

Chief
Executive
Officer
Report

行政總裁報告書

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RESULTS OF THE GROUP

For the year under review, the Company and its subsidiaries (collectively the "Group") has achieved a record high net profit after tax of HK\$1.29 billion, representing an increase of 198% from last year. Out of the net profit after tax of HK\$1.29 billion, approximately HK\$388 million (representing 30.1% of net profit) was derived from share of profits from the Group's associated companies, namely Everbright Securities Company Limited, China Everbright Bank Company Limited and International Bank of Asia Limited. Out of the remaining profit, approximately HK\$868 million (representing 67.1% of the net profit) was derived from disposal of part of the Group's investment in China Mobile (Hong Kong) Limited.

REVIEW OF OPERATIONS

(A) Banking Business

For the year under review, the Group's 20% owned China Everbright Bank Company Limited ("Everbright Bank") recorded a profit before tax of HK\$541 million (representing an increase of 27.2% from last year). On an after tax level, this contributed a net profit after tax of HK\$93 million to the Group, representing a decrease of 18.6% from last year. This was due to some one-off tax credit adjustments in the 1999 accounts of Everbright Bank.

As at the end of year 2000, Everbright Bank recorded an increase in its total deposits and total loans of 32% and 22% respectively. Total assets were approximately RMB198.6 billion (approximately HK\$187.4 billion). Total deposits were approximately RMB146.8 billion (approximately HK\$138.5 billion). Total loans were approximately RMB107.6 billion (approximately HK\$101.5 billion).

During the year, the number of branches and banking offices of Everbright Bank has increased to 278 covering 37 major cities in mainland China with 2 representative offices in Hong Kong and South Africa.

業績狀況

於回顧年內，本公司及其附屬公司（「本集團」）截至二零零零年十二月底年度的稅後利潤為港幣12.9億，比去年增長198%，這是歷史以來的最好業績。其中約港幣3.88億（30.1%）來自本集團聯營公司的利潤貢獻，包括光大證券有限責任公司、中國光大銀行股份有限公司和港基國際銀行有限公司。另外，出售中國移動（香港）有限公司股份獲利約港幣8.68億（約佔本集團稅後利潤67.1%）。

業務回顧

(A) 銀行業務

本集團持有20%股份的中國光大銀行股份有限公司（「光大銀行」），二零零零年的稅前利潤為港幣5.41億（比去年增加27.2%）。於稅後層面，為本集團貢獻的利潤約港幣9,300萬（比去年減少18.6%），此乃由於光大銀行於其一九九九年帳目內作出了若干一次性的稅項回撥調整。

至二零零零年末，光大銀行的存款和貸款分別增長32%和22%。總資產約為人民幣1,986億（約港幣1,874億），各項存款約為人民幣1,468億（約港幣1,385億），各項貸款約為人民幣1,076億（約港幣1,015億）。

至二零零零年底，光大銀行分支機構的數目已增加到278家，遍及中國37個主要城市，在香港和南非分別設有代表處。

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The takeover of 137 banking offices of China Investment Bank in 1999 has significantly enlarged the equity and assets bases of Everbright Bank. Significant efforts have been put in to restructure and streamline the banking operations. Through implementation of assets/liabilities, credit management and internal control management systems, Everbright Bank has become more effective in evaluating its risk and allocating its resources.

With its improved assets quality and operation efficiency, Everbright Bank is developing into a commercial bank with high growth potential and profitability.

In September 2000, the Ministry of Finance of PRC confirmed that up to US\$853 million (approximately HK\$6.65 billion) of the on-lent loans from the World Bank to PRC companies ("Loans"), inherited from China Investment Bank, will be taken out of Everbright Bank's financial statements. Accordingly, Loans totaling approximately HK\$6.65 billion were removed from the financial statements of Everbright Bank. As a result of this, goodwill which was previously written off in Everbright Bank's accounts for year 1999 in the sum of HK\$3,589 million was reversed against the reserves in Everbright Bank's accounts in year 2000. Through the Company's 20% shareholding in Everbright Bank, a sum of HK\$718 million was reversed against the reserves in the Company's accounts in year 2000. The taking out of the Loans significantly reduces the level of non-performing loans of Everbright Bank in its PRC accounts.

In order to further improve its assets quality, Everbright Bank has further strengthened its loan approval procedures, including very strict approval limit imposed on its branches and regional offices, and debt recovery measures on delinquent loan accounts.

於一九九九年接收原中國投資銀行的137家分支機構後，光大銀行的資本實力、資產規模進一步壯大。光大銀行在機構重組和提高效率方面進行了重大的努力，通過落實資產負債管理、建立信用管理體系、健全信貸風險責任制和內部控制管理，提高整體的風險控制能力、資源配置及經營水平。

在提高資產質量和營運效率的基礎上，正逐步發展成具有高增長潛力和高盈利能力的商業銀行。

二零零零年九月，中國財政部明確將光大銀行接收的原中國投資銀行承辦的8.53億美元（約66.5億港元）世界銀行對中國企業的轉貸款在表外核算。光大銀行因而將大約66.5億港元的該筆貸款從統計範圍內調整出去。結果，光大銀行於一九九九年度為此作出的撤帳部分共港幣35.89億因而獲得撥回。由於本集團持有光大銀行20%股權，因而共港幣7.18億亦會在本集團二零零零年度合併帳中獲得撥回。上述貸款調整使光大銀行在內地帳戶上的不良貸款相應減少。

為進一步提高資產質量，從總行到分行都加強了管理、投入了更多的資源，建立了嚴格的貸款審批程序及審批權限和問題貸款的催收制度。

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Starting from the end of year 2000 Everbright Bank has undertaken a rights issue with tremendous response and support. In this exercise, Everbright Bank raised a total of RMB4.5 billion (approximately HK\$4.3 billion). The rights issue will strengthen the financial position of Everbright Bank to make it more competitive. The proceeds from the rights issue will principally be used for expanding Everbright Bank's branch network and development of information technology for the future banking system with particular emphasis on consumer lending and e-banking as a whole. Besides, the proceeds will also be used to up-grade the general facilities of the bank's branch network. A portion of the cash raised will be used for the development of Everbright Bank's lending business. Building on this solid foundation, together with the much improved and enlarged banking network, Everbright Bank is well positioned to enjoy the tremendous business potentials offered by China's imminent entry into the WTO.

As Hong Kong economy has turned positive during year 2000, the Group's 20% owned International Bank of Asia Limited has recorded a substantial improvement in its profit after tax to HK\$244 million (representing a 9.3 times growth from 1999), due to substantial loan growth and significant drop in the ratio of non-performing loans due from China enterprises.

(B) Investment Banking Business

The Group is holding 49% equity interest in Everbright Securities Company Limited ("Everbright Securities"). For the year under review, Everbright Securities successfully captured the market potentials in the fast-growing financial services sector in mainland China. Riding on last year's stock market boom in mainland China, particularly in the first half of 2000, Everbright Securities achieved a record high profit after tax of HK\$503 million, representing 316% increase from that of 1999. The Group's 49% share of Everbright Securities' profit amounted to HK\$246 million.

二零零零年底開始，經中國人民銀行批准，光大銀行開展了增資擴股工作並獲得成功。通過此次增資擴股，光大銀行的資本增加了45億人民幣（港幣約43億），加強了在金融行業的競爭力。通過此次增資擴股，光大銀行將投入更多資源於分支機構的網絡建設和資訊科技的發展，以適應未來的銀行服務系統特別是個人及零售借貸和電子銀行業務的發展。此外，還將投入於提高銀行的整體服務素質和發展銀行的借貸業務。這一切舉措都將為光大銀行面對中國加入世貿的市場環境變化和自身下一步的發展奠定了基礎。

二零零零年，香港經濟穩步增長，本集團持有20%股權的港基國際銀行有限公司由於貸款業務的大幅增加和有關中國企業不良貸款的比率大幅下降，盈利達港幣2.44億，比一九九九年增長9.3倍。

(B) 投資銀行業務

本集團持有光大證券有限責任公司（「光大證券」）49%的股權。回顧二零零零年，光大證券成功地抓住市場的機遇，在二零零零年中國股市強勁增長，尤其是上半年大幅增長的情況下，創造了良好的盈利。光大證券的稅後利潤為港幣5.03億，比一九九九年增長316%。本集團持有的49%光大證券股權帶來的收益達港幣2.46億。

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During the year, five new branches were setup and as at 31st December, 2000, Everbright Securities had a total of 43 branches covering all major cities in mainland China. Continued with its success in the primary market, Everbright Securities ranked among the top position in respect of underwriting business and completed a total of 50 projects of new issues and placements.

Substantial efforts have been made to further strengthen risk analysis and control of Everbright Securities' asset management business. This includes setting up risk evaluation and review procedures and risk management guidelines for Everbright Securities' assets management business.

As regards brokerage business, Everbright Securities had taken various means to enhance its business management. This includes enhancement of customer service, reinforcement of management, implementation of target oriented management system to set down clear business targets for each branch office including market share, profit target and evaluation benchmarks. The grant of the internet trading license by the CSRC to Everbright Securities in year 1999 has created a new and exciting source of revenue for Everbright Securities.

In pursuit of the development of its investment banking business in Hong Kong, the Group will take advantage of the business synergy between the investment banking operations in Hong Kong and mainland China. Much effort has been put in developing the Hong Kong research capability and utilising the vast research capability and expertise of Everbright Securities in mainland China. This will position the Group's investment banking operation to capture any future business opportunities presented by the reforms in the capital market of mainland China.

The Group's securities brokerage business in Hong Kong achieved a steady growth and satisfactory result in the year under review.

在二零零零年度內，光大證券新增了5個營業部，至二零零零年十二月三十一日止，光大證券的營業部總數達到43個，遍及全國各主要城市。在二零零零年，光大證券共完成發行、配股主承銷項目、上市推薦項目50家。綜合承銷業務位居全國同行前列。

在經營管理中，光大證券加強了對資產管理業務的風險分析和風險控制，包括對資產管理業務進行功能風險評估和設立風險監控管理制度。

在經紀業務方面，光大證券在管理方面採取了一系列辦法。包括提高服務水平，規範和強化管理，建立營業部的經營目標責任制，設定每個營業部的市場佔有率和利潤目標及考核指標等。去年，中國證監會正式批准光大證券從事網上證券交易業務，使光大證券的經紀業務有了新的利潤增長點。

為進一步發展香港投資銀行業務，本集團將香港和內地的投資業務有效地結合起來。本集團投入了大量的資源用於提高香港當地的研究能力，並且充分發揮光大證券在內地擁有巨大的研究能力和專業人員隊伍的優勢，開展兩地合作，為本集團投資銀行業務在中國資本市場的改革和開放中發展壯大奠定了基礎。

本集團在香港的證券經紀業務保持穩定的增長，二零零零年取得令人滿意的成績。

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(C) Insurance

The joint venture life insurance company established jointly with, inter alia, The Standard Life Assurance Company commenced business in late 2000. The joint venture has provided opportunities for the Group in the further development of its financial services business. It will also become one of the principal business of the Group in the future.

FINANCIAL POSITION

Riding on the generally positive China economic climate in year 2000, the Group has achieved substantial business growth, particularly in its securities operations in mainland China. Through improving its profit structure and reinforcing its management and internal controls, the Group has achieved a record high profit after tax of HK\$1.29 billion, a year of best performance ever since its listing.

As at the end of year 2000, the Group had net assets of approximately HK\$6 billion. Major liabilities include the outstanding HK\$300 million convertible bonds issued to China Everbright Holdings Company Limited in relation to the acquisition of Everbright Securities in 1999 and current liabilities in the ordinary course of business. As at the end of year 2000, the Group had gross cash in hand of approximately HK\$1.77 billion available for the Group's future business developments and held approximately 52 million shares in China Mobile (Hong Kong) Limited.

PROSPECTS

The year of 2001 is a challenging year for the financial services industry. Major economies in the world have shown signs of slow down following last year's stellar performances.

(C) 保險業務

本集團主要與英國標準人壽保險公司合資的保險公司於二零零零年底開始營運。該合資項目為本集團進一步發展金融業提供了另一個發展機會，也是未來本公司主營業務之一。

財務狀況

由於二零零零年中國總體經濟的增長，本集團成功地獲得可觀的業務增長，尤其是中國的證券業務增幅較大。通過改善盈利結構、加強管理及內部控制機制，本集團成功地錄得港幣12.9億盈利，是本集團有史以來最好的業績。

至二零零零年底，本集團的資產淨值約港幣60億。主要負債是因收購光大証券而向中國光大集團有限公司發行港幣3億元可換股票據及日常營運的流動負債。於二零零零年底，本集團持有現金總額約港幣17.7億，以供未來業務發展用途，並持有中國移動（香港）有限公司股份約5,200萬股。

展望

對於金融業來說，二零零一年是極具挑戰性的一年。世界上主要經濟出現了放緩的現象。

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Notwithstanding short-term volatility of the stock market, the prospects of financial services business remain optimistic in mainland China. According to the China official current five-year plan forecast, China aims to maintain economic growth of 7% p.a. To achieve this objective, continuing reforms of the banking sector and state-owned enterprises is imperative. Moreover, China's WTO accession will also help to attract foreign capital flow and spur merger and acquisition activities. This will generate plenty of business opportunities in the financial sector.

In pursuit of the Group's mission of developing itself into a substantial financial conglomerate, the Group will continue to look for opportunities in the financial services sector both in Hong Kong and mainland China. At the same time, the Group will also endeavour to take advantage of the business synergy among its operations in banking, securities, asset management and insurance in order to enhance the Group's brandname in China's financial market and to develop the Group into a financial conglomerate with solid foundation.

Guo You

Chief Executive Officer

Hong Kong, 30th March, 2001

但對於中國市場來說，排除股市短期波動的因素，金融業的發展前景仍是十分樂觀的。中國官方計劃在第十個五年計劃內，保持中國經濟增長率約每年7%，為實現這一目標，中國勢必繼續推進銀行體系和國有企業的改革；此外，中國即將加入世界貿易組織，也將吸引境外資金的流入和引發企業間收購合併熱潮，從而為金融業的發展創造更多廣泛的機會。

作為以金融服務業為主業的上市公司，本集團將繼續尋求在中國和香港市場的發展機會，如資產管理方面的業務機會，同時，本集團亦將發揮銀行、證券、資產管理、保險業務相互之間的聯動效應，以提高本集團在中國金融市場的知名度，發展成為具有堅實業務基礎的金融企業集團。

郭友

行政總裁

香港，二零零一年三月三十日