光大國際
Everbright International

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

(Incorporated in Hong Kong with limited liability)

(Stock Code : 257)

2013 RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

Achieving successive new heights in operating profit during the 10 years of environmental protection business

Displaying strong growth momentum with ample cash resources from national favourable government policy

- Turnover from continuing operations increased by 56% to HK$5,319,866,000 (2012: HK$3,409,938,000)
- EBITDA on recurring basis increased by 42% to HK$2,217,929,000 (2012: HK$1,564,705,000)
- Profit attributable to equity shareholders increased by 18% to HK$1,324,667,000 (2012: HK$1,123,269,000)
- Final dividend of HK5.0 cents per share (2012: HK3.0 cents per share)

2013 ANNUAL RESULTS

The board of directors (the "Board") of China Everbright International Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2013 with comparative figures for the year ended 31 December 2012 as follows:

Consolidated income statement
For the year ended 31 December 2013

	Note	**2013** *HK$'000*	2012 *HK$'000*
Continuing operations			
Turnover	*3*	**5,319,866**	3,409,938
Direct costs and operating expenses		**(2,944,458)**	(1,726,266)
		2,375,408	1,683,672
Other revenue	*4*	**144,190**	106,929
Other loss	*5*	**(128)**	(10,022)
Administrative expenses		**(392,238)**	(297,377)
Profit from operations		**2,127,232**	1,483,202
Finance costs	*6(a)*	**(315,579)**	(312,640)
Profit before taxation	*6*	**1,811,653**	1,170,562
Income tax	*7*	**(447,455)**	(266,554)
Profit from continuing operations		**1,364,198**	904,008
Discontinued operation			
Profit from discontinued operation (net of tax)	*8*	**-**	250,096
Profit for the year		**1,364,198**	1,154,104

Consolidated income statement *(continued)*
For the year ended 31 December 2013

	Note	**2013** *HK$'000*	2012 *HK$'000*
Attributable to:			
Equity shareholders of the Company			
- Continuing operations		**1,324,667**	881,239
- Discontinued operation		**-**	242,030
		1,324,667	1,123,269
Non-controlling interests			
- Continuing operations		**39,531**	22,769
- Discontinued operation		**-**	8,066
		39,531	30,835
Profit for the year		**1,364,198**	1,154,104
Earnings per share	*10*		
Basic			
- Continuing operations		**HK32.60 cents**	HK23.26 cents
- Discontinued operation		**-**	HK6.39 cents
		HK32.60 cents	HK29.65 cents
Diluted			
- Continuing operations		**HK32.57 cents**	HK23.14 cents
- Discontinued operation		**-**	HK6.35 cents
		HK32.57 cents	HK29.49 cents

Consolidated statement of comprehensive income
For the year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
Profit for the year	**1,364,198**	1,154,104
Other comprehensive income for the year:		
Items that will not be reclassified to profit or loss:		
- Surplus on revaluation of land and buildings held for own use	**107,153**	-
- Tax effect relating to surplus on revaluation of land and buildings held for own use	**(16,641)**	-
Items that may be reclassified subsequently to profit or loss:		
- Exchange differences on translation of financial statements of subsidiaries	**277,549**	82,527
- Changes in fair value of available-for-sale securities	**(25,171)**	10,396
- Reclassification adjustment for impairment loss on available-for-sale securities transferred to profit or loss	**-**	9,994
- Tax effect relating to changes in fair value of available-for-sale securities	**3,264**	(2,528)
- Exchange reserve realised on disposal of subsidiaries	**-**	(96,560)
	346,154	3,829
Total comprehensive income for the year	**1,710,352**	1,157,933
Attributable to:		
Equity shareholders of the Company	**1,660,391**	1,127,677
Non-controlling interests	**49,961**	30,256
Total comprehensive income for the year	**1,710,352**	1,157,933

Consolidated balance sheet
At 31 December 2013

	Note	2013 HK$'000	2013 HK$'000	2012 HK$'000	2012 HK$'000
Non-current assets					
Fixed assets					
- Investment properties			**177,442**		10,731
- Other property, plant and equipment			**1,374,138**		1,422,515
- Interest in leasehold land held for own use under operating leases			**35,739**		37,801
			1,587,319		1,471,047
Intangible assets			**1,096,453**		613,564
Goodwill			**20,793**		20,793
Interest in associates			**254,380**		-
Other financial assets			**176,710**		196,692
Other receivables and deposits	*11*		**3,023,616**		2,603,369
Gross amounts due from customers for contract work	*12*		**9,035,315**		6,889,550
Finance lease receivables			**21,485**		21,384
Deferred tax assets			**10,966**		27,508
			15,227,037		11,843,907
Current assets					
Inventories		**75,524**		65,317	
Debtors, other receivables, deposits and prepayments	*11*	**1,376,719**		1,207,000	
Gross amounts due from customers for contract work	*12*	**941,297**		643,800	
Tax recoverable		**35,359**		26,118	
Finance lease receivables		**505**		463	
Pledged bank deposits		**43,468**		46,289	
Deposits with bank		**1,345,404**		943,352	
Cash and cash equivalents		**4,425,734**		1,806,868	
		8,244,010		4,739,207	
Current liabilities					
Bank loans					
- Secured		**939,146**		604,162	
- Unsecured		**840,721**		1,031,224	
		1,779,867		1,635,386	
Creditors, other payables and accrued expenses	*13*	**1,733,757**		1,190,736	
Current taxation		**58,413**		58,179	
		3,572,037		2,884,301	
Net current assets			**4,671,973**		1,854,906

Consolidated balance sheet *(continued)*
At 31 December 2013

		2013		2012	
	Note	***HK\$'000***	***HK\$'000***	*HK\$'000*	*HK\$'000*
Total assets less current liabilities			**19,899,010**		13,698,813
Non-current liabilities					
Bank loans					
- Secured		**3,381,733**		3,104,148	
- Unsecured		**1,759,521**		1,264,817	
		5,141,254		4,368,965	
Deferred tax liabilities		**978,635**		659,439	
			6,119,889		5,028,404
NET ASSETS			**13,779,121**		8,670,409
CAPITAL AND RESERVES					
Share capital			**448,371**		403,841
Reserves			**12,925,893**		7,945,918
Total equity attributable to equity shareholders of the Company			**13,374,264**		8,349,759
Non-controlling interests			**404,857**		320,650
TOTAL EQUITY			**13,779,121**		8,670,409

Notes:

1. Basis of preparation

The financial statements have been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the changes in accounting policies set out in note 2. The financial statements have been reviewed by the Company's audit committee. The financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 31 December 2013, but is derived from those financial statements.

2. Changes in accounting policies

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

- Amendments to Hong Kong Accounting Standard ("HKAS") 1, *Presentation of financial statements - Presentation of items of other comprehensive income*

- HKFRS 10, *Consolidated financial statements*

- HKFRS 12, *Disclosure of interests in other entities*

- HKFRS 13, *Fair value measurement*

- Amendments to HKFRS 7 - *Disclosures - Offsetting financial assets and financial liabilities*

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

Amendments to HKAS 1, *Presentation of financial statements - Presentation of items of other comprehensive income*

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of comprehensive income in the financial statements has been modified accordingly.

2. Changes in accounting policies *(continued)*

HKFRS 10, *Consolidated financial statements*

HKFRS 10 replaces the requirements in HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation - Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 12, *Disclosure of interests in other entities*

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards.

HKFRS 13, *Fair value measurement*

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Amendments to HKFRS 7 - *Disclosures - Offsetting financial assets and financial liabilities*

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32, *Financial instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on the financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7 during the periods presented.

3. Turnover and segment reporting

(a) Turnover

Continuing operations

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

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

	2013	2012
	HK$'000	*HK$'000*
Revenue from environmental energy project construction services	**2,516,997**	932,978
Revenue from environmental water project construction services	**449,779**	530,231
Revenue from alternative energy project construction services	**150,804**	138,741
Revenue from environmental energy project operation services	**635,427**	453,654
Revenue from environmental water project operation services	**558,461**	502,789
Revenue from alternative energy project operation services	**259,867**	256,097
Finance income	**744,386**	594,994
Gross rentals from investment properties	**3,742**	454
Construction management fee income	**403**	-
	5,319,866	3,409,938

3. **Turnover and segment reporting** *(continued)*

(a) Turnover *(continued)*

Continuing operations *(continued)*

For the year ended 31 December 2013, the Group has transactions with four local government authorities in the People's Republic of China ("PRC") which individually exceeded 10% of the Group's revenues. The revenue from these four PRC local government authorities during the year ended 31 December 2013 amounted to HK$953,152,000 (2012: HK$53,897,000), HK$614,290,000 (2012: HK$979,723,000), HK$589,724,000 (2012: HK$272,900,000) and HK$539,896,000 (2012: HK$51,295,000) respectively.

The aggregated revenues from environmental energy project construction and operation services, environmental water project construction and operation services, alternative energy project construction and operation services and finance income derived from local government authorities in the PRC amounted to HK$5,089,324,000 (2012: HK$3,028,499,000) for the year ended 31 December 2013. The revenues are included in "Environmental energy project construction and operation", "Environmental water project construction and operation" and "Alternative energy project construction and operation" segments as disclosed in note 3(b) to the financial statements.

(b) Segment reporting

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

- Environmental energy project construction and operation: this segment engages in the construction and operation of waste-to-energy power plants, industrial solid waste landfills and hazardous waste landfill to generate revenue from construction services, revenue from operation services as well as finance income.
- Environmental water project construction and operation: this segment engages in the construction, upgrade and operation of waste-water treatment plants, reusable water treatment plants and surface water treatment plant to generate revenue from construction services, revenue from operation services as well as finance income.
- Alternative energy project construction and operation: this segment engages in the construction and operation of methane-to-energy power plants, photovoltaic energy projects, biomass power generation plants and waste water source heat pump projects to generate revenue from construction services, revenue from operation services as well as finance income.
- Environmental technology and construction management: this segment engages in the conduct of environmental protection technology research projects, the provision of construction management services and manufacturing of environmental protection project equipments to generate management and consultancy fee income and revenue from sales of equipments.
- Property investment: this segment engages in the leasing of office premises to generate rental income and to gain from the capital appreciation of the properties' values in the long term.

3. **Turnover and segment reporting** *(continued)*

(b) ***Segment reporting*** *(continued)*

- Infrastructure construction and operation: this segment engages in the construction and operation of a toll bridge to generate revenue from construction service and toll fee revenue.

(i) Segment results, assets and liabilities

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

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

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

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

3. Turnover and segment reporting *(continued)*

(b) ***Segment reporting*** *(continued)*

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

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purpose of resource allocation and assessment of segment performance for the years ended 31 December 2013 and 2012 is set out below:

	Continuing operations												**Discontinued operation**			
	Environmental energy project construction and operation		**Environmental water project construction and operation**		**Alternative energy project construction and operation**		**Environmental technology and construction management**		**Property investment**		**Sub-total**		**Infrastructure construction and operation**		**Total**	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**3,616,152**	1,741,898	**1,283,630**	1,267,442	**415,939**	400,144	**403**	-	**3,742**	454	**5,319,866**	3,409,938	**-**	73,564	**5,319,866**	3,483,502
Inter-segment revenue	**-**	-	**-**	-	**-**	-	**661,893**	389,229	**-**	-	**661,893**	389,229	**-**	-	**661,893**	389,229
Reportable segment revenue	**3,616,152**	1,741,898	**1,283,630**	1,267,442	**415,939**	400,144	**662,296**	389,229	**3,742**	454	**5,981,759**	3,799,167	**-**	73,564	**5,981,759**	3,872,731
Reportable segment profit (EBITDA)	**1,541,318**	996,743	**660,043**	442,860	**146,147**	205,157	**385,796**	255,529	**3,216**	436	**2,736,520**	1,900,725	**-**	69,012	**2,736,520**	1,969,737
Interest income from bank deposits	**7,896**	3,051	**6,745**	11,662	**456**	391	**2,840**	2,394	**-**	-	**17,937**	17,498	**-**	422	**17,937**	17,920
Interest expense	**132,692**	136,452	**57,403**	78,721	**17,173**	17,852	**43,987**	34,651	**-**	-	**251,255**	267,676	**-**	2,302	**251,255**	269,978
Depreciation and amortisation	**7,432**	6,493	**15,066**	9,935	**47,358**	43,881	**17,697**	8,251	**1**	1	**87,554**	68,561	**-**	10,889	**87,554**	79,450
Additions to fixed assets and intangible assets	**340,188**	11,028	**12,292**	89,648	**153,372**	97,014	**24,763**	531,924	**-**	-	**530,615**	729,614	**-**	7	**530,615**	729,621
Additions to non-current portion of other receivables and deposits and gross amounts due from customers for contract work	**2,896,026**	1,288,244	**726,717**	743,765	**3,958**	60,313	**-**	-	**-**	-	**3,626,701**	2,092,322	**-**	-	**3,626,701**	2,092,322
Reportable segment assets	**11,134,410**	7,929,219	**4,945,965**	4,455,279	**1,796,499**	1,624,461	**1,030,748**	1,077,356	**200,159**	110,087	**19,107,781**	15,196,402	**-**	-	**19,107,781**	15,196,402
Reportable segment liabilities	**3,935,287**	2,722,138	**1,282,006**	1,492,508	**653,582**	566,215	**882,925**	854,870	**8,102**	3,083	**6,761,902**	5,638,814	**-**	-	**6,761,902**	5,638,814

3. Turnover and segment reporting *(continued)*

(b) Segment reporting (continued)

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

	2013			2012		
	Continuing operations	**Discontinued operation**	**Total**	Continuing operations	Discontinued operation	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Revenue						
Reportable segment revenue	**5,981,759**	**-**	**5,981,759**	3,799,167	73,564	3,872,731
Elimination of inter-segment revenue	**(661,893)**	**-**	**(661,893)**	(389,229)	-	(389,229)
Consolidated turnover	**5,319,866**	**-**	**5,319,866**	3,409,938	73,564	3,483,502
Profit						
Reportable segment profit	**2,736,520**	**-**	**2,736,520**	1,900,725	69,012	1,969,737
Elimination of inter-segment profit	**(493,237)**	**-**	**(493,237)**	(315,967)	-	(315,967)
Reportable segment profit derived from the Group's external customers	**2,243,283**	**-**	**2,243,283**	1,584,758	69,012	1,653,770
Depreciation and amortisation	**(90,697)**	**-**	**(90,697)**	(71,509)	(10,889)	(82,398)
Finance costs	**(315,579)**	**-**	**(315,579)**	(312,640)	(2,302)	(314,942)
Gain on disposal of subsidiaries	**-**	**-**	**-**	-	234,768	234,768
Unallocated head office and corporate income	**9,401**	**-**	**9,401**	17,059	-	17,059
Unallocated head office and corporate expenses	**(34,755)**	**-**	**(34,755)**	(47,106)	(1,895)	(49,001)
Consolidated profit before taxation	**1,811,653**	**-**	**1,811,653**	1,170,562	288,694	1,459,256

3. **Turnover and segment reporting** *(continued)*

(b) ***Segment reporting*** *(continued)*

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

	2013	2012
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**19,107,781**	15,196,402
Non-current other financial assets	**176,710**	196,692
Goodwill	**20,793**	20,793
Unallocated head office and corporate assets	**4,165,763**	1,169,227
Consolidated total assets	**23,471,047**	16,583,114
Liabilities		
Reportable segment liabilities	**6,761,902**	5,638,814
Unallocated head office and corporate liabilities	**2,930,024**	2,273,891
Consolidated total liabilities	**9,691,926**	7,912,705

3. Turnover and segment reporting *(continued)*

(b) Segment reporting *(continued)*

(iii) Geographical information

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

	Revenue from external customers		*Fixed assets and intangible assets*		*Non-current portion of other receivables and deposits and gross amounts due from customers for contract work*	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations						
Hong Kong (place of domicile)	**-**	-	**58,005**	56,844	-	-
Other parts of the PRC	**5,312,832**	3,402,041	**2,559,621**	1,961,090	**12,058,931**	9,492,919
Germany	**7,034**	7,897	**66,146**	66,677	**-**	-
	5,319,866	3,409,938	**2,683,772**	2,084,611	**12,058,931**	9,492,919
Discontinued operation						
Other parts of the PRC	**-**	73,564	**-**	-	**-**	-
	5,319,866	3,483,502	**2,683,772**	2,084,611	**12,058,931**	9,492,919

4. Other revenue

Continuing operations

	2013	2012
	HK$'000	*HK$'000*
Bank interest income	**27,339**	24,320
Dividend income from listed securities	**3,539**	8,804
Government grant*	**4,273**	1,057
Value-added tax refund**	**94,316**	56,660
Others	**14,723**	16,088
	144,190	106,929

* Government grant of HK$4,273,000 (2012: HK$1,057,000) was granted during the year ended 31 December 2013 to subsidise certain environmental energy, environmental water and alternative energy projects of the Group in the PRC, of which the entitlement was unconditional and under the discretion of the relevant authorities.

** Value-added tax refund of HK$94,316,000 (2012: HK$56,660,000) was received during the year ended 31 December 2013 in relation to environmental energy and alternative energy project operations of the Group in the PRC. The entitlement of the value-added tax refund was unconditional and under the discretion of the relevant authorities.

5. Other loss

Continuing operations

	2013	2012
	HK$'000	*HK$'000*
Net loss on sale of other property, plant and equipment	**128**	28
Impairment loss on available-for-sale securities	**-**	9,994
	128	10,022

6. Profit before taxation

Continuing operations

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

	2013	2012
	HK$'000	*HK$'000*
(a) Finance costs		
Interest on bank advances wholly repayable within five years	**155,630**	144,701
Interest on other bank advances and other loans	**159,949**	167,939
	315,579	312,640
(b) Staff costs		
Contributions to defined contribution retirement plan	**29,054**	18,503
Salaries, wages and other benefits	**350,477**	254,744
	379,531	273,247
(c) Other items		
Amortisation		
- interest in leasehold land held for own use under operating leases	**1,184**	972
- intangible assets	**19,433**	18,107
Depreciation	**70,080**	52,430
Net foreign exchange gain	**(20,149)**	(10,601)
Auditors' remuneration		
- audit services	**3,900**	3,650
- other services	**6**	6
Operating lease charges: minimum lease payments		
- hire of premises	**10,530**	5,343
Research and development costs	**8,377**	11,793
Rentals receivable from investment properties less direct outgoings of HK$119,000 (2012: HK$45,000)	**(3,623)**	(409)

7. Income tax

	2013	2012
	HK$'000	*HK$'000*
Current tax - Hong Kong Profits Tax		
Provision for the year	**-**	-
Current tax - PRC Income Tax		
Provision for the year	**149,707**	144,528
Over-provision in respect of prior years	**(2,311)**	(19,427)
	147,396	125,101
Deferred tax		
Origination and reversal of temporary differences	**300,059**	180,051
	447,455	305,152
Representing:		
Income tax expense from continuing operations	**447,455**	266,554
Income tax expense from discontinued operation	**-**	38,598
	447,455	305,152

No provision for Hong Kong Profits Tax has been made in the financial statements for the years ended 31 December 2013 and 2012 as the Group's operations in Hong Kong sustained a loss for Hong Kong Profits Tax purpose.

Taxation for the PRC operations is charged at the statutory rate of 25% of the assessable profits under taxation ruling in the PRC. During the year, certain PRC subsidiaries are subject to tax at 50% of the standard tax rates or fully exempt from income tax under the relevant tax rules and regulations.

8. Discontinued operation

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

Accordingly, the consolidated operating results of Greenway and its subsidiaries for the period ended 31 May 2012 are presented as discontinued operation in the financial statements.

9. Dividends

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

	2013	2012
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK3.5 cents per ordinary share (2012: HK3.0 cents per ordinary share)	**141,880**	120,834
Final dividend proposed after the balance sheet date of HK5.0 cents per ordinary share (2012: HK3.0 cents per ordinary share)	**224,186**	121,152
	366,066	241,986

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

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

	2013	2012
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK3.0 cents per ordinary share (2012: HK2.5 cents per ordinary share)	**121,611**	91,892

In respect of dividends attributable to the year ended 31 December 2012, the difference between the final dividend proposed and the amount approved and paid during the year represents the additional dividends to the ordinary shareholders upon the exercise of share options before the closing date of the register of members.

10. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$1,324,667,000 (2012: HK$1,123,269,000) and the weighted average number of 4,063,329,000 ordinary shares (2012: 3,788,297,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2013	2012
	'000	*'000*
Issued ordinary shares at 1 January	**4,038,412**	3,675,462
Effect of ordinary shares issued	**14,137**	109,973
Effect of share options exercised	**10,780**	2,862
Weighted average number of ordinary shares at 31 December	**4,063,329**	3,788,297

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$1,324,667,000 (2012: HK$1,123,269,000) and the weighted average number of 4,067,373,000 ordinary shares (2012: 3,809,145,000 ordinary shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2013	2012
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**4,063,329**	3,788,297
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**4,044**	20,848
Weighted average number of ordinary shares (diluted) at 31 December	**4,067,373**	3,809,145

11. Debtors, other receivables, deposits and prepayments

	2013	2012
	HK$'000	*HK$'000*
Debtors	**400,274**	532,410
Loan receivable	**51,156**	49,744
Other receivables, deposits and prepayments	**3,948,905**	3,228,215
	4,400,335	3,810,369
Less: Non-current portion		
- other receivables and deposits	**(3,023,616)**	(2,553,625)
- loan receivable	**-**	(49,744)
	(3,023,616)	(2,603,369)
Current portion	**1,376,719**	1,207,000

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

	2013	2012
	HK$'000	*HK$'000*
Current	**269,642**	187,164
Less than 1 month past due	**21,770**	73,360
More than 1 month but within 3 months past due	**40,925**	61,843
More than 3 months but within 6 months past due	**13,208**	93,709
More than 6 months but within 12 months past due	**9,466**	116,334
More than 12 months past due	**45,263**	-
Amounts past due	**130,632**	345,246
	400,274	532,410

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

The ageing analysis of debtors based on the date of invoice (or date of revenue recognition, if earlier) as of the balance sheet date is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 1 month	**205,510**	187,164
More than 1 month but within 2 months	**59,474**	73,360
More than 2 month but within 4 months	**52,339**	61,843
More than 4 months but within 7 months	**28,222**	93,709
More than 7 months but within 13 months	**9,466**	116,334
More than 13 months	**45,263**	-
	400,274	532,410

Debtors of HK$164,961,000 have been subsequently settled after 31 December 2013.

Debtors are due within 30 to 90 days (2012: 30 days) from the date of billing.

Included in "Debtors, other receivables, deposits and prepayments" of the Group are debtors of HK$400,274,000 (2012: HK$532,410,000) of which HK$53,153,000 (2012: HK$29,599,000) and HK$10,979,000 (2012: HK$10,551,000) are due from a non-controlling shareholder and a related company respectively. Debtors represent revenue from environmental energy project, environmental water project and alternative energy project operation services revenue. There was no recent history of default in respect of the Group's debtors. Since most of the debtors are local government authorities in the PRC and based on past experience, management believes that no impairment allowance is necessary in respect of the past due balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. No impairment loss was recognised by the Group at 31 December 2013 (2012: Nil).

"Debtors, other receivables, deposits and prepayments" include balances totalling HK$3,329,357,000 (2012: HK$2,784,034,000) which bear interest at rates ranging from 5.94% to 7.83% (2012: 5.94% to 7.83%) per annum and represent the considerations paid for the acquisition of waste-water treatment plants under Transfer-Operate-Transfer ("TOT") arrangements, among which HK$208,120,000 (2012: HK$194,094,000) and HK$513,433,000 (2012: HK$491,517,000) are due from a non-controlling shareholder and a related company respectively. The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the TOT arrangements. No impairment loss was recognised by the Group at 31 December 2013 (2012: Nil).

The loan receivable is unsecured, interest-bearing at 11% per annum, due from an unrelated party and due for repayment in 2014.

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

12. Gross amounts due from customers for contract work

	2013	2012
	HK$'000	*HK$'000*
Contract cost incurred plus recognised profits less anticipated losses	**12,579,019**	9,387,755
Less: Progress billings	**(2,602,407)**	(1,854,405)
Net contract work	**9,976,612**	7,533,350
Representing:		
Gross amounts due from customers for contract work		
- Non-current	**9,035,315**	6,889,550
- Current	**941,297**	643,800
	9,976,612	7,533,350

Included in "Gross amounts due from customers for contract work" are amounts of HK$212,609,000 (2012: HK$227,471,000) and HK$201,168,000 (2012: HK$213,243,000) which are due from a non-controlling shareholder and a related company respectively.

"Gross amounts due from customers for contract work" represent revenue from construction under Build-Operate-Transfer ("BOT") and Build-Transfer ("BT") arrangements or upgrade services under TOT arrangements and bear interest at rates ranging from 5.94% to 7.83% (2012: 5.94% to 7.83%) per annum. Among the total of HK$9,976,612,000 (2012: HK$7,533,350,000), HK$7,231,485,000 (2012: HK$5,920,961,000) relates to BOT and TOT arrangements with operation commenced. The amounts for BOT and TOT arrangements are not yet due for payment and will be settled by revenue to be generated during the operating periods of the arrangements. The amount for BT arrangements will be settled according to respective repayment schedules as stated in the agreements.

13. Creditors, other payables and accrued expenses

	2013	2012
	HK$'000	*HK$'000*
Creditors, other payables and accrued expenses	**1,733,757**	1,190,736

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

	2013	2012
	HK$'000	*HK$'000*
Due within 1 month or on demand	**70,396**	78,611
Due after 1 month but within 3 months	**27,686**	12,212
Due after 3 months but within 6 months	**23,701**	15,697
Due after 6 months	**843,817**	686,687
	965,600	793,207

Included in "Creditors, other payables and accrued expenses" of the Group is an amount of HK$25,355,000 (2012: HK$14,161,000) 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, creditors totalling HK$912,941,000 (2012: HK$774,155,000) represent construction payables for the Group's BT, BOT and certain Build-Operate-Own ("BOO") arrangements, among which HK$1,279,000 (2012: HK$10,241,000) is due to a non-controlling shareholder. The construction payables are not yet due for payment. Included in "Other payables and accrued expenses" of the Group as at 31 December 2013 is an amount of HK$6,395,000 (2012: HK$6,218,000) which is payable to a non-controlling shareholder. The amount due to non-controlling shareholder is unsecured, interest free and expected to be settled within one year.

BUSINESS REVIEW AND PROSPECTS

Operating Results

In 2013, Europe and the U.S. experienced moderate economic recovery while emerging economies faced a slowdown in economic growth. As an important part of the global economy, China actively transformed its economic structures while continuing to maintain stable economic growth, and the development of the green economy and environmental protection industry have become core priorities for China's future economic reforms and long-term development.

Following the State's 12th Five-Year Plan which ranked energy conservation and environmental protection first among the seven Strategic Emerging Industries in 2013, relevant state departments have issued a series of guidelines and policies on environmental restoration, including *Air Pollution Control Action Program 2013-2017* and *Ten Measures to Prevent and Control Atmospheric Pollution*. In particular, the 18th National Congress of the Chinese Communist Party laid out a development blueprint for the Construction of a Beautiful China, which enhanced the environmental protection industry to an unprecedented height. We believe that the State will further step up its policy support and capital investments in environmental restoration, and the demand for environmental protection and alternative energy across the country will continue to grow, providing the Group with enormous market and development opportunities.

2013 is the 20th anniversary of the Group and the 10th anniversary of its move to the environmental protection business. It is also a crucial year for the Group to build on past experience and herald a new round of developments. During the year under review, the Group adhered to the business philosophy of Development, Openness and Creativity, and continued to advance the steady development of each business segment. Benefiting from favourable national policies and growing demand in the market, the Group has made remarkable achievements and delivered outstanding performance in operating results, market expansion, internal management, technology research and development, equipment manufacturing, fund raising and financing, and the extension of its business chain. Leveraging its leading technology in environmental protection and alternative energy as well as its highly effective management team, the Group stands out amongst its competitors and continues to explore new business areas in order to maintain and consolidate its leading position in the industry.

During the year under review, the Group formed a new market expansion strategy and established a market development model comprising four representative offices in Shenzhen, Beijing, Nanjing and Jinan, which work closely with the Group’s headquarter in Hong Kong. In particular, Jiangsu and Shandong provinces and their surrounding markets have been linked to one another through the establishment of two representative offices in Nanjing and Jinan, further expanding the business scope and geographic reach of the Group’s business. The Group attached great importance to reforms to drive its long-term development whilst expanding the scale of its operations. After establishing the mainland management centre in Shenzhen, the Group moved from Consolidation to Integration with a well-defined management mechanism, enabling the Group to expand its business, be innovative and continue a strong growth momentum.

In 2013, the Group successfully secured 12 environmental protection projects with a total investment of approximately RMB2.48 billion, further consolidating the Group’s leading position in the industry. At the same time, the Group reinforced its cooperation with governments at all levels and signed strategic cooperation agreements with many municipal and provincial governments including Beijing, Nanjing, Shenzhen, Shandong, Jiangxi, Sichuan, Jiangsu and Zhuhai, facilitating the formation of a number of investments in new projects and new districts.

In addition, the Group continued its reforms and innovation of project construction and production processes, endeavoured to improve its overall effectiveness and reached a record high in its annual operating profit. Leveraging its rich experience, the Group will fully prepare for all projects currently in preparatory stage and proceed with the commencement of construction of all new projects, in order to fuel earnings growth. The gradual completion and commencement of operation of projects that the Group secured over the past few years, as well as the current projects under construction which are being carried out on schedule, will provide new profit drivers for the Group.

To ensure its sustainable development, the Group proactively expands its financing channels to strengthen its capital structure. In May 2013, the Group signed a strategic cooperation agreement with China Development Bank ("CDB"). According to the agreement, CDB will provide financing support of RMB10 billion to the Group. In June 2013, the Group secured a long-term loan facility of USD70 million from International Finance Corporation ("IFC") under the World Bank Group, which will be used to finance the Group's environmental water projects. In addition, the Group raised approximately HK$3,616,816,000 through a share placement in December 2013, which provided adequate working capital, broadened our shareholder and equity bases, and facilitated further development of the Group's environmental protection business. As at 31 December 2013, the Group has cash on hand of HK$5,814,606,000, and has maintained a reasonable gearing level and healthy financial position. The Group achieved a steady growth of its business and further enhanced its competitive strength.

The Group also improved its technological advantages and strengthened its market competitiveness through cooperation with world-renowned environmental protection companies. It signed an agreement with MARTIN GmbH für Umwelt - und Energietechnik ("MARTIN GmbH") on utilizing its grate furnace technology and a cooperation framework agreement with Suez Environnement Group to collaborate on waste treatment, waste water treatment, sludge treatment, hazardous waste treatment and environmental protection technology.

Over the years, the Group's outstanding operating performance, potential for long-term development and excellent management approach have been widely acknowledged in the market. The Group also strives for excellence in corporate governance, technology innovation and internal risk management. During the year under review, the Group was included as a constituent stock of the MSCI China Index and Hang Seng China-Affiliated Corporations Index, and selected as a constituent member of the Hang Seng Corporate Sustainability Benchmark Index for the third consecutive year, which demonstrated the Group's excellent performance in operating results, operation management and corporate sustainable development.

In addition, during the year under review, the Group won several awards including the Outstanding Brand Awards 2013 (Environmental Protection and Alternative Energy Category), Gold Award at The Excellence in Management and Corporate Governance Awards 2013, first place in the Top Ten

Influential Solid Waste Treatment Enterprises in China, and the Hong Kong Outstanding Enterprise Award for the seventh consecutive year. The awards highlight the significant achievements the Group has made during the year and the wide recognition from the community for the Group's perseverance and efforts in the environmental protection business.

The Group actively followed the State's environmental protection policies and applied for government subsidies and tax benefits at all government levels. During the year under review, the Group obtained subsidies of RMB43,109,000 under the scheme of the Central Budgetary Investment Plan and special funds from the provincial budget, showing how its high-quality project construction and operation had received recognition from the central and local government. The Group also continued to receive tax benefits; during the year under review, it received value-added tax refunds and profit tax refunds of RMB74,801,000 and RMB3,464,000 respectively.

In 2013, following the completion and commencement of operation of the Group's projects secured over the past few years, the steady progress of the projects under construction, as well as the commencement of production of the Group's equipment manufacturing centre, drove a continued growth of its overall operating efficiency. During the year under review, the Group's consolidated turnover amounted to HK$5,319,866,000, an increase of 56% from HK$3,409,938,000 of 2012. The EBITDA on recurring basis amounted to HK$2,217,929,000, an increase of 42% from HK$1,564,705,000 of last year. Profit attributable to equity shareholders of the Company for the year of 2013 was HK$1,324,667,000, 18% more than the HK$1,123,269,000 of 2012. The increase in profit on a recurring basis has completely offset the profit from discontinued operation due to the disposal of the Fuzhou Qingzhou Bridge Project last year. Basic earnings per share of 2013 were HK32.60 cents, HK2.95 cents more than the HK29.65 cents in the previous year.

The Group remained dedicated to enhancing value for its shareholders. To reward shareholders for their support and considering the Group's need to achieve long term sustainable development, the Board of the Company has proposed to pay a final dividend of HK5.0 cents per share to shareholders of the Company. The total dividends for the year are to be HK8.5 cents per share (2012: HK6.0 cents per share).

Environmental Protection and Alternative Energy Businesses

To keep up with the rapid development of the environmental protection and alternative energy industries, the Group actively explored business opportunities in all areas of the environmental protection and alternative energy businesses. As at 31 December 2013, the Group secured 80 environmental protection and alternative energy projects, with a total investment of approximately RMB18.972 billion. Of these projects, those that had completed construction accounted for a total investment of approximately RMB9.609 billion, while those currently under construction accounted for a total investment of approximately RMB3.777 billion. The total investment of projects still in preparatory stage is approximately RMB5.586 billion. After excluding the investment of RMB1.301 billion of the biomass power generation projects whose construction has been postponed, the total investment of projects currently in preparatory stage is approximately RMB4.285 billion.

During the year under review, the turnover from the environmental protection and alternative energy business sectors amounted to HK$5,315,721,000, in which construction service revenue increased by 95% to HK$3,117,580,000 and operation service revenue was HK$1,453,755,000, increased by 20% as compared with 2012. The proportion of the revenue is as follows: construction service revenue 59%, operation service revenue 27% and finance income 14%.

Major financial data of the environmental protection and alternative energy businesses in 2013 is summarised in the table below:

	2013				2012			
	Environmental Energy Projects	**Environmental Water Projects**	**Alternative Energy Projects**	**Total**	Environmental Energy Projects	Environmental Water Projects	Alternative Energy Projects	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover								
- Construction services	**2,516,997**	**449,779**	**150,804**	**3,117,580**	932,978	530,231	138,741	1,601,950
- Operation services	**635,427**	**558,461**	**259,867**	**1,453,755**	453,654	502,789	256,097	1,212,540
- Finance income	**463,728**	**275,390**	**5,268**	**744,386**	355,266	234,422	5,306	594,994
	3,616,152	**1,283,630**	**415,939**	**5,315,721**	1,741,898	1,267,442	400,144	3,409,484
EBITDA	**1,541,318**	**660,043**	**146,147**	**2,347,508**	996,743	442,860	205,157	1,644,760

The Group attaches equal importance to both economic and social benefits and adheres to the principles of protecting the environment and fulfilling its responsibilities, through all of its energy conservation and emission reduction indicators which are constantly setting new standards. During the year under review, the Group processed household waste of 4,423,000 tonnes, industrial and hazardous waste of 68,000 tonnes, agricultural waste of 341,000 tonnes and generated green electricity of 1,552,984,000 kWh. This output can support the annual electricity consumption of 1,294,000 households and is equivalent to saving standard coal of 621,000 tonnes and reducing carbon dioxide (CO_2) emissions by 1,942,000 tonnes. Meanwhile, the Group treated waste water of 526,485,000 m^3 and leachate from waste-to-energy plants of 923,000 m^3 and reduced COD emissions by 192,000 tonnes. Since the Group's first environmental protection project commenced operation in 2005, it has processed an accumulated household waste of 15,868,000 tonnes, industrial and hazardous waste of 244,000 tonnes, agricultural waste of 857,000 tonnes and generated green electricity of 5,178,264,000 kWh, which can fulfill the annual electricity consumption of 4,315,000 households and save the equivalent of standard coal of 2,071,000 tonnes, reducing CO_2

emissions by 6,493,000 tonnes and preventing 673,802,000 trees from being cut down. The Group has processed an accumulated waste water of 3,179,594,000 m³ and leachate from waste-to-energy plants of 2,643,000 m³ and reduced COD emissions by 1,224,000 tonnes.

1. Environmental Energy

As at 31 December 2013, the Group had 24 waste-to-energy projects and 8 industrial and hazardous waste treatment projects which commanded a total investment of approximately RMB12.044 billion. The facilities are designed with an aggregate annual household waste processing capacity of approximately 7,647,000 tonnes, which can in turn generate on-grid electricity of approximately 2.249 billion kWh annually. The aggregate annual hazardous waste (including industrial waste and medical waste) treatment capacity (including landfill, incineration and physico-chemical processing) is approximately 230,000 tonnes.

The Group is always well prepared and constantly learning from its experience, has substantial knowledge of the market, and concentrates its resources on developing the environmental energy sector. In 2013, the Group secured a total of 4 waste-to-energy projects including Shandong Rizhao Waste-to-energy Project, Zhejiang Ninghai Waste-to-energy Project, Shandong Heze Waste-to-energy Project, and Jiangsu Zhenjiang Waste-to-energy Project Phase II. The new projects add a total designed daily household waste processing capacity of 2,300 tonnes. The Group also secured 4 hazardous waste treatment projects including Shandong Zibo Integrated Hazardous Solid Waste Treatment Project ("Zibo Hazardous Solid Waste Treatment Project"), Jiangsu Binhai Hazardous Solid Waste Landfill Project ("Binhai Hazardous Solid Waste Landfill Project"), Shandong Shouguang Integrated Hazardous Solid Waste Treatment Project ("Shouguang Hazardous Solid Waste Treatment Project"), and Jiangsu Lianyungang Suzukigumi Waste Treatment Co., Ltd. ("Lianyungang Suzukigumi Hazardous Waste Treatment Project"), in which the Group has signed an agreement to acquire 100% equity interest.

As market demand continues to increase, the hazardous waste treatment business has bright prospects. The Group will seize this opportunity to expand its business, further enhance its status in the hazardous waste treatment industry and strengthen its core competitiveness. The investment in Zibo Hazardous Solid Waste Treatment Project and Shouguang Hazardous Solid Waste Treatment Project marked the Group's entry into Shandong's hazardous waste treatment sector, further strengthened the synergies among various projects in Shandong Province. The Binhai Hazardous Solid Waste Landfill Project is the largest hazardous solid waste landfill project of the Group and it is also the Group's fifth hazardous waste landfill project in Jiangsu Province. The Lianyungang Suzukigumi Hazardous Waste Treatment Project is the Group's first hazardous waste incineration project to commence operation as well as its first medical waste treatment project. The 4 new hazardous waste treatment projects are designed with a total annual processing capacity (including landfill, incineration and physico-chemical processing) of hazardous waste (including industrial waste and medical waste) of approximately 150,000 tonnes.

The success in market expansion is mainly due to projects' stable operation and compliance with discharge standards. The Group sticks to its goal of building exemplary environmental protection projects with regards to construction and operation, which always adhere to the highest industry standards; the gas emissions of the Group's waste-to-energy projects fully comply with the Euro 2000 Standard and the leachate treatment adheres to the national Grade 1 emission standard, laying a solid foundation for the Group's leading position in China's waste-to-energy industry.

During the year under review, the environmental protection projects of the Group processed a total household waste of 4,423,000 tonnes, industrial and hazardous waste of 68,000 tonnes and generated a total on-grid electricity of 1,052,199,000 kWh, an increase of 19%, 51%, and 27% respectively as compared with 2012. The environmental energy projects contributed an EBITDA of HK$1,541,318,000, an increase of 55% from 2012. The growth in profit was mainly attributable to the recognition of construction service revenue and cost savings during the year as well as the increase in the operation service revenue due to continued increase in the total processing volume of operating projects.

Major operating and financial data of the environmental energy sector in 2013 is summarised below:

	2013	2012
Waste-to-energy projects		
Waste processing volume (tonne)	**4,423,000**	3,711,000
On-grid electricity (MWh)	**1,052,199**	825,490
EBITDA (HK$'000)	**1,408,226**	933,983
Industrial and hazardous waste treatment projects		
Waste processing volume (tonne)	**68,000**	45,000
EBITDA (HK$'000)	**133,092**	62,760

2. Environmental Protection Industrial Parks

The Group actively promotes environmental protection. Under the principle of Implementing Projects with One Success Followed by Another, the Group works closely with the relevant local government authorities to design and build environmental protection industrial parks, and plans the utilisation of local resources within the park, sharing of infrastructure and optimisation of available land resources. The objective of this exercise is to achieve efficient recycling of solid waste and to enhance energy conservation, making it easier for the government and enterprises to implement a centralised management system and ultimately achieve "Nil discharge". The parks will be established as modern environmental protection industrial parks and educational centres for environmental protection.

During the year under review, the Group signed a strategic cooperation framework agreement with the Jiangning District People's Government of Nanjing City. The two parties will further enhance their cooperation based on the existing Nanjing Waste-to-energy Project ("Nanjing Project"). The Group and Jiangning District People's Government established a joint venture company, in which the Group is the major shareholder. At the same time, it appointed member to the management committee of Nanjing Jiangnan Veinous Industrial Park to advance the park's development and operation.

As at 31 December 2013, the Group had 10 environmental protection industrial parks, including those in Suzhou, Changzhou, Suqian, Zhenjiang, Zhenjiang (New District), Yixing, Lianyungang Xuwei New District, Nanjing of Jiangsu Province, Weifang of Shandong Province and Ganzhou of Jiangxi Province.

3. Environmental Water

As at 31 December 2013, the Group had 21 waste water treatment projects and 4 reusable water projects, commanding a total investment of RMB3.214 billion. The projects are designed with an annual waste water treatment capacity of approximately 667,950,000 m^3 and provide reusable water of 22,334,000 m^3 annually. Meanwhile, 2 water BT projects have completed construction, commanding a total investment of RMB447 million.

The Group continued to consolidate its environmental water business. During the year under review, the Group advanced the development of its environmental water projects and obtained Shandong Zhangqiu Waste Water Treatment Project and the upgrading project of Ling County Plant No. 1 Project. In addition to achieving stable operations and complying with discharge standards, the Group reduced operating costs by saving electricity consumption, monitoring water quality changes and making adjustments accordingly, and centralising procurement. During the year under review, Jiangsu Jiangyin Reusable Water Project, Shandong Jinan Licheng Waste Water Treatment Project Phase II ("Jinan Licheng Project Phase II"), Shandong Dezhou Nanyunhe Waste Water Project Phase I ("Dezhou Nanyunhe Project Phase I"), all commenced commercial operation. After the Jinan Licheng Project Phase II commenced commercial operation, the total daily waste water treatment capacity of the Group's four existing waste water treatment plants in Jinan City reached 730,000 m^3. Furthermore, the standard waste water treatment fee of Zhoucun Waste Water Treatment Project and Jinan Licheng Project has been increased during the year under review.

Environmental water projects treated waste water of 526,485,000 m^3, an increase of 3% as compared with 2012. The environmental water projects brought an EBITDA of HK$660,043,000, an increase of 49% as compared with 2012. The increase in profit was mainly due to the completion of construction and commencement of commercial operation of Jinan Licheng Project Phase II, which contributed to the construction service revenue, as well as construction cost savings recognised on completed projects.

Major operating and financial data of the environmental water business in 2013 is summarised below:

	2013	2012
Environmental water projects		
Waste water treatment volume (m^3)	**526,485,000**	508,822,000
EBITDA (HK$'000)	**660,043**	442,860

To further accelerate the development of its environmental water business, the Group is committed to restructuring the business and enhancing its investment value. In December 2013, China Everbright Water Investments Limited ("Everbright Water Investments"), a wholly-owned subsidiary of the Company, signed a framework agreement with HanKore Environment Tech Group Limited ("HanKore"), which is listed on the main board of the Singapore Exchange Securities Trading Limited. According to the framework agreement, the Company proposed to inject all the investments of its environmental water business into HanKore and in return HanKore agreed to allot and issue certain consideration shares to Everbright Water Investments. Upon completion, Everbright Water Investments will hold more than 50% of the enlarged share capital of HanKore and HanKore will become a subsidiary of the Company. Both sides are currently conducting due diligence investigation. Following the conclusion of the terms of the transaction and the execution of definitive agreements, the Company will make further announcement to the market.

4. Alternative Energy

As at 31 December 2013, the Group had 18 alternative energy projects, including 8 photovoltaic energy projects, 6 biomass power generation projects (including 4 previously postponed projects), 2 methane-to-energy projects and 2 waste water source heat pump projects with a total investment of approximately RMB2.855 billion. The total designed annual processing capacity of agricultural waste is approximately 1,643,000 tonnes, generating on-grid electricity of 1,167,000,000 kWh annually.

During the year under review, the photovoltaic energy projects enhanced the operation efficiency through enhancing the operation management and reduced the power consumption. By improving fuel quality and the equipment utilisation rate and reducing auxiliary power consumption, the operational efficiency of the Anhui Dangshan Biomass Power Generation Project ("Dangshan Project") was enhanced. The Group officially activated the Anhui Hanshan Biomass Power Generation Project ("Hanshan Project") after receiving approval from the National Energy Administration Bureau in January 2013 and construction of the Hanshan Project started in June 2013. The construction and operation quality of the Hanshan Project will be further enhanced based on the Dangshan Project. The Hanshan Project is expected to be completed and commence commercial operation in 2014.

During the year under review, the Group's alternative energy projects contributed an EBITDA of

HK$146,147,000, a decrease of 29% as compared with last year. The decrease in profit was mainly due to recognition of construction cost saving in 2012.

Major operating and financial data of the alternative energy business in 2013 is summarised below:

	2013	2012
Alternative energy projects		
On grid electricity (MWh)	**257,156**	269,363
EBITDA (HK$'000)	**146,147**	205,157

Environmental Protection Engineering

By establishing a standardized engineering management system, making the most of its management experience and enhancing its core competencies, the Group was able to provide high quality construction engineering services and enhance the overall efficiency of the construction and operations of various projects. During the year under review, the Group undertook the highest number of projects and contracts, with 4 projects completing construction, 26 projects under development or in preparatory stage which, commanding a total investment of over RMB8.06 billion.

During the year under review, Suzhou Waste-to-energy Project ("Suzhou Project") Phase III, Dezhou Nanyunhe Project Phase I and Jinan Licheng Project Phase II completed construction and commenced commercial operation. The total daily waste processing capacity of Suzhou Project Phase I, II, and III reached 3,550 tonnes (amount of incinerated waste) and the total daily volume of collected waste amounted to 3,850 tonnes after the Suzhou Project Phase III commenced commercial operation, leading it to be the largest processing capacity and highest industry standards in China. In addition, Jiangsu Xinyi Surface Water BT Project, another key project, was also completed and transferred, and officially started supplying water to the urban area of Xinyi City. The project was well managed in terms of the overall construction budget and project quality, and won recognition from the Xinyi Municipal Government. Moreover, the Group explored dismantling old facilities and building new ones through the dismantling of the Wujiang Waste-to-energy Project's old plant and re-modeling of equipment.

The Group experienced an important year in project construction in 2013. During the year under review, a total of 9 projects commenced construction, including Jinan Licheng Project Phase II, Zhangqiu Waste Water Treatment Project, Pizhou Waste-to-energy Project Phase I, Sanya Waste-to-energy Project Phase I, Shouguang Waste-to-energy Project Phase I, Boluo Waste-to-energy Project Phase I, Guanyun Hazardous Solid Waste Treatment Project, Binhai Hazardous Solid Waste Landfill Project and Hanshan Project. Together with the continued construction of the Nanjing Project and Ningbo Waste-to-energy Project Phase I as well as the commencement of construction of other new projects, the construction service revenue is expected to become a new growth driver for the Group.

The Group is committed to the principle of First Class Quality, High Standard, Advanced Technology, Outstanding Efficiency with regards to project construction. It strives to create benchmark projects in the country. During the year under review, the Group's Jinan Waste-to-energy Project received the highest award in the China Quality Project Construction 2012-2013, also known as the "Luban Prize" for national projects of quality. In addition, the Suzhou Project was categorized as the National AAA Waste-to-energy Power Plant by the Ministry of Industry and Information Technology of the PRC and the China Installation Engineering High-quality Award (China Installation Star) 2013-2014 by the China Installation Association.

Environmental Protection Technology

The Group has always upheld an operating philosophy of planning based upon scientific theory, meticulous organisation, bold innovation, and has consistently increased its R&D investments enabling it to be at the forefront of technological trends developments. The Group has established a set of R&D systems to ensure robust scientific development and introduced first-class technology from China and overseas to improve its technological development capabilities and quality. During the year under review, the Group prioritised 8 fields for R&D, with a total budget of more than RMB20 million, and achieved substantial breakthrough in 5 major fields including waste incineration grate furnaces, leachate treatment systems, gas treatment systems, waste-to-energy control systems and biomass collection-storage-transportation systems.

The Group's self-developed grate furnaces now operate in the waste-to-energy projects located in Jiangyin, Zhenjiang, Suqian, and Suzhou in Jiangsu Province and have achieved a satisfactory operational performance, reaching international standards. In addition, the success of the leachate treatment high-efficiency anaerobic system can now boast short retention time, high processing ability and low operating energy consumption, making it the Group's third generation of international standard treatment processing and technology. The self-developed equipment is most suitable for processing solid waste incineration in mainland and has significantly enhanced the operating efficiency of the Group's waste-to-energy projects. Furthermore, the Group has commenced and promoted research in biomass integrated utilisation, hazardous waste incineration treatment, food waste treatment, plastic waste treatment, sludge treatment and disposal techniques, and environment remediation.

During the year under review, the Group was granted 21 patents, of which 5 were invention patents and 16 were utility invention patents. The Group will continue to strengthen its efforts in advancing R&D to develop its business, so as to fuel the scope of the Group's expansion and sustainable development.

Environmental Protection Equipment Manufacturing

2013 was the first full year of operation for the Group's environmental protection equipment manufacturing business. The Group's production base for environmental protection equipment, which is located in Changzhou in Jiangsu Province, commenced production in 2012. It mainly manufactures major equipment such as grate furnaces, automatic control systems and leachate systems for the Group's waste-to-energy projects. It also provides outsource waste-to-energy project advisory services.

During the year under review, the Group completed the assembly commissioning of 7 sets of incinerators and reduced the production cost significantly, thereby enhancing the market competitiveness of these products. At the same time, gas purification system equipment and a complete set of leachate equipment supplies were completed to facilitate the project construction schedule. The production management system for equipment manufacturing is on the path towards standardization, institutionalization and systematization, with its key products being categorised as Hi-tech Products by Changzhou City and Jiangsu Province.

The Group's environmental protection equipment manufacturing business actively advanced the outsourcing market. During the year under review, the Group signed ash treatment equipment supply and project management contracts, and provided technology consultancy services to a number of local governments, achieving a breakthrough in external sales of equipment and technology.

With the Group's environmental protection business continuing to develop, the Group decided to invest in the Changzhou Equipment Manufacturing Project Phase II during the year under review. This will include the expansion of a manufacturing plant, the construction of an R&D facility and a technical test centre, etc.

Post-Result Events

The Group secured the Anhui Ma'anshan Waste-to-energy Project ("Ma'anshan Project") and Hunan Yiyang Waste-to-energy Project ("Yiyang Project") on 2 January and 14 January 2014 respectively. The Group will set up a joint venture company with Ma'anshan Urban Development Investment Group Co., Ltd. for the construction of the Ma'anshan Project, and both parties will own a 50% equity interest in the venture. The Ma'anshan Project, with a concession period (including the construction period) of 30 years, is the first waste-to-energy project for the Group in Anhui Province. The Ma'anshan Project Phase I is designed to have a daily waste processing capacity of 800 tonnes, with a total investment of approximately RMB450 million. The Ma'anshan Project is located near to the Nanjing Project, so the two projects can take advantage of their synergy and proximity to help save construction and operation management costs. The Yiyang Project is the Group's first environmental protection project carried out in Hunan Province. The concession period (including the construction period) of the Yiyang Project is 30 years. The Yiyang Project Phase I is designed with a total daily household waste processing capacity of 800 tonnes, with a total investment of approximately RMB373 million.

Business Prospects

2013 is the 10th anniversary of the Group's transformation into an environmental protection enterprise. In the past decade, the Group has adhered to the principle that An Enterprise is not only a Creator of Wealth, but also the Safeguard of Environmental and Social Responsibility, with a total focus on environmental protection and alternative energy. The Group has developed a series of projects with first class quality, high standards, advanced technology and outstanding efficiency and in doing so has become a leading one-stop integrated environmental solution provider in China.

According to the Construction of a Beautiful China development blueprint formulated by the 18th National Congress of the Communist Party of China, social progress and development will be guided by the principle ecological civilization. The government will strengthen the sector's administration, build a strong base for the environmental protection industry, highlight the key areas of environmental protection and rely on environmental protection enterprises to achieve the goal of environmental restoration in China.

According to the Opinions of the State Council on Speeding up the Development of Energy-efficient and Environmentally-friendly Industries plan issued by the State Council on 11 August 2013, the growth of the annual output of energy conservation and environmental protection will be maintained at above 15%. The industry output of China's energy conservation, environmental protection and resource recycling is expected to reach RMB4.5 trillion in 2015. The environmental protection industry will by then become a pillar industry in China. The 12th Five-Year Plan clearly stated that by 2015, all national municipalities, provincial capitals and separately planned cities will conduct non-hazardous treatment of household waste, with the non-hazardous treatment rate of urban living waste reaching over 90%, and the capacity of national urban waste incineration facilities accounting for more than 35% of the total processing capacity of non-hazardous treatment. This vast goal has brought about tremendous market opportunities. The Group will explore the potential and take full advantage of opportunities in the rapid development of the industry in order to continue to grow its business and increase its operational efficiency.

While strengthening its two traditional core business segments, environmental energy and environmental water, the Group is now actively expanding into other advantageous business segments including alternative energy projects and environmental protection industrial parks, and also focusing on promoting the new business segment of environmental protection equipment manufacturing. The Group will continue to adopt a clear market position and strategy, focusing on technological innovation, R&D while constantly enhancing its core competitiveness, and through portfolio diversification in various regional markets, create synergies and strong brand influence to expand market share.

The Group will adhere to its management model of having Hong Kong headquarter as a base supported by four representative offices and developing markets in three directions: expanding from modern cities to rural areas, expanding from coastal cities to inland cities, and expanding from domestic markets to overseas markets. As the Group further develops its existing business segments, it will strive to break through in new geographic areas and new business segments to gradually expand the footprint of its environmental business.

The Group believes that more market opportunities and challenges lie ahead in 2014. The Group will follow the market closely in order to capture the best opportunities while paying attention to risk control and strengthening the foundations of the business. Against a complicated and ever-changing international and domestic economic backdrop, the Group will monitor the possibility of market risk in real-time, analyse market conditions and take responsive measures to ensure the steady development of the Group's business and create maximum value for shareholders.

Looking ahead, riding on the nation's long term support for the environmental protection industry and under the guidance of the national policy of Ecological Civilization, with the strong support by parent company, China Everbright Holdings Company Limited, we are confident about future development. As one of the leaders in China's environmental protection industry, the Group will take a humble, open and practical attitude, forging ahead with advanced management concepts and strategies to continue hitting new heights in business development. The Group will pursue comprehensive development of its business through synergies of its various business sectors, and at the same time fulfill its commitment and responsibility to the community in order to further contribute to social development, economic growth and environmental governance.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Position

As at 31 December 2013, the Group had total assets amounting to HK$23,471,047,000, with HK$13,374,264,000 worth of net assets attributable to equity shareholders of the Company. Net asset value per share attributable to equity shareholders amounted to HK$2.983 per share, an increase of 44% as compared with HK$2.068 per share at the end of 2012. As at 31 December 2013, gearing ratio (total liabilities over total assets) of the Group was 41%, 7 percentage points less than the 48% as at the end of 2012.

Financial Resources

The Group adopts a prudent approach to cash and financial management to ensure proper risk control and low cost of funds. It finances its operations primarily with internally generated cash flow and loan facilities from banks. As at 31 December 2013, the Group had cash and bank balances of HK$5,814,606,000 representing an increase of HK$3,018,097,000 as compared to HK$2,796,509,000, at the end of 2012. Currently, 94% of the Group's cash is denominated in Hong Kong dollars and Renminbi.

Borrowings

The Group is striving to increase its banking facilities to reserve sufficient funds for the development of its environmental protection business. During the year under review, the Group has signed a strategic cooperation agreement of RMB10 billion with CDB and a loan agreement of USD70 million with IFC. The cooperation with two banks as well as the loan facilities from Asian Development Bank and other commercial banks will comprehensively enhance the Group's financial strength for its future business development.

As at 31 December 2013, the Group had outstanding borrowings of HK$6,921,121,000, representing an increase of HK$916,770,000 as compared to HK$6,004,351,000 at the end of 2012. The borrowings comprised secured bank loans of HK$4,320,879,000 and unsecured bank loans of HK$2,600,242,000. The borrowings are mainly denominated in Renminbi, representing about 58%, with the remainder denominated in US dollars and Hong Kong dollars. Most of the borrowings are at floating rates. As at 31 December 2013, the Group had banking facilities of HK$11,728,728,000, of which HK$4,807,607,000 have not been utilised. The banking facilities are for 1 to 10 year terms.

Foreign Exchange Risk

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

Pledge of Assets

Certain banking facilities of the Group were secured by certain revenue and receivables in connection with the Group's service concession arrangements, bank deposits, mortgages on fixed assets and equity interests of certain subsidiaries of the Company. The aggregate net book value of assets and equity interests in subsidiaries pledged amounted to approximately HK$10,695,111,000.

Commitments

As at 31 December 2013, the Group had purchase commitments of HK$1,122,456,000 outstanding in connection with construction contracts.

Contingent Liabilities

As at 31 December 2013, the Company had issued financial guarantees to 8 wholly-owned subsidiaries and a non-wholly owned subsidiary. The directors do not consider it probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as at 31 December 2013 under the guarantees issued is the facilities drawn down by the subsidiaries of HK$2,207,798,000.

Share Placement

On 10 December 2013, the Company's substantial shareholder, Guildford Limited ("Guildford") entered into a placing and subscription agreement with the placing agents, Morgan Stanley & Co. International plc. and China Everbright Securities (HK) Limited, pursuant to which, the Company placed 430,000,000 shares to more than 6 independent investors, most of whom are the institutional investors. The placing price was HK$8.52 per share, and Guildford subscribed to 430,000,000 shares of the Company at the same price of HK$8.52 per share, with the net proceeds from the share placement being approximately HK$3,616,816,000. The Group has been using the net proceeds as its general working capital for the development of its environmental protection business.

Internal Management

Strengthening management and risk control have always been important duties of a corporation during its operation and development. The Group adheres diligently to the management principle that focuses on People, Pragmatism, Creativity and Systematic Management and is committed to building a comprehensive risk management culture. With the efforts of the Risk Management Advisory Committee, the Engineering Technical Management Committee and the Budget Approval Management Committee, the Group has formulated strict regulations on investment in, and construction and operation of environmental protection projects. During the year under review, the Group held Management Committee meetings on a monthly basis to review all projects under construction and operation. The Group also continued to enforce the strict compliance of various systems to improve internal management. Also, in order to refine the Group's rules and regulations, the Group looked at four areas: compensation and welfare, financial management, budget management and performance assessment. It also revised a series of management systems including internal audit, research and development and environmental management. In order to further enhance the Group's household waste-to-energy projects, the Group formulated and implemented a series of technical standard for household waste incineration during the year. In addition, to strengthen financial management, the Financial Management Department conducted an on-site inspection of construction projects. The Internal Audit Department conducted an internal audit to review the effectiveness of the Group's internal control systems and completed system-wide risk investigation work which effectively promoted the standardization and institutionalization of the management of each company.

Committed to maintaining safe and stable operations in compliance with discharge standards, with the goal of ensuring no major safety and environmental accidents, the Group embarked on the Race to Save Expenses, Increase Income Sources and Efficiency, Reduce Energy Consumption, and Lower Cost. The comprehensive auxiliary power consumption rate of waste-to-energy, biomass power generation and photovoltaic energy projects as well as the unit operating cost of waste water treatment projects were significantly decreased compared with 2012, contributing to an improvement in efficiency. At the same time, through building a unified purchasing platform, the Group facilitated an improvement in the quality of products and services provided by suppliers, thereby effectively reducing the purchasing costs.

Human Resources

The Group highly values its human resources, and puts great emphasis on staff training. It believes that realising the full potential of its employees is crucial to its long term growth. During the year under review, to develop a culture of incorruptibility, the Group held a Change Your Work Style and Abide By Honesty conference and Prevention of Duty Crimes Cum Financial Management video training. During the year under review, the Group arranged a training course on computerised financial management in March and an overall financial training session in May. In addition, it arranged a variety of training courses on topics such as environmental and social responsibility, prevention of and solutions for waste incineration project failures, and office PC systems. To ensure employees' development is in line with the Group's sustainable development, the Group has completed a competitive selection of middle management for environmental water project companies and company-wide competitive selection for Everbright Environmental Protection, which motivates staff and helps them achieve greater success in their careers. In addition, the Group actively strengthened the team in a variety of ways including overseas recruitment, campus recruitment, recruitment of professionals and internal training. To speed up the integration of new employees, during the year under review, the Group held 2 execution development training sessions, with the ninth session taken place in November in Shenzhen, attracting a record 211 participants including the most top level management.

As at 31 December 2013, the Group had approximately 2,000 employees in Hong Kong and China. Employees of the Group are remunerated according to their qualifications, experience, job nature, performance and with reference to market conditions. Apart from a discretionary performance bonus, the Group also provides other benefits such as medical insurance and provident fund scheme to employees in Hong Kong. According to the share option scheme approved by the Company's extraordinary general meeting on 26 May 2003 ("Share Option Scheme"), at the discretion of the Board, share options may be granted as performance incentives to any employee (including the directors). During the year under review, no share option was granted to any employee (including the directors). The Share Option Scheme was expired on 26 May 2013 and accordingly, no further share option can be granted under the Share Option Scheme.

Corporate Governance

The Group strives to maintain a high standard of corporate governance as it believes good corporate governance practices are increasingly important for maintaining and promoting the confidence of the shareholders of the Company (the "Shareholders"). It is crucial for the development of the Group's business and protection of the Shareholders' interests. The Group upholds the management principle of People-oriented, Pragmatism, Creativity and Systematic Management, and through a set of rules and regulations, has continuously strengthened internal controls and risk management. Furthermore, by full and timely public disclosure of information, the Group has maintained transparency and accountability which also enhanced its corporate values. The Board meets regularly and has set up Board committees, namely Executive Committee, Audit Committee, Nomination Committee, Remuneration Committee, Disclosure Committee and Management Committee. For risk management, the Group has set up a Risk Management Advisory Committee to monitor and assess risk regularly, boost related management standards and evaluate investment projects. Regarding technological risk management, the Group has in place an Engineering Technical Management Committee responsible for assessing the technologies used in different investment projects. For financial control, the Group insists on stringent budget management, and has set up a Budget Approval Management Committee that focuses on monitoring construction budgets. In addition, the Group has also set up an Internal Audit Department to perform internal audits to bolster the Group's management standard.

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

The Company has complied with the code provisions and most of the recommended best practices and the CG Code as set out in Appendix 14 to the Listing Rules for the year ended 31 December 2013 except for the following deviation.

The Chairman of the Company, was unable to attend the annual general meeting of the Company held on 26 April 2013 due to overseas commitment. This constitutes a deviation from the code provision of E.1.2 of the CG Code which requires the Chairman to attend the annual general meeting.

EXECUTIVE COMMITTEE

The Executive Committee comprises Mr. Tang Shuangning (Chairman), the Chairman of the Board, and 5 executive directors, namely Mr. Zang Qiutao, Mr. Chen Xiaoping, Mr. Wang Tianyi, Mr. Wong Kam Chung, Raymond and Mr. Cai Shuguang. Its main duties include performing the duties assigned by the Board as well as exercising the authority and rights authorized by the Board. The general mandate in relation to the Executive Committee in written form has been established.

AUDIT COMMITTEE

The Audit Committee, currently comprising all 4 independent non-executive directors of the Company, namely Mr. Selwyn Mar (Chairman), Mr. Fan Yan Hok, Philip, Mr. Li Kwok Sing, Aubrey and Mr. Zhai Haitao, 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 Group. The terms of reference of the Audit Committee are disclosed on the website of the Company.

During the year under review, the Audit Committee has reviewed with the management and KPMG, the Company's auditors, the accounting principles and practices adopted by the Group and discussed the Group's internal control and financial reporting matters, including review of the annual results for the year ended 31 December 2012 and the interim results for the six months ended 30 June 2013.

NOMINATION COMMITTEE

The Nomination Committee currently comprises Mr. Zhai Haitao (Chairman), the independent non-executive director, Mr. Chen Xiaoping, the Chief Executive Officer, and 3 other independent non-executive directors of the Company, namely Mr. Fan Yan Hok, Philip, Mr. Selwyn Mar and Mr. Li Kwok Sing, Aubrey. It is primarily responsible for making recommendations to the Board on appointment of directors regarding the qualification and competency of the candidates, so as to ensure that all nominations are fair and transparent. The terms of reference of the Nomination Committee are disclosed on the website of the Company.

During the year under review, the Nomination Committee reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board, assessed the independence of the independent non-executive directors of the Company and discussed and made recommendation of the Board the re-election of the retiring directors at the forthcoming 2014 annual general meeting of the Company etc.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises Mr. Li Kwok Sing, Aubrey (Chairman), the independent non-executive director, Mr. Zang Qiutao, the Vice-chairman of the Board, and 3 other independent non-executive directors of the Company, namely Mr. Fan Yan Hok, Philip, Mr. Selwyn Mar and Mr. Zhai Haitao. The terms of reference of the Remuneration Committee, which are disclosed on the website of the Company, set out the duties of the Remuneration Committee, including to determine, with delegated responsibilities, the remuneration packages of the individual executive directors and senior management.

During the year under review, the Remuneration Committee has reviewed the remuneration policy, assessed performance of executive directors and approved the remuneration packages of the directors and senior management.

DISCLOSURE COMMITTEE

The Disclosure Committee currently comprises Mr. Chen Xiaoping (Chairman), the Chief Executive Officer of the Company, Mr. Wang Tianyi, the General Manager of the Company, Mr. Wong Kam Chung, Raymond, the Chief Financial Officer of the Company, the Chief Legal Officer and the Company Secretary of the Company. The Board has delegated the day to day execution of its continuous disclosure obligations to the Disclosure Committee to ensure the compliance of the Company with its disclosure obligations. The terms of reference of the Disclosure Committee has been established in writing.

MANAGEMENT COMMITTEE

The Management Committee comprises Mr. Chen Xiaoping (Chairman), the Chief Executive Officer of the Company, Mr. Wang Tianyi, the General Manager of the Company, Mr. Wong Kam Chung, Raymond, the Chief Financial Officer of the Company, Mr. Cai Shuguang, Mr. Hu Yanguo and Mr. Chen Tao, 3 Deputy General Managers of the Company as well as the General Managers of the Investment Development Department and Investment Management Department and the responsible person of the Legal Compliance Department. The Management Committee is responsible for the daily business operation management work, formulates and implements annual work task and medium-term development plan of the Group. The Management Committee is the decision-making body for day-to-day business activities and makes collective decisions on major matters relating to the Group's daily business operation, management and personnel etc. The general mandate in relation to the Management Committee has been established in writing.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions. Having made specific enquiries to the directors, all directors confirmed that they had complied with the required standard of dealings as set out in the Model Code during the year ended 31 December 2013.

OTHER INFORMATION

Final Dividend

The Board has proposed to pay a final dividend of HK5.0 cents per share (2012: HK3.0 cents per share) to shareholders whose names appear on the register of members of the Company on Friday, 9 May 2014. Subject to the approval by the shareholders of the final dividend at the forthcoming annual general meeting of the Company, dividend warrants will be dispatched to shareholders on or about Friday, 30 May 2014.

Closure of Register of Members

The register of members will be closed from Wednesday, 23 April 2014 to Monday, 28 April 2014, both days inclusive, on which no transfer of shares will be effected. In order to qualify for attendance of the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Tuesday, 22 April 2014.

The register of members will also be closed from Wednesday, 7 May 2014 to Friday, 9 May 2014, inclusive, on which no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Monday, 5 May 2014.

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

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

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

Hong Kong, 27 February 2014

As at the date of this announcement, the Board comprises: (i) six executive directors, namely Mr. Tang Shuangning (Chairman), Mr. Zang Qiutao (Vice-chairman), Mr. Chen Xiaoping (Chief Executive Officer), Mr. Wang Tianyi, Mr. Raymond Wong Kam Chung and Mr. Cai Shuguang; (ii) four independent non-executive directors, namely Mr. Philip Fan Yan Hok, Mr. Selwyn Mar, Mr. Aubrey Li Kwok Sing and Mr. Zhai Haitao.