



行政總裁報告書 Chief Executive Officer's Report

CHIEF EXECUTIVE OFFICER'S REPORT

行政總裁報告書

RESULTS OF THE GROUP

In the first half of 2003, the Hong Kong economy was deeply disturbed by SARS epidemics and the war between the US and Iraq. But in the second half of the year, following the signing of Closer Economic Partnership Arrangement ("CEPA") between Hong Kong and the Chinese Central Government and implementation of the new policy allowing individual visitors from Mainland China to visit Hong Kong freely, the Hong Kong economy started to recover from the trough. The stock market gradually gathered momentum and the unemployment rate dropped steadily. In this volatile economic environment, the Company and its subsidiaries (collectively, the "Group"), made their best efforts in developing its business and strictly controlling the associated risks. The Group's 21.39% owned China Everbright Bank Company Limited ("Everbright Bank") continued its rapid growth in deposits and loan portfolios. Its asset quality and profitability continued to improve. The Group's 49% owned Everbright Securities Company Limited ("Everbright Securities") continued to reduce its operating costs to cope with the difficult securities market in Mainland China. For the year ended 31st December 2003, the Group's profits after tax amounted to HK\$224 million with Everbright Bank, International Bank of Asia Limited ("IBA") and the Group's Hong Kong operations each contributing HK\$210 million, HK\$28 million and HK\$185 million respectively in profits to the Group. The Group shared from Everbright Securities an after tax loss of HK\$80 million. The Group also incurred a long term investment impairment loss of HK\$119 million as a result of the proposed general offer made by an independent third party in respect of its 20% IBA shares in the third quarter of 2003.

經營業績

回顧二零零三年，上半年在美伊戰爭及非典型肺炎的相繼困擾下，香港經濟陷入谷底。下半年隨著香港與內地更緊密經貿安排的簽署以及自由行政策的實施，香港逐步從困境中走出。股市交投活躍，失業率有所改善。在此起伏波動較大的環境下，本公司及附屬公司（「本集團」）嚴格控制風險，積極開展業務。本集團持股21.39%的中國光大銀行股份有限公司（「光大銀行」）貸款和存款業務快速增長，資產質量及盈利能力持續改善。本集團持股49%的光大證券有限責任公司（「光大證券」）在市場持續低迷的情況下，努力壓縮成本。二零零三年本集團實現稅後盈利港幣2.24億元，其中本集團香港業務實現稅後盈利港幣1.85億元，應佔光大銀行及港基國際銀行有限公司（「港基銀行」）稅後利潤分別為港幣2.10億元及0.28億元，應佔光大證券稅後虧損港幣0.80億元。因港基銀行於二零零三年第三季被獨立第三者提出全面收購，而引至集團持有的20%股權產生長期投資減值港幣1.19億元。

CHIEF EXECUTIVE OFFICER'S REPORT (Continued)

行政總裁報告書 (續)

REVIEW OF OPERATIONS

(A) Commercial Banking

As at 31st December 2003, under Hong Kong generally accepted accounting standards, Everbright Bank recorded before and after tax profit of RMB1.33 billion and RMB1.04 billion respectively, and contributed HK\$210 million towards the Group's after tax profits. The main reason for the increase in profits was due to substantial increase in the loan portfolio from RMB191.4 billion to RMB248.5 billion (a 30% increase) which generated an increase in net interest income to RMB7.2 billion in 2003 from RMB5.5 billion in 2002 and in the same period the provisions charged to the profit and loss account were reduced to RMB2.8 billion.

In order to deal with the inherited non-performing assets as soon as possible, Everbright Bank made substantial provisions in 2002 and had improved the asset quality significantly. In 2003, the provisions made to the profit and loss account of Everbright Bank related to loans and other assets amounted to RMB2.8 billion, of which RMB2.6 billion was made in respect of the loan portfolio, in which general provision amounted to RMB958 million. As at 31st December 2003, according to the 5-category Loan Classification System, Everbright Bank's non-performing loan ("NPL") amounted to RMB23.2 billion, representing an NPL ratio of 9.3%. Without taking into account of the value of security provided to the bank by borrowers, the provisioning rate for the NPL has reached 42%.

The personal banking business of Everbright Bank grew rapidly in 2003. At the end of 2003, its personal consumer loan portfolio reached a size of approximately RMB20.39 billion, representing an increase of RMB11.51 billion from 2002, or a growth rate of 130%. This loan portfolio made up 8.2% of the total loan portfolio. Personal deposits amounted to RMB37.5 billion, an increase by RMB11.5 billion from that in year 2002, representing an increase of 44% compared with the year before.

業務回顧

(A) 商業銀行業務

於二零零三年，光大銀行在香港普遍採納之會計準則下錄得稅前及稅後利潤分別為人民幣13.3億元和10.4億元，為本集團帶來2.10億港元稅後盈利。利潤增長的主要原因是貸款額由人民幣1,914億元增至人民幣2,485億元（增長30%），使淨利息收入由人民幣55億元，增至人民幣72億元，而計入本年損益的撥備則下降到人民幣28億元。

為儘快處置歷史遺留的不良資產，光大銀行二零零二年大幅度增加了撥備，資產質量有所改善。於二零零三年，光大銀行對貸款及其它資產計入本年損益的撥備總額為人民幣28億元，其中對貸款的撥備為人民幣26億元。在對貸款的撥備中人民幣9.58億元為一般性撥備。截至二零零三年十二月三十一日，根據五級分類標準，光大銀行不良貸款撥備前餘額為人民幣232億元，不良貸款比率為9.3%，在不考慮抵押品價值的情況下，不良貸款的撥備比率為42%。

二零零三年光大銀行個人業務發展迅速，到二零零三年年底個人消費貸款餘額為人民幣203.9億元，比二零零二年末增長人民幣115.1億元，增長130%；佔貸款總額的8.2%。個人儲蓄存款達到人民幣375億元，比上年增加人民幣115億元，增幅44%。

CHIEF EXECUTIVE OFFICER'S REPORT (Continued)

行政總裁報告書 (續)

REVIEW OF OPERATIONS (Continued)

(A) Commercial Banking (Continued)

As at 31st December 2003, Everbright Bank was operating 30 direct branches and 370 banking offices in 23 provinces/cities and autonomous regions in Mainland China with a representative office in Hong Kong.

The Group's 20% owned IBA contributed a profit after tax of HK\$28 million to the Group, representing a decrease of 37% compared to last year. The proposed general offer at HK\$3.68 per share made by an independent third party in respect of all IBA Shares in the third quarter of 2003 has led to an impairment loss of HK\$119 million in long term investment recorded in 2003. After reviewing the strategy of the Group in the financial sector in Hong Kong and Mainland China, the Company decided to dispose of its 20% stake in IBA at HK\$3.68 per share in March 2004 and received HK\$862 million in cash as a result of the said disposal. The Company will use the proceeds for its general working capital and future business development.

業務回顧 (續)

(A) 商業銀行業務 (續)

截至二零零三年十二月三十一日，光大銀行在全國23省市自治區共設立了30家直屬分支行及370家營業網點，並於香港設有代表處。

本年度本集團持股20%的港基銀行為本集團帶來港幣0.28億元的稅後盈利，比上年下跌37%。由於有獨立第三者於二零零三年第三季提出以每股港幣3.68元全面收購港基銀行股份，此舉令本集團已於本年度為此長期投資作約港幣1.19億元的長期投資減值虧損。在對本集團未來香港及中國內地金融業發展策略進行認真分析和論證後，二零零四年三月董事會決定以每股港幣3.68元出售持有的20%的港基銀行股份。此交易為本公司所帶來的港幣8.62億元現金收入將被用於日常營運及支援日後業務發展。

CHIEF EXECUTIVE OFFICER'S REPORT (Continued)

行政總裁報告書 (續)

REVIEW OF OPERATIONS (Continued)

(B) Investment Banking Business

Mainland Securities Business

For most of the time in 2003, the securities market and relevant securities indices in Mainland China followed the downward trend. Both the primary and secondary markets were under depressed conditions and the primary market transaction volume was reduced by 8.5%. In such a difficult market, Everbright Securities recorded an after tax loss of RMB172 million, contributing HK\$80 million loss to the Group's results. The total income of Everbright Securities in the period under review amounted to RMB596 million, comprising brokerage commission RMB247 million (a drop of 11.8% compared with 2002), underwriting fees RMB93 million (a decrease of 14.7% compared with 2002), interest and other income RMB182 million and investment income RMB224 million. There was a loss of RMB149 million due to the asset management business. The operating costs of Everbright Securities for the year 2003 amounted to RMB570 million and there was provision of RMB140 million made towards potential liabilities which might arise from disputes with customers relating to branch operations of Everbright Securities.

In 2003, Everbright Securities continued to develop its business and has improved its A-shares brokerage market share to 1.91% from 1.67% in the year before. Internet trading now forms a substantial part of Everbright Securities' brokerage business, comprising about 22% of the company's turnover in securities brokerage. Everbright Securities continued to rank amongst the top players in the primary market both in terms of primary issues and corporate finance transactions.

業務回顧 (續)

(B) 投資銀行業務

國內證券業務

二零零三年中國內地股市繼續調整，全年大部分時間股指處於下降狀態。一二級市場成交額持續受壓，一級市場成交額比上年下降8.5%。受上述不利環境影響，光大證券二零零三年錄得稅後虧損人民幣1.72億元，為本集團帶來港幣0.80億元的虧損。本年度光大證券錄得的總收入人民幣5.96億元。其中佣金收入人民幣2.47億元比去年下降11.8%；證券承銷收入人民幣0.93億元，比去年下降14.7%；利息及其它收入人民幣1.82億元；證券投資收益人民幣2.24億及資產管理業務虧損人民幣1.49億元。其間營業總支出人民幣5.7億元及因營業部的客戶業務而引起的法律訴訟產生撥備人民幣1.4億元。

二零零三年光大證券努力發展業務，市場佔有率有所提高。其中經紀業務A股市場佔有率從去年1.67%提高到1.91%。網上交易發展迅速，網上交易額已佔光大證券總交易額的22%。光大證券一級市場融資業務繼續處於行業領先地位，承銷家數和融資金額都排在全國券商的前列。

CHIEF EXECUTIVE OFFICER'S REPORT (Continued)

行政總裁報告書 (續)

REVIEW OF OPERATIONS (Continued)

(B) Investment Banking Business (Continued)

Mainland Securities Business (Continued)

To improve the shareholding structure, the board of directors of Everbright Securities proposed to convert Everbright Securities from a limited liability company to a joint stock limited company and introduced 4 new shareholders to Everbright Securities in February 2004 involving an increase in capital by RMB220 million. Upon successful conversion, the Group's stake in Everbright Securities would be diluted from 49% to 45.46%. As at the date hereof, Everbright Securities is still awaiting approval on the proposed conversion from the relevant regulatory authorities.

Hong Kong Securities Business

Through active development of business and prudent measures in cost control, the profit of the Group's Hong Kong securities business had increased in 2003. The corporate finance arm of the Group made a breakthrough on successfully sponsoring the listing of the shares of Fujian Zijin Mining Industry Co. Limited on the Mainboard of the Hong Kong Stock Exchange. Further, the Group participated in the underwriting of a number of new issues during the year. The Group's Hong Kong operation generated an after tax profit of HK\$185 million.

(C) Others

In order to develop the market in Mainland China and to support the investment banking business of the Group, the Group has set up a representative office in Beijing and will expand its operation in Mainland China so as to provide better services to the Group's clients in Mainland China.

業務回顧 (續)

(B) 投資銀行業務 (續)

國內證券業務 (續)

為改善股權結構，光大證券董事會決定將公司由有限責任公司改造為股份制公司，為此，於二零零四年二月決定引入4家新的股東，注資人民幣2.2億元，本公司的持股比例將由49%攤薄到45.46%。截至本報告日，有關方案尚待監管部門批准。

香港證券業務

通過積極發展業務，努力控制成本，本集團本年度香港證券業務盈利有所上升。投資銀行業務取得新的進展，成功保薦福建紫金礦業有限公司在香港聯交所主板上市，市場反應熱烈。同時還參與了多個新股上市的承銷工作。全年香港業務稅後盈利為港幣1.85億元。

(C) 其他

為進一步開發國內市場，促進投資銀行業務的發展，本集團於本年度在北京設立了代表處，同時擴大了內地機構的人員，以便為國內客戶提供更方便、快捷的服務。

CHIEF EXECUTIVE OFFICER'S REPORT (Continued)

行政總裁報告書 (續)

FINANCIAL POSITION

As at 31st December 2003, the net assets of the Group amounted to approximately HK\$4.74 billion, with cash on hand of approximately HK\$520 million. Apart from trade liabilities in the ordinary course of business, the Group's principal liability is a total HK\$0.44 billion of renewable term loans obtained from China Everbright Holdings Company Limited.

The level of borrowing depends mainly on the Group's business and investment needs. As at 31st December 2003, the Group committed borrowing facilities totaled approximately HK\$130 million. The Group's gearing ratio, which is computed from the Group's total interest bearing liabilities divided by shareholders' funds, was 9.2% as at 31st December 2003 as compared to 7.3% as at 31st December 2002.

As at 31st December 2003, the Group had no material exposure to foreign exchange fluctuations other than assets denominated in Renminbi.

As at 31st December 2003, the Group had pledged listed securities to the value of approximately HK\$120 million in relation to certain banking facilities.

The Group did not have any material contingent liabilities as at 31st December 2003. The Company had given guarantees in respect of banking and trading facilities available to subsidiaries totaling approximately HK\$100 million. As at 31st December 2003 the subsidiaries of the Company had not borrowed any loans. The Company had also provided guarantees to financial institutions against the due performance of obligations by its subsidiaries which are engaged in the businesses of leverage forex trading and derivatives trading. Such guaranteed liabilities will vary according to the values of transactions.

財務狀況

於二零零三年十二月三十一日，本集團的資產淨值約港幣47.4億元，持有現金總額約港幣5.2億元。除日常業務營運的流動負債外，本集團的主要負債為向中國光大集團有限公司合共借入的港幣4.4億元可續期借款。

本集團的借款規模則主要根據集團之業務及投資需要而定。於二零零三年十二月三十一日，本集團的已承諾借貸額度約為港幣1.3億元。以附帶利息之負債與股東權益總額為計算基準，本集團於二零零三年十二月三十一日之負債與資本比率為9.2%（二零零二年十二月三十一日：7.3%）。

除以人民幣為基礎的資產外，於二零零三年十二月三十一日本集團並無重大之外匯風險。

於二零零三年十二月三十一日本集團就若干銀行貸款額度作出約港幣1.2億元之上市證券抵押。

於二零零三年十二月三十一日本集團並無任何重大或然負債。本集團對屬下子公司作出的借款擔保合共約港幣1億元，於二零零三年十二月三十一日，集團屬下之子公司並未有任何借款。截至二零零三年十二月三十一日止，本公司為參與槓桿外匯交易及參與衍生工具買賣之附屬公司的交易額度向金融機構提供擔保。該擔保額度根據與金融機構產生之交易額而變動。

CHIEF EXECUTIVE OFFICER'S REPORT (Continued)

行政總裁報告書 (續)

EMPLOYEES

As at 31st December 2003, the number of employees of the Group was 119. Total staff cost for the year under review amounted to approximately HK\$58.97 million as noted in the consolidated profit and loss account. The Group ensures that the remuneration packages for employees are fair and competitive and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus scale. Discretionary year end bonus may also be paid to employees based on individual performance. Other benefits to employees include medical insurance, retirement scheme and training programmes. Directors of the Company and full time employees of the Group may be granted share options to subscribe for shares in the Company in accordance with the terms and conditions of the share option scheme approved by the Company at an extraordinary general meeting held on 24th May 2002.

PROSPECTS

It is believed that the global economy will continue to recover in 2004. The economy of Hong Kong will recover further and that of Mainland China will keep a healthy growth pace. With the growing demand for funds by corporations in Mainland China, it is expected that the businesses of Everbright Bank and Everbright Securities will continue to grow. The further implementation of the CEPA between Hong Kong and Mainland China will provide better channels for the exchange of human and capital resources and the interactions and activities between the two markets will continue to increase. The Group will leverage off its cross-border operations to generate synergies amongst the Group companies. The Group is committed to achieving better results in corporate finance, brokerage, and asset management sectors through further consolidation of its resources and strengthening its competitiveness with the aim of increasing the return for shareholders.

Finally, I take this opportunity to express my gratitude for the support of our shareholders, the members of the Board and the staff of the Group. I will, together with all those who are interested in the Group, continue to contribute to the further growth of the Group.

Guo You

Chief Executive Officer

Hong Kong, 30th March 2004

僱員

本集團於二零零三年十二月三十一日擁有僱員119名。於回顧年度內之總員工成本約為港幣5,897萬元並已列載於綜合利潤表內。本集團之薪酬制度公平及與市場相若，員工薪酬(包括薪金及花紅)按表現釐定。本集團亦會按僱員之個別表現，酌情向僱員發放花紅。員工福利亦包括醫療保險、退休計劃及培訓計劃。本公司董事及全職僱員可能獲授根據本公司於二零零二年五月二十四日股東特別大會上採納之認股權計劃之條款及條件發出之認股權以認購本公司之股份。

展望

二零零四年，全球經濟將繼續向好；香港經濟將進一步復甦；中國經濟整體上仍將保持健康快速發展的勢頭，企業融資需求旺盛，光大銀行和光大證券的業務規模將繼續擴大。隨著更緊密經貿安排的逐步實施以及自由行政策的不斷擴大，內地和香港之間的人員和資金流動將更加便利，兩個市場的融合和互動將不斷加強。本集團將充分利用業務和網絡跨越中港兩地的優勢，進一步整合內部資源，發揮協同效應，強化各項業務的競爭力，提高服務水平，力爭在投資銀行業務、經紀業務及資產管理業務等方面實現更大的發展。

最後，本人謹此機會對本集團的股東、董事會成員及全體員工在過去一年中的支援表示謝意。在新的一年裏，本人將與所有關心本集團的人員一道為本集團的發展壯大做出貢獻。

郭友

行政總裁

香港，二零零四年三月三十日