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北控水務集團有限公司

BEIJING ENTERPRISES WATER GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 371)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

HIGHLIGHTS

- The Group reported revenue of HK\$6,406.5 million, representing an increase of 72% as compared with last year of HK\$3,727.4 million.
- Profit attributable to shareholders of the Company was HK\$1,084.3 million, representing an increase of 44% as compared with that of HK\$750.5 million in last year.
- Equity-settled share option expense and exchange losses (after sharing by non-controlling interests) amounted to HK\$155.5 million. Profit attributable to shareholders of the Company before the equity-settled share option expense and exchange losses (after sharing by non-controlling interests) was HK\$1,239.8 million, representing an increase of 50% as compared with that of HK\$824.2 million (before the exchange losses after sharing by non-controlling interests of HK\$73.7 million) in last year.
- EBITDA amounted to HK\$2,407.5 million, representing an increase of 45% as compared with that of last year of HK\$1,655.8 million.
- Basic earnings per share for the year was HK13.98 cents.
- Final cash distributions of HK2.7 cents per share are proposed for the year ended 31 December 2013. Full-year distributions are HK5.2 cents with payout ratio of 37%.
- As at 31 December 2013, total daily design capacity for water projects on hand was 16,708,150 tons, representing a net increase of 6,213,700 tons as compared with the capacity of 10,494,450 tons as at 31 December 2012.
- Trade and bills receivables of HK\$788.1 million (equivalent to RMB622.6 million) for the construction of comprehensive renovation projects of Kunming Jieyun were received during the year. As at 31 December 2013, the accumulated receipts from these projects was HK\$4,134.2 million (equivalent to RMB3,266.0 million). After the additional certification by the customer, construction revenue of HK\$262.2 million (equivalent to RMB207.1 million) was recognised during the year. As at 31 December 2013, the trade and bills receivables for these projects amounted to HK\$1,342.0 million (equivalent to RMB1,060.2 million).

RESULTS

The board (the “Board”) of directors (the “Directors”) of Beijing Enterprises Water Group Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2013 and the consolidated statement of financial position of the Group as at 31 December 2013, with comparative figures for the year ended 31 December 2012, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2013

	<i>Notes</i>	2013 HK\$'000	2012 <i>HK\$'000</i>
REVENUE	3	6,406,455	3,727,379
Cost of sales		(3,900,867)	(2,290,350)
Gross profit		2,505,588	1,437,029
Interest income		434,427	467,546
Other income and gains, net		199,727	193,877
Administrative expenses		(774,576)	(439,575)
Other operating expenses, net		(187,525)	(127,396)
PROFIT FROM OPERATING ACTIVITIES	4	2,177,641	1,531,481
Finance costs	5	(788,111)	(494,290)
Share of profits and losses of:			
Joint ventures		84,515	56,011
Associates		23,115	(1,409)
PROFIT BEFORE TAX		1,497,160	1,091,793
Income tax	6	(351,762)	(224,643)
PROFIT FOR THE YEAR		<u>1,145,398</u>	<u>867,150</u>
ATTRIBUTABLE TO:			
Shareholders of the Company		1,084,257	750,474
Non-controlling interests		61,141	116,676
		<u>1,145,398</u>	<u>867,150</u>
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	8		
– Basic and diluted		<u>HK13.98 cents</u>	<u>HK10.86 cents</u>

Details of the cash distributions declared and proposed for the year are disclosed in note 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	2013 HK\$'000	2012 HK\$'000
PROFIT FOR THE YEAR	1,145,398	867,150
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Items to be reclassified to the consolidated profit or loss in subsequent periods:</i>		
– Exchange differences on translation of foreign operations	315,486	(5,588)
<i>Items not to be reclassified to the consolidated profit or loss in subsequent periods:</i>		
– Share of other comprehensive income/(loss) of a joint venture	11,636	6,973
– Fair value gain on revaluation of a portion of a building upon transfer to investment properties, net of deferred tax of HK\$4,996,000	14,989	–
	26,625	6,973
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	342,111	1,385
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,487,509	868,535
ATTRIBUTABLE TO:		
Shareholders of the Company	1,351,534	751,350
Non-controlling interests	135,975	117,185
	1,487,509	868,535

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

		2013	2012
	Notes	HK\$'000	HK\$'000
ASSETS			
Non-current assets:			
Property, plant and equipment		378,641	527,549
Investment properties		52,152	–
Goodwill		2,512,862	1,762,151
Operating concessions		2,522,985	973,357
Other intangible assets		25,787	17,295
Investments in joint ventures		2,898,072	2,317,740
Investments in associates		126,700	100,867
Available-for-sale investments		3,039	7,094
Amounts due from contract customers		5,360,692	2,761,981
Receivables under service concession arrangements	9	11,779,143	6,469,498
Trade and bills receivables	10	53,090	97,225
Prepayments, deposits and other receivables	11	3,173,449	2,547,230
Deferred tax assets		87,818	28,690
		<u>28,974,430</u>	<u>17,610,677</u>
Total non-current assets			
Current assets:			
Land held for sale		1,091,317	1,077,403
Inventories		55,355	30,453
Amounts due from contract customers		26,970	31,637
Receivables under service concession arrangements	9	1,106,884	382,464
Trade and bills receivables	10	2,037,987	2,385,500
Prepayments, deposits and other receivables	11	5,323,645	5,395,988
Restricted cash and pledged deposits		57,047	84,892
Cash and cash equivalents		5,513,035	4,290,866
		<u>15,212,240</u>	<u>13,679,203</u>
Total current assets			
TOTAL ASSETS		<u>44,186,670</u>	<u>31,289,880</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 December 2013

	Notes	2013 HK\$'000	2012 HK\$'000
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Issued capital		843,598	690,917
Reserves		12,454,033	7,776,207
		13,297,631	8,467,124
Non-controlling interests		2,626,811	2,264,369
TOTAL EQUITY		15,924,442	10,731,493
Non-current liabilities:			
Other payables and accruals	12	475,919	233,217
Bank and other borrowings		8,294,065	6,593,424
Corporate bonds		4,486,411	2,394,530
Notes payable		2,522,527	1,476,567
Finance lease payable		5,862	12,928
Provision for major overhauls		197,760	221,643
Deferred income		66,684	80,785
Deferred tax liabilities		562,172	287,010
Total non-current liabilities		16,611,400	11,300,104
Current liabilities:			
Trade and bills payables	13	2,755,396	1,919,238
Other payables and accruals	12	4,565,940	4,269,166
Income tax payables		342,038	252,802
Bank and other borrowings		2,147,521	2,810,313
Corporate bonds		1,832,540	–
Finance lease payable		7,393	6,764
Total current liabilities		11,650,828	9,258,283
TOTAL LIABILITIES		28,262,228	20,558,387
TOTAL EQUITY AND LIABILITIES		44,186,670	31,289,880

NOTES:

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for investment properties which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Adjustments are made to bring in line any dissimilar accounting policies that may exist.

Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in HKFRS 10 *Consolidated Financial Statements*. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in the profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to the profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

1.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's consolidated financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – <i>Transition Guidance</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
HKAS 19 (2011)	<i>Employee Benefits</i>
HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HK(IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
<i>Annual Improvements 2009-2011 Cycle</i>	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 12, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

2. OPERATING SEGMENT INFORMATION

For management purpose, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit for the year attributable to shareholders of the Company, which is a measure of adjusted profit for the year attributable to shareholders of the Company. The adjusted profit for the year attributable to shareholders of the Company is measured consistently with the Group's profit attributable to shareholders of the Company except that interest income on loans to joint ventures and related companies, interest income from non-controlling equity holders of subsidiaries, gains on bargain purchase of subsidiaries and a joint venture, gains on disposal of subsidiaries and a joint venture, fair value gain on investment properties, finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

Year ended 31 December 2013

	Sewage and reclaimed water treatment and construction services <i>HK\$'000</i>	Water distribution services <i>HK\$'000</i>	Technical and consultancy services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	5,905,149	383,690	117,616	6,406,455
Cost of sales	(3,699,198)	(184,376)	(17,293)	(3,900,867)
Gross profit	<u>2,205,951</u>	<u>199,314</u>	<u>100,323</u>	<u>2,505,588</u>
Segment results				
The Group	2,113,342	165,944	91,029	2,370,315
Share of profits and losses of:				
– Joint ventures	10,084	74,431	–	84,515
– Associates	<u>23,115</u>	<u>–</u>	<u>–</u>	<u>23,115</u>
	<u>2,146,541</u>	<u>240,375</u>	<u>91,029</u>	<u>2,477,945</u>
Corporate and other unallocated income and expenses, net				(192,674)
Finance costs				<u>(788,111)</u>
Profit before tax				1,497,160
Income tax				<u>(351,762)</u>
Profit for the year				<u>1,145,398</u>
Profit/(loss) for the year attributable to shareholders of the Company:				
– Operating segments	<u>1,742,805</u>	<u>226,164</u>	<u>78,936</u>	2,047,905
– Corporate and other unallocated items				<u>(963,648)</u>
				<u>1,084,257</u>

Year ended 31 December 2012

	Sewage and reclaimed water treatment and construction services <i>HK\$'000</i>	Water distribution services <i>HK\$'000</i>	Technical and consultancy services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	3,399,365	105,602	222,412	3,727,379
Cost of sales	<u>(2,191,423)</u>	<u>(58,613)</u>	<u>(40,314)</u>	<u>(2,290,350)</u>
Gross profit	<u>1,207,942</u>	<u>46,989</u>	<u>182,098</u>	<u>1,437,029</u>
Segment results				
The Group	1,457,552	20,854	178,809	1,657,215
Share of profits and losses of:				
– Joint ventures	25,637	30,374	–	56,011
– Associates	<u>(1,409)</u>	<u>–</u>	<u>–</u>	<u>(1,409)</u>
	<u>1,481,780</u>	<u>51,228</u>	<u>178,809</u>	1,711,817
Corporate and other unallocated income and expenses, net				(125,734)
Finance costs				<u>(494,290)</u>
Profit before tax				1,091,793
Income tax				<u>(224,643)</u>
Profit for the year				<u>867,150</u>
Profit/(loss) for the year attributable to shareholders of the Company:				
– Operating segments	<u>1,173,565</u>	<u>43,615</u>	<u>150,839</u>	1,368,019
– Corporate and other unallocated items				<u>(617,545)</u>
				<u>750,474</u>

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

Information about major customers

During the year ended 31 December 2013, the Group had transactions with two (2012: one) external customers of the sewage and reclaimed water treatment and construction services segment which contributed over 10% of the Group's total revenue for the year. A summary of revenue from each of these major external customers is set out below:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Customer 1	1,200,579	523,071
Customer 2	666,239	N/A*
	<u>1,866,818</u>	<u>523,071</u>

* *The corresponding revenue of this customer is not disclosed in last year as it individually did not contribute over 10% of the Group's total gross revenue for the last year.*

3. REVENUE

Revenue, which is also the Group's turnover, represents: (1) an appropriate proportion of contract revenue of construction contracts and service contracts relating to sewage and reclaimed water treatment, net of value-added tax and government surcharges; (2) an appropriate proportion of contract revenue of other construction contracts, net of business tax and government surcharges; (3) the aggregate of the invoiced value of water sold and the estimated value of unbilled water distributed based on the consumption recorded by water meter readings, net of value-added tax and government surcharges; (4) an appropriate proportion of contract revenue of technical and consultancy services contracts, net of business tax, value-added tax and government surcharges; and (5) the imputed interest income on service concession arrangements.

An analysis of the Group's revenue is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Sewage and reclaimed water treatment services*	2,140,852	1,424,987
Construction services*	3,764,297	1,974,378
Water distribution services*	383,690	105,602
Technical and consultancy services	<u>117,616</u>	<u>222,412</u>
	<u>6,406,455</u>	<u>3,727,379</u>

* *Imputed interest income under service concession arrangements amounting to HK\$700,941,000 (2012: HK\$417,857,000) are included in the revenue derived from "Sewage and reclaimed water treatment services", "Construction services" and "Water distribution services" above.*

4. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Cost of sewage and reclaimed water treatment services rendered	603,249	504,151
Cost of construction services	3,012,239	1,658,737
Cost of water distribution services	181,042	43,624
Cost of technical and consultancy services rendered	17,293	40,314
Depreciation	33,983	25,232
Amortisation of operating concessions*	87,044	43,524
Amortisation of other intangible assets*	<u>1,226</u>	<u>985</u>

* *The amortisations of operating concessions and other intangible assets for the year are included in "Cost of sales" and "Administrative expenses" on the face of the consolidated statement of profit or loss, respectively.*

5. FINANCE COSTS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest on bank loans and other loans wholly repayable within five years	452,398	351,883
Interest on other loans	8,204	10,091
Interest on corporate bonds	226,820	104,459
Interest on notes payable	101,134	36,511
Interest on a finance lease	1,077	1,167
Total interest expenses	789,633	504,111
Increase in discounted amounts of provision for major overhauls arising from the passage of time	7,698	5,004
Total finance costs	797,331	509,115
Less: Interest included in cost of construction contracts	(9,220)	(14,825)
	788,111	494,290

6. INCOME TAX

No provision for Hong Kong profits tax has been made for the year ended 31 December 2013 as the Group did not generate any assessable profits arising in Hong Kong during the year (2012: Nil).

The income tax provisions in respect of operations in Mainland China, Portugal and Malaysia are calculated at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations of Mainland China, a number of the Company's subsidiaries enjoy income tax exemptions and reductions, by reason that these companies are engaged in (1) the operations of sewage and reclaimed water treatment; and (2) the operations in the Western region of Mainland China that are qualified for a 15% concessionary corporate income tax rate for a prescribed period of time pursuant to the "Circular of the State Council on Policies and Measures Concerning the Large-scale Development of China's Western Regions" (Guo Fa [2000] No. 33) issued by the State Council of Mainland China.

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current – PRC:		
Hong Kong	–	–
Mainland China	241,893	165,334
Over-provision in prior years	(13,178)	(112)
Current – Portugal	3,021	–
Current – Malaysia	10,445	2,930
Deferred	109,581	56,491
Total tax expense for the year	351,762	224,643

7. CASH DISTRIBUTIONS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interim – HK2.5 cents (2012: HK2 cents) per ordinary share	192,150	138,183
Proposed final – HK2.7 cents (2012: HK2 cents) per ordinary share	<u>233,702</u>	<u>151,351</u>
	<u><u>425,852</u></u>	<u><u>289,534</u></u>

The proposed final cash distribution out of contributed surplus account for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of basic earnings per share amount for the year ended 31 December 2013 is based on the profit for the year attributable to shareholders of the Company, and the weighted average number of 7,755,621,562 (2012: 6,909,170,486) ordinary shares in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for these years in respect of a dilution as the impact of the share options outstanding during the year ended 31 December 2013 had no diluting effect on the basic earnings per share amount presented; and the Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2012.

9. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

In respect of the Group's receivables under service concession arrangements, the various group companies have different credit policies, depending on the requirements of the locations in which they operate. Aged analyses of receivables under service concession arrangements are closely monitored in order to minimise any credit risk associated with the receivables.

An aged analysis of the Group's receivables under service concession arrangements as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	2013	2012
	HK\$'000	HK\$'000
Billed:		
Within 3 months	583,530	205,531
4 to 6 months	208,737	52,362
7 to 12 months	225,213	43,436
Over 1 year	89,404	81,135
	1,106,884	382,464
Unbilled	11,779,143	6,469,498
	12,886,027	6,851,962
Portion classified as current assets	(1,106,884)	(382,464)
Non-current portion	11,779,143	6,469,498

10. TRADE AND BILLS RECEIVABLES

The Group's trade and bills receivables arise from the provision of construction services for comprehensive renovation projects, technical and consultancy services and sewage treatment equipment trading. The Group's trading terms with its customers are mainly on credit and each customer has a maximum credit limit. The various group companies have different credit policies, depending on the requirements of their markets in which they operate and the businesses they engage in. The credit period granted to customers is generally one month to three months, except for customers of the construction services for comprehensive renovation projects, which would settle the amounts owed to the Group in a number of specified instalments covering periods ranging from 1 year to 25 years. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Apart from the trade and bills receivables of certain construction services for comprehensive renovation projects which bear interest at rates ranging from 5.85% to 8.65%, trade and bills receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	2013	2012
	HK\$'000	HK\$'000
Billed:		
Within 3 months	294,270	1,935,375
4 to 6 months	30,533	–
7 to 12 months	114,248	62,829
Over 1 year	1,545,995	255,915
Balance with extended credit period	53,059	217,768
	2,038,105	2,471,887
Unbilled*	52,972	10,838
	2,091,077	2,482,725
Portion classified as current assets	(2,037,987)	(2,385,500)
Non-current portion	53,090	97,225

* *The unbilled balance was attributable to certain construction services rendered under contracts for comprehensive renovation projects which will be billed upon the completion of final inspection jointly by the Group, the contract customers and the independent surveyors.*

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Prepayments	44,971	28,790
Deposits and other debtors	4,320,878	3,405,113
Advances to subcontractors and suppliers	2,772,812	2,504,828
Due from joint ventures	106,475	554,032
Due from associates	1,740	–
Due from related parties	1,333,124	1,458,335
	<u>8,580,000</u>	<u>7,951,098</u>
Impairment	(82,906)	(7,880)
	<u>8,497,094</u>	<u>7,943,218</u>
Portion classified as current assets	(5,323,645)	(5,395,988)
	<u>3,173,449</u>	<u>2,547,230</u>
Non-current portion	<u>3,173,449</u>	<u>2,547,230</u>

12. OTHER PAYABLES AND ACCRUALS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Accruals	263,228	241,557
Other liabilities	1,062,680	795,335
Receipts in advance	734,427	813,790
Due to subcontractors	2,275,591	2,166,809
Due to joint ventures	226,087	296,863
Due to associates	1,488	49,995
Due to related parties	410,750	82,840
Other taxes payables	67,608	55,194
	<u>5,041,859</u>	<u>4,502,383</u>
Portion classified as current liabilities	(4,565,940)	(4,269,166)
	<u>475,919</u>	<u>233,217</u>
Non-current portion	<u>475,919</u>	<u>233,217</u>

13. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Within 3 months	240,638	610,163
4 to 6 months	684,000	271,075
7 months to 1 year	243,758	72,105
1 to 2 years	566,122	105,980
2 to 3 years	72,052	148,764
Over 3 years	137,902	88,415
Balance with extended credit period	810,924	622,736
	2,755,396	1,919,238

Apart from certain trade and bills payables relating to certain construction for comprehensive renovation projects which would become due for payments upon settlements of progress billings by relevant contract customers, the trade and bills payables are non-interest-bearing and are normally settled on 60-day terms.

14. EVENT AFTER THE REPORTING PERIOD

Pursuant to a sale and purchase agreement entered into between the Company, Standard Water Ltd. (the “Vendor”), Crystal Water Company Limited (“Crystal Water”) and China Water Holdings Pte. Ltd. (“China Water Holdings”) dated 6 September 2013, the Company agreed to acquire the entire equity interests in Crystal Water and China Water Holdings from the Vendor at a consideration of RMB1,350,000,000 (equivalent to approximately HK\$1,697,760,000) in aggregate, subject to adjustments as stipulated in the sale and purchase agreement.

On 27 January 2014, the Company, the Vendor, Crystal Water and China Water Holdings entered into a supplementary agreement to, among other things, (1) reduce the consideration to RMB1,250,485,200 (equivalent to approximately HK\$1,589,741,835); (2) revise the payment terms of the consideration; and (3) set out certain ancillary matters.

Further details of the acquisition transactions are set out in the Company’s announcement dated 6 September 2013 and 27 January 2014.

As at the date of this announcement, the transaction has not been completed.

15. OTHER FINANCIAL INFORMATION

The net current assets and total assets less current liabilities of the Group as at 31 December 2013 amounted to HK\$3,561,412,000 (2012: HK\$4,420,920,000) and HK\$32,535,842,000 (2012: HK\$22,031,597,000), respectively.

SHARE PLACEMENTS

On 26 September 2013, the Company entered into a subscription agreement with Mount Reskit Investments Limited as the subscriber, pursuant to which the subscriber conditionally agreed to subscribe for and the Company conditionally agreed to issue the 400,000,000 new shares of the Company as the subscription shares at a price of HK\$2.95 per subscription share. The net proceeds are approximately HK\$1.18 billion which the Company has been using as its general working capital of the Group.

On 17 October 2013, Beijing Enterprises Environmental Construction Limited, a controlling shareholder of the Company as the placing shareholder, the Company and Deutsche Bank AG, Hong Kong Branch as the placing agents, entered into a placing and subscription agreement pursuant to which the placing agent agreed to procure purchasers for, or failing which, to purchase, an aggregate of 350,000,000 existing shares of the Company which was beneficially owned by the placing shareholder and to be placed as the placing shares, on a fully underwritten basis at HK\$3.21 per placing share under the terms of the placing and subscription agreement, and the placing shareholder and the Company have conditionally agreed to enter into a Subscription Letter in relation to the subscription on the same date. The net proceeds are approximately HK\$1.11 billion which the Company has been using as its general working capital of the Group.

FINAL DISTRIBUTION

The Board proposed to pay final distribution of HK2.7 cents for the financial year ended 31 December 2013 (the “Proposed Final Distribution”). The Proposed Final Distribution is subject to shareholders’ approval at the annual general meeting of the Company to be held on Friday, 23 May 2014, payable to shareholders of the Company whose names appear on the register of members of the Company on Thursday, 30 May 2014.

CLOSURES OF REGISTER OF MEMBERS

For Annual General Meeting

The register of members will be closed from Wednesday, 21 May 2014 to Friday, 23 May 2014 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company to be held on Friday, 23 May 2014, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong** for registration not later than 4:30 p.m. on Tuesday, 20 May 2014.

For Entitlement to Proposed Final Distribution

The register of members will be closed from Thursday, 29 May 2014 to Friday, 30 May 2014 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for entitlement to the Proposed Final Distribution, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong** for registration not later than 4:30 p.m. on Wednesday, 28 May 2014. Subject to the approval of shareholders of the Company at the forthcoming annual general meeting, the Proposed Final Distribution will be paid on or around 11 June 2014.

*******The address of Tricor Tengis Limited will be changed to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014.*

MANAGEMENT DISCUSSION AND ANALYSIS

The Group achieved a rapid growth in this year. Profit for the year attributable to shareholders of the Company increased by 44% to HK\$1,084.3 million. Revenue increased by 72% to HK\$6,406.5 million as a result of increase in revenue contribution from water treatment services and construction services for the water environmental renovation.

1. Financial highlights

The analysis of the Group's financial results during the year is set out in details below:

	Revenue		GP ratio	Profit attributable to shareholders of the Company	
	HK\$'M	%		HK\$'M	%
Water treatment services					
Sewage and reclaimed water treatment services					
– Subsidiaries	2,140.9	33%	68%	992.9	48%
– Joint ventures and associates				4.7	1%
				997.6	49%
Water distribution services					
– Subsidiaries	383.7	6%	52%	151.8	7%
– Joint ventures				74.4	4%
				226.2	11%
Subtotal	2,524.6	39%		1,223.8	60%
Construction services for the water environmental renovation					
Construction services for comprehensive renovation projects					
– Project with completion rate under 10%	–	–%	–%	–	–%
– Project with completion rate more than 10% [§]	2,881.9	45%	23%	499.3	24%
– Interest income	–	–%	–%	177.9	9%
	2,881.9	45%	23%	677.2	33%
Construction of water plants under BOT contracts	882.4	14%	11%	68.0	3%
Subtotal	3,764.3	59%		745.2	36%
Technical services for the water environmental renovation	117.6	2%	85%	78.9	4%
Business results	<u>6,406.5</u>	<u>100%</u>		<u>2,047.9</u>	<u>100%</u>
Others[#]				(963.6)	
Total				<u>1,084.3</u>	

[#] Others included head office and other corporate expenses, net, of HK\$69.7 million, equity-settled share option expense of HK\$105.8 million and finance costs of HK\$788.1 million.

[§] Profit attributable to shareholders of the Company included share of profits of joint ventures and associates of HK\$28.5 million.

The analysis of the Group's financial results during the last year is set out in details below:

	Revenue		GP ratio	Profit attributable to shareholders of the Company	
	HK\$'M	%		HK\$'M	%
Water treatment services					
Sewage treatment and reclaimed water services					
– Subsidiaries	1,425.0	38%	63%	694.2	50%
– Joint ventures and associates				22.1	2%
				716.3	52%
Water distribution services					
– Subsidiaries	105.6	3%	44%	13.2	1%
– Joint ventures				30.4	2%
				43.6	3%
Subtotal	1,530.6	41%		759.9	55%
Construction services for the water environmental renovation					
Construction services for comprehensive renovation projects					
– Project with completion rate under 10%	14.4	1%	0%	–	–
– Project with completion rate more than 10% [§]	992.1	26%	21%	214.5	16%
– Interest income	–	–	–	177.5	13%
	1,006.5	27%	21%	392.0	29%
Construction of water plants under BOT contracts	967.9	26%	11%	65.3	5%
Subtotal	1,974.4	53%		457.3	34%
Technical services for the water environmental renovation	222.4	6%	82%	150.8	11%
Business results	<u>3,727.4</u>	<u>100%</u>		<u>1,368.0</u>	<u>100%</u>
Others[#]				(617.5)	
Total				<u>750.5</u>	

[#] Others included head office and other corporate expenses of HK\$123.2 million and finance costs of HK\$494.3 million.

[§] Profit attributable to shareholders of the Company included share of profits of joint ventures of HK\$2.1 million.

The comparison of the Group's financial results for the years ended 31 December 2013 and 2012 is set out in details below:

	Revenue				Profit attributable to shareholders of the Company			
	2013 HK\$'M	2012 HK\$'M	Increase/(Decrease) HK\$'M	%	2013 HK\$'M	2012 HK\$'M	Increase/(Decrease) HK\$'M	%
Water treatment services								
Sewage and reclaimed								
water treatment services								
– Subsidiaries	2,140.9	1,425.0	715.9	50%	992.9	694.2	298.7	43%
– Joint ventures and associates					4.7	22.1	(17.4)	(79%)
GP ratio	68%	63%		5%	997.6	716.3	281.3	39%
Water distribution services								
– Subsidiaries	383.7	105.6	278.1	263%	151.8	13.2	138.6	1,050%
– Joint ventures					74.4	30.4	44.0	145%
GP ratio	52%	44%		8%	226.2	43.6	182.6	419%
Subtotal	2,524.6	1,530.6	994.0	65%	1,223.8	759.9	463.9	61%
Construction services for the water environmental renovation								
Construction services for								
comprehensive renovation projects								
– Project with completion rate under 10%	–	14.4	(14.4)	(100%)	–	–	–	–
– Project with completion rate more than 10%	2,881.9	992.1	1,889.8	190%	499.3	214.5	284.8	133%
– Interest income	–	–	–	–	177.9	177.5	0.4	–
GP ratio	23%	21%		2%	677.2	392.0	285.2	73%
Construction of water plants under BOT contracts	882.4	967.9	(85.5)	(9%)	68.0	65.3	2.7	4%
GP ratio	11%	11%		–				
Subtotal	3,764.3	1,974.4	1,789.9	91%	745.2	457.3	287.9	63%
Technical services for the water environmental renovation								
GP ratio	85%	82%		3%	78.9	150.8	(71.9)	(48%)
Business results	6,406.5	3,727.4	2,679.1	72%	2,047.9	1,368.0	679.9	50%
Others					(963.6)	(617.5)	(346.1)	(56%)
Total					1,084.3	750.5	333.8	44%

2. Business review

The principal businesses of the Group includes operations in water treatment business, construction and technical services for the water environmental renovation. The coverage of the Group's water plants has extended to 21 provinces all across Mainland China.

2.1 Water treatment services

As at 31 December 2013, the Group enters into service concession arrangements for total of 282 water plants including 226 sewage treatment plants, 51 water distribution plants, 4 reclaimed water treatment plants and 1 seawater desalination plant. Total daily design capacity for new projects secured for this year was 6,538,700 tons including Build-Operate-Transfer ("BOT") projects of 544,500 tons, Transfer-Operate-Transfer ("TOT") projects of 246,000 tons, entrustment operation projects of 116,200 tons, and 5,632,000 tons through mergers and acquisitions including water projects of 1,290,000 tons acquired from Beijing Enterprises Holdings Limited ("BEHL", a substantial shareholder of the Company), and 937,500 tons acquired from Beijing Construction Engineering Group Co., Ltd., 1,245,000 tons acquired from Salcon Group and 1,521,000 tons acquired from Standard Water Limited.

During the year, the Group disposed the Inner Mongolia and Fuzhou projects with daily water supply capacity of 155,000 tons and daily sewage treatment capacity of 170,000 tons. The net increase in total daily design capacity for this year was 6,213,700 tons.

As at 31 December 2013, total daily design capacity was 16,708,150 tons, representing an increase of 59% as compared with the capacity of 10,494,450 tons as at 31 December 2012.

Analysis of projects on hand is as follows:

	Sewage treatment	Reclaimed water treatment	Water distribution	Seawater desalination	Total
<i>(Tons)</i>					
China					
In operation	6,259,750	418,000	2,750,000	–	9,427,750
Not yet start operation/ Not yet transfer	3,900,200	182,500	3,089,200	50,000	7,221,900
	10,159,950	600,500	5,839,200	50,000	16,649,650
Overseas					
In operation	22,500	–	36,000	–	58,500
Total	10,182,450	600,500	5,875,200	50,000	16,708,150
<i>(Number of water plants)</i>					
China					
In operation	130	4	18	–	152
Not yet start operation/ Not yet transfer	73	–	20	1	94
	203	4	38	1	246
Overseas					
In operation	23	–	13	–	36
Total	226	4	51	1	282

			Actual processing capacity during the year (Tons (M))	Revenue HK\$'(M)	Profit attributable to shareholders of the Company HK\$'(M)
	Number of plants	Design capacity (Tons/Day)			
Mainland China:					
Sewage and reclaimed water treatment services:					
– Southern China	33	2,755,000	858.0	819.8	467.6
– Western China	39	1,651,500	444.6	451.9	209.5
– Shandong	10	452,000	132.0	227.1	100.8
– Eastern China	38	1,208,250	143.2	251.1	95.6
– Northern China	14	611,000	147.5	280.3	112.9
	134	6,677,750	1,725.3	2,030.2	986.4
Water distribution services	18	2,750,000	416.5	266.0	214.4
	152	9,427,750	2,141.8	2,296.2	1,200.8
Overseas	36	58,500	11.0	228.4	23.0
Total	188	9,486,250	2,152.8	2,524.6	1,223.8

2.1.1 Water treatment services in Mainland China

2.1.1a Sewage and reclaimed water treatment services

As at 31 December 2013, the Group had 130 sewage treatment plants and 4 reclaimed water plants in operation in Mainland China. Total daily design capacity in operation of sewage treatment plants and reclaimed water plants reached 6,259,750 tons (31 December 2012: 4,777,250 tons) and 418,000 tons (31 December 2012: 387,000 tons) respectively. The average daily processing volume is 5,391,981 tons and average daily treatment rate is 81%. The actual average contracted tariff charge of water treatment was approximately HK\$1.22 per ton for water plants. The actual aggregate processing volume for the year was 1,725.3 million tons, of which 1,540.5 million tons was contributed by subsidiaries recorded a revenue of HK\$2,030.2 million for the year, and 184.8 million tons was contributed by joint ventures. Net profit attributable to shareholders of the Company

was HK\$986.4 million, of which HK\$981.7 million was contributed by subsidiaries and HK\$4.7 million was contributed by joint ventures. The information of sewage and reclaimed water treatment services in Mainland China is as follows:

Southern China

Plants in Southern China were mainly located in Guangdong Province, Hunan Province and Hainan Province. As at 31 December 2013, there were 33 sewage treatment plants with total daily design capacity of 2,755,000 tons, representing an increase of 790,000 tons per day or 40% as compared with last year. The actual aggregate processing volume for the year amounted to 858.0 million tons. The operating revenue and profit attributable to shareholders of the Company were HK\$819.8 million and HK\$467.6 million respectively during the year.

Western China

Plants in Western China were mainly located in Yunnan Province, Guangxi Province, Sichuan Province and Guizhou Province. As at 31 December 2013, there were 39 sewage treatment plants with total daily design capacity of 1,651,500 tons, representing an increase of 190,000 tons per day or 13% as compared with last year. The actual processing volume for the year was 444.6 million tons. The operating revenue of HK\$451.9 million was recorded during the year. Profit attributable to shareholders of the Company amounted to HK\$209.5 million.

Shandong

There were 10 plants in Shandong region. The total daily design capacity of Shandong region is 452,000 tons, representing an increase of 35,000 tons per day or 8% as compared with last year. The actual processing volume for the year was 132.0 million tons contributing operating revenue of HK\$227.1 million during the year. Profit attributable to shareholders of the Company was HK\$100.8 million.

Eastern China

There were 38 water plants in Eastern China which were mainly located in Zhejiang, Jiangsu and Anhui Province. As at 31 December 2013, the total daily design capacity of Eastern China had increased by 627,500 tons to 1,208,250 tons or 108% as compared with last year. The actual processing volume for the year amounted to 143.2 million tons and operating revenue was HK\$251.1 million during the year. Profit attributable to shareholders of the Company was HK\$95.6 million.

Northern China

Currently, the Group has 14 plants under operation in Northern China. They are mainly located in Liaoning Province and Beijing. The daily design capacity of Northern China had decreased by 129,000 tons to 611,000 tons or 17% as compared with last year. Decrease in daily design capacity was mainly due to the disposal of Inner Mongolia project. The projects achieved actual processing volume of 147.5 million tons for the year. The operating revenue was HK\$280.3 million during the year. Profit attributable to shareholders of the Company was HK\$112.9 million.

2.1.1b Water distribution services in Mainland China

As at 31 December 2013, the Group had 18 water distribution plants in operation. Total daily design capacity in operation was 2,750,000 tons (31 December 2012: 2,130,000 tons). The plants were mainly located in Guizhou Province, Shandong Province, Henan Province and Guangxi Province. The actual average contracted tariff charge of water distribution is approximately HK\$2.49 per ton. The aggregate actual processing volume is 416.5 million tons, of which 119.0 million tons was contributed by subsidiaries, which recorded revenue of HK\$266.0 million, and 297.5 million tons was contributed by joint ventures. Imputed interest income of HK\$104.3 million was recognised for the receivables under service concession arrangement of Plant No. 9 in Beijing which was acquired from BEHL during this year. Profit attributable to shareholders of the Company was HK\$214.4 million, of which profit of HK\$140.0 million was contributed by subsidiaries and a HK\$74.4 million in aggregate was incurred by joint ventures.

2.1.2 Water treatment services in Overseas

During the year, the Group acquired water projects in Portugal. As at 31 December 2013, the Group had 23 sewage treatment plants and 13 water distribution plants in Portugal. Total daily design sewage treatment and water distribution capacity in operation was 22,500 tons and 36,000 tons respectively. The aggregate actual processing volume for sewage treatment and water distribution is 4.1 million tons and 6.9 million tons respectively. Total revenue for the year was HK\$228.4 million. Profit attributable to shareholders of the Company was HK\$23.0 million.

2.2 Construction services for the water environmental renovation

2.2.1 Construction services for comprehensive renovation projects

The Group had nine comprehensive renovation projects under construction during the year. The projects located in Guangxi Guigang, Guangxi Beihai, Dalian Dashiqao, Yunan Kunming, Beijing, Guizhou Nanminghe and Malaysia Pantai. Last year, the Group had five comprehensive renovation projects under construction which located in Guangxi Guigang, Dalian Dengshahe, Dalian Dashiqao, Guizhou Nanminghe and Malaysia Pantai.

Revenue from comprehensive renovation projects increased by HK\$1,875.4 million from last year of HK\$1,006.5 million to HK\$2,881.9 million this year. The increase was mainly due to the commencement of construction of Guangxi Beihai project and Kunming No. 11 water plant project contributing revenue of HK\$623.3 million and the increase in revenue from Guizhou Nanminghe project amounted to HK\$677.4 million compared to last year. On the other hand, after the additional certification by the customer of Kunming Jieyun projects, construction revenue from comprehensive renovation projects of HK\$262.2 million was recognised.

According to the construction contracts, the Group charges an interest on the trade receivables from the customers with reference to certain mark-up on The People's Bank of China's lending rate for the period from the completion of the construction to time of the receipt of the trade receivables. Interest income from water environmental renovation projects attributable to shareholders of the Company was HK\$177.9 million for this year (2012: HK\$177.5 million).

Profit attributable to shareholders of the Company for the comprehensive renovation projects increased by HK\$285.2 million from last year of HK\$392.0 million to HK\$677.2 million this year. The increase was mainly due to the commencement of construction of Guangxi Beihai project and Kunming No. 11 water plant project contributing profit of HK\$85.4 million and the increase in the progress of Guizhou Nanminghe project contributing profit of HK\$262.1 million during this year.

Trade and bills receivables of HK\$788.1 million (equivalent to RMB622.6 million) for construction of comprehensive renovation projects of Kunming Jieyun were received during the year. As at 31 December 2013, the accumulated receipts from Kunming projects was HK\$4,134.2 million (equivalent to RMB3,266.0 million). After the additional certification by the customer during the year, construction revenue of HK\$262.2 million (equivalent to RMB207.1 million) was recognised. As at 31 December 2013, the trade and bills receivables for these projects amounted to HK\$1,342.0 million (equivalent to RMB1,060.2 million).

2.2.2 Construction of water plants

The Group entered into a number of service concession contracts on a BOT basis in respect of its sewage treatment business. Under HK(IFRIC)-Int 12 *Service Concession Arrangements*, the Group recognises the construction revenue with reference to the fair value of the construction service delivered in the building phase. The fair value of such service is estimated on a cost-plus basis with reference to a prevailing market rate of gross margin at the inception date of service concession agreement. Construction revenue is recognised by using the percentage-of-completion method.

During the year, 32 water plants were under construction. These water plants were mainly located in Beijing, Sichuan, Henan, Shandong, Yunnan, Guangxi, Liaoning, and Hunan provinces. Total revenue for construction of water plants was HK\$882.4 million and profit attributable to shareholders of the Company was HK\$68.0 million. As at 31 December 2013, the total daily design capacity of these water plants in the construction stage was 4,190,700 tons, most of these projects are expected to commence operation in coming year.

2.3 *Technical services for the water environmental renovation*

The Group has couples of qualification in engineering for consulting and design of water treatment plants. As an integrated water system solution provider, the Group has not only acquired extensive experience in bidding, building and operating sewage water treatment projects, but also successfully marketed its treatment technology and experience in construction services to other operators and constructors.

Revenue from the provision of technical services was HK\$117.6 million, representing 2% of the Group's total revenue. Profit attributable to shareholders of the Company was HK\$78.9 million (2012: HK\$150.8 million).

3. Financial analysis

3.1 *Revenue*

During the year, the Group recorded revenue of HK\$6,406.5 million (2012: HK\$3,727.4 million). The increase was mainly due to the increase in revenue from water treatment services and construction revenue for the water environmental renovation. Increase in revenue from water treatment services was mainly due to an increase in actual water processing capacity. Increase in construction revenue for the water environmental renovation was mainly due to the commencement of construction of Guangxi Beihai project and Kunming No. 11 water plant project and the increase in construction revenue for the Guizhou Nanminghe project during the year. For details, please refer to note 2.2 above.

3.2 *Cost of sales*

Cost of sales for the year amounted to HK\$3,900.9 million, compared to last year of HK\$2,290.4 million. The increase was mainly due to the increase in construction costs and operating costs amounted to HK\$1,353.5 million and HK\$280.0 million respectively. Cost of sales mainly included construction costs of HK\$3,012.2 million and operating costs of water plants of HK\$871.3 million. The construction costs mainly consisted of subcontracting charges. The increase in construction costs was mainly due to the increase in construction works for Guangxi Beihai, Kunming No. 11 water plant project and Guizhou Nanminghe projects. The operating costs of water plants, mainly included electricity charges of HK\$288.0 million, staff costs of HK\$141.1 million and major overhaul charges of HK\$68.7 million; while the increase in operating costs was mainly due to increase in actual water processing capacity. Major overhaul charges were the estimated expenditure to be incurred for the restoration of water plants before they are handed over to the grantor at the end of service arrangements. The amount was estimated based on discounted future cash outlays on major overhauls during the service concession periods. The amount was charged to statement of profit or loss based on amortisation method during the service concession periods.

3.3 *Gross profit margin*

During the year, gross profit margin has remained unchanged at 39%. The gross margin for sewage treatment services increased from last year of 63% to 68% this year. Gross margin for water distribution services increased from 44% last year to 52% this year as there was imputed interest income of HK\$104.3 million for the Plant No. 9. Excluding the imputed interest income of the Plant No. 9, gross margin for water distribution services was 34% which decreased compared to last year of 44%. The decrease was mainly due to a lower gross margin for Portugal water supply plants. Gross margin for construction services for water environmental renovation slightly increased from last year of 21% to 23% this year. Gross margin for construction of water plants under BOT projects remained unchanged at 11% this year. Gross margin for the technical services for the water environmental renovation slightly increased from last year of 82% to 85% this year.

3.4 *Other income and gains, net*

The Group recorded other income and gains, net of HK\$199.7 million during the year, compared to last year of HK\$193.9 million. The amount for this year included sludge treatment income of HK\$37.9 million, gains on disposal of a joint venture and subsidiaries of HK\$74.4 million, gains on bargain purchase of subsidiaries of HK\$25.3 million and fair value gain on investment properties of HK\$17.0 million.

3.5 Administrative expenses

Administrative expenses for the year was HK\$774.6 million, compared to last year of HK\$439.6 million. The increase was mainly due to the increase in staff costs of HK\$141.7 million, business development expenses of HK\$49.6 million and equity-settled share option expense of HK\$105.8 million. Staff costs and business development expenses increased as a result of the business expansion during this year. Also, there was no equity-settled share option expense last year since the share option was issued during this year. Although there was an increase in administrative expenses as a result of the business expansion, the Group managed to control administrative expenses effectively. Excluded the equity-settled share option expense, the ratio of administrative expenses to total revenue decreased from 11.8% last year to 10.4% this year.

3.6 Other operating expenses, net

Other operating expenses increased from HK\$127.4 million last year to HK\$187.5 million this year. The amount included the exchange losses of HK\$40.0 million which mainly incurred for the RMB notes payable and corporate bonds as a result of the appreciation of RMB against HK\$ during the year.

3.7 Finance costs

Finance costs mainly represented interests on bank and other borrowings of HK\$460.6 million (2012: HK\$362.0 million) and interests on corporate bonds and notes payable of HK\$328.0 million (2012: HK\$141.0 million). The increase in finance costs was mainly due to the issuance of additional note payable of RMB800 million on 8 November 2013 and a corporate bond dominated in USD in a principal of USD500 million on 6 May 2013. Also, there was an increase in interest rate as compared with last year.

3.8 Income tax

Income tax expense for the year included the current PRC income tax of HK\$351.8 million. The effective tax rate for the PRC operation was about 19% which was lower than the PRC standard income tax rate of 25% as some of the subsidiaries enjoyed tax concession benefit. Deferred tax charge for the year was HK\$109.6 million.

3.9 Property, plant and equipment

Property, plant and equipment decreased by HK\$148.9 million which was mainly due to the disposal of 內蒙古北控西部水業股份有限公司 (Inner Mongolia Beijing Enterprises Western Water Industry Co., Ltd[^]).

3.10 Investment properties

Investment properties represent a portion of a building located in Beijing which the Group held to earn rental income and reclassified from property, plant and equipment to investment properties during the year. The investment properties are stated at fair value. Fair value gain of HK\$17.0 million was recognised in statement of profit or loss during the year. There was no such item in last year.

3.11 Goodwill

Increase in goodwill of HK\$750.7 million was mainly due to acquisition of seven companies in Dongguan and asset injection from BEHL. For details, please refer to “Significant Investments and Acquisitions” section.

3.12 Receivables

The Group’s total receivables of HK\$20,364.8 million (2012: HK\$12,128.3 million) included:

By accounting nature:

	Non-current HK\$’M	2013 Current HK\$’M	Total HK\$’M	Non-current HK\$’M	2012 Current HK\$’M	Total HK\$’M
(i) Amounts due from contract customers	5,360.7	27.0	5,387.7	2,762.0	31.6	2,793.6
(ii) Receivables under service concession arrangements	11,779.1	1,106.9	12,886.0	6,469.5	382.5	6,852.0
(iii) Trade and bills receivables	53.1	2,038.0	2,091.1	97.2	2,385.5	2,482.7
Total	17,192.9	3,171.9	20,364.8	9,328.7	2,799.6	12,128.3

[^] For identification purpose only

- (i) Amounts due from contract customers of HK\$5,387.7 million represent the balances of accumulated construction costs incurred to date plus recognised accumulated gross profits exceeding progress billings arising from BOT projects and comprehensive renovation projects during the phase of construction. Total balance increased by HK\$2,594.1 million (non-current portion increased by HK\$2,598.7 million and current portion decreased by HK\$4.6 million), which was mainly due to the recognition of construction revenue for a water environmental renovation project in Guizhou Nanminghe, Guangxi Beihai Project and Kunming No. 11 water plant project;
- (ii) Receivables under service concession arrangements of HK\$12,886.0 million represent the fair value of the specified amount that the grantor contractually guarantees to pay under service concession contracts arising from BOT and TOT projects in operation. The increase in balance by HK\$6,034.0 million (non-current portion increased by HK\$5,309.6 million and current portion increased by HK\$724.4 million) was mainly due to the acquisition of water projects (including acquisition of TOT projects from local government and acquisition of water projects from Salcon Group and Beijing Construction Engineering Group Co., Ltd) which accounted for an increase in receivable balance of around HK\$4,084.6 million, and several BOT projects commenced its operation which accounted for an increase in receivable balance of around HK\$387.4 million, and purchase of a receivable under service concession arrangements related to No. 9 water plant in Beijing acquired from BEHL amounted HK\$1,000.0 million; and
- (iii) Trade and bills receivables of HK\$2,091.1 million mainly arose from the provision of construction services for comprehensive renovation projects, technical and consultancy services and sewage treatment equipment trading. The balance decreased by HK\$391.6 million (non-current portion decreased by HK\$44.1 million and current portion decreased by HK\$347.5 million), mainly due to settlement of receivables for construction services of comprehensive renovation projects in Kunming Jieyun.

By business nature:

	2013 HK\$'M	2012 <i>HK\$'M</i>
Water treatment services by BOT and TOT projects	15,142.9	8,433.3
Construction services of comprehensive renovation projects	4,868.5	3,246.6
Technical and consultancy services and other businesses	353.4	448.4
Total	<u>20,364.8</u>	<u>12,128.3</u>

Total receivables, which relates to the BOT and TOT projects, recognised under the service concession agreements in accordance with the HK(IFRIC)-Int 12 *Service Concession Arrangements* were HK\$15,142.9 million (2012: HK\$8,433.3 million). Total receivables for the construction service of comprehensive renovation projects were HK\$4,868.5 million (2012: HK\$3,246.6 million). Total receivables for technical and consultancy services and other businesses were HK\$353.4 million (2012: HK\$448.4 million).

3.13 Operating concessions

Operating concessions represents rights that the Group can charge users under service concession contracts. It is a non-guarantee receipt right to receive cash because the chargeable amounts are contingent on the extent that the users use the service. The balance arises from BOT and TOT projects in operation. The balance increased by HK\$1,549.6 million mainly due to the acquisition of operating concessions in Portugal of HK\$1,045.8 million and Jilin of HK\$402.8 million during this year.

3.14 Investments in joint ventures

Investments in joint ventures increased by HK\$580.3 million, mainly due to the acquisition of BJA Holdings Company Ltd. from BEHL. BJA Holdings Company Ltd. holds a joint venture namely 北京安菱水務科技有限公司 (Beijing Anling Water Technology Company Limited[^]) which has a concession right for the Plant No. 10 in Beijing.

[^] For identification purpose only

3.15 Prepayments, deposits and other receivables

Prepayments, deposits and other receivables increased by HK\$553.9 million (non-current portion increased by HK\$626.2 million and current portion decreased by HK\$72.3 million), mainly due to the increase in construction prepayments and the investment deposit for the acquisition of subsidiaries from Standard Water Ltd..

3.16 Cash and cash equivalents

Cash and cash equivalents increased by HK\$1,222.2 million. The increase was mainly due to the issuances of corporate bonds and note payable and placement of shares.

3.17 Other payables and accruals

Other payables and accruals increased by HK\$539.5 million (non-current portion increased by HK\$242.7 million and current portion increased by HK\$296.8 million). This increase was mainly due to the consideration payables of HK\$333.4 million for the acquisition of Jilin project, Salcon Group and seven companies in Dongguan and the increase in the receipt in advance from subcontractor of HK\$135.7 million.

3.18 Corporate bonds and notes payable

The increase in corporate bonds and notes payable was mainly due to the issuance of additional note payable of RMB800 million (equivalent to HK\$1,012.7 million) on 8 November 2013 and a corporate bond dominated in USD in a principal of US\$500 million (equivalent to HK\$3,876.9 million) on 6 May 2013.

3.19 Trade and bills payables

The increase in trade and bills payables by HK\$836.2 million was mainly due to increase in trade payables to subcontractors as a result of increase in subcontracting charges for new water environmental renovation projects.

3.20 Liquidity and financial resources

As at 31 December 2013, the Group's cash and cash equivalents amounted to HK\$5,513.0 million (31 December 2012: HK\$4,290.9 million).

The Group's total borrowings amounted to HK\$19,296.4 million (31 December 2012: HK\$13,294.5 million) comprised bank and other borrowings of HK\$10,441.6 million (31 December 2012: HK\$9,403.7 million), finance lease payable of HK\$13.3 million (31 December 2012: HK\$19.7 million), notes payable of HK\$2,522.5 million (31 December 2012: HK\$1,476.6 million) and corporate bonds of HK\$6,319.0 million (31 December 2012: HK\$2,394.5 million).

As at 31 December 2013, the Group had banking facilities amounting to HK\$6.70 billion, of which HK\$1.74 billion have not been utilised. The banking facilities are of 1 to 5 years term.

The Group's total equity amounted to HK\$15,924.4 million (2012: HK\$10,731.5 million). The increase was mainly due to the issuance of new shares during the year. During the year, the Company issued 776,810,838 new shares at HK\$1.62 per share to Beijing Enterprises Environmental Construction Limited, a substantial shareholder of the Company, for the acquisition of assets from BEHL with total consideration of HK\$1.26 billion. For further details, please refer to the section "Significant investments and acquisitions" in this announcement. Additionally, two share placements were held during this year. The total net proceeds from share placements amounted to HK\$2.29 billion. For further details, please refer to the section "Share placements" in this announcement.

The gearing ratio as defined as sum of bank and other borrowings, finance lease payable, notes payable and corporate bonds, net of cash and cash equivalents, divided by the total equity was 0.87 as at 31 December 2013 (31 December 2012: 0.84). The increase in the gearing ratio as at 31 December 2013 was mainly due to the issuance of the note payable and corporate bond as detailed in section 3.18. The effect was partly offset by the increase in total equity. As such, the gearing ratio is managed to be slightly higher than last year. The proceeds from note payable and corporate bond were utilised for the acquisition of various water projects in the PRC and Portugal.

3.21 Capital expenditures

During the year, the Group's total capital expenditures were HK\$4,087.9 million (31 December 2012: HK\$1,580.6 million), of which HK\$54.7 million was paid for the acquisition of property, plant and equipment and intangible assets; HK\$1,148.3 million was spent on construction and acquisition of water plants and HK\$2,884.9 million represented the consideration for acquisition of equity interests in subsidiaries and joint ventures. The increase was mainly due to the increase in capital expenditure on the acquisition of equity interests in subsidiaries.

4. Future outlook

4.1 Development Strategy

In 2014, under the premise that risks will be effectively controlled, we will strategically position ourselves as the “leading integrated water environment provider” and guided by the Group's development strategy, we will actively adjust investment policies by focusing on “fast development, management elevation and innovative reform”. We will steadily push forward various investment projects, and accelerate the fostering of core competitiveness and the pace of mergers and acquisitions to promote the sustained and healthy development of principal businesses.

While taking more efforts in the expansion and acquisition of the traditional water business, at the same time, the Group will explore ways to tap into the market of water environmental treatment in those economically developed areas, and maintain a good layout of these two principal businesses going forward hand in hand.

In respect of technical researches on sludge disposal and solid food waste treatment, the Group will put efforts onto such technical researches as well as strengthen the investment in this regard, in order to tap into this field which could form a new pillar business soonest possible.

The Group will actively push forward the seawater desalination project that is designed to supply water to Beijing and expand its leading edge in the industry by exploring emerging desalination markets and making technical reserves.

In order to further expand our oversea market share, the Group will explore water environmental protection projects with higher quality, controllable risks and strategic values among the oversea markets.

In respect of the development of engineering technical applications and design consulting services for technical service business, we will speed up to explore the development of emerging water environment businesses so as to further improve the profitability from the technical services aspect.

Overall, the Group will maintain the rapid development of its primary businesses under the current scale, and put more efforts and resources into the elevation of its management and control capabilities. We will formulate plans and measures for prioritized tasks such as “strategic development planning”, “corporate culture refinement and promotion”, “optimization and implementation of management and control systems and mechanisms”. We will accelerate the “establishment of a management system with self-evolving, closed-loop management, and virtuous cycling”.

4.2 *Future development*

From a macro point of view, the central government attaches great importance to ecological civilization and has put the construction of ecological civilization in a prominent position, in a bid to form a five-in-one overall layout of economic construction, political construction, cultural construction, social construction, and ecological civilization.

With regard to long-term trend, China’s economy is still in the growth period with a second round of adjustment, so the macroeconomic situation in the future will be very favorable to the development of the water environmental protection industry. As the PRC government promulgates supportive policies and continuously raises the requirements for sewage treatment which will lead to the acceleration of perfection of the policies of traditional water industry, thereby emerging favorable conditions to the industry. There is not only a rapid growth in demand for water environment treatment market, but also a broad market in seawater desalination and an explosive market in sludge solid waste treatment as well. In addition, opportunities for the industrial wastewater market segment will surface, and more demanding requirements on water treatment standards will bring market opportunities for membrane materials. As a result, the environmental protection and treatment derivative markets, including leachate, drainage network operation, water restoration, and food waste, are gradually becoming popular.

The release of in-depth environmental governance requirements will drive the comprehensive development of environmental protection industrial chain that will bring tremendous development room for the water environmental protection industry, thereby heralding a new golden stage for the development of the water environmental protection industry.

In conclusion, in the coming year, the opportunities should outweigh the challenges. We remain convinced that 2014 will be a year of harvest and development for the Group.

In 2014, the Group will not only strengthen the top-level management control mode, but also improve and optimize the foundation of management control systems. The Group further strengthens its support and resources for those key functional departments through reform and model innovations. The Group will continue to upgrade the management of each business segment and steadily advance the development of business in-depth, thereby sustaining the steady and healthy growth in the Group's performance.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2013, the Group employed 4,280 employees. The Group's remuneration packages are generally structured by reference to market terms and individual merit. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

- (a) On 5 February 2013, the Group completed acquisitions of the following assets from BEHL and certain of its subsidiaries (the "Assets Vendors"):
 - (i) the estimated future net cash income (after deducting all state and local taxes in the PRC and operating costs) generated from the service concession arrangement on the water purification and treatment operation of the Phase 1 of No. 9 water treatment plant in Beijing for the six years ending 31 December 2018;
 - (ii) the entire equity interests in 潍坊北控水务有限公司 (Beijing Enterprises Water (Weifang) Company Limited[^]) which is engaged in a service concession arrangement on water supply in Shandong Province, the PRC; and
 - (iii) the entire beneficial shareholding interests in Beijing Enterprises Water Company Limited, an investment holding company holding an interest in a joint venture which is engaged in a service concession arrangement on water supply in Beijing.

[^] For identification purpose only

The above acquisitions were made pursuant to a master agreement dated 26 September 2012 entered into between the Group and the Assets Vendors, and the total consideration of HK\$1,066,539,552 in respect of the above acquisitions was satisfied by way of the issuance of 658,357,748 ordinary shares of the Company at HK\$1.62 per share to Beijing Enterprises Environmental Construction Limited (“BE Environmental”), a wholly-owned subsidiary of BEHL.

On 24 May 2013, the Group completed the acquisition of a 90% equity interest in 北控水務集團(海南)有限公司 (Beijing Enterprises Water Group (Hainan) Company Limited[^]), which is principally engaged in sewage treatment operation in Hainan Province, the PRC. The consideration of RMB157,000,000 (equivalent to approximately HK\$191,894,006) was settled by way of the issuance of 118,453,090 ordinary shares of the Company at HK\$1.62 per share to BE Environmental.

Further details of the acquisition transactions are set out in the Company’s circular dated 30 November 2012 and announcements dated 5 February 2013 and 24 May 2013, respectively.

- (b) On 6 February 2013, the Company and three independent third parties (collectively the “Dongguan Vendors”) entered into an equity transfer agreement, pursuant to which the Company conditionally agreed to acquire, and the Dongguan Vendors conditionally agreed to sell, the entire equity interests in seven companies established in Mainland China and principally engaged in the sewage treatment operations in Dongguan City, Guangdong Province at an aggregate consideration of RMB514,721,000 (equivalent to approximately HK\$642,962,000).

Further details of the transaction are set out in the Company’s announcement dated 6 February 2013.

- (c) On 21 March 2013 the Company and Veolia Eau – Compagnie Générale des Eaux, S.C.A. (“Veolia Water”) entered into a sale and purchase agreement, pursuant to which the Company, or a wholly-owned subsidiary of the Company, acquired from Veolia Water the entire share capital of Compagnie Générale des Eaux (Portugal) – Consultadoria e Engenharia, S.A., (a company incorporated and operating under the laws of Portugal) together with related quasi-capital contributions and shareholder loan. The aggregate consideration is €95,515,000 (equivalent to approximately HK\$963,679,000).

Further details of the transaction are set out in the Company’s announcement dated 21 March 2013.

[^] For identification purpose only

- (d) On 28 June 2013, BEWG Environmental Group Co., Ltd., a wholly-owned subsidiary of the Company (“BEWG Environmental”) and an independent third party (the “BCEG vendor”) entered into an equity transfer agreement, pursuant to which, BEWG Environmental has conditionally agreed to acquire, and the BCEG Vendor has conditionally agreed to sell, the 60% equity interest of BCEG Environment Development Co., Ltd[^] (北京建工環境發展有限責任公司) at a consideration of RMB270,000,000 (equivalent to approximately HK\$340,956,000).

Further details of the transaction are set out in the Company’s announcement dated 28 June 2013.

- (e) Pursuant to a sale and purchase agreement entered into between the Company, Standard Water Ltd. (the “Vendor”), Crystal Water Company Limited (“Crystal Water”) and China Water Holdings Pte. Ltd. (“China Water Holdings”) dated 6 September 2013, the Company agreed to acquire the entire equity interests in Crystal Water and China Water Holdings from the Vendor at a consideration of RMB1,350,000,000 (equivalent to approximately HK\$1,697,760,000) in aggregate, subject to adjustments as stipulated in the sale and purchase agreement.

On 27 January 2014, the Company, the Vendor, Crystal Water and China Water Holdings entered into a supplementary agreement to, among other things, (1) reduce the consideration to RMB1,250,485,200 (equivalent to approximately HK\$1,589,741,835); (2) revise the payment terms of the consideration; and (3) set out certain ancillary matters.

Further details of the acquisition transactions are set out in the Company’s announcement dated 6 September 2013 and 27 January 2014.

As at the date of this announcement, the transaction has not been completed.

[^] For identification purpose only

- (f) On 12 September 2013, the Company, Salcon Berhad and Salcon Water (Asia) Limited (jointly the “Salcon Vendors”) entered into a sale and purchase agreement (the “First Agreement”) pursuant to which the Company has conditionally agreed to acquire, and the Salcon Vendors have conditionally agreed to sell the entire shareholding interest of Salcon Fujian (HK) Limited, Salcon Zhejiang (HK) Limited, Salcon Linyi (HK) Limited and Salcon Shandong (HK) Limited at an initial consideration of RMB648,000,000 (equivalent to approximately HK\$814,924,800), subject to adjustments and upon and subject to the terms and conditions of the First Agreement. On the same day, the Company and Salcon Berhad also entered into a sale and purchase agreement (the “Second Agreement”) pursuant to which the Company has conditionally agreed to acquire, and Salcon Berhad has conditionally agreed to sell, the entire shareholding interest of Salcon Darco Environmental Pte. Ltd. and Salcon Jiangsu (HK) Limited at an initial consideration of RMB307,000,000 (equivalent to approximately HK\$386,083,200), subject to adjustments and upon and subject to the terms and conditions of the Second Agreement. As at the date of this announcement, the transactions under the First Agreement have not been completed.

Further details of the acquisition transactions are set out in the Company’s announcement dated 12 September 2013.

Save as disclosed above, the Group had no material significant investments and acquisitions of subsidiaries and affiliated companies during the year ended 31 December 2013.

CHARGES ON THE GROUP’S ASSETS

The secured bank and other borrowings, and a finance lease payable of the Group as at 31 December 2013 are secured by:

- (i) mortgages over certain sewage treatment and water distribution concession rights (comprising property, plant and equipment, operating concessions and receivables under service concession arrangements) which are under the management of the Group pursuant to the relevant service concession agreements signed with the grantors;
- (ii) guarantees given by the Company and/or its subsidiaries;
- (iii) pledges over certain of the Group’s equity interests in subsidiaries; and/or
- (iv) pledges over certain of the Group’s bank balances.

Save as disclosed above, at 31 December 2013, the Group did not have any charges on the Group’s assets.

FOREIGN EXCHANGE EXPOSURE

Majority of the subsidiaries of the Company operates in the PRC with most of the transactions denominated and settled in RMB. Currently, the Group has not used derivative financial instruments to hedge its foreign currency risk.

CONTINGENT LIABILITIES

At 31 December 2013 and 31 December 2012, a corporate guarantee at a maximum amount of RM49,162,000 (equivalent to HK\$120,629,000) was given by a subsidiary of the Group, through financial institutions, to the government of Malaysia in respect of the specific performance of the duties by the Group under an arrangement on the design, construction and operation of an underground sewage water plant located in Malaysia (the “Malaysia Project”). The corporate guarantee remains in force and effects until 27 January 2019. Further details of the Malaysia Project are set out in the Company’s announcements dated 4 July 2011 and 3 November 2011.

Save as disclosed above, at 31 December 2013 and 31 December 2012, the Group did not have any significant contingent liabilities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2013, in the opinion of the Board, the Company complied with all code provisions set out in the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules except the Code Provision E.1.2.

The chairman of the Company was unable to attend the annual general meeting of the Company held on 21 May 2013 (the “2013 AGM”) and has appointed the vice chairman of the Company to attend on his behalf to chair the 2013 AGM. The chairman of each of remuneration and nomination committees was also unable to attend the 2013 AGM due to other business engagements and has appointed the other directors of the Company to attend the 2013 AGM and to answer questions. Sufficient measures had been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “Model Code”) as the code of conduct regarding securities transactions by directors. Having made specific enquiry of all directors of the Company, the Company confirms that during the year ended 31 December 2013, all of its directors have complied with the required standard set out in the Model Code and its code of conduct regarding securities transactions by directors.

AUDIT COMMITTEE

The audit committee of the Company (“Audit Committee”) comprises three independent non-executive directors of the Company, namely Mr. Shea Chun Lok Quadrant (the chairman of the Committee), Mr. Zhang Gaobo and Mr. Guo Rui. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and internal controls of the Company. The final results for the year ended 31 December 2013 have been reviewed and approved by the Audit Committee of the Company. The Audit Committee considers that appropriate accounting policies have been adopted in the preparation of relevant results and sufficient disclosures have been made.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website (www.bewg.com.hk) and the website of the Stock Exchange (www.hkexnews.hk). The 2013 annual report and the notice of annual general meeting will be dispatched to shareholders in April 2014 and will be published on the websites of the Company and the Stock Exchange in due course.

APPRECIATION

On behalf of the Board, I would like to express my sincere thanks to all the Group's employees for their continuous support and dedicated services.

By Order of the Board
Beijing Enterprises Water Group Limited
Zhang Honghai
Chairman

Hong Kong, 27 March 2014

As at the date of this announcement, the Board comprises eleven executive Directors, namely Mr. Zhang Honghai (Chairman), Mr. E Meng (Vice Chairman), Mr. Jiang Xinhao, Mr. Hu Xiaoyong (Chief Executive Officer), Mr. Zhou Min, Mr. Li Haifeng, Mr. Zhang Tiefu, Ms. Qi Xiaohong, Mr. Ke Jian, Mr. Tung Woon Cheung Eric and Mr. Li Li, and six independent non-executive Directors, namely Mr. Shea Chun Lok Quadrant, Mr. Zhang Gaobo, Mr. Guo Rui, Ms. Hang Shijun, Mr. Wang Kaijun and Mr. Yu Ning.