

BUSINESS REVIEW

Although the outbreak of SARS has caused inevitable challenges for the economies of both the PRC and Hong Kong during the first half of 2003, the situation has improved significantly and returned to normal shortly after July. Given its unique competitive advantages, the PRC market succeeded in picking up and booming again rapidly during the year under review. In particular, the demand for energy and transportation surges significantly when SARS is under control, which made a significant contribution to the development and revenue of our infrastructure businesses. Also environmental problem is becoming a concern in the PRC and the government has implemented numerous incentive policies to stimulate the development of environmental protection business. Moreover, the outbreak of SARS has not only heightened the public awareness of health and environmental protection, but also made it clear to the PRC Government the pressing need for the development of environmental protection projects. In addition, during the year under review, the PRC Government further intensified the reform of urban public utilities. The Group has timely responded to this situation and actively capitalized on the business opportunities in developing the environmental protection business, which resulted in a significant breakthrough for our development.

OPERATIONAL RESULTS

During the year under review, the Group completed its business restructuring by disposing of the loss-making timber business and expanded its foothold in the environmental protection regime, with infrastructure and property investment as its steady revenue backup. During the year under review, after a complete consolidation of businesses, the infrastructure and property investment businesses continued to serve as the main source of profit and cash inflow for the Group, while several new environmental protection projects have been signed, projecting a new income source and growth driver for the Group in future.

市場回顧

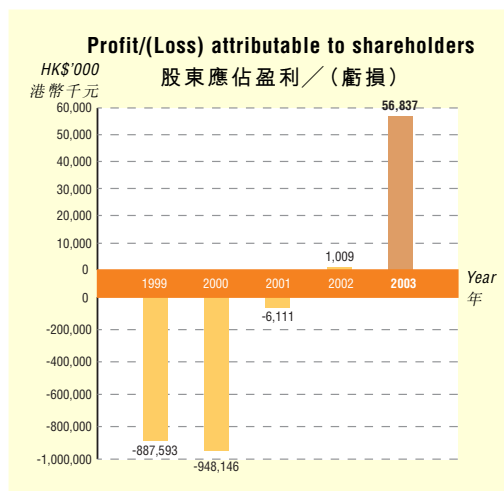
二零零三年上半年爆發的沙士疫症，令中國及香港之經濟受到嚴峻考驗，七月以後情況迅速回復正常。中國經濟憑藉獨特之競爭優勢，於回顧年度內得以持續迅速增長，尤其是能源、交通的需求在疫情受控後大幅增加，為本集團基建業務的發展和盈利提供了強大支持。同時，近年來環境問題於國內日益受到關注，政府亦推出多項優惠政策以鼓勵環保產業的發展。沙士疫症的爆發，更是大大增強了人們的健康和環境意識，也增強了中國各地政府推進環保項目建設的緊迫感。回顧年度內，政府進一步深化城市公用事業的改革。本集團抓住這一難得商機，乘勢而上，全力拓展城市環保項目，並取得了重要突破。

經營業績

於回顧年度內，本集團在全面整合業務基礎上，完成了業務重整計劃，出售了持續虧損之木材業務，並以基建及物業投資作為穩定收益之後盾，大力拓展環保業務。年內，基建及物業投資業務繼續為本集團帶來重要的盈利及現金流入，同時亦簽訂了多個環保項目，這將成為本集團未來業務的增長點。

The Group's consolidated turnover for 2003 amounted to HK\$83,613,000, a decrease of 68% as compared to HK\$261,049,000 of last year. The decrease is mainly attributable to the disposal of the timber business. However, following the official commencement of operation of the Fuzhou Qingzhou Toll Bridge during the year and the establishment of environmental protection business, it is expected that turnover will gradually increase in the coming years. Profit attributable to shareholders for the year amounted to HK\$56,837,000, a huge increase as compared to the restated profit of HK\$1,009,000 of last year.

During the year under review, the Group has made substantial amount of provision in certain investments after a prudent review of existing businesses. These include the following: i) Notwithstanding the completion of debt restructuring of Hong Kong Construction (Holdings) Limited ("HK Construction"), which converted substantial amount of indebtedness into share capital, the Group has made a further provision of HK\$29,495,000 on this investment in view of the uncertainties of its future operation; ii) Due to fluctuations in property prices during the year, the Group and its associate revalued its property investments and recorded revaluation deficit of HK\$15,850,000 for Hong Kong properties and HK\$14,518,000 for the PRC properties. Notwithstanding the provision and revaluation deficit have reduced the profit for the year, the Group believes that the quality of assets after provision has been completely enhanced that will provide room of growth for our future earnings.



本集團二零零三年度之綜合營業額為港幣83,613,000元，較去年之港幣261,049,000元下跌68%。營業額下跌，主要歸因於出售木材業務。不過，隨著福州青洲大橋於年內正式啟用，加上拓展環保業務，預期營業額日後將逐步上升。本年度之股東應佔盈利為港幣56,837,000元，較去年

重報之盈利港幣1,009,000元大幅上升。

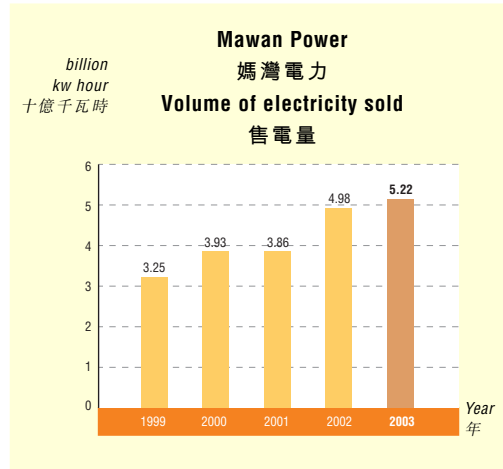
於回顧年度內，本集團審慎地檢討現有業務，並就數項投資作出重大撥備。其中包括 i) 儘管香港建設(控股)有限公司(「香港建設」)已完成債務重組，並會將大部份債務轉為股本，惟本集團考慮到是項投資在未來營運方面仍存在頗多不明朗因素，因此作出港幣29,495,000元之撥備；ii) 由於年內物業價格波動，本集團及其聯營公司於重估香港物業錄得重估虧損港幣15,850,000元；於重估國內物業錄得重估虧損港幣14,518,000元。儘管上述撥備及重估虧損降低了回顧年度的盈利水平，但本集團相信撥備後資產質量將得到全面改善，並為未來盈利前景打開空間。

INFRASTRUCTURE INVESTMENT

During the year under review, Shenzhen Mawan Power Company Limited ("Mawan Power") generated a total of 5.22 billion kilowatt-hour of electricity, which represented an increase of 4.8% as compared to 4.98 billion kilowatt-hour of last year. Mawan Power underwent a comprehensive maintenance in 2003 and in January and February, maintenance work was carried out on all generation facilities. In March, the outbreak of SARS also inevitably

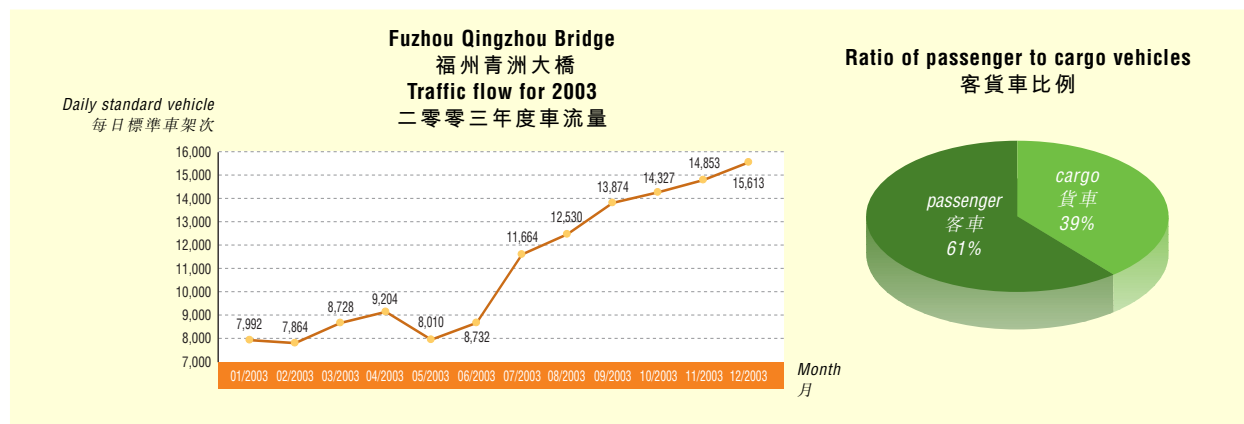
affected the demand for electricity power from the tourism and transportation industries during the period and thus the sales of electricity for the first half of the year was affected too. However, the demand surged during the peak season in the second half of the year, which required full capacity of Mawan Power and the sales of electricity achieved a record high. As such, despite the downward adjustment of electricity tariff in Guangdong province since 1 July 2002, attributable profits from Mawan Power still amounted to HK\$82,910,000 for the year and it generated a cash inflow of HK\$63,594,000 for the Group. As at 31 December 2003, Mawan Power recorded a strong financial health with cash on hand of Rmb1,316,496,000 and no bank borrowings, which made it well positioned to undertake new investment for expansion of revenue. During the year, Mawan Power successfully acquired 87.5% stake in Huizhou Natural Gas Company (惠州燃氣公司), which has started to contribute profit to Mawan Power. Looking ahead, the PRC's economy will continue to expand, pushing up demand for electricity power from commercial and residential users in the Pearl River Delta Region. With its excellent operational and managerial efficiency and stringent cost and safety control, Mawan Power will maintain its growth momentum and serve as a major revenue source for the Group.

基建投資



於回顧年度內，深圳媽灣電力有限公司（「媽灣電力」）共提供52.2億千瓦時電力，較去年之49.8億千瓦時電力上升4.8%。二零零三年為媽灣電力之大修年度。一、二月間電廠全面檢修機組設備，三月以後沙士疫症爆發，令旅遊業及交通運輸業對電力之需求下降，亦影響上半年之售電情況。踏入下半年售電旺季，電力需

求持續上升，媽灣電力之機組全面滿負荷發電，故全年售電量仍創歷史年度新高。因此，儘管廣東省上網電價自二零零二年七月一日開始下調，年內媽灣電力應佔盈利仍達港幣82,910,000元，並為本集團提供港幣63,594,000元之現金流入。媽灣電力之財務狀況穩健，於二零零三年十二月三十一日，手持現金為人民幣1,316,496,000元，且無任何銀行借貸，隨時準備增加新投資以擴闊收益。年內，媽灣電力成功收購惠州燃氣公司之87.5%的權益，並已開始為媽灣電力貢獻利潤。展望未來，中國經濟持續發展，珠江三角洲一帶之工商及住宅用電迅速上升，配合企業優秀的營運及管理效率，加上嚴格的成本及安全監控，媽灣電力將保持增長動力，繼續為本集團之主要收益來源。



Fuzhou Qingzhou Bridge commenced operation on 29 December 2002. During the year under review, the traffic flow achieved a significant increase of 95% and jumped from 7,992 standard vehicles per day in the beginning to 15,613 per day, among which the ratio of passenger to cargo vehicles was 61:39. Attributable operating profit from this investment totalled HK\$10,213,000, together with a profit of HK\$25,947,000 recognised on the recovery of prior years' pre-operating revenue, an attributable profit after taxation of HK\$36,160,000 was recorded. This represented a significant increase of 16 times from HK\$2,132,000 of last year. The daily traffic flow was significantly increased throughout the year, mainly attributable to the cessation of operation of Fuzhou Minjiang Bridge since July and the opening of the section of "Tungsan Expressway" in Fujian province, which spurred the overall cargo and passenger flow along our toll bridge. Following the completion of the section of "Tungsan Expressway" in Zhejiang province in 2004, the cargo flow on our toll bridge from the provinces of Zhejiang, Fujian and Guangdong is expected to grow rapidly. The Group is confident that the steady growth of traffic flow and efficient operational management will generate promising returns and cashflow for the Group.

福州青洲大橋於二零零二年十二月二十九日正式通車啟用。於回顧年度內，每日平均車流量顯著上升，由通車初期之每日7,992標準車次大幅增加至每日15,613標準車次，增長率達95%，其中載客與載貨的比例為61:39。本年度，福州大橋之應佔經營利潤為港幣10,213,000元，加上回收以前年度投資期收益錄得利潤港幣25,947,000元，共錄得應佔除稅後盈利港幣36,160,000元，較去年之港幣2,132,000元大幅增長16倍。年內之每日車流量大幅增加，主要原因是福州閩江大橋自七月起停用，而「同三線」在福建省內的路段亦逐步啟用，刺激整體客貨車流量。鑒於「同三線」浙江省路段已於二零零四年全線開通，浙江省、福建省與廣東省省際客貨運量將會加速增長。本集團相信隨著車流量的持續穩定增長，配合日漸成熟的高效率營運管理，此項目將可為本集團帶來理想的回報及現金流量。

PROPERTY INVESTMENT

Sino Villa Holdings Limited ("Sino Villa") holds a four-storey commercial podium in Shenzhen Zhongshan Garden, which generates steady rental income and cash flow to the Group. During the year under review, a total of 14,096 square meters of the property were leased to Walmart, Park'n Shop, McDonald, Agricultural Bank etc., contributing to an operating profit of HK\$7,261,000 to the Group. After deducting the revaluation deficit of HK\$1,196,000, Sino Villa showed a net profit amounted to HK\$6,065,000. In view of the steady operation of Sino Villa, the Group acquired 95% interest in Shenzhen Zhongshan Property Management Company Limited (深圳中山物業管理有限公司) on 31 October 2003 at zero consideration in accordance with the option provided by the acquisition of Sino Villa in 1999. The legal registration of the above transaction was completed in March 2004. Through the acquisition of the management company, the Group believes it can enhance the property management of Sino Villa and further improve the overall operational efficiency.



The Group owns approximately 25% interest in Shanghai Kerry Everbright City, which comprises two towers for office and residential use and a shopping mall. During the year under review, the sold and leased areas for the office buildings increased as compared to that of last year, with 95% for Tower 1 (an increase of 7% as compared to last year's 88%), 97% for Tower 2 (an increase of 1% as compared to last year's 96%), and 100% for the shopping mall. Attributable profit from this project totalled HK\$12,984,000 for the year. Although the Shanghai property market continued to achieve steady development and witnessed satisfactory demand, the Group cautiously evaluated the market value of Shanghai Kerry Everbright City during the year and hence, recorded a share of revaluation deficit of HK\$13,322,000. The Group also holds approximately 14% interest in Shanghai Trade Square and International Apartments, in which the sold and leased areas was 94%, a decrease of 2% as compared to last year's 96%.

物業投資

Sino Villa Holdings Limited (「Sino Villa」) 持有位於深圳中山花園之四層商業裙樓，為本集團帶來穩定之租金收入及現金流量。於回顧年度內，物業約14,096平方米之面積分別租予沃爾瑪、百佳、麥當勞及農業銀行等。此項目為本集團帶來港幣7,261,000元之經營盈利，扣除重估虧損港幣1,196,000元，錄得盈利港幣6,065,000元。有鑒於中山花園物業的經營情況穩定，本集團遂按照一九九九年收購Sino

Villa時獲授予的期權於二零零三年十月三十一日以零收購價收購深圳中山物業管理有限公司之95%權益，有關交易之法律登記已於二零零四年三月完成。通過收購物業管理公司，本集團相信可加強此項物業投資的管理，並提升整體經營效益。

本集團擁有上海嘉里不夜城約25%權益，其包括兩座辦公與住宅樓宇及一座商業廣場。於回顧年度內，辦公樓宇已售及已租總面積較去年增加，其中第一座為95%，較去年之88%上升7%，第二座為97%，較去年之96%上升1%，至於購物商場則為100%。於回顧年度內，此項目共錄得應佔盈利港幣12,984,000元。雖然上海物業市場持續取得穩定發展，需求亦理想，但本集團於年內謹慎地檢討上海嘉里不夜城的市值，並因應市況調整錄得應佔重估虧損港幣13,322,000元。此外，本集團持有14%權益之上海商貿大廈及國際公寓，已售及已租總面積為94%，較去年之96%下降2%。

The property market in Hong Kong during the year was sluggish, with a downward adjustment for rental and valuation. Despite the rebound in the fourth quarter, the Group still recorded a revaluation deficit of HK\$15,850,000.

Looking ahead, the Group is confident that the property market for major PRC cities has the potential for further growth and development, and rental occupancy and rental income are expected to remain steady. Following the signing of Closer Economic Partnership Agreement between Hong Kong and the PRC and the introduction of "Individual Visit Scheme", the property market in Hong Kong has recently seen a rebound after several years' slump. The Group will grasp potential opportunities arising from the robust economic boom of the PRC market, so as to further solidify its property projects in different regions to generate steady long-term revenue for the Group.

ENVIRONMENTAL PROTECTION

During the year under review, the Group continued to develop the environmental protection business and obtained approvals from Shenzhen Municipal Government to establish Everbright Environmental Protection Industry (Shenzhen) Company Limited (光大環保實業(深圳)有限公司) ("Everbright Environmental Protection") and Everbright Environmental Protection Venture Capital (Shenzhen) Company Limited (光大環保創業投資(深圳)有限公司) respectively, with a registered capital of US\$10,000,000 each, to serve as platforms for various undertaking of investment and management of environmental protection business and hi-tech environmental entrepreneurial enterprises in the PRC. The Group strove to build up a competent project team in environmental protection business and nourish its core competency. During the year, the Group successfully set up a professional team with high calibre staff members to help develop environmental protection projects focusing on areas of waste-to-energy incineration, urban sewage treatment and water supply. Moreover, Everbright Environmental Protection entered into a cooperation agreement with the Shenzhen Branch of Agricultural Bank of China for a credit line of Rmb600,000,000 approved by the bank to support the future development of its environmental protection business.



香港物業方面，年內地產市道疲弱，租金及估值下調。儘管踏入第四季度市況已見回穩，惟本集團於重估物業時仍錄得重估虧損港幣15,850,000元。

展望未來，本集團相信中國大城市之物業市道仍然朝穩中有升的趨勢發展，出租率及租金收入將可保持穩定。至於香港之物業，隨著香港與中國簽訂更緊密經貿關係安排，加上「個人遊」對消費行業帶來的刺激，因此連跌多年之物業市道最近已出現復甦跡象。本集團將抓緊中國蓬勃經濟增長之機遇，繼續穩定在各個地區的物業項目，以期帶來穩定之長遠收益。

環保業務

於回顧年度內，本集團繼續積極拓展環保業務，並獲深圳市政府批准，分別成立光大環保實業(深圳)有限公司(「光大環保」)及光大環保創業投資(深圳)有限公司。兩家公司之註冊資本各為美金10,000,000元，將分別作為集團在中國進行環保實業投資管理及高科技環保創業企業投資之平台。本集團致力通過拓展項目及培訓團隊，培養環保業務的核心競爭力。年內，本集團成功組成一隊擁有卓越才能之專業隊伍，並重點在垃圾焚燒發電、污水處理及城市自來水供應等領域發展環保項目。此外，光大環保更與中國農業銀行深圳分行簽訂合作協議，獲批人民幣600,000,000元之授信額度，作為未來發展環保業務之用。

During the year under review, the Group has made significant business achievements in both waste-to-energy incineration as well as urban sewage treatment. The waste-to-energy project in Hengtan, Shunde District of Foshan City, the Group's first environment project, has commenced its construction as scheduled and it is expected to generate power in the second quarter of 2004. To further accelerate its growth in waste-to-energy incineration business, the Group also entered into an agreement with Suzhou Municipal Government to develop a waste-to-energy project in the city, which will be completed next year for commencement of operation in 2006. Also, the Group has entered into a conditional agreement with Wuhan Municipal Construction Committee (武漢市建設委員會) for the construction of a waste-to-energy plant in Wuhan. The terms of the formal agreement are in the process of negotiation.

In respect of urban sewage treatment business, during the year under review, we have teamed up with the French Veolia Group to enter into an agreement with Qingdao Municipal Government for setting up a sewage treatment joint venture in Qingdao. This project has been designated as one of the supporting infrastructural projects in Qingdao for the 2008 Beijing Olympic Games. In addition, the Group has a number of other environmental protection projects under negotiation at present, including Guangzhou, Zhongshan, Dalian and Changzhou.

TIMBER BUSINESS

Adversely affected by the severe competition in the PRC timber market in the past few years, Everbright Timber Industry (Shenzhen) Co., Ltd. ("SETI") has demonstrated unsatisfactory performance and remained in a loss position. For the first quarter of 2003, the Group recorded an attributable loss of HK\$5,534,000 from SETI. In view of this, the Group decided to dispose of the timber business and reallocated its resource to the infrastructure, property and environmental protection businesses.

於回顧年度內，本集團在垃圾焚燒發電及城市污水處理方面都取得重要的業務成就。本集團的首個環保項目－佛山市順德區杏壇垃圾發電項目如期開展，目前建設工程已完成，預計可於二零零四年第二季度開始投產發電。為進一步加強發展垃圾焚燒發電業務，本集團與蘇州市政府簽訂協議，在該市內發展一個垃圾發電項目，預計項目可於明年底完成，並於二零零六年投產發電。除此之外，本集團亦與武漢市建設委員會訂立有條件協議於武漢建設垃圾焚燒發電項目。該項目條款目前仍在商議中。

在污水處理業務方面，本集團年內與法國威立雅集團及青島市政府達成協定於青島共同成立污水處理合營公司，該項目為二零零八年北京奧運會青島賽場的配套之一。此外，本集團目前正與廣州、中山、大連及常州等地磋商多個環保項目。

木材業務

過去幾年受到國內木材市場價格競爭的衝擊，光大木材工業(深圳)有限公司(「光大木材」)的業務一直都是處於虧損的狀況，經濟效益低。二零零三年第一季度並且錄得應佔虧損港幣5,534,000元。為此，本集團決定精簡業務將木材業務出售，並重新調配資源至基建、物業及環保業務。

On 21 March 2003, the Company entered into an agreement with China Everbright Technology Limited for the disposal of 77.12% interest in SETI for a cash consideration of HK\$7,000,000. The disposal constituted a connected transaction as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the transaction was completed on 28 March 2003. Since SETI was in a net deficit position prior to the disposal, the Group recorded a gain on disposal of HK\$19,576,000 from the transaction.

HK CONSTRUCTION

The Group holds approximately 10% interest in HK Construction as strategic long-term investment. HK Construction is a leading contractor in Hong Kong and the PRC and has participated in several renowned construction and infrastructure projects. Due to the slowdown of the construction industries in Hong Kong, HK Construction has been making losses since 1999. In 2002, it began to experience liquidity problems and failed to repay its loans when they were due. Since then, HK Construction initiated a debt restructuring proposal with its financial creditors. On 20 December 2003, the financial creditors entered into the Debt Transfer and Exchange Agreement with Creator Holdings Limited ("Creator") for the disposal of substantially all of the indebtedness owed by HK Construction to the financial creditors ("Indebtedness"). On 11 February 2004, Creator entered into the Debt Conversion Agreement and Yangpu Agreement ("Agreements") with HK Construction, under which HK Construction would fully settle the Indebtedness owed to Creator by the issue of 1,340,555,276 new shares and the granting of a call option to subscribe for an aggregate of up to 380,000,000 bonus shares, both as fully paid at HK\$1.00 per share each. The Agreements were approved by the shareholders on the extraordinary general meeting on 3 April 2004. Upon completion of Agreements, the Group's interest in HK Construction will be diluted to 3.1%, and further to 2.6% after the exercise of the call option. In view of the uncertainties of the future operation of HK Construction, the Group has made a further provision of HK\$29,495,000 for this investment. The net carrying value after the provision is HK\$32,812,000. The Group believes that the completion of the debt restructuring, with the elimination of the Indebtedness and the

於二零零三年三月二十一日，本公司與中國光大科技有限公司簽署協議，以現金代價港幣7,000,000元出售所持光大木材77.12%權益。有關出售交易構成一項關連交易（定義見香港聯合交易所有限公司證券上市規則），該項交易已於二零零三年三月二十八日完成。由於光大木材於出售前已是處於負資產的虧損狀況，故本集團於是項交易錄得港幣19,576,000元的出售利潤。

香港建設

本集團持有香港建設約10%權益作為長期策略性投資。香港建設是香港和中國內地市場的一家重要建築商，曾承建不少知名的重大工程。由於香港建築業下滑，香港建設自一九九九年以來一直錄得虧損。於二零零二年，香港建設更出現資金周轉問題，未能償還到期貸款，遂向債權人提出債務重組建議。於二零零三年十二月二十日，債權人與創達集團有限公司（「創達」）簽訂債務轉讓及交換協議，以出售香港建設欠付債權人之絕大部份債務（「負債」）。於二零零四年二月十一日，創達與香港建設簽訂債務轉換協議及洋浦協議（「有關協議」）。據此，香港建設將全數償還欠付創達之負債，方法為發行1,340,555,276股新股，以及授予創達可認購合共380,000,000股紅股的認購期權，新股及紅股均以每股面值港幣1元之繳足股份進行。有關協議已於二零零四年四月三日舉行之股東特別大會上獲股東批准。在有關協議完成後，本集團所持有之香港建設權益將被攤薄至3.1%，而於有關認購期權獲全面行使後，將會進一步攤薄至2.6%。由於香港建設之未來營運仍存在不明朗因素，故本集團為是項投資再作撥備港幣29,495,000元。撥備後之賬面淨值為港幣32,812,000元。本集團相信，在完成債務重組後，通過償還負債及引入新控股股東，香港建設之營運資金及股

introduction of a new controlling shareholder, will improve the working capital position and enhance the capital base of HK Construction, accordingly further downside risk in this investment is limited.

REDUCTION OF SHARE PREMIUM ACCOUNT

After the disposal of the loss-making business, the management is full of confidence in the Group's future business development as the financial position of the Group has substantially improved with the reflection of normal business earnings in the financial statements. In view of this, the Group sought approval from shareholders in February 2004 for the reduction of share premium account to eliminate the accumulated losses of HK\$2,372,172,824. The petition of the reduction of share premium account was approved by the High Court of Hong Kong on 2 March 2004. With the above reduction, it indicates that the Group has resumed the capability for distribution of dividend and hence the Group has turned a new page.

FINANCIAL RESULTS

The Group's consolidated turnover for 2003 amounted to HK\$83,613,000, a decrease of 68% as compared to HK\$261,049,000 of last year. The decrease is mainly attributable to the disposal of the timber business. Profit attributable to shareholders for the year amounted to HK\$56,837,000, a significant increase of 55.3 times as compared to the restated profit of HK\$1,009,000 of last year. The substantial increase of profit is mainly attributable to (i) the disposal of the loss-making timber business, which provided the Group a profit of HK\$19,576,000 from the disposal; (ii) the profit generated by the official commencement of operation of the Fuzhou Qingzhou Bridge this year and a profit of HK\$25,947,000 recognized on the successful recovery of prior years' pre-operating revenue. During the year under review, the Group and its associate prudently reviewed its various investments and made a provision and revaluation deficit totalling HK\$59,863,000 based on the prevailing market conditions. These comprised the revaluation deficit of HK\$15,850,000 for Hong Kong properties, HK\$14,518,000 for the PRC properties, and a provision of HK\$29,495,000 for HK Construction. With the above provision and revaluation deficit, the Group further enhances the quality of its assets. Earnings per share were HK2.23 cents for the year, a significant increase over HK0.04 cent of last year.

東基礎可獲改善，而本集團於是項投資之進一步虧損風險將變得有限。

削減股份溢價賬

有見於集團虧損業務已剝離，正常業務收益得以反映，財務狀況大幅改善，管理層對集團未來業務的發展充滿信心。為此，本集團於二零零四年二月向股東申請削減股份溢價賬以抵銷港幣2,372,172,824元之累計虧損。有關申請並已於二零零四年三月二日獲香港高等法院批准。股份溢價賬的削減，正表示公司重新具備派息的能力，亦代表公司以一新面貌立足市場。

財務業績

二零零三年度，本集團錄得綜合營業額港幣83,613,000元，較去年之港幣261,049,000元下跌68%。營業額下降，主要是由於出售木材業務，令銷售收入減少。本年度之股東應佔盈利為港幣56,837,000元，較去年重報盈利港幣1,009,000元大幅上升55.3倍。盈利大幅增加乃由於i) 虧損之木材業務出售，錄得出售利潤港幣19,576,000元；ii) 福州青洲大橋於年內開始通車提供盈利，並成功撥回以前年度已撥備的投資期收益港幣25,947,000元。回顧年度內，本集團及其聯營公司審慎檢討各項投資的狀況，並因應市況變化作出撥備及重估虧損共港幣59,863,000元，其中包括香港物業重估虧損港幣15,850,000元，國內物業重估虧損港幣14,518,000元，以及香港建設投資撥備港幣29,495,000元。通過作出撥備及重估虧損，本集團進一步優化資產質素。本年度之每股盈利為2.23港仙，較去年之0.04港仙大幅增加。

FINANCIAL POSITION

As at 31 December 2003, the Group had total assets of approximately HK\$2,069,604,000. The net assets were HK\$1,000,396,000 and the net assets per share were HK\$0.39. As at 31 December 2003, the gearing ratio (calculated by dividing the total liabilities by the total assets) was 52%. This represented a decrease of 7% over 59% of last year. As at 31 December 2003, the Group had total cash balance of HK\$172,789,000.

The Group generally finances its operation with internally generated cash flow and loan facilities from banks and from its ultimate holding company. The Group strives to lower its debt level and finance costs. By the disposal of 77.12% interest in SETI and repayment of bank loans, the Group's debt level has been lowered substantially and interest cover improved. As at 31 December 2003, the Group had total outstanding borrowings of approximately HK\$943,439,000, a decrease of 22% over HK\$1,210,561,000 of last year. The borrowings comprised secured bank loans of HK\$365,294,000, other loans of HK\$90,481,000 and loans from ultimate holding company of HK\$487,664,000. With respect to foreign exchange exposure, the risk is rather low as all of the Group's foreign currency assets and borrowings are denominated in Renminbi and US dollars, which are relatively stable against Hong Kong dollar. The impact of exchange rate fluctuations of these currencies is rather insignificant to the Group.

PLEDGE OF ASSETS

As at 31 December 2003, the Group pledged cash, unlisted investments and fixed assets with an aggregate net book value of approximately HK\$288,816,000 (2002: HK\$332,708,000) to secure general banking facilities to the Group.

財務狀況

於二零零三年十二月三十一日，本集團之總資產約為港幣2,069,604,000元。淨資產則為港幣1,000,396,000元，而每股資產淨值為港幣0.39元。於二零零三年十二月三十一日，資產負債比率（以總負債除以總資產計算所得）為52%，較去年之59%下降7%。於二零零三年十二月三十一日，本集團持有現金結餘總額為港幣172,789,000元。

本集團基本以其內部現金流量及其往來銀行與最終控股公司提供之貸款為其業務提供資金。本集團致力降低其負債水平及財務成本。在出售光大木材之77.12%權益及償還銀行貸款後，本集團之負債水平大幅下降，而利息支出亦有所改善。於二零零三年十二月三十一日，本集團尚未償還借款總額約為港幣943,439,000元，較去年之港幣1,210,561,000元下降22%。借款包括有抵押銀行貸款港幣365,294,000元、其他貸款港幣90,481,000元及最終控股公司貸款港幣487,664,000元。就外匯風險而言，由於本集團所有的外幣資產及借款均以人民幣及美元結算，兩者與港幣之兌換率相對穩定，故面對之風險較微。對本集團而言，此等貨幣之匯率波動影響相對較輕。

資產抵押

於二零零三年十二月三十一日，本集團將賬面淨值總額約港幣288,816,000元（二零零二年：港幣332,708,000元）之現金、非上市投資及固定資產質押，作為本集團之一般銀行融資之抵押品。

CONTINGENT LIABILITIES

As at 31 December 2003, there were contingent liabilities in respect of guarantees given to banks by the Company for end user financing guarantees and undertakings executed by an associate to banks amounting to HK\$246,000 (2002: HK\$4,396,000).

EMPLOYEES AND REMUNERATION

As at 31 December 2003, the Group had a total of approximately 40 employees located in Hong Kong and the PRC. Employees are remunerated according to qualification, experience, job nature and performance, as well as market conditions. Apart from discretionary performance bonus, the Group also provides other benefits such as medical insurance cover and provident fund scheme to the employees in Hong Kong. The share option scheme adopted by the Company on 30 September 1993 expired during the year. A new share option scheme was approved at the extraordinary general meeting held on 26 May 2003, under which the directors of the Company are authorized to grant share options to any employees including directors as incentives. Details of the share option granted to the employees during the year are disclosed in the Report of the Directors of this annual report.

CORPORATE GOVERNANCE

The Company has established an audit committee comprising of all three independent non-executive directors. The audit committee has reviewed with management the accounting principles and practice adopted by the Group and discussed internal controls and financial reporting matters including a full review of the audited financial statements for the year ended 31 December 2003.

The Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited except that independent non-executive directors are not appointed for a specific term as they are subject to retirement in accordance with the Company's Articles of Association.

或有負債

於二零零三年十二月三十一日，本公司因一家聯營公司向銀行簽立最終用戶融資擔保與保證書而向有關銀行提供擔保所承擔之或有負債為港幣246,000元（二零零二年：港幣4,396,000元）。

僱員薪酬

於二零零三年十二月三十一日，本集團在香港及中國合共僱用了約40名員工。僱員之薪酬乃根據資歷、經驗、工作性質、表現以及市場情況計算釐定。除了酌情花紅外，本集團亦提供其他福利予香港僱員，包括醫療保險及公積金計劃。本集團於一九九三年九月三十日採納之購股權計劃已於年內到期，而新的購股權計劃已於二零零三年五月二十六日舉行之股東特別大會上獲股東批准。據此，本公司董事獲授權可授出購股權予任何僱員（包括董事）作為獎勵。年內授予僱員之購股權詳情載於本年報之董事會報告。

公司管治

本公司經已成立審核委員會，其由全數三名獨立非執行董事組成。審核委員會已與管理層一起審閱本集團所採納之會計原則及慣例，並討論內部控制及財務申報事宜，包括全面審閱截至二零零三年十二月三十一日止年度之經審核財務報表。

本公司於整個年度一直遵守香港聯合交易所有限公司證券上市規則附錄14所載之「最佳應用守則」，惟獨立非執行董事根據本公司之公司細則須輪值告退，而並非以固定任期獲委任。

BUSINESS OUTLOOK

Ever since its restructuring commenced in 2000, the Group leveraged on the support of the parent company, China Everbright Holdings Company Limited, as well as its management expertise, successfully completed its assets restructuring and reformulation of business strategies with major breakthrough in the development of environmental protection business. Having disposed of the loss-making timber business, the Group succeeded in returning to a healthy financial position, paving the way for strong future business growth, with a new corporate positioning as a conglomerate engaged in infrastructure investment, environmental protection, and property investment as its core businesses. We have clearly set our goal to become a leader in the segments of infrastructure investment and environmental protection.

With the global economic rebound starting from 2004, the PRC will maintain its strong momentum of economic growth and consumption power. Looking forward, while consolidating its existing businesses, the Group will further benefit from the growing demand for environmental protection and infrastructure. The Group will actively seek valuable investment opportunities in environmental protection projects in regions with rapid economic growth, including the Yangtze River Delta, the Pearl River Delta regions, and Bohai Bay Area (環渤海灣). Moreover, the Group will strengthen its management and technological expertise by forming strategic cooperation with internationally renowned corporations to jointly develop environmental protection projects. With the establishment and promotion of the Everbright Environmental Protection brand name, the Group is determined to build up substantial growth centers for generating profits that will not only create maximum return for shareholders but also make contribution to society.

By Order of the Board
Chen Xiaoping
Chief Executive Officer

Hong Kong, 14 April 2004

業務展望

自二零零零年展開重組步驟以來，憑藉母公司中國光大集團有限公司的全力支援以及管理團隊之不懈努力，本集團終於在回顧年度內成功完成資產重組和業務調整，並在綠色環保產業的拓展方面取得重大突破。在減持業績不理想的投資及出售虧損的木材業務以後，本集團成功恢復健康的財務狀況，為未來強勁業務增長鋪路，並進行全新定位，確定以基建、環保、物業為本集團三大主要業務，明確了將本集團發展成為一家具領導地位的基建投資和綠色環保產業集團的發展目標。

隨著全球經濟於二零零四年反彈，中國的經濟及消費動力有望持續強勁。展望未來，本集團除了繼續鞏固原有業務以外，將可進一步受惠於需求日增的基建與環保業務。本集團將重點在長江三角洲、珠江三角洲及環渤海灣等經濟迅速增長的地區，積極尋找有利的環保投資商機。本集團將繼續與國際知名環保公司進行優勢互補的戰略合作，共同拓展環保項目並加強管理及技術能力，致力打造項目精品，逐步建立和提升「光大環保」的品牌，為本集團建立穩定可觀的新利潤增長點，為股東創造最大價值並回報社會。

承董事會命
陳小平
行政總裁

香港，二零零四年四月十四日