



中國光大控股有限公司 **China Everbright Limited**

Interim Results Press Release (2006-8-24)

**Present: Wang Minquan (Chairman), Guo You, Zhou Liqun (CEO),
Xu Haoming, He Ling, Chen Shuang
Seto Gin Chung, John; Lin Zhijun; Tung Iring
Tang Chi Chun, Richard (Company Secretary)**

The Directors of China Everbright Limited (the “Company”) are pleased to announce that the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months period ended 30th June 2006:

In the first half of the year, the Group’s profit attributable to shareholders amounted to HK\$404 million representing an increase of HK\$270 million, a rise of 201% from that of the same period last year. Earning per share amounted to 25.81 cents (basic) and 25.69 cents (diluted). The Directors do not recommend the payment of an interim dividend for the six months ended 30th June 2006 (2005: HK\$nil).

As at 30th June 2006, the net assets of the Group amounted to approximately HK\$5.41 billion, with cash on hand of approximately HK\$2.12 billion. On 20th December 2005, the Group entered into a securities lending agreement with an independent third party to lend 18,000,000 shares in China Mobile. As at 30th June 2006, the number of shares in

China Mobile on loan was 15,000,000 and the shares had a fair value of approximately HK\$665 million.

Hong Kong Business:

In the first half of the year, the Group has achieved growth in all its lines of business in Hong Kong. The Group has also recorded profits in various businesses including investment banking, securities brokerage, direct investment, asset management and strategic investment. During the period, the Group worked from its integrated service platform to broaden clientele network and increased its market share. It has strengthened its range of products including online bullion trading. To target overseas investors, the Group has tailor-made a second hedge fund “China Everbright Phoenix Fund” on the basis of admirable performance of “China Everbright Dragon Fund”.

As a result of a very buoyant Hong Kong market, the Group’s turnover for the six month ended 30th June 2006 amounted to HK\$ 1.53 billion which represents a significant increase of 132%. The Hong Kong operation’s net income for the six months ended 30th June 2006 amounted to HK\$386 million (increase over corresponding period last year by HK\$148 million, an increase of 62%). The expense to income ratio has been reduced to 32.9% compared with 37.1% for the same period last year (a decrease of 4.2%).

Everbright Bank:

The Group’s 21.39% owned China Everbright Bank continued to enhance the quality of assets, liabilities, clientele and revenue mix. Meanwhile, the task of capital restructuring of Everbright Bank led by the state government authorities is ongoing. If the above proposal could be completed, the capital adequacy ratio of Everbright Bank will meet the

requirements of the relevant authority. Currently, the audit of China Everbright Bank according to HKFRSs is still ongoing. As a reference, the Group's management can only provide information based on the unaudited accounts prepared under PRC accounting standards.

For the six months ended 30th June 2006, the unaudited profit before tax of Everbright Bank amounted to approximately HK\$1.4 billion, representing an increase of 49% compared with the same period last year. Total assets of Everbright Bank amounted to HK\$553.7 billion and the total values of its deposits and loans reached HK\$486.7 billion and HK\$333.8 billion, representing an increase of 10.4% and 12.9% respectively. In the first half of the year, China Everbright Bank recorded a total net operating income of approximately HK\$5.7 billion. According to the "5-category" loan classification system, Everbright Bank's non-performing loan (the last 3 categories) amounted to approximately HK\$27.3 billion representing a non-performing loan rate of 8.2%.

As at 30th June 2006, Everbright Bank was operating 30 direct branches and 384 banking offices in 23 provinces/cities and autonomous regions in Mainland China with representative offices in Hong Kong.

Everbright Securities

In the first half of the year, the Group's 46.6% owned Everbright Securities managed to grasp this opportunity to develop its businesses and managed to record a four-fold rise in business revenue. It is now ranked the 9th in the National league table (in terms of transaction volume) of Securities Houses.

In the first half of the year, Everbright Securities' internet trading business developed rapidly and made up 44% of its total turnover. The total income of Everbright Securities

in the period under review amounted to HK\$791 million and it has recorded after tax profit of HK\$437 million. Brokerage commission, investment and product issuance income, asset management income and other income contributed 46%, 39%, 3% and 12% respectively of its total income.

During the period, Everbright Securities acquired a total of 4 branches under the troubled Dai Tung Securities and are currently managing 20 branches belonging to Tian Yi Securities on custody basis under the directive of China Securities Regulatory Commission. It is also actively seeking to attain an A-Share listing status through acquiring the controlling stake of an issuer listed on the A-Share market or through IPO.

As at 30th June 2006, Everbright Securities was operating 45 branches offices in 19 provinces/ cities and autonomous regions.

If you have any queries, please feel free to contact Mr. So Hiu Pang, Kevin(852) 2860 1199 or Miss Cheung Yuen Yee, Fanny(852) 2530 8334.