
– Other property, plant and equipment	– 其他物業、 廠房及設備	(126,433)
– Interest in leasehold land held for own use under operating leases	– 根據經營租賃 持作自用之 租賃土地權益	-
		(126,433)
Intangible assets	無形資產	-
Goodwill	商譽	-
Interest in associates	聯營公司權益	-
Other financial assets	其他財務資產	-
Finance lease receivables	融資租賃應收款項	131,500
Deferred tax assets	遞延稅項資產	-
		5,067
		5,067
Current assets	流動資產	
Debtors, other receivables, deposits and prepayments	應收賬款、其他應收款項、 按金及預付款項	-
Finance lease receivables	融資租賃應收款項	2,480
Pledged bank deposits	已抵押銀行存款	-
Deposits with bank	銀行存款	-
Cash and cash equivalents	現金及現金等價物	-
		2,480
		2,480

(2) CHANGES IN ACCOUNTING POLICIES (continued)

(b) *Estimated effects of changes in accounting policies on the current period (continued)*

(ii) Effect on the consolidated balance sheet at 30 June 2006 (continued)

(2) 會計政策之變動 (續)

(b) *會計政策變動對本期間之估計影響 (續)*

(ii) 對二零零六年六月三十日綜合資產負債表之影響 (續)

		Estimated effect of HK(IFRIC) 4 《香港(國際財務報告 詮釋委員會)詮釋》第4號 之估計影響 (increase/(decrease) in net assets) (資產淨額增加/(減少))
		\$'000 千元
Current liabilities	流動負債	
Secured bank loans	有抵押銀行貸款	-
Amount due to minority shareholder	應付少數股東款項	-
Creditors, other payables and accrued expenses	應付賬款、其他應付款項及應計費用	-
Current taxation	本期稅項	-

Net current assets	流動資產淨額	2,480

Total assets less current liabilities	總資產減流動負債	7,547

Non-current liabilities	非流動負債	
Secured bank loans	有抵押銀行貸款	-
Loans from ultimate holding company	最終控股公司貸款	-
Deferred tax liabilities	遞延稅項負債	(2,307)

		(2,307)

NET ASSETS	資產淨額	5,240

CAPITAL AND RESERVES	股本及儲備	
Share capital	股本	-
Reserves	儲備	4,348

Total equity attributable to equity shareholders of the Company	本公司股東應佔權益總額	4,348
Minority interests	少數股東權益	892

TOTAL EQUITY	權益總額	5,240

(3) SEGMENTAL INFORMATION

The analysis of the principal activities of the operations of the Group during the financial period are as follows:

(3) 分部資料

本集團於本財政期內之主要業務分析如下：

	Infrastructure investment and operation 基建投資及營運		Property investment and management 物業投資及管理		Environmental protection investment and operation 環保投資及營運		Environmental protection project management and consultancy 環保項目管理及顧問		Inter-segment elimination 分部間抵銷		Consolidated 綜合	
	Six months ended 30 June 截至六月三十日止六個月		Six months ended 30 June 截至六月三十日止六個月		Six months ended 30 June 截至六月三十日止六個月		Six months ended 30 June 截至六月三十日止六個月		Six months ended 30 June 截至六月三十日止六個月		Six months ended 30 June 截至六月三十日止六個月	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年 (restated) (重報)	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年 (restated) (重報)
	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Revenue from external customers 來自外界客戶收入	35,044	27,786	9,635	8,148	49,665	25,203	-	-	-	-	94,344	61,137
Inter-segment revenue 分部間收入	-	-	-	-	-	-	32,588	8,918	(32,588)	(8,918)	-	-
Other revenue from external customers 來自外界客戶其他收入	372	126	16,651	939	871	213	308	80	-	-	18,202	1,358
Unallocated other revenue 未分配其他收入	-	-	-	-	-	-	-	-	-	-	18,720	5,650
Total 合計	35,416	27,912	26,286	9,087	50,536	25,416	32,896	8,998	(32,588)	(8,918)	131,266	68,145
Segment results 分部業績	24,805	18,888	29,148	26,597	23,134	13,318	29,041	1,493	(32,588)	(8,918)	73,540	51,378
Unallocated operating income and expenses 未分配經營收入及開支	-	-	-	-	-	-	-	-	-	-	5,638	(1,824)
Finance costs 財務費用	-	-	-	-	-	-	-	-	-	-	(19,415)	(13,956)
Share of profits of associates 所佔聯營公司盈利	24,634	30,442	-	-	(92)	(1)	-	-	-	-	24,542	30,441
Income tax 所得稅	-	-	-	-	-	-	-	-	-	-	(3,603)	5,745
Profit after taxation 除稅後盈利	-	-	-	-	-	-	-	-	-	-	80,702	71,784
Depreciation and amortisation for the period 本期間折舊及攤銷	8,035	6,766	1,103	1,115	3,701	124	858	481	-	-	-	-
Valuation gains on investment properties 投資物業估值盈餘	-	-	(6,971)	(21,000)	-	-	-	-	-	-	-	-

In view of the fact that the Group operates mainly in the People's Republic of China ("PRC"), no geographical segmental information is presented.

鑒於本集團主要在中華人民共和國（「中國」）營運，故並無呈列按地域劃分之分部資料。

(4) SHARE OF PROFITS OF ASSOCIATES

Share of profits of associates before taxation	所佔聯營公司除稅前盈利	28,736	37,231
Share of associates' taxation	所佔聯營公司稅項	(4,194)	(6,790)

Six months ended 30 June

截至六月三十日止六個月

2006	2005
二零零六年	二零零五年
\$'000	\$'000
千元	千元

24,542

30,441

(5) PROFIT BEFORE TAXATION

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

Interest on bank advances wholly repayable within five years	須於五年內全數償還之銀行貸款之利息	409	371
Interest on other bank advances	其他銀行貸款之利息	19,779	8,417
Interest on loans from ultimate holding company	最終控股公司貸款之利息	11,971	6,829

32,159

15,617

Less: Borrowing costs capitalised into construction in progress	減：已於在建工程資本化之借貸成本	(12,744)	(1,661)
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19,415

13,956

Amortisation of land lease premium	土地租賃費用攤銷	1,658	-
Amortisation of intangible assets	無形資產攤銷	697	-
Depreciation	折舊	11,647	8,654
Dividends and interest income	股息及利息收入	(9,115)	(4,580)
Gain on sale of available-for-sale securities	出售待售證券之收益	(11,542)	-
Gain on sale of investment properties	出售投資物業之收益	(16,203)	(925)

(16,203)

(925)

(4) 所佔聯營公司盈利

(5) 除稅前盈利

除稅前盈利已扣除／(計入)：

Six months ended 30 June

截至六月三十日止六個月

2006	2005
二零零六年	二零零五年
\$'000	\$'000
千元	千元

(restated)
(重報)

(6) INCOME TAX

(6) 所得稅

		Six months ended 30 June	
		截至六月三十日止六個月	
		2006	2005
		二零零六年	二零零五年 (restated) (重報)
		\$'000	\$'000
		千元	千元
Current tax – PRC income tax	本期稅項 – 中國所得稅		
Provision for the period	本期間撥備	3,451	1,471
Deferred tax	遞延稅項		
Origination and reversal of temporary differences	暫時差異的產生及撥回	152	(7,216)
		3,603	(5,745)

No provision for Hong Kong Profits Tax has been made in the interim financial report as the Group's operations in Hong Kong sustained a loss for Hong Kong Profits Tax purposes during the period. 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 at 50% of the standard tax rates or fully exempt from income tax under the relevant tax rules and regulations.

由於期內本集團之香港業務蒙受稅項虧損，故此本集團並無在中期財務報告就香港利得稅作出撥備。中國業務之稅項按中國現行的適用稅率計算。期內，根據有關稅務法律及法規，若干中國附屬公司按標準稅率50%繳納稅項或獲全數豁免繳納所得稅。

(7) DIVIDENDS

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

Interim dividend declared after the interim period of 0.6 cent per share (2005: 0.6 cent per share)

於中期報告期間後宣佈派發之中期股息每股0.6仙(二零零五年: 每股0.6仙)

The interim dividend 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 interim period

Final dividend in respect of the financial year ended 31 December 2005, approved and paid during the following interim period, of 0.6 cent per share (year ended 31 December 2004: 0.6 cent per share)

屬於截至二零零五年十二月三十一日止財政年度,並於其後之中期報告期間批准及支付之末期股息每股0.6仙(截至二零零四年十二月三十一日止年度: 每股0.6仙)

(7) 股息

(a) 應派付予本公司股東之中期報告期間股息

Six months ended 30 June
截至六月三十日止六個月

2006	2005
二零零六年	二零零五年
\$'000	\$'000
千元	千元

18,371

15,311

於結算日,中期股息並未確認為負債。

(b) 屬於上一個財政年度,並於中期報告期間批准及支付予本公司股東之應付股息

Six months ended 30 June
截至六月三十日止六個月

2006	2005
二零零六年	二零零五年
\$'000	\$'000
千元	千元

15,311

15,293

(8) 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 \$71,620,000 (six months ended 30 June 2005 (restated): \$62,480,000) and the weighted average number of 2,715,237,114 ordinary shares (2005: 2,549,507,833 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 \$71,620,000 (six months ended 30 June 2005 (restated): \$62,480,000) and the weighted average number of ordinary shares of 2,766,275,030 shares (2005: 2,592,832,975 shares) after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option scheme.

(9) FIXED ASSETS

During the six months ended 30 June 2006, the Group acquired items of property, plant and equipment with a cost of \$252,063,000 (six months ended 30 June 2005: \$188,450,000). Additions during the current period mainly represent construction in progress for waste-to-energy plants and extended facilities of waste-water treatment plants. Investment properties with a total net book value of \$104,000,000 were disposed of during the six months ended 30 June 2006 (six months ended 30 June 2005: \$1,850,000), resulting in a gain on disposal of \$16,203,000 (six months ended 30 June 2005: \$925,000).

(8) 每股盈利

(a) 每股基本盈利

每股基本盈利乃按本公司普通股股東應佔盈利71,620,000元(截至二零零五年六月三十日止六個月(重報):62,480,000元)以及期內已發行之普通股的加權平均數2,715,237,114股普通股(二零零五年:2,549,507,833股普通股)計算。

(b) 每股攤薄盈利

每股攤薄盈利乃按本公司普通股股東應佔盈利71,620,000元(截至二零零五年六月三十日止六個月(重報):62,480,000元)及已就在本公司購股權計劃下所有具潛在攤薄影響之普通股作出調整得出的普通股加權平均數2,766,275,030股(二零零五年:2,592,832,975股)計算。

(9) 固定資產

於截至二零零六年六月三十日止六個月,本集團收購物業、廠房及設備項目所需成本為252,063,000元(截至二零零五年六月三十日止六個月:188,450,000元)。本期間所增加之項目主要包括垃圾發電廠之在建工程及污水處理廠之擴建設施。於截至二零零六年六月三十日止六個月,本集團出售了賬面淨值總額104,000,000元(截至二零零五年六月三十日止六個月:1,850,000元)之投資物業,錄得出售收益16,203,000元(截至二零零五年六月三十日止六個月:925,000元)。

(10) INTEREST IN ASSOCIATES

Unlisted investments

Share of net assets
Dividend receivable from associate

非上市投資
應佔資產淨額
應收聯營公司股息

At 30 June 2006 二零零六年 六月三十日 \$'000 千元	At 31 December 2005 二零零五年 十二月三十一日 \$'000 千元
354,287	413,304
87,012	-
441,299	413,304

(11) DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in debtors, other receivables, deposits and prepayments are trade debtors with the following ageing analysis:

Current
1 to 3 months overdue

Total trade debtors
Other receivables, deposits and prepayments

即期
逾期一至三個月

應收貿易賬款總額
其他應收款項、按金及預付款項

At 30 June 2006 二零零六年 六月三十日 \$'000 千元	At 31 December 2005 二零零五年 十二月三十一日 \$'000 千元
15,110	14,343
5,756	-
20,866	14,343
117,411	94,680
138,277	109,023

The trade debtors represent toll bridge revenue and waste-water treatment revenue which are settled on a monthly basis, among which \$9,222,000 (31 December 2005: \$4,595,000) is due from a minority shareholder. The amount included under 1 to 3 months overdue has been fully settled after the balance sheet date.

(10) 聯營公司權益

At 30 June
2006
二零零六年
六月三十日
\$'000
千元

At 31 December
2005
二零零五年
十二月三十一日
\$'000
千元

354,287	413,304
87,012	-
441,299	413,304

(11) 應收賬款、其他應收款項、按金及預付款項

應收賬款、其他應收款項、按金及預付款項中包括應收貿易賬款，其賬齡分析如下：

At 30 June
2006
二零零六年
六月三十日
\$'000
千元

At 31 December
2005
二零零五年
十二月三十一日
\$'000
千元

15,110	14,343
5,756	-
20,866	14,343
117,411	94,680
138,277	109,023

應收貿易賬款主要為收費橋樑收入及污水處理收入，有關款項按月支付，其中9,222,000元（二零零五年十二月三十一日：4,595,000元）為應收少數股東款項。在「逾期一至三個月」項下之款項已於結算日後悉數支付。

(12) CASH AND CASH EQUIVALENTS

Deposits with bank	銀行存款
Cash at bank and in hand	銀行結餘及現金

(12) 現金及現金等價物

At 30 June 2006 二零零六年 六月三十日 \$'000 千元	At 31 December 2005 二零零五年 十二月三十一日 \$'000 千元
484,703	215,946
239,622	192,620
724,325	408,566

(13) CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES

Included in creditors, other payables and accrued expenses of the Group is an amount of \$3,733,000 (31 December 2005: \$1,393,000) 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, there are other payables to related companies and a minority shareholder of \$60,806,000 (31 December 2005: \$32,012,000) and \$17,817,000 (31 December 2005: \$18,756,000) respectively as at 30 June 2006. The amounts are unsecured, interest free and expected to be settled within one year.

(13) 應付賬款、其他應付款項及應計費用

本集團之應付賬款、其他應付款項及應計費用中包括一筆應付予一家聯營公司之款項3,733,000元(二零零五年十二月三十一日:1,393,000元)。該結餘於一個月內到期,其為經營污水處理廠之服務費。

除上文所述者外,於二零零六年六月三十日,本公司還有應付予關聯公司及一名少數股東之其他應付款項,金額分別為60,806,000元(二零零五年十二月三十一日:32,012,000元)及17,817,000元(二零零五年十二月三十一日:18,756,000元)。該等款項為無抵押、免息,並預期須於一年內支付。

Interim Financial Report
中期財務報告

(14) CAPITAL AND RESERVES

(14) 股本及儲備

Attributable to equity shareholders of the Company
本公司股東應佔

Note	Share capital 股本 \$'000 千元	Share premium 股份溢價 \$'000 千元	Special reserve 特別儲備 \$'000 千元	Goodwill arising on consolidation 綜合賬目產生之商譽 \$'000 千元	Exchange reserve 匯兌儲備 \$'000 千元	Capital redemption reserve 資本贖回儲備 \$'000 千元	Revaluation reserve of land and buildings 土地及樓宇之重估儲備 \$'000 千元	Fair value reserve 公允價值儲備 \$'000 千元	Reserve fund 儲備金 \$'000 千元	Retained profits 保留盈利 \$'000 千元	Total 總額 \$'000 千元	Minority interests 少數股東權益 \$'000 千元	Total equity 權益總額 \$'000 千元	
At 1 January 2006 - as previously reported - prior period adjustments arising from change in accounting policy	於二零零六年一月一日 一如前呈報 一會計政策變動所致之前期調整	255,181	445,792	111,330	(12,614)	17,829	70	-	8,811	3,740	346,718	1,176,857	92,328	1,269,185
2	-	-	-	-	-	-	-	-	-	1,478	1,478	552	2,030	
As restated	已重報	255,181	445,792	111,330	(12,614)	17,829	70	-	8,811	3,740	348,196	1,178,335	92,880	1,271,215
Dividend approved in respect of the previous year	批准去年度股息	-	-	-	-	-	-	-	-	(15,311)	(15,311)	-	(15,311)	
Issue of ordinary shares	發行普通股	51,000	270,723	-	-	-	-	-	-	-	321,723	-	321,723	
Share of exchange reserves of associates	所佔聯營公司匯兌儲備	-	-	-	-	3,453	-	-	-	-	-	3,453	-	3,453
Exchange differences on translation of financial statements of subsidiaries and associates	換算附屬公司及聯營公司財務報表產生之匯兌差額	-	-	-	-	6,333	-	-	-	-	-	6,333	-	6,333
Available-for-sale securities - changes in fair value	待售證券一公允價值變動	-	-	-	-	-	-	-	11,641	-	-	11,641	-	11,641
- transfer to profit or loss on disposal	一出售後轉撥至損益表	-	-	-	-	-	-	-	(4,122)	-	-	(4,122)	-	(4,122)
Profit for the period	本期間盈利	-	-	-	-	-	-	-	-	71,620	71,620	9,082	80,702	
Share of reserves by minority interests	少數股東權益所佔儲備	-	-	-	-	(1,159)	-	-	-	-	-	(1,159)	1,159	-
Dividend paid to minority shareholder	支付予少數股東之股息	-	-	-	-	-	-	-	-	-	-	-	(280)	(280)
Transfer from special reserve	轉撥自特別儲備	-	-	(111,330)	-	-	-	-	-	111,330	-	-	-	-
At 30 June 2006	於二零零六年六月三十日	306,181	716,515	-	(12,614)	26,456	70	-	16,330	3,740	515,835	1,572,513	102,831	1,675,344

Interim Financial Report

中期財務報告

(14) CAPITAL AND RESERVES (continued)

(14) 股本及儲備 (續)

Attributable to equity shareholders of the Company
本公司股東應佔

		Share capital	Share premium	Special reserve	Goodwill arising on consolidation	Exchange reserve	Capital redemption reserve	Revaluation reserve of land and buildings	Fair value reserve	Reserve fund	Retained profits	Total	Minority interests	Total equity
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	附註	千元	千元	千元	千元	千元	千元	千元	千元	千元	千元	千元	千元	千元
At 1 January 2005	於二零零五年一月一日	254,881	445,204	112,016	(12,614)	1,677	70	243	-	-	274,803	1,076,280	3,194	1,079,474
Dividend approved in respect of the previous year	批准上年度股息	-	-	-	-	-	-	-	-	-	(15,293)	(15,293)	-	(15,293)
Shares issued under share option scheme	根據購股權計劃發行股份	300	588	-	-	-	-	-	-	-	-	888	-	888
Share of exchange reserves of associates	所佔聯營公司匯兌儲備	-	-	-	-	(386)	-	-	-	-	-	(386)	-	(386)
Exchange differences on translation of financial statements of subsidiaries and associates	換算附屬公司及聯營公司財務報表產生之匯兌差額	-	-	-	-	(1,667)	-	-	-	-	-	(1,667)	-	(1,667)
Changes in fair value of available-for-sale securities	待售證券公允價值變動	-	-	-	-	-	-	-	1,519	-	-	1,519	-	1,519
Profit for the period (restated)	本期間盈利(重報)	-	-	-	-	-	-	-	-	-	62,480	62,480	9,304	71,784
Share of reserves by minority interests	少數股東權益所佔儲備	-	-	-	-	204	-	-	-	-	-	204	(204)	-
Capital contributions received by non-wholly owned subsidiaries from minority shareholders	非全資附屬公司收取少數股東作出之注資	-	-	-	-	-	-	-	-	-	-	-	71,679	71,679
Dividend paid to minority shareholder	支付予少數股東之股息	-	-	-	-	-	-	-	-	-	-	-	(281)	(281)
Transfer from special reserve	轉撥自特別儲備	-	-	(686)	-	-	-	-	-	-	686	-	-	-
At 30 June 2005	於二零零五年六月三十日	255,181	445,792	111,330	(12,614)	(172)	70	243	1,519	-	322,676	1,124,025	83,892	1,207,917

(a) During the six months ended 30 June 2006, 510,000,000 new ordinary shares were issued at a subscription price of \$0.66 per share. The share capital and share premium account have been increased by \$51,000,000 and \$270,723,000 respectively.

(a) 於截至二零零六年六月三十日止六個月，本公司按每股認購價0.66元發行510,000,000股新普通股股份。股本及股份溢價賬分別增加51,000,000元及270,723,000元。

(14) CAPITAL AND RESERVES (continued)

- (b) At 30 June 2006, the outstanding options of the Company were:

Date of options granted 購股權授出日期	Exercise period 行使期	Exercise price 行使價	Number of options outstanding 尚未行使之購股權數目	
			At 30 June 2006 二零零六年六月三十日	At 31 December 2005 二零零五年十二月三十一日
29 September 2003 二零零三年九月二十九日	29 March 2004 to 25 May 2013 二零零四年三月二十九日至 二零一三年五月二十五日	\$0.296 0.296元	52,700,000	52,700,000
29 September 2003 二零零三年九月二十九日	29 September 2004 to 25 May 2013 二零零四年九月二十九日至 二零一三年五月二十五日	\$0.296 0.296元	52,700,000	52,700,000
			105,400,000	105,400,000

(15) MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in this interim financial report, the Group entered into the following material related party transactions during the period:

- (a) The Group entered into the following related party transactions with its ultimate holding company, China Everbright Holdings Company Limited:

Interest expense	利息支出
Rental income for provision of office premises	提供辦公室單位之租金收入

(14) 股本及儲備 (續)

- (b) 於二零零六年六月三十日，尚未行使之本公司購股權如下：

Exercise price 行使價	Number of options outstanding 尚未行使之購股權數目	
	At 30 June 2006 二零零六年六月三十日	At 31 December 2005 二零零五年十二月三十一日
\$0.296 0.296元	52,700,000	52,700,000
\$0.296 0.296元	52,700,000	52,700,000
		105,400,000

(15) 與關聯人仕之重大交易

除本中期財務報告其他部份所披露之交易及結餘外，本集團於期內曾與關聯人仕進行下列重大交易：

- (a) 本集團曾與其最終控股公司中國光大集團有限公司訂立下列關聯人仕交易：

Six months ended 30 June 截至六月三十日止六個月	
2006 二零零六年	2005 二零零五年
\$'000 千元	\$'000 千元
11,971	6,829
588	381

(15) MATERIAL RELATED PARTY TRANSACTIONS

(continued)

- (b) The Group entered into the following related party transaction with an associate:

Service expense for operation of waste-water treatment plant	有關營運污水處理廠之服務開支
--	----------------

- (c) The Group entered into the following related party transactions with the minority shareholders of non-wholly owned subsidiaries of the Group:

Waste-water treatment revenue	污水處理收入
Finance lease rentals received	已收融資租賃租金
Interest element of finance lease rentals received	已收融資租賃租金之利息部份
Technical service expense	技術服務費
Operating lease charge in respect of waste-water treatment facilities	有關污水處理設施之經營租賃支出

(15) 與關聯人仕之重大交易 (續)

- (b) 本集團曾與一家聯營公司訂立下列關聯人仕交易：

Six months ended 30 June

截至六月三十日止六個月

2006	2005
二零零六年	二零零五年
\$'000	\$'000
千元	千元

9,041

9,219

- (c) 本集團曾與其非全資附屬公司之少數股東訂立下列關聯人仕交易：

Six months ended 30 June

截至六月三十日止六個月

2006	2005
二零零六年	二零零五年
\$'000	\$'000
千元	千元

23,497

23,607

449

409

1,615

1,596

1,140

1,108

483

470

(15) MATERIAL RELATED PARTY TRANSACTIONS

(continued)

- (d) The Group entered into the following related party transactions with subsidiaries of a minority shareholder of a non-wholly owned subsidiary of the Group:

Fee paid/payable for work performed in connection with the construction of waste-water treatment plant pursuant to an engineering, procurement and construction contract and a service contract	就根據工程、採購及建築合同以及服務合同建造污水處理廠所進行之工程而已付／應付之費用	70,559	-
Purchase of equipment	購買設備	8,181	-

- (e) The Group paid key management personnel compensation as follows:

Salaries and other short-term employee benefits	薪金及其他短期僱員權利	6,213	4,063
Retirement scheme contributions	退休計劃供款	120	49

Six months ended 30 June

截至六月三十日止六個月

2006	2005
二零零六年	二零零五年
\$'000	\$'000
千元	千元

- (d) 本集團曾與其非全資附屬公司之少數股東之附屬公司訂立下列關聯人仕交易：

- (e) 本集團已支付予主要管理人員之個人報酬如下：

Six months ended 30 June

截至六月三十日止六個月

2006	2005
二零零六年	二零零五年
\$'000	\$'000
千元	千元

6,213	4,063
120	49
6,333	4,112

(15) MATERIAL RELATED PARTY TRANSACTIONS

(continued)

(f) Included in the consolidated balance sheet are the following balances with related parties:

(15) 與關聯人仕之重大交易 (續)

(f) 綜合資產負債表包括了下列與關聯人仕之結餘：

	At 30 June 2006 二零零六年 六月三十日	At 31 December 2005 二零零五年 十二月三十一日 (restated) (重報)
	\$'000 千元	\$'000 千元
Amount due from minority shareholder (included in finance lease receivables)	49,974	50,021
Amount due from minority shareholder (included in debtors, other receivables, deposits and prepayments)	9,222	4,595
Deposits placed with related party bank (included in cash and cash equivalents)	47,003	27,394
Loans from ultimate holding company	(536,795)	(535,628)
Amount due to minority shareholder	(290)	(575)
Amount due to minority shareholder (included in creditors, other payables and accrued expenses)	(17,817)	(18,756)
Amount due to associate (included in creditors, other payables and accrued expenses)	(3,733)	(1,393)
Amounts due to related companies (included in creditors, other payables and accrued expenses)	(60,806)	(32,012)

(16) CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED IN THE INTERIM FINANCIAL REPORT

Contracted for 已訂約
 Authorised but not contracted for 已授權但未訂約

(16) 並無在中期財務報告中撥備之資本承擔

At 30 June 2006	At 31 December 2005
二零零六年六月三十日	二零零五年十二月三十一日
\$'000	\$'000
千元	千元
678,563	289,081
—	19,667
678,563	308,748

(17) OPERATING LEASE COMMITMENTS

At 30 June 2006, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

Within 1 year 一年內
 After 1 year but within 5 years 一年後但五年內
 After 5 years 五年後

(17) 經營租賃承擔

於二零零六年六月三十日，根據不可解除的經營租賃在日後應付的最低租賃付款額總數如下：

At 30 June 2006	At 31 December 2005
二零零六年六月三十日	二零零五年十二月三十一日
\$'000	\$'000
千元	千元
1,109	1,341
3,867	3,836
13,052	13,427
18,028	18,604

The Group leases waste-water treatment facilities from a minority shareholder under an operating lease. The lease runs for twenty years, with an option to renew the lease for a further five years. The Group also leases a number of properties under operating leases. The leases typically run for an initial period of one to two years. None of the leases includes contingent rentals.

本集團根據經營租賃向一名少數股東租賃污水處理設施。有關租賃為期二十年，並可選擇續租五年。此外，本集團根據經營租賃租賃多項物業。有關租賃一般初步為期一至兩年，且並不包括或有租金。

(18) PLEDGE OF ASSETS

At 30 June 2006, the banking facilities of the Group are secured by revenue from the operations of toll bridge, waste-water treatment plants and waste-to-energy power plant, bank deposits, mortgages on fixed assets and shares of a subsidiary of the Company. The aggregate net book value of assets pledged amounted to approximately \$794,768,000 (31 December 2005: \$662,693,000).

(19) POST BALANCE SHEET EVENT

On 28 August 2006, the Group entered into a sale and purchase agreement with Shenzhen Energy (H.K.) International Limited to dispose of its entire 44.12% interest in Newton Industrial Limited ("Newton", an associate of the Group) for a consideration of RMB663,627,000 (equivalent to \$641,595,000). The principal activity of Newton is investment holding and it holds a 34% equity interest in Shenzhen Mawan Power Company Limited, a sino-foreign joint venture established in the PRC which currently operates two power plants in Shenzhen, the PRC.

At 30 June 2006, the carrying amount of the Group's interest in Newton amounted to \$440,784,000.

(20) COMPARATIVE FIGURES

Certain comparative figures have been adjusted as a result of the changes in accounting policies. Further details are disclosed in note 2. In addition, interest paid has been classified from operating activities to financing activities in the condensed consolidated cash flow statement with comparatives restated. The directors consider this presentation reflects more appropriately the Group's cash flows.

(18) 資產抵押

於二零零六年六月三十日，本集團之銀行融資由經營收費橋樑、污水處理廠及垃圾發電廠所得收益、銀行存款、固定資產按揭及本公司旗下附屬公司之股份作擔保。已質押資產之賬面淨值總額約為794,768,000元（二零零五年十二月三十一日：662,693,000元）。

(19) 結算日後事項

於二零零六年八月二十八日，本集團與深圳能源（香港）國際有限公司訂立買賣協議，出售其於Newton Industrial Limited（「Newton」，本集團之聯營公司）之全數44.12%權益，代價為人民幣663,627,000元（相當於641,595,000元）。Newton之主要業務為投資控股，其持有深圳媽灣電力有限公司34%股本權益。深圳媽灣電力有限公司乃於中國成立之中外合營企業，目前於中國深圳經營兩家發電廠。

於二零零六年六月三十日，本集團所擁有之Newton權益之賬面價值為440,784,000元。

(20) 比較數字

由於會計政策有所變動，故若干比較數字已作調整。進一步詳情載於附註2。此外，於簡明綜合現金流量表，已付利息已由經營活動分類至融資活動，而比較數字亦已重報。董事認為，此呈報方式能更恰當地反映本集團之現金流。

Independent Review Report

獨立審閱報告

TO THE BOARD OF DIRECTORS OF CHINA EVERBRIGHT INTERNATIONAL LIMITED

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 40 to 72.

Respective responsibilities of directors and auditors

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, Interim financial reporting issued by the Hong Kong Institute of Certified Public Accountants. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards 700, Engagements to review interim financial reports issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of Group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

致中國光大國際有限公司董事會

引言

我們已應 貴公司指示，審閱刊於第40頁至第72頁的中期財務報告。

董事及核數師的各自責任

根據《香港聯合交易所有限公司證券上市規則》之規定，上市公司必須以符合上市規則中相關規定及香港會計師公會頒佈的《香港會計準則》第34號「中期財務報告」的規定編製中期財務報告。中期財務報告由董事負責，並由董事核准通過。

我們的責任是根據我們審閱工作的結果，對中期財務報告提出獨立結論，並按照我們雙方所協定的應聘條款，只向作為團體的董事會報告。除此以外，我們的報告書不作其他用途。我們概不會就本報告書的內容，對任何其他人士負責或承擔任何責任。

審閱工作

我們是按照香港會計師公會所頒佈的《核數準則》第700號「審閱中期財務報表的委聘」進行審閱。審閱工作主要包括向集團管理層作出查詢及分析中期財務報告，評估財務報告中會計政策是否貫徹運用，以及賬項編列是否一致；或已另作披露。審閱不包括控制測試及資產、負債和交易驗證等審核程序。由於審閱的範圍遠較審核小，所給予的保證程度也較審核低，因此，我們不會對中期財務報告發表審核意見。

Review conclusion

On the basis of our review, which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2006.

KPMG

Certified Public Accountants

Hong Kong, 14 September 2006

審閱結論

根據這項不構成審核的審閱工作，我們並沒有察覺截至二零零六年六月三十日止六個月的中期財務報告需要作出任何重大的修訂。

畢馬威會計師事務所

執業會計師

香港，二零零六年九月十四日



CHINA EVERBRIGHT INTERNATIONAL LIMITED

中國光大國際有限公司

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