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Company Profile

Industrial and Commercial Bank of China (Asia) Limited

Industrial and Commercial Bank of China (Asia) Limited (“ICBC (Asia)”), a member of Industrial and Commercial Bank of China (“ICBC”)* family, enjoys ample support in various areas such as funding, settlement, information technology and credit card operation.

ICBC (Asia), formerly known as Union Bank of Hong Kong Limited, was established in Hong Kong in 1964 and listed in 1973. Over the years, the Bank offered new and diversified banking services to its customers. Following the Bank’s change of name to “Industrial and Commercial Bank of China (Asia) Limited” on 21st August 2000, the Bank has become a member of ICBC.

In July 2001, ICBC injected the commercial banking business of its Hong Kong Branch into ICBC (Asia). By doing so, it expanded ICBC (Asia)’s customer base, improved its deposits and loans portfolio as well as diversified its product mix. Such transfer of business therefore led to a substantial enhancement of the competitive edge of ICBC (Asia). The Bank has since become the flagship of ICBC in developing overseas business.

Pursuant to a sale and purchase agreement entered by ICBC (Asia) with Fortis Group on 31 December 2003, ICBC (Asia) will acquire the entire issued share capital of Fortis Bank Asia HK. Subsequent to the completion of acquisition, ICBC (Asia)’s rank among banks operating in Hong Kong would rise to sixth from tenth in terms of total assets.

With the nationwide branch network, leadership and expertise provided by ICBC, ICBC (Asia) will continue to offer a range of banking and financial services, including various types of deposits and loans, trade finance, remittance, settlement, commercial and industrial finance, syndicated loans, inward and outward bills of exchange, China business advisory and financial services, securities business and bullion brokerage services as well as insurance agency services.

* ICBC is the largest commercial bank (in terms of total assets) in the Mainland. By the end of 2002, its total assets amounted over RMB4,700 billion. ICBC has over 26,000 domestic outlets approximately 400 million personal saving accounts and more than 8 million corporate accounts while its RMB settlement market share is 45%. ICBC has established a global branch network in Hong Kong, Singapore, Tokyo, Seoul, Busan, Frankfurt, Luxembourg and Macau, subsidiary banks in Almaty (Kazakhstan) and London as well as representative offices in New York, Sydney and Moscow.

In 2002, ICBC was ranked as the 10th Largest Bank in the world by tier 1 capital and for three consecutive years, was awarded the title “Best Bank of China” by “The Banker”. At the same year, “The Banker” named ICBC as the “Bank of the Year 2002 Website”. In 2003, “Global Finance” presented ICBC with the “Best Personal Internet Bank Award 2003 China” and “Best Bank Award 2003 China”, in which ICBC has already won the latter award for three successive years.

Corporate Information

Board of Directors

Jiang Jianqing (*Chairman*)

Wang Lili (*Vice Chairman*)

Zhu Qi

(*Managing Director & Chief Executive Officer*)

Chen Aiping (*Non-executive Director*)

Kwok Kin Hung

(*Director & Deputy General Manager*)

Wang Yan (*Director & Deputy General Manager*)

Wong Yue Chim, Richard, S.B.S., J.P.

(*Independent Non-executive Director*)

Tsui Yiu Wa, Alec

(*Independent Non-executive Director*)

Yuen Kam Ho, George

(*Independent Non-executive Director*)

Company Secretary

Lai Wing Nga

Audit Committee

Wong Yue Chim, Richard, S.B.S., J.P.

(*Independent Non-executive Director & Chairman*)

Yuen Kam Ho, George

(*Independent Non-executive Director & Alternate Chairman*)

Tsui Yiu Wa, Alec

(*Independent Non-executive Director*)

Chen Aiping (*Non-executive Director*)

Senior Management

Zhu Qi

(*Managing Director & Chief Executive Officer*)

Kwok Kin Hung

(*Director & Deputy General Manager*)

Wang Yan (*Director & Deputy General Manager*)

Zhang Yi (*Deputy General Manager*)

Tang Kam Sun (*Assistant General Manager & Chief Financial Officer*)

Fong Yuen Kwai (*Assistant General Manager*)

Solicitors

Herbert Smith

23/F Gloucester Tower

11 Pedder Street

Hong Kong

Telephone: 2845 6639

Facsimile: 2845 9099

Auditors

PricewaterhouseCoopers

22/F, Prince's Building

Central

Hong Kong

Telephone: 2289 8888

Facsimile: 2810 9888

Registrar

Tengis Limited

G/F, Bank of East Asia Harbour View Centre

56 Gloucester Road

Wanchai

Hong Kong

Telephone: 2980 1888

Facsimile: 2810 8185

Registered Office

ICBC Tower

122-126 Queen's Road Central

Hong Kong

Telephone: 2534 3333

Facsimile: 2805 1166

Telex: 73264 ICBCA HX

Post Box: GPO Box 872

SWIFT: UBHKHKHH

English version of this Annual Report can be accessed through the internet at: <http://www.icbcasia.com/html/eng/info.html>

財務概況 Financial Performance

二零零三年財務摘要 2003 Financial Highlights

全年 (百萬港元)	For the Year (in HK\$ million)	2003	重報	變動百分比
			As restated 2002	% Change
淨利息收入	Net Interest Income	823	689	+19
其他營運收入	Other Operating Income	321	391	-18
營運支出	Operating Expenses	314	307	+2
呆壞賬撥備	Charge for Bad and Doubtful Debts	129	182	-29
除稅前盈利	Profit before Taxation	645	571	+13
稅項	Taxation	123	96	+28
股東應佔盈利	Profit Attributable to Shareholders	522	475	+10

於年結日 (百萬港元)	At Year End (in HK\$ million)	2003	重報	變動百分比
			As restated 2002	% Change
貸款及墊款	Loans and Advances	41,811	32,874	+27
資產總值	Total Assets	75,320	62,262	+21
存款總額	Total Deposits	42,307	40,180	+5
股東資金	Shareholders' Funds	5,917	5,907	+0

財務比率	Financial Ratios	2003	2002
資本充足比率 (經調整)	Capital Adequacy (Adjusted)	16.7%	17.8%
全年平均流動資金比率	Average Liquidity for the Year	41.3%	35.9%
成本對收入比率	Cost to Income	27.4%	28.5%
貸款對存款比率	Loans to Deposits	96.0%	80.0%

財務誌要		Financial Calendar	
公佈末期業績	Final Results Announcement	二零零四年三月二十二日	22nd March 2004
年報寄發日期	Posting Date for Annual Report	二零零四年三月三十日	30th March 2004
暫停股份登記期間	Share Register Closing Period	二零零四年四月十五至二十二日	15th-22nd April 2004
股東週年大會日期	Date of Annual General Meeting	二零零四年四月二十二日	22nd April 2004
股息派發日期	Dividend Payment Date	二零零四年五月十四日	14th May 2004

財務概況 Financial Performance

五年財務概況

Five Year Summary

全年 (百萬港元)	For the Year (in HK\$ million)	2003	重報 As restated			
			2002	2001	2000	1999
淨利息收入	Net Interest Income	823	689	488	386	321
其他營運收入	Other Operating Income	321	391	203	98	87
營運支出	Operating Expenses	314	307	289	230	218
呆壞賬撥備	Charge for Bad and Doubtful Debts	129	182	66	156	738
除稅前盈利 / (虧損)	Profit/(loss) before Taxation	645	571	331	150	(547)
稅項支出 / (抵免)	Taxation Charge/(Credit)	123	96	1	-	(2)
股東應佔盈利 / (虧損)	Profit/(loss) Attributable to Shareholders	522	475	330	150	(545)

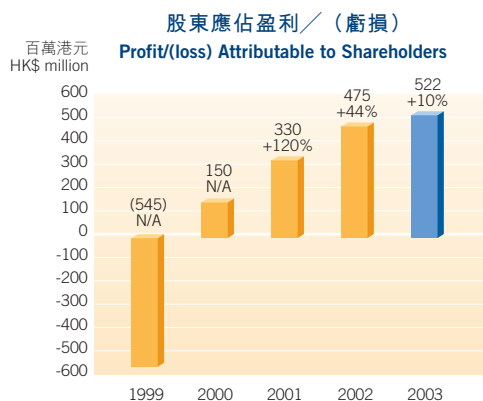
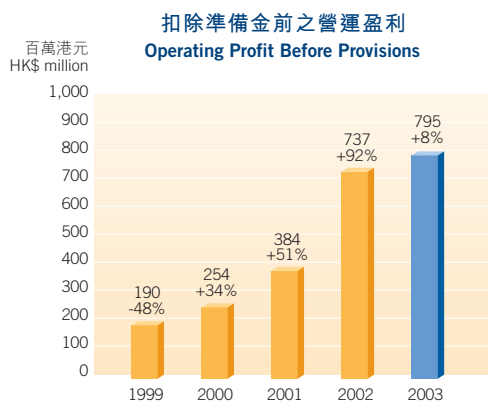
每股計 (港元)	Per Share (in HK\$)	2003	重報 As restated			
			2002	2001	2000	1999
每股基本盈利	Basic Earnings per Share	0.71	0.69	0.56	0.33	(1.59)
每股股息	Dividends per Share	0.38	0.35	0.27	0.13	N/A

於年結日 (百萬港元)	At Year End (in HK\$ million)	2003	重報 As restated			
			2002	2001	2000	1999
貸款及墊款	Loans and Advances	41,811	32,874	28,452	13,673	11,968
資產總額	Total Assets	75,320	62,262	43,497	20,657	19,158
存款總額	Total Deposits	42,307	40,180	29,705	16,281	16,155
股東資金	Shareholders' Funds	5,917	5,907	5,071	2,583	2,430

財務比率	Financial Ratios	2003	重報 As restated			
			2002	2001	2000	1999
資本充足比率 (經調整)	Capital Adequacy (Adjusted)	16.7%	17.8%	16.1%	17.8%	20.0%
全年平均流動資金比率	Average Liquidity for the Year	41.3%	35.9%	39.7%	43.3%	56.4%
貸款對存款比率	Loans to Deposits	96.0%	80.0%	92.0%	74.0%	61.3%
貸款對資產總額比率	Loans to Total Assets	55.5%	52.8%	65.4%	66.2%	62.5%
不履約貸款比率	NPL ratio	1.7%	2.3%	6.8%	23.2%	31.5%
一般撥備覆蓋率	General Provision Coverage	0.8%	0.9%	0.8%	0.9%	1.0%
成本對收入比率	Cost to Income	27.4%	28.5%	41.9%	47.5%	53.4%
派息比率	Dividend Payout	66.4%	61.0%	59.9%	39.1%	N/A
平均資產回報率	Return on Average Assets	0.8%	1.0%	1.1%	0.8%	N/A
平均普通股本回報率	Return on Average Common Equity	10.2%	10.2%	9.3%	5.9%	N/A

N/A – 不適用

N/A – Not Applicable



財務概況 Financial Performance

存款

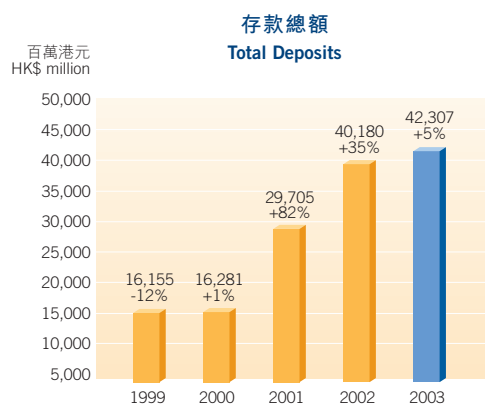
Deposits

1. 按類別劃分		1. By Type	2003	2002
活期	Current		3.0%	1.8%
儲蓄	Savings		13.2%	5.6%
定期	Fixed		83.8%	92.6%
合計	Total		100.0%	100.0%
2. 按剩餘到期日劃分		2. By Remaining Maturity	2003	2002
須於要求時即時償還	Repayable on Demand		16.5%	7.4%
三個月或以下	Three Months or Less		80.1%	85.2%
一年或以下但超過三個月	One Year or Less, but Over Three Months		3.4%	7.2%
五年或以下但超過一年	Five Years or Less, but Over One Year		0.0%	0.2%
合計	Total		100.0%	100.0%
3. 按貨幣劃分		3. By Currency	2003	2002
港元	HKD		52.2%	53.9%
美元	USD		41.2%	41.4%
其他	Others		6.6%	4.7%
合計	Total		100.0%	100.0%

其他營運收入

Other Operating Income

			2003	2002
淨收費及佣金收入	Net Fees and Commission Income		81.6%	84.3%
外匯交易收益淨額	Net Gain from Foreign Exchange Activities		3.1%	2.1%
買賣證券收益淨額	Net Gain from Trading Securities		0.4%	0.6%
投資證券之股息收入	Dividend Income from Investments in Securities		2.4%	2.0%
其他	Others		12.5%	11.0%
合計	Total		100.0%	100.0%



財務概況 Financial Performance

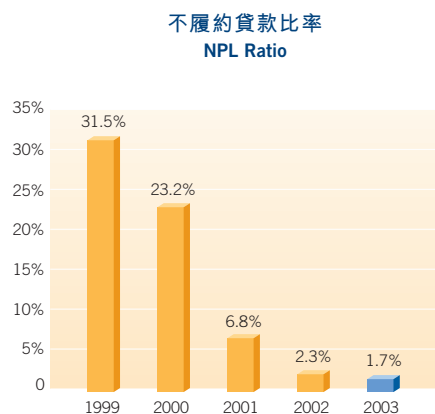
貸款組合#

Loan Portfolio#

1. 按行業劃分	1. By Industry Sectors	2003	2002
在香港使用之貸款	Loans for Use in Hong Kong		
工商及金融	Industry, Commercial and Financial		
物業發展	Property Development	6.4%	4.8%
物業投資	Property Investment	11.3%	14.6%
金融企業	Financial Concerns	11.6%	7.4%
股票經紀	Stockbrokers	0.1%	0.1%
批發及零售業	Wholesale and Retail Trade	2.9%	4.7%
土木工程	Civil Engineering Works	2.4%	2.3%
製造業	Manufacturing	8.2%	4.5%
運輸及運輸設備	Transport and Transport Equipment	15.0%	14.9%
電力、煤氣及通訊	Electricity, Gas and Telecommunications	3.2%	4.7%
酒店、住宿及飲食	Hotels, Boarding House & Catering	2.6%	3.5%
其他	Others	10.1%	10.3%
個人	Individuals		
購買「居者有其屋計劃」、「私人參建居屋計劃」及「租者置其屋計劃」樓宇之貸款	Loans for the purchases of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Schemes	0.2%	0.4%
購買其他住宅物業之貸款	Loans for the purchase of Other Residential Properties	19.6%	19.6%
其他	Others	1.5%	2.2%
貿易融資	Trade Finance	3.9%	3.3%
在香港以外使用之貸款	Loans for Use outside Hong Kong	1.0%	2.7%
合計	Total	100.0%	100.0%
2. 按剩餘到期日劃分	2. By Remaining Maturity	2003	2002
須於要求時即時償還	Repayable on Demand	3.5%	4.3%
一年或以下	One Year or Less	14.0%	18.4%
五年或以下但超過一年	Five Years or Less, but Over One Year	47.5%	39.5%
超過五年	Over Five Years	33.4%	35.5%
並無限期	Undated	1.6%	2.3%
合計	Total	100.0%	100.0%
3. 按貨幣劃分	3. By Currency	2003	2002
港元	HKD	82.6%	83.3%
美元	USD	14.3%	15.9%
其他	Others	3.1%	0.8%
合計	Total	100.0%	100.0%

不包括商業票據及銀行同業及其他金融機構貸款

Excluding Trade Bills and Advances to Banks and Other Financial Institutions





透過收購合併 促使業務增長

收購華比富通銀行後，將有助進一步鞏固中國工商銀行（亞洲）的商業及零售銀行業務基礎，使本銀行集中於中小型企業及零售銀行之網絡得以擴充，補足本銀行現有業務及產品組合，及強化企業銀行業務之運作。



Driving growth

through **acquisition**

The acquisition of Fortis Bank Asia HK will enhance ICBC (Asia)'s commercial and retail banking base with a significantly expanded branch network focusing on small to medium sized enterprises and retail customers, thereby complementing ICBC (Asia)'s current business and product profiles, with particular strengths at corporate banking.



Dr. Jiang Jianqing
Chairman

Hong Kong's economy was extremely volatile in 2003. The overall economy was badly hit by the SARS outbreak, which in turn adversely affected the operating environment of the banking industry. Despite such challenges, Industrial and Commercial Bank of China (Asia) Limited has once again achieved remarkable performance following two years of robust growth, attributable to the pragmatic leadership of the management, our effective development strategies, and the continuous hard work of all staff members. For the year 2003, the Bank's audited consolidated after tax profit increased 10% to HK\$522 million.

The Bank has been making great efforts to improve the quality of its assets. During the year, non-performing loans dropped from 2.3% to 1.7%. The Bank continued to play an active part in loan syndication business and other capital market financing activities, maintaining our superior position in the large-scale financing market. A particularly encouraging note is the considerable growth achieved by our retail banking and commercial banking divisions, which respectively recorded a growth of 88% and 61%. This has significantly strengthened the Bank's income structure and profitability.

ICBC (Asia) has continued to strengthen since its acquisition by the Industrial and Commercial Bank of China ("ICBC") in 2000. On 31st December 2003, the Bank entered into an agreement with Fortis Bank for the acquisition of the entire issued share capital of Fortis Bank Asia HK ("FBAHK"). The acquisition is expected to broaden our customer base and strengthen the competitiveness of our commercial and retail banking business. In addition to improving the cost efficiency of the Bank, which eventually creates a more favorable operating platform and a competitive position for generating business from China, Hong Kong and Europe.

Chairman's Statement

In accordance with the acquisition, ICBC (Asia) placed 124,874,000 ordinary shares to independent investors on 9th February 2004. After the completion of the placement, ICBC held a 53.18% interest in the entire issued ordinary shares capital of ICBC (Asia).

Being the listed flagship company for the overseas business of ICBC, ICBC (Asia) has interacted closely with its parent to strategically expand our different areas of business in Hong Kong. Taking advantage of ICBC's brand name, branch networks, customer base and settlement system in the Mainland, the Bank has worked closely with ICBC's Mainland branches to jointly develop the domestic and the financial market by providing efficient, high quality and integrated cross-border services for our customers in Hong Kong and the Mainland.

In the area of retail banking, ICBC (Asia) was among the first batch of banks to offer personal Renminbi banking business in Hong Kong, including deposits, exchange and remittance services, following the signing of the CEPA and the permission granted to Hong Kong banks to operate Renminbi business. As for Renminbi financing business, the Bank has assisted customers whose enterprises are located in the Mainland to obtain Renminbi financing by providing guarantees and issuing letters of credits to ICBC mainland branches. In the long term, capitalising on our parent bank's leadership position in Renminbi business in the Mainland, we will strive to become a key player in the Renminbi market in Hong Kong.

As regards Taiwan business, ICBC (Asia) has capitalised on the growing demand for cross-strait and cross-border financial services from Taiwan enterprises by acting as a bridge between banks in the Mainland and Taiwan, providing a variety of services such as remittance, settlement, trade finance, Renminbi financing, factoring and forfeiting services.

For credit card business, since the end of 2002, the Bank has been acting as agent for ICBC's brand-new dual-currency credit card that carries both Renminbi and Hong Kong Dollar accounts. In addition, the Bank has also helped the ICBC Hong Kong Credit Card Centre to market a HKD credit card that was first issued in October 2003 - ICBC Xplore Visa, which targets at the juvenile market.

Looking forward to 2004, with the recovery of the Hong Kong economy and closer economic links between Hong Kong and the Mainland, we expect a rapid increase in the demand of financial services and ample development opportunities for the banking industry. We will continue to capitalise on the reputation and resources of our parent company and interact closely with our branches in the Mainland to further expand our corporate banking service, as well as our commercial and retail banking activities and wealth management services in order to enhance our competitive edge. ICBC (Asia) also endeavours to become one of the leading banks in Hong Kong and to maximise return for our shareholders.

I wish to take this opportunity to extend my sincere gratitude to our customers, business partners and shareholders for their enormous support, and express my heartfelt thanks to the hard work of all members of our staff.

Dr. Jiang Jianqing

Chairman

22 March 2004

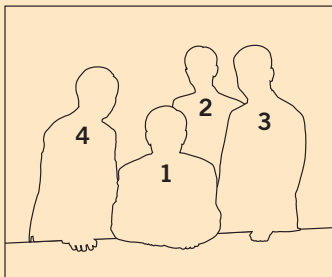


高層管理人員

1. 朱琦 (董事總經理暨行政總裁)
2. 郭鍵雄 (董事暨副總經理)
3. 王岩 (董事暨副總經理)
4. 張懿 (副總經理)

Senior Management

1. Zhu Qi
(Managing Director & Chief Executive Officer)
2. Kwok Kin Hung
(Director & Deputy General Manager)
3. Wang Yan
(Director & Deputy General Manager)
4. Zhang Yi
(Deputy General Manager)



Management's Discussion & Analysis

Overview

Hong Kong's economy was extremely volatile in 2003. The economic woes that persisted during the past few years continued until early 2003. Exacerbated by the Severe Acute Respiratory Syndrome (SARS) outbreak, Hong Kong's economy once came to a standstill, but rebounded swiftly in the middle of the year with the signing of the Closer Economic Partnership Agreement (CEPA) and the relaxation of travel restrictions on mainland visitors to Hong Kong. While rising consumer spending boosted retail sales, the recovery of the property market and the rising stock market soothed the negative asset problem that has adversely affected many homeowners. With improvement in asset quality and increased loan demand, we believe that the worst is over and greater opportunities are expected in the coming year.

Financial Review

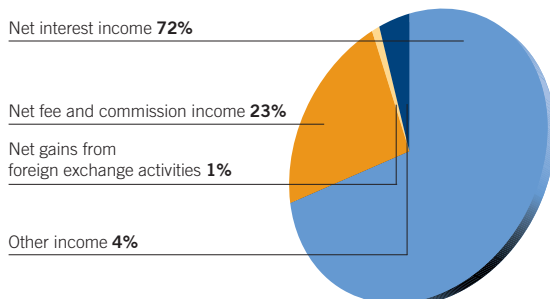
Industrial and Commercial Bank of China (Asia) Limited ("ICBC (Asia)" or "the Bank") achieved notable growth during the year although the operating environment in the first half of the year was unfavorable. With the Board of Directors' and our senior management's leadership and staff members' effort, the consolidated profit attributable to shareholders reached HK\$522 million, representing an increase of 10% over that of HK\$475 million for the year of 2002. The significant growth in earnings was due to expansion of interest-bearing assets in 2003. Earnings per share was HK\$0.71 (2002: HK\$0.69). Return on average assets and return on average common equity were 0.8% and 10.2% respectively (2002: 1% and 10.2%).

Net interest income for the year of 2003 surged by 19% to HK\$823 million over 2002, mainly due to a 27% increase in total loans. The net interest margin actually reduced by 14 basis points to 1.31% in the first half of 2003 but increased by 1 basis point to 1.32% for the second half of 2003.

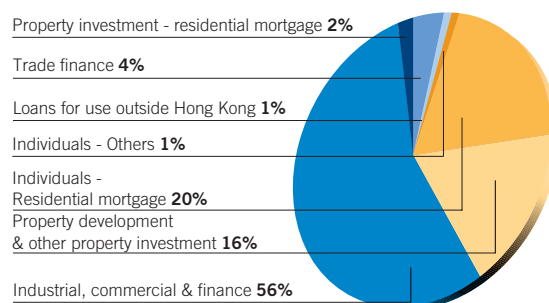
Other operating income decreased slightly by HK\$69 million to HK\$321 million, resulting from weakened demand for loans in 2003. Arrangement and commitment fees from syndication loans tapered off in 2003 as the Bank arranged a HK\$14.8 billion syndication loan for GH Water Supply (Holdings) Ltd., representing the largest syndication loans in Hong Kong in 2002, while no loans of a similar magnitude were recorded in 2003. The proportion of other operating income to total operating income was 28% (2002: 36%).

While total operating income increased 6% to HK\$1,144 million, operating expenses were effectively controlled and only up by 2% to HK\$314 million (2002: HK\$307 million). The cost income ratio (excluding amortisation of goodwill of HK\$35 million) dropped from 29% in 2002 to 27% in 2003. Total number of staff was 591 as at 31st December 2003, compared with 553 at the end of 2002.

Income Composition 2003



Loans Composition 2003



Management's Discussion & Analysis

Net charge for bad and doubtful debts for the year of 2003 was HK\$129 million, HK\$68 million of which related to building up of the general provisions as the loan book expanded and HK\$61 million related to net specific charge (after netting off provisions written back). Compared with last year, net specific provisions reduced significantly by HK\$62 million, or 50%, mainly due to a reduced level of new charges by HK\$97 million despite the enlarged loan book.

Share of losses from associated companies enlarged from HK\$9 million in 2002 to HK\$32 million in 2003, mainly due to change of accounting policies of the Tai Ping Insurance Company, Limited.

Balance Sheet

Total assets were HK\$75.3 billion as at 31st December 2003, a 21% rise when compared with 31st December 2002. The asset growth was mainly achieved through the enlargement of loan book.

Additional debt securities were secured in order to achieve higher returns for our assets portfolio. As at 31st December 2003, total investment in debt securities increased 30% to HK\$13.2 billion, representing 18% of total assets. Our investments were concentrated in quality bonds with ratings of BBB- and above.

Customer deposits recorded a slight drop this year, due to an extremely low interest rate environment. Customer deposits were down by 9% to HK\$35.4 billion, standing for 54% of total liabilities as at 31st December 2003. In order to secure longer term funding and lock up the low funding cost during the year, the Bank issued HK\$6.4 billion Certificates of Deposit in total in 2003. The loans to deposits ratio (i.e. customer deposits + certificates of deposit issued) stood at an efficient level of 96% (31st December 2002: 80%).

Asset Quality

Compared with 31st December 2002, the asset quality of the Bank was improved in 2003, and this was reflected in the key asset quality ratio as at 31st December 2003.

Key Asset Quality Ratio

	2003 HK\$'000	2002 HK\$'000
Non-Performing Loans		
– Amount	668,397	738,932
– % of Total Loans	1.7%	2.3%
Overdue Loans		
– Amount	511,912	453,972
– Debt Coverage Ratio	94.0%	97.0%

The debt coverage ratio (i.e. specific provision + collateral) for overdue loans was 94% as at 31st December 2003 (31st December 2002: 97%). The debt coverage ratio for UB China Business Management Co. Ltd.'s overdue portfolio was 87% while the Bank's overdue portfolio was 98%.

Capital and Liquidity Management

At the end of 2003, the adjusted consolidated capital adequacy ratio for the Bank was 16.7%, down 1.1% when compared with the same ratio of 17.8% at the end of 2002, which was a healthy level when compared with International Settlements' minimum requirement of 8%.

In order to effectively manage capital requirements, the Bank issued US\$120 million perpetual subordinated debt in July 2003 to the ultimate holding company for supporting further business expansion.

Loans to Deposits Ratio raised from 80% at the end of 2002 to 96% at the end of 2003.

The Bank's liquidity position remained strong throughout the year of 2003 with an average liquidity ratio of 41.3% (2002: an average of 35.9%), which was well above the statutory requirement of 25%.

Acquisition of Fortis Bank Asia HK

On 31st December 2003, ICBC (Asia) entered into a sale and purchase agreement (the "SPA") with Generale Belgian Holding B.V. ("GBH") and Fortis Bank, pursuant to which ICBC (Asia) has agreed to purchase the entire issued share capital of Fortis Bank Asia HK ("FBAHK") from GBH, following a carve-out of the Excluded Assets (as defined in the SPA), subject to the conditions and on the terms of the SPA (the "Acquisition").

The consideration for the Acquisition was HK\$2,157 million which was to be satisfied by the allotment and issue of new shares in the capital of ICBC (Asia) representing 9% of the total issued share capital as at the date of completion of the Acquisition, as enlarged by such issuance, to GBH and the remaining balance of the consideration will be satisfied by cash. The Acquisition shall be completed on 30th April 2004, conditional upon approvals by the Hong Kong Monetary Authority and other regulatory authorities, as well as the fulfilment of certain conditions as stipulated in the SPA.

The Acquisition will create a substantially larger and stronger banking operation for ICBC (Asia) with an enhanced commercial and retail banking base for the Group and a significantly expanded branch network focusing on small to medium sized enterprises and retail customers, thereby complementing ICBC (Asia)'s current business and product profile with particular emphasis in the corporate banking business.



The acquisition of Fortis Bank Asia HK will enhance ICBC (Asia)'s branch network focusing on small to medium sized enterprises and retail customers.

Corporate Banking

Against the background of sluggish economy and the outbreak of Severe Acute Respiratory Syndrome (SARS), Hong Kong corporate loan transactions, by way of either new demand or re-financing, dropped by approximately 20% in the year 2003. Coupled with a continuously strong liquidity position of the banking sector, corporate loan yield was driven down, by about one-fifth.

Despite this, the Bank's Corporate Banking Department continued to record strong growth in loan portfolio by 25%, and a decent profitability. It remains to be a key contributor to the Bank, constituting 48% of the Bank's profit before tax. Fee income remained to form a significant part of the department's revenue, constituting 55% and indicating the department's strong ability in leveraging the Bank's relationship and balance sheet to enhance return to shareholders.

The Bank's leading position in the Hong Kong corporate loan market remains unchanged, evidenced by the Bank's high ranking in the Hong Kong syndicated loan market as an arranger. For example, *Basis Point*, a renowned Asian debt market publication, ranked the Bank/ICBC third in its Hong Kong/China Syndicated Loan Top-Tier Arrangers league table.

During the year, we cautiously extended our reach beyond Hong Kong, by successfully forming alliances with key players in the international syndication market. Because of our leading position in Hong Kong and our gradual involvement internationally, our present position in the Asian syndication market is commendable. For example, *Basis Point* ranked the Bank/ICBC fifth in its Asian Syndicated Loan Top-Tier Arranger league table. Credit safety, like usual, remains to be our top priority in expanding business.

The Bank's achievements in the corporate banking arena is attributable to the strong support of our parent, our customers and our business partners, the strong marketing and execution capability of the Bank and our unreserved commitment to quality corporations, among others.



The Bank acted as a Financial Advisor to NWS Holdings Limited in its acquisition of certain business of the New World Group.

Management's Discussion & Analysis

A crucial factor for future growth lies with our ability to enhance our product range. Corporate Advisory, Mergers and Acquisition Finance, Transportation Finance and Project Finance, are among the expanding product range of the Bank, complementing our traditional strength in Property and General Funding Finance.

For example, during the year, we acted as a Financial Advisor to Pacific Ports Company Limited (now renamed as NWS Holdings Limited) in its acquisition of certain business of the New World Group, a Financial Advisor to Top Glory International Holdings Limited in its privatisation and a Financial Advisor to Asia Netcom Corporation Limited in relation to its acquisition of certain submarine cable assets of Asia Global Crossing. We also arranged Ship Finance for COSCO Group and COFCO Group involving 27 Bulk Carriers as well as the first international syndicated loan for International Lease Finance Corporation, one of the World's largest aircraft leasing companies. We are also involved as a Facility Agent for APT Satellite Company Limited in relation to its acquisition of three satellites; such specialised assets have traditionally been a domain of selected premium international banks only.

Being a learning organisation is a key in assuring the Bank's continuous growth in the Corporate Banking sector. Our achievements in this respect are significant.

Treasury and Markets

Despite continued suppression of spreads between deposit and lending yields, Treasury and Markets ("T&M") has achieved impressive results this year. Revenue surged by 22% over 2002 to HK\$304 million on the back of our investment strategy, which followed the market conditions closely. In addition, various underlying income streams have registered double-digit growth.

Importantly, the strategic emphasis over enhancing asset yields has not compromised asset quality and risk management criterion. About 95% of the debt investment was maintained at investment grade securities. T&M also rigorously monitored the portfolio with standard risk tools. Furthermore, the Bank set up a middle office to ensure the operations of T&M could fulfill regulatory requirement.

T&M continued to be actively involved in primary market. The Bank acted as lead manager or arranger in 19 primary market deals in Hong Kong, including the co-led of the very first retail bond issued by a foreign company, Ford Motor Credit. T&M was ranked the 14th in the HKD Capital Markets according to *MCM Market Watch*.

Under the environment of low interest rates and lack of investment opportunities, T&M offered a wide range of yield enhancing and capital guaranteed products to both individual investors and institutions. T&M has expanded services to high-net-worth individuals through active marketing of structured products.

In order to further diversify funding source, T&M doubled the size of ICBC (Asia)'s Certificate of Deposit Programme to HK\$10 billion, under which HK\$6.4 billion of Certificates of Deposit ("CDs") have been issued, enabling T&M to increase long-term funding and improve the relationship with customers.



The Bank recorded considerable growth in its hire purchase and leasing business.

Management's Discussion & Analysis

In 2004, T&M will expand its operations and implement a more stringent risk management system so that T&M will be able to provide better services for the customers and to strengthen the foundation of profitability and risk control.

Retail Banking

The division recorded a remarkable performance in 2003 as a result of its creative and flexible marketing strategies. Through closer cooperation with major property developers – including Hutchison Whampoa Property, Cheung Kong Holdings and New World Development – the division secured a number of exclusive equitable mortgage financing programmes and recorded remarkable results. According to Centanet statistics, ICBC (Asia) ranked number six in terms of market share, after the top five banks in Hong Kong – Hang Seng, Bank of China, HSBC, Standard Chartered and DBS Hong Kong. The Bank recorded an increase of HK\$1,600 million, or 26% in residential mortgages, and reached HK\$7,800 million in its total portfolio in this area of business.

The Bank also recorded considerable growth in its hire purchase and leasing business, registering an increase of 52% over 2003. The Bank's market share in taxi and public light bus financing was approximately 9.4%, placing it among the top six lending institutions in this area. With a low interest rate environment, interest margin widened, resulting in a significant growth in total interest income and profit. Due to improvement in quality loans, delinquency rate was able to maintain at below 0.5% throughout the year. Competition in taxi and public light bus financing is expected to remain keen in the coming year, but we will continue to develop this area of business through quality service and a prudent approach in risk management.

As part of our ongoing effort to enhance our personal financial services, we have significantly expanded the range of our investment products during the year with encouraging results achieved in security and investment services, and significant growth recorded in income and market share. Arrangements were made with two renowned international fund houses, bringing the number of funds available for investors to over 150. Apart from traditional open-ended funds, we also involved in the marketing of guaranteed funds, retail bonds and the rapidly expanding retail-structured products. In 2003, we participated in 14 offerings and achieved satisfactory results. The Bank will continue to offer cost-efficient and value-added services, strengthen customer relations and broaden our scope of products to increase our non-interest income. We will also increase our cross selling efforts and expand our market share.

On the other hand, in view of overwhelming demand in Retail Certificates of Deposit ("RCDs"), the Bank issued three batches of RCDs with a total value of HK\$150 million and US\$10 million. In addition, we introduced an innovative investment product – the Target Redemption



FBAHK business focus on retail customers and small to medium sized enterprises.

Deposit – and was well received by our customers. The Bank's Equity-Linked Deposit was approved by Securities and Futures Commission in the fourth quarter. Meanwhile, a new fund, Macquarie ELI, which requires a lower minimum investment amount, was introduced to meet different customers' needs.

To strengthen our insurance business, we reached a partnership agreement with China Life Insurance (Overseas) Co. Ltd in the third quarter, offering more comprehensive insurance services to our retail customers.

We continued to leverage on the strength of our parent company to offer quality services to our customers in Hong Kong and the Mainland. Remittance Express and Mortgage Plus, launched in previous years, attained especially encouraging results in 2003. Towards year-end, in conjunction with ICBC Guangdong Provincial Branch, Shenzhen Branch and Macau Branch, we launched a joint program to promote "Remittance Express" during the festive seasons of Christmas, New Year and the Lunar New Year to meet increased demand.

The Bank continued to rationalise its branch network rationalization through actively streamlining work procedures, strengthening our marketing efforts and customer service. To consolidate our retail network, the Bank continued to accomplish and develop branches in order to enhance service quality and cost efficiency. As at 31st December 2003, the Bank operated 20 branches in Hong Kong. Relocation of small branches and opening of new branches in strategic locations will continue.

The Bank will reach a new milestone in 2004 with the acquisition of FBAHK, a bank primarily targeted at serving Hong Kong retail customers and small to medium sized enterprises with 22 retail branches and 5 dedicated business centers for small to medium sized enterprises.

The Acquisition will create a stronger position providing more comprehensive services and products to a larger number and cross-section of customers, which is expected to result in increased operating income, larger asset base, and improved cross-selling opportunities.

The retail banking business is expected to become increasingly competitive in the coming year. We will continue to promote residential mortgage loans and hire purchase and leasing businesses in order to increase our market share and rate of return. We shall continue to leverage on, and enhance our mutual co-operation and connections with ICBC Mainland branches in order to increase our business opportunities within the region. Through continuous efforts in strengthening our wealth management centres, streamlining our branch network, speeding up product development and planning for our integration with FBAHK, we aim to strengthen our economy of scale, reinforce our marketing-oriented culture, improve operational efficiency and ultimately enhance our profitability.

Commercial Banking

Commercial Banking recorded a remarkable loan growth over 40% in 2003. The growth has been contributed by new business development as well as increasing business from existing customers. With strong back-up of PRC services from our parent and comprehensive services provided locally, the Bank has gained favourable reputation among the SME sectors. As for 2004, the year started positively in many aspects. We are confident to continue our growth and achieve successful results for the Bank.

Financial Institutions

With the nationwide branch network of ICBC, our Financial Institutions Department strengthened its traditional correspondent banking businesses such as remittance and documentary letter of credit, and pressed ahead in exploring new business opportunities such as risk participation and forfeiting, i.e. buy/sell the risk of transactions of issuing banks in the Mainland, Taiwan and South Korea without recourse basis. This service has been well received by the market since its full launch in March 2003 and recorded an accumulated loan commitment of US\$200 million in the year. Through wider and deeper relationship with local and international financial institutions, we have established a broad business network and outstanding reputation in the market.

To capitalize on opportunities arising from the acquisition of FBAHK and growing economic integration between the Mainland and Taiwan, we will further strengthen our position of acting as a bridge linking the financial activities between the Mainland China and Taiwan, undertake to provide a comprehensive correspondent banking products and services to different financial institutions. Meanwhile, the Bank continues to provide the PRC intermediate remittance service for other financial institutions. We anticipate that trade finance risk participation and forfeiting and PRC remittance will be continuously improved through our comprehensive marketing promotion and professional teams.



ICBC Xplore Visa targets at the juvenile market segment.

Credit Card Business

In spite of the difficulties in 2003, ICBC Hong Kong Credit Card Centre achieved encouraging results during the year, with the issuance of more than 30,000 new cards and sales volume of about HK\$100 million, in both Hong Kong Dollar and Renminbi transactions.

To further expand credit card business, a Hong Kong Dollar credit card – the ICBC Xplore Visa, which targets at the juvenile market segment, was issued by ICBC Hong Kong Credit Card Centre during the year in addition to its leading product – the global use dual-currency credit card that carries both Renminbi and Hong Kong Dollar accounts .

2004 is a year of opportunity for the banking sector in Hong Kong. With the announcement of the People's Bank of China on 18 November 2003 which allows local banks to conduct individual Renminbi businesses, including card business in Hong Kong, ample business opportunities will be created for local credit card market players. With our definite edge of leveraging on the enormous card base of our parent company, we are ready to seize this excellent business opportunity to commence our card merchant acquiring business in Hong Kong.

In addition to promoting the exciting card products, we will help ICBC Hong Kong Credit Card Centre to market other new products including corporate cards, in order to diversify our portfolio. Other value-added services in relation to card products will also be offered to enhance our service quality to cardholders.



The Bank holds Staff Annual Dinner which enhances a sense of belonging

Human Resources

At the end of 2003, ICBC (Asia) had a total of 591 employees. We believe that superior staff are our greatest asset. During the year, the Bank continued to invest in human resources and recruited quality staff to further strengthen its team. Through a variety of training programmes, the Bank actively enhanced the professional knowledge of its staff, strengthened customer service skills, promoted marketing initiatives and ensured that all its employees observe regulatory requirements.

The Bank places great emphasis on the value contribution and performance of its employees. As a result, the Bank has implemented a bonus system that is commensurable with the performance of its staff and in line with the Bank's profitability, objectives and values, and the performance of the respective divisions.

ICBC (Asia) also pays special attention to the creation of a unique corporate culture. During the year, the Recreation Committee (the "Committee") organised a greater number of activities than in the year before. The Bank took part in the drum-playing activity of Drum Festival organised by the Hong Kong Chinese Orchestra. With over 3,000



The Bank took part in the drum-playing activity of Drum Festival.

participants, the performance broke the Guinness World Record for having the largest number of participants in a single performance. The Committee also organised an annual dinner, which let the Board of Directors and all staff enjoy a good time. Other activities included staff picnics and basketball and badminton matches, fostering a greater sense of belonging and team spirit among staff members.



憑藉母公司優勢

加強 企業客戶 基礎

本行於企業貸款業務取得的驕人業績，有賴母公司、客戶及合作夥伴的鼎力支持，有效的營銷策略和果敢迅速的業務處理能力及我們對客戶的優質服務。



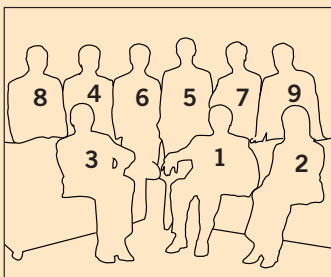
Broadening our corporate client base

The Bank's achievements in the corporate banking arena is attributable to the great support of our holding company, customers and business partners as well as marketing strategies, our effective decisive and responsive management and our quality services.



Board of Directors

1. Jiang Jianqing (*Chairman*)
2. Wang Lili (*Vice Chairman*)
3. Zhu Qi (*Managing Director & Chief Executive Officer*)
4. Chen Aiping (*Non-executive Director*)
5. Kwok Kin Hung (*Director & Deputy General Manager*)
6. Wang Yan (*Director & Deputy General Manager*)
7. Wong Yue Chim, Richard, S.B.S., J.P.
(*Independent Non-executive Director*)
8. Tsui Yiu Wa, Alec (*Independent Non-executive Director*)
9. Yuen Kam Ho, George
(*Independent Non-executive Director*)



Biographical Details of Directors and Senior Management

Dr. Jiang Jianqing *(Chairman)*

Dr. Jiang, aged 51. Appointed as the Chairman and Director of the Bank since June 2000. Graduated from Shanghai Jiaotong University with a Doctor's Degree in Business Administration and awarded a Certificate of Competence for Professor in the banking field. Dr. Jiang has over 25 years of banking experience and he is the Chairman and President of The Industrial and Commercial Bank of China.

Ms. Wang Lili *(Vice Chairman)*

Ms. Wang, aged 52. Appointed as the Vice Chairman and Director of the Bank since December 2002. Ms. Wang is a member of the Board and Executive Vice President of The Industrial and Commercial Bank of China and looks over international business, overseas business, corporate banking, institutional business, treasury and legal affairs. Graduated from Nankai University with a Bachelor's Degree and obtained her MBA in international banking and finance from University of Birmingham, U.K. Ms. Wang has over 28 years of banking experience and awarded a Certificate of Competence for Professor in the banking field. She is also a Director of The Tai Ping Life Insurance Company, Limited.

Mr. Zhu Qi *(Managing Director and Chief Executive Officer)*

Mr. Zhu, aged 43. Appointed as Director of the Bank since June 2000. In October 2001, appointed as Managing Director and Chief Executive Officer of the Bank, also the Chairman of all subsidiaries of the Bank (except UB China Business Management Co. Ltd.) and a Director of China Ping An Insurance (Hong Kong) Company Limited and The Tai Ping Insurance Company, Limited, being the associated companies of the Bank and he is also a Director of ICEA Finance Holdings Limited and the Chairman of Industrial and Commercial International Capital Limited. Graduated from Middle China Economy and Financial University with a Bachelor's Degree and a Master's Degree in Economics. Mr. Zhu has over 17 years of banking experience.

Mr. Chen Aiping *(Non-executive Director)*

Mr. Chen, aged 45. Appointed as Director of the Bank since December 2002. Graduated from Wuhan University with a Bachelor of Arts Degree. Mr. Chen has over 18 years of banking experience and he is the General Manager of the International Business Department of The Industrial and Commercial Bank of China and a Director of Xiamen International Bank and ICEA Finance Holdings Limited.

Biographical Details of Directors and Senior Management

Mr. Kwok Kin Hung *(Director, Deputy General Manager and Alternate Chief Executive)*

Mr. Kwok, aged 45. Joined the Bank as Deputy General Manager since July 2001 and was further appointed as Alternate Chief Executive and Director of the Bank in October 2001 and September 2002 respectively. Mr. Kwok was also appointed as Director of ICBC (Asia) Nominee Limited, ICBC (Asia) Bullion Company Limited and ICBC (Asia) Futures Limited, all of which are wholly-owned subsidiaries of the Bank, in September 2002 and October 2002 respectively and a Director of China Ping An Insurance (Hong Kong) Company Limited, an associated company of the Bank. Mr. Kwok joined The Industrial and Commercial Bank of China, Hong Kong Branch as Deputy General Manager in June 1998. Graduated from The University of Hong Kong and holds a Bachelor's Degree in Social Sciences. Mr. Kwok has over 20 years' management experience in banking business.

Mr. Wang Yan *(Director, Deputy General Manager and Alternate Chief Executive)*

Mr. Wang, aged 38. Joined the Bank as Deputy General Manager since July 2001 and was further appointed as Alternate Chief Executive and Director of the Bank in June 2003 and July 2003 respectively. Mr. Wang was also appointed as Chairman of UB China Business Management Co. Ltd. and as Director of ICBC (Asia) Bullion Company Limited in July 2001, and was appointed as Director of ICBC (Asia) Futures Limited in June 2003, all of which are wholly-owned subsidiaries of the Bank. Mr. Wang joined The Industrial and Commercial Bank of China, Hong Kong Branch as Deputy General Manager in August 2000. Graduated from the Beijing University and holds a Bachelor's Degree and a Master's Degree in International Law. He is currently a candidate for a Doctorate in national economic management of the Beijing University. Mr. Wang has over 14 years' management experience in banking business.

Professor Wong Yue Chim, Richard, S.B.S., J.P. *(Independent Non-executive Director)*

Professor Wong, aged 51. Appointed as Independent Non-executive Director of the Bank since July 2000. Graduated from University of Chicago with a Bachelor's and a Master's Degrees in Economics and also a Doctorate in Economics. Professor Wong is Dean of the Faculty of Business and Economics and Chair of Economics at The University of Hong Kong. He has been active in advancing economic research on policy issues in Hong Kong and China. Professor Wong was awarded the Silver Bauhinia Star in 1999 by the Government of the HKSAR for his contributions in education, housing, industry and technology development.

Biographical Details of Directors and Senior Management

Mr. Tsui Yiu Wa, Alec *(Independent Non-executive Director)*

Mr. Tsui, aged 54. Appointed as Independent Non-executive Director of the Bank since August 2000. Graduated from University of Tennessee, USA with a Bachelor of Science Degree and a Master of Engineering Degree in Industrial Engineering. He has completed the Program for Senior Managers in Government at the John F. Kennedy School of Government at Harvard University. Mr. Tsui is currently the Chief Executive of WAG Financial Services Group Limited. Prior to his current appointment, he was the Adviser and Council Member of the Shenzhen Stock Exchange from July 2001 to June 2002 and was the Chief Executive of Regent Pacific Group Limited, a Hong Kong listed investment company, from August 2000 to February 2001. He is also Chairman of the Hong Kong Securities Institute and a Member of the Investment Sub-Committee of the Government Committee of the Beat Drugs Fund Association. He joined The Stock Exchange of Hong Kong Limited in 1994 as Executive Director of the Finance and Operations Services Division and became the Chief Executive from 1997 to 2000. He was also the Chief Operating Officer of the Hong Kong Exchanges and Clearing Limited from March 2000 to July 2000 and the Assistant Director of the Securities and Futures Commission of Hong Kong from 1989 to 1993. Mr. Tsui also involved in numerous government and community activities, including being a former Chairman of the Supervisory Committee of Tracker Fund of Hong Kong and the Organizing Committee of ICAC Professional Ethics Programme for the Securities, Futures and Investments Sectors, a former Member of the Standing Committee on Company Law Reform, the Hong Kong Trade Development Council Financial Services Advisory Committee, The Community Chest of Hong Kong Corporate and Employee Contribution Programme Organising Committee Banking and Finance Group, and the Banking and Finance Industry Training Board of the Vocational Training Council.

Mr. Yuen Kam Ho, George *(Independent Non-executive Director)*

Mr. Yuen, aged 59. Appointed as Independent Non-executive Director of the Bank since April 2003. Mr. Yuen is currently the Chief Executive of The Better Hong Kong Foundation. Graduated from The University of Hong Kong with a Bachelor's degree (Honors) in Economics and Political Science. Mr. Yuen has attended post-graduate studies in marketing management at the International Marketing Institute, Cambridge Massachusetts, U.S.A. and has completed the Hong Kong Administrators Course (commissioned by the Hong Kong Government) in public administration and the International Executive Program in international relations at Oxford University and INSEAD, France respectively. In June 2003, Mr. Yuen was admitted to the Leadership in Development Program organized by Kennedy School of Government, Harvard University. Prior to his joining the Foundation, Mr. Yuen was the Assistant Director/Acting Deputy Director of the Information Services Department of the Hong Kong Government. Mr. Yuen is a member of the British Institute of Management and the Institute of Marketing, U.K. Mr. Yuen plays an active role in organizing significant business conferences in Hong Kong and also involves in numerous government and community activities, including being the Chairman of the International Relations Committee of the Asia Pacific Academy for Productivity and Innovation, a board member of the East-West Strategic Development Commission and a member of the Central Policy Unit ("CPU") of the HKSAR Government and sits on the CPU Panel on Pearl River Delta Panel. Mr. Yuen was commended by the U.S. President, George W. Bush for his efforts in support of coalition's campaign against global terrorism.

Biographical Details of Directors and Senior Management

Mr. Zhang Yi *(Deputy General Manager)*

Mr. Zhang, aged 41. Joined the Bank as Assistant General Manager since January 2003 and was promoted as Deputy General Manager of the Bank in December 2003. Graduated from Shanghai University of Finance & Economics with a Master's Degree in Money & Banking and qualified as a Senior Economist. Mr. Zhang was the General Manager of Financial Planning Department of The Industrial and Commercial Bank of China, Shanghai Municipal Branch.

Mr. Tang Kam Sun *(Assistant General Manager and Chief Financial Officer)*

Mr. Tang, aged 44. Joined the Bank as Assistant General Manager and Chief Financial Officer since August 2002. He holds a Master's Degree in Business Administration from University of Abertay Dundee, UK and a Master's Degree in Applied Finance from Charles Sturt University, Australia. Mr. Tang is a member of Hong Kong Securities Institute and The Chartered Management Institute (UK). He is also an associate member of The Hong Kong Society of Accountants, The Chartered Institute of Bankers (UK), The Institute of Chartered Secretaries and Administrators (UK), The Institute for the Management of Information Systems (UK) and a Certified Finance and Treasury Professional in The Finance and Treasury Association (Australia). Mr. Tang has over 24 years of banking experience specialized in financial management in multinational bank and financial institutions.

Mr. Fong Yuen Kwai *(Assistant General Manager)*

Mr. Fong, aged 45. Joined the Bank as Assistant General Manager and Head of Retail Banking since September 2002. Mr. Fong was also appointed as Director of ICBC (Asia) Nominee Limited, a wholly-owned subsidiary of the Bank, in October 2002. Graduated from The Chinese University of Hong Kong with a Bachelor's Degree in Social Science (Economics) and a Master's Degree in Business Administration. Mr. Fong has over 19 years of banking experience. Prior to joining the Bank, he was the Assistant General Manager and the Head of Strategy and Business Planning Division, Retail Banking Department of Bank of China (Hong Kong) Limited.

中國工商銀行(亞洲)有限公司(「本銀行」)董事會謹此提呈本銀行及本集團(本銀行連同其附屬公司統稱「本集團」)截至二零零三年十二月三十一日止年度之年報及經審核賬目。

主要業務及分部業務分析

本銀行之主要業務為提供銀行、財務及其他相關服務，而各附屬公司之主要業務則載於賬目附註25。

本集團於本年度按業務種類及市場劃分之業績分析載於賬目附註37。

業績及分派

本集團截至二零零三年十二月三十一日止年度之業績載於第61頁之綜合損益表。

董事已宣佈並於二零零三年九月十九日派發每股普通股及每股可轉換優先股0.12港元之中期股息，股息總額為99,191,000港元。

董事建議派發每股普通股及每股可轉換優先股0.26港元之末期股息，股息總額為247,382,000港元。

儲備

本集團及本銀行之儲備於年內之變動詳情載於賬目附註34。

捐款

本集團於本年度內之慈善及其他捐款總額為41,000港元。

固定資產

本集團及本銀行之固定資產變動詳情載於賬目附註27。

股本及借入資本

本銀行之股本變動詳情載於賬目附註33。

本銀行於年內已發行合共120,000,000美元之後償浮息票據。該等票據之詳情載於賬目附註32。

於二零零四年二月九日，本銀行之最終控股公司中國工商銀行(「中國工商銀行」)持有之124,874,000股每股面值2.00港元現有普通股按每股11.25港元配售予獨立投資者，而相同數目之新普通股獲中國工商銀行按每股11.25港元認購，即每股溢價9.25港元。該等股份與現有股份享有同等權益。此項結算日後事項之其他詳情於賬目附註43披露。

The Directors of Industrial and Commercial Bank of China (Asia) Limited (the "Bank") have pleasure in submitting their annual report together with the audited accounts of the Bank and the Group (the Bank together with its subsidiaries hereinafter referred to as the "Group") for the year ended 31st December 2003.

PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

The principal activities of the Bank are the provision of banking, financial and other related services. The principal activities of the subsidiaries are shown in Note 25 to the accounts.

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 37 to the accounts.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December 2003 are set out in the consolidated profit and loss account on page 61.

The Directors have declared an interim dividend of HK\$0.12 per ordinary and convertible preference share, totalling HK\$99,191,000 which was paid on 19th September 2003.

The Directors recommend the payment of a final dividend of HK\$0.26 per ordinary and convertible preference share, totalling HK\$247,382,000.

RESERVES

Movements in the reserves of the Group and of the Bank during the year are set out in Note 34 to the accounts.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK\$41,000.

FIXED ASSETS

Details of the movements in fixed assets of the Group and of the Bank are set out in Note 27 to the accounts.

SHARE CAPITAL AND LOAN CAPITAL

Details of the movements in share capital of the Bank are set out in Note 33 to the accounts.

The Bank has issued subordinated floating rate notes totalling US\$120,000,000 during the year. Details of these notes are set out in Note 32 to the accounts.

On 9th February 2004, 124,874,000 existing ordinary shares of HK\$2.00 each held by The Industrial and Commercial Bank of China ("ICBC"), the ultimate holding company, were placed to independent investors at HK\$11.25 each, and the same number of new ordinary shares were subscribed by ICBC at HK\$11.25 each, representing a premium of HK\$9.25 each. These shares rank pari passu with the existing shares. Further details of this subsequent event are disclosed in Note 43 to the accounts.

可供分派儲備

本銀行於二零零三年十二月三十一日根據香港公司條例第79B條計算之可供分派儲備為1,238,348,000港元。

五年財務摘要

以下為本集團過去五個財政年度之業績、資產及負債概要。

業績	Results	2003 千港元 HK\$'000	重報			
			As restated 2002 千港元 HK\$'000	2001 千港元 HK\$'000	2000 千港元 HK\$'000	1999 千港元 HK\$'000
股東應佔盈利/ (虧損)	Profit/(loss) attributable to shareholders	522,130	474,635	330,412	150,063	(545,010)
資產及負債	Assets and liabilities					
資產總額	Total assets	75,319,624	62,261,989	43,497,229	20,656,987	19,158,247
負債總額	Total liabilities	65,224,015	53,100,345	37,217,910	18,073,674	16,728,550
資本來源	Capital resources	10,095,609	9,161,644	6,279,319	2,583,313	2,429,697
		75,319,624	62,261,989	43,497,229	20,656,987	19,158,247

購買、出售或贖回本銀行上市證券

本銀行於年內概無贖回任何上市證券，而本銀行及各附屬公司於年內亦無買賣本銀行之上市證券。

董事會

本銀行董事會於本年度及直至本報告刊發日期之成員如下：

姜建清博士(主席)
 王麗麗女士(副主席)
 朱琦先生(董事總經理暨行政總裁)
 陳愛平先生
 郭鍵雄先生
 王岩先生(於二零零三年七月十七日獲委任)
 王于漸教授, S.B.S., 太平紳士*
 徐耀華先生*
 袁金浩先生*(於二零零三年四月二十四日獲委任)
 馮華健先生, 資深大律師*(於二零零三年四月二十四日辭任)
 趙京芬女士(於二零零三年七月十七日辭任)

* 獨立非執行董事

DISTRIBUTABLE RESERVES

Distributable reserves of the Bank at 31st December 2003, calculated under section 79B of the Hong Kong Companies Ordinance, amounted to HK\$1,238,348,000.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below.

業績	Results	2003 千港元 HK\$'000	重報			
			As restated 2002 千港元 HK\$'000	2001 千港元 HK\$'000	2000 千港元 HK\$'000	1999 千港元 HK\$'000
股東應佔盈利/ (虧損)	Profit/(loss) attributable to shareholders	522,130	474,635	330,412	150,063	(545,010)
資產及負債	Assets and liabilities					
資產總額	Total assets	75,319,624	62,261,989	43,497,229	20,656,987	19,158,247
負債總額	Total liabilities	65,224,015	53,100,345	37,217,910	18,073,674	16,728,550
資本來源	Capital resources	10,095,609	9,161,644	6,279,319	2,583,313	2,429,697
		75,319,624	62,261,989	43,497,229	20,656,987	19,158,247

PURCHASE, SALE OR REDEMPTION OF THE BANK'S LISTED SECURITIES

During the year, the Bank has not redeemed any of its listed securities. Neither the Bank nor any of its subsidiaries has purchased or sold any of the Bank's listed securities.

DIRECTORS

The Directors of the Bank during the year and up to the date of this report are:

Dr. Jiang Jianqing (Chairman)
 Ms. Wang Lili (Vice-Chairman)
 Mr. Zhu Qi (Managing Director and Chief Executive Officer)
 Mr. Chen Aiping
 Mr. Kwok Kin Hung
 Mr. Wang Yan (appointed on 17th July 2003)
 Professor Wong Yue Chim, Richard, S.B.S. J.P.*
 Mr. Tsui Yiu Wa, Alec*
 Mr. Yuen Kam Ho, George* (appointed on 24th April 2003)
 Mr. Fung Daniel Richard, SC* (resigned on 24th April 2003)
 Ms. Zhao Jingfen (resigned on 17th July 2003)

* Independent Non-Executive Directors

董事會 (續)

根據本銀行之組織章程細則第93條，王岩先生及袁金浩先生將退任，而根據本銀行之組織章程細則第94(1)及94(2)條規定，王于漸教授，S.B.S.，太平紳士及徐耀華先生將依章輪值告退。所有退任董事願意於應屆股東週年大會上膺選連任。

王于漸教授，S.B.S.，太平紳士、徐耀華先生及袁金浩先生作為本銀行獨立非執行董事之任期將如本銀行之組織章程細則第94(1)及94(2)條規定於須依章輪值告退時終止。

董事之服務合約

擬於應屆股東週年大會上膺選連任之董事與本銀行概無訂立或擬訂立於一年內屆滿或終止而須予支付賠償(一般法定賠償除外)之服務合約。

董事之合約權益

本銀行、其控股公司、附屬公司或同系附屬公司並無參與訂立於本年度結算日或本年度任何時間內生效而本銀行董事直接或間接擁有重大權益之重大合約。

持續關連交易

年內及於一般業務過程中，本集團曾進行董事認為根據香港聯合交易所有限公司證券上市規則(「上市規則」)屬持續關連交易之多宗交易。該等與最終控股公司中國工商銀行及同系附屬公司進行之交易之詳情如下：

1. 銀行同業借貸交易

於最終控股公司及同系附屬公司存放銀行同業存款及向彼等提供銀行同業貸款，乃本銀行日常業務之一部分。於二零零三年十二月三十一日，本銀行於最終控股公司及同系附屬公司之銀行同業存款約為7,435,072,000港元(二零零二年：8,900,628,000港元)。二零零三年，該等存款及貸款應計之利息收入約為58,133,000港元(二零零二年：38,298,000港元)。

DIRECTORS (continued)

Mr. Wang Yan and Mr. Yuen Kam Ho, George retire in accordance with Article 93 of the Bank's Articles of Association and Professor Wong Yue Chim, Richard, S.B.S. J.P. and Mr. Tsui Yiu Wa, Alec retire by rotation at the forthcoming annual general meeting in accordance with Articles 94(1) and 94(2) of the Bank's Articles of Association. All retiring Directors, being eligible, offer themselves for re-election.

The terms of appointments of the Bank's Independent Non-Executive Directors, being Professor Wong Yue Chim, Richard, S.B.S. J.P., Mr. Tsui Yiu Wa, Alec and Mr. Yuen Kam Ho, George, will expire when they are required to retire by rotation in accordance with Articles 94(1) and 94(2) of the Bank's Articles of Association.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has any existing or proposed service contract with the Bank which is not expiring or terminable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Bank or any of its holding company, subsidiaries, or fellow subsidiaries was a party and in which a director of the Bank had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

ONGOING CONNECTED TRANSACTIONS

During the year and in the normal course of business, the Group entered into a number of transactions which in the opinion of the Directors constitute ongoing connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The transactions were with ICBC, the ultimate holding company, and the fellow subsidiaries, and the details of these transactions are as follows:

1. Inter-bank lending and borrowing transactions

As part of the Bank's day-to-day business, inter-bank deposits are placed with, and inter-bank loans are made to, the ultimate holding company and fellow subsidiaries. Approximately HK\$7,435,072,000 (2002: HK\$8,900,628,000) of inter-bank deposits were placed by the Bank to the ultimate holding company and fellow subsidiaries as at 31st December 2003. The interest income attributable to these placements and loans in 2003 was approximately HK\$58,133,000 (2002: HK\$38,298,000).

持續關連交易 (續)

1. 銀行同業借貸交易 (續)

於二零零三年十二月三十一日，最終控股公司及同系附屬公司於本銀行存放之銀行同業存款約為20,390,459,000港元(二零零二年：11,507,647,000港元)。此項結餘包括一筆為數12,025,197,000港元(二零零二年：2,105,676,000港元)之款項，乃最終控股公司授予本銀行作營運資金用途之備用信貸1,635,000,000美元(二零零二年：6,000,000,000港元)中已被動用之數額。二零零三年，該等存款應計之利息支出約為153,097,000港元(二零零二年：153,044,000港元)。

2. 衍生工具交易

本銀行按背對背基準與最終控股公司訂立多宗利率掉期，以對沖本銀行向最終控股公司收購之若干資產。

本銀行亦已就資產負債表及／或利率風險管理之目的或因應客戶要求，與最終控股公司及同系附屬公司進行多宗衍生工具交易，包括利率掉期及各類期權合約。

於二零零三年十二月三十一日，本銀行與最終控股公司及同系附屬公司進行之尚未平倉衍生工具交易名義數值約為6,782,743,000港元(二零零二年：8,427,159,000港元)。於二零零三年，該等交易之應計利息收入及支出分別約為268,560,000港元(二零零二年：307,313,000港元)及295,211,000港元(二零零二年：345,375,000港元)。該等交易於二零零三年之應計期權溢價收入淨額約為8,886,000港元及二零零二年之應計期權溢價支出淨額約為782,000港元。

3. 外匯交易

本銀行亦已就外匯風險管理的目的及因應客戶要求，按與上述衍生工具交易類似之方式，與最終控股公司及同系附屬公司訂立外匯合約。於二零零三年十二月三十一日，本銀行與最終控股公司及同系附屬公司進行之未完成外匯交易(包括現貨、遠期及掉期交易)之名義數值總額約為11,380,921,000港元(二零零二年：8,154,000,000港元)。

ONGOING CONNECTED TRANSACTIONS (continued)

1. Inter-bank lending and borrowing transactions (continued)

Approximately HK\$20,390,459,000 (2002: HK\$11,507,647,000) of inter-bank deposits were placed with the Bank by the ultimate holding company and fellow subsidiaries as at 31st December 2003. Included in this balance is an amount of HK\$12,025,197,000 (2002: HK\$2,105,676,000) representing utilisation of a standby credit facility of US\$1,635,000,000 (2002: HK\$6,000,000,000) granted by the ultimate holding company to the Bank for working capital purposes. The interest expense attributable to these deposits in 2003 was approximately HK\$153,097,000 (2002: HK\$153,044,000).

2. Derivatives transactions

The Bank entered into interest rate swaps on a back-to-back basis with the ultimate holding company for hedging against certain assets acquired by the Bank from the ultimate holding company.

The Bank also entered into various derivatives transactions with the ultimate holding company and fellow subsidiaries, including interest rate swaps and various types of options contracts, for the purpose of balance sheet and/or interest rate risk management or as a result of customer-driven transactions.

The total notional amount of the outstanding derivatives transactions between the Bank and the ultimate holding company and fellow subsidiaries as at 31st December 2003 was approximately HK\$6,782,743,000 (2002: HK\$8,427,159,000). The interest income and expense attributable to these transactions in 2003 were approximately HK\$268,560,000 (2002: HK\$307,313,000) and HK\$295,211,000 (2002: HK\$345,375,000) respectively. Net option premium income attributable to these transactions in 2003 was approximately HK\$8,886,000 and the net option premium expense in 2002 was approximately HK\$782,000.

3. Foreign exchange transactions

The Bank also entered into foreign exchange contracts with the ultimate holding company and fellow subsidiaries in response to foreign exchange risk management and customer-driven transactions in a similar fashion as mentioned above for derivatives transactions. The total notional amount of the outstanding foreign exchange transactions with the ultimate holding company and fellow subsidiaries as at 31st December 2003, including spot, forward and swap transactions, was approximately HK\$11,380,921,000 (2002: HK\$8,154,000,000).

持續關連交易 (續)

4. 銀行同業資本市場交易

本銀行與最終控股公司及同系附屬公司訂立以下各類交易：

- (a) 在一手及二手市場與最終控股公司及同系附屬公司買賣債券(由獨立第三者、最終控股公司或同系附屬公司發行)；及
- (b) 代表最終控股公司及同系附屬公司買賣債券。

於二零零三年，本銀行於一手及二手市場向最終控股公司及同系附屬公司購買之債券約為139,002,000港元(二零零二年：749,529,000港元)，售予最終控股公司及同系附屬公司之債券約為1,700,719,000港元(二零零二年：2,548,323,000港元)。於二零零三年，源自本銀行之該等交易所應計之收入不大(二零零二年：無)。

5. 資本市場交易

本銀行與最終控股公司之香港分行(「分行」)、最終控股公司及同系附屬公司訂立各類資本市場交易，其中包括安排、參與／從屬參與銀團貸款、買賣貸款(包括銀團貸款)權益、認購及／或發行債券及節稅型融資。於二零零三年，本銀行向分行、最終控股公司及同系附屬公司出售之貸款(包括銀團貸款)權益約為6,430,380,000港元(二零零二年：7,940,249,000港元)，購買之分行貸款(包括銀團貸款)權益約為1,925,371,000港元(二零零二年：1,451,000,000港元)。於二零零三年，本銀行就上述交易向分行支付費用3,055,000港元(二零零二年：無)。

本銀行已發行(由最終控股公司認購)面值為400,000,000美元及700,000,000港元(二零零二年：700,000,000港元)之定息存款證。於二零零三年，該等存款證之應計利息支出約為18,065,000港元(二零零二年：13,304,000港元)。

此外，本銀行已於二零零三年發行後償浮息票據合共120,000,000美元(二零零二年：2,045,916,000港元)，並由最終控股公司悉數認購。該等票據於二零零三年之應計利息支出約為60,036,000港元(二零零二年：38,263,000港元)。

ONGOING CONNECTED TRANSACTIONS (continued)

4. Inter-bank capital markets transactions

The Bank entered into the following types of transactions with the ultimate holding company and fellow subsidiaries:

- (a) buying and selling debt securities (either issued by independent third parties, the ultimate holding company or fellow subsidiaries) from and to the ultimate holding company and fellow subsidiaries in the primary and secondary markets; and
- (b) buying and selling debt securities on behalf of the ultimate holding company and fellow subsidiaries.

Approximately HK\$139,002,000 (2002: HK\$749,529,000) of debt securities were purchased from the ultimate holding company and fellow subsidiaries and approximately HK\$1,700,719,000 (2002: HK\$2,548,323,000) of debt securities were sold to the ultimate holding company and fellow subsidiaries, in primary and secondary markets in 2003. Immaterial fee attributable to the above transactions was received from the Bank in 2003 (2002: HK\$Nil).

5. Capital markets transactions

The Bank entered into various capital markets transactions with the Hong Kong branch of the ultimate holding company (the "Branch"), the ultimate holding company and fellow subsidiaries, which include arranging of, participation/sub-participation in syndicated loans, acquiring and disposing of interests in loans including syndicated loans, subscription and/or issuance of debt securities and tax efficient financing. Approximately HK\$6,430,380,000 (2002: HK\$7,940,249,000) of the Bank's interest in loans including syndicated loans were disposed to the Branch, the ultimate holding company and fellow subsidiaries and approximately HK\$1,925,371,000 (2002: HK\$1,451,000,000) of the Branch's interest in loans including syndicated loans were purchased by the Bank in 2003. Fee attributable to the above transactions of HK\$3,055,000 was paid to the Branch in 2003 (2002: HK\$Nil).

The Bank issued and subscribed by the ultimate holding company fixed rate certificates of deposit with nominal value of US\$400,000,000 and HK\$700,000,000 (2002: HK\$700,000,000). The interest expense attributable to these certificates of deposit in 2003 was approximately HK\$18,065,000 (2002: HK\$13,304,000).

In addition, the Bank issued subordinated floating rate notes totaling US\$120,000,000 (2002: HK\$2,045,916,000) in 2003 and were fully subscribed by the ultimate holding company. The interest expense attributable to these notes in 2003 was approximately HK\$60,036,000 (2002: HK\$38,263,000).

持續關連交易 (續)

6. 管理服務及物業支出

本銀行與最終控股公司及分行訂立以下各類協議：

- (a) 向分行提供會計及預算、內部審核、市場推廣及後台清算及結算等服務；及
- (b) 就分行之信用卡業務提供管理、行政及市場推廣等服務；及
- (c) 接受最終控股公司提供之銀行網絡、系統及電腦操作等服務；及
- (d) 使用分行所租用之部分樓面面積。

於二零零三年，本銀行就上文(a)及(b)向分行收取之總服務費收入約為7,705,000港元(二零零二年：4,545,000港元)，而就上文(c)向最終控股公司支付之服務費支出則約為4,411,000港元(二零零二年：3,502,000港元)。於二零零三年，本銀行向分行支付之總物業支出約為6,113,000港元(二零零二年：5,926,000港元)。

聯交所已於二零零二年三月、二零零二年十二月及二零零三年二月授出三項有條件豁免，批准本銀行與其最終控股公司及同系附屬公司進行之關連交易毋須遵守上市規則之披露及股東批准規定。

獨立非執行董事已審閱該等獲聯交所授出之三項有條件豁免所涉及之關連交易，並確認該等交易乃以下列方式進行：

- (1) 該等交易乃：
 - (i) 由本銀行在一般及日常業務過程中訂立；
 - (ii) 按公平基準(如適用)訂立；
 - (iii) (a)按正常商業條款；或(b)如無可資比較之交易以判斷該等交易是否按正常商業條款訂立，則按對本銀行及獨立股東而言屬公平合理之條款進行；及
 - (iv) (a)按規管該等交易之協議條款；或(b)(倘無上述協議)按不遜於給予獨立第三者或獲獨立第三者授予之條款(如適用)訂立。
- (2) 各相關類別之關連交易之年度總值並未超過年度上限或指定限額(如適用)。

ONGOING CONNECTED TRANSACTIONS (continued)

6. Management services and premises expenses

The Bank entered into the following types of agreements with the ultimate holding company and the Branch:

- (a) providing services such as accounting and budgeting, internal audit, marketing and back office settlement and clearing to the Branch; and
- (b) providing services such as management, administrative and marketing functions in respect of credit card business of the Branch; and
- (c) receiving services such as banking network, system and computer operations from the ultimate holding company; and
- (d) using a portion of floor area rented by the Branch.

The total service fee income received from the Branch in respect of (a) & (b) above in 2003 was approximately HK\$7,705,000 (2002: HK\$4,545,000). The service fee expenses paid to the ultimate holding company in respect of (c) above in 2003 was approximately HK\$4,411,000 (2002: HK\$3,502,000). The total premises expense paid to the Branch in 2003 was approximately HK\$6,113,000 (2002: HK\$5,926,000).

Three conditional waivers for disclosure and shareholders' approval requirements for the above ongoing connected transactions between the Bank, its ultimate holding company and the fellow subsidiaries under the Listing Rules have been granted by the Stock Exchange in March 2002, December 2002 and February 2003.

The Independent Non-Executive Directors have reviewed and confirmed that the connected transactions to which three conditional waivers have been granted by the Stock Exchange were conducted in the following manner:

- (1) Such transactions were:
 - (i) entered into by the Bank in the ordinary and usual course of its business;
 - (ii) entered into on an arm's length basis, as applicable;
 - (iii) conducted either (a) on normal commercial terms; or (b) if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms that are fair and reasonable so far as the Bank and the independent shareholders are concerned; and
 - (iv) entered into either (a) in accordance with the terms of the agreements governing such transactions; or (b) (where there are no such agreements) on terms that are no less favourable than those available to or from independent third parties, as applicable.
- (2) The annual aggregate value of each of the relevant categories of the connected transactions had not exceeded the annual upper limit or specified threshold, as applicable.

持續關連交易 (續)

本銀行已接獲核數師於二零零四年三月二十二日發出之函件，當中確認下列各項：(i)該等交易已經管理層批准；(ii)該等交易乃按照符合本銀行有關價格及／或定價政策（已於年報作出披露）之價格訂立；(iii)該等交易乃遵照規管該等交易之有關協議條款訂立；(iv)該等交易之年度總值並未超過有關年度上限或指定限額（如適用）；及(v)上文6(c)段所指之交易乃按不遜於給予其他獨立第三者或獲其他獨立第三者授予之條款（如適用）訂立。

董事及行政總裁持有股份、相關股份及債券之權益及淡倉

於二零零三年十二月三十一日，據本銀行根據證券及期貨條例（「證券及期貨條例」）第XV部第352條須存置之董事及行政總裁之權益及淡倉登記冊所載，當日在職之董事及行政總裁於本銀行、其控股公司、附屬公司及其他相聯法團（定義見證券及期貨條例）之股份中擁有下列權益：

本銀行每股面值2港元之普通股數目

董事名稱	Name of Director	個人權益 Personal interests	持有股份 總數 Total number of shares held	佔全部已 發行股本 百分比 % of total issued shares
朱琦先生	Mr. Zhu Qi	50,000	50,000	0.008%

上述全部權益皆為好倉。根據本銀行按證券及期貨條例第XV部第352條而存置之董事及行政總裁權益及淡倉登記冊所示，於二零零三年十二月三十一日，並無淡倉記錄。

董事收購股份之權利

本銀行、其控股公司、各附屬公司或各同系附屬公司於年內任何時間概無訂立任何安排，致使本銀行董事可藉收購本銀行或任何其他法人團體之股份或債券而獲益。

ONGOING CONNECTED TRANSACTIONS (continued)

A letter dated 22nd March 2004 was received from the auditors of the Bank who were not aware of any exceptions that (i) the transactions received the approval of the management; (ii) the transactions had been entered into at amounts in accordance with the relevant prices and/or pricing policies of the Bank as disclosed in the annual report; (iii) the transactions had been entered into in accordance with the terms of the relevant agreements governing such transactions; (iv) the annual aggregate value of the transactions had not exceeded the relevant annual upper limits or specified threshold, as applicable; and (v) the transactions as specified in 6(c) above had been entered into on terms no less favourable than terms available to or from independent third parties, as applicable.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The Directors and Chief Executive of the Bank who held office at 31st December 2003 had the following interests in the shares of the Bank, its holding company, subsidiaries and other associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) at that date as recorded in the Register of Directors' and Chief Executives' Interests and Short Positions required to be kept under section 352 of Part XV of the SFO:

Ordinary shares of HK\$2 each in the Bank

董事名稱	Name of Director	個人權益 Personal interests	持有股份 總數 Total number of shares held	佔全部已 發行股本 百分比 % of total issued shares
朱琦先生	Mr. Zhu Qi	50,000	50,000	0.008%

All the interests stated above represent long positions. As at 31st December 2003, no short positions were recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept under Section 352 of Part XV of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the year was the Bank or any of its holding company, subsidiaries, or fellow subsidiaries a party to any arrangement to enable the Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

主要股東及其他人士持有股份及相關股份之權益及淡倉

於二零零三年十二月三十一日，本銀行與富通集團及Generale Belgian Holding B.V. (「GBH」) 訂立買賣協議 (「買賣協議」)，據此，本銀行同意於售回除外資產 (定義見買賣協議) 後，根據買賣協議之條件及條款從GBH購入華比富通銀行全部已發行股本 (「該收購」)。作為該收購之部份代價，於完成日期，本銀行將發行其股本中之入賬列作繳足股款新股份予GBH，佔本銀行經此發行擴大後之全部已發行股本9%。待買賣協議之先決條件獲按其條款達成 (或 (如適用) 獲豁免) 後，買賣協議將於二零零四年四月三十日完成，或倘全部條件均未能於二零零四年四月三十日前達成或獲豁免，則於買賣協議所指定之若干條件達成 (或 (如適用) 獲豁免) 之首個營業日後第三個營業日或可由各訂約方另行協定之其他日期 (但不得遲於二零零四年六月三十日) 完成。該收購之其他詳情於賬目附註39披露。

上述所有權益均代表好倉，且須根據證券及期貨條例第XV部第336條記錄於股份及相關股份權益及淡倉登記冊內。

據本銀行根據證券及期貨條例設存之登記冊所載，於二零零三年十二月三十一日，下列法團各自於本銀行持有之權益 (定義見證券及期貨條例) 如下：

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

On 31st December 2003, the Bank entered into a sale and purchase agreement (the "SPA") with Fortis Bank and Generale Belgian Holding B.V. ("GBH") pursuant to which the Bank has agreed to purchase the entire issued share capital of Fortis Bank Asia HK from GBH, following a carve-out of the Excluded Assets (as defined in the SPA), subject to the conditions and on the terms of the SPA (the "Acquisition"). As partial consideration for the Acquisition, new shares in the capital of the Bank will be issued, credited as fully paid, representing 9% of the total issued share capital of the Bank as enlarged by its issue, to GBH as at the completion date. Subject to satisfaction (or waived, if applicable) of the conditions precedent to the SPA in accordance with its terms, completion of the SPA shall take place on 30th April 2004, or, if all of the conditions have not been satisfied or waived by 30th April 2004, on the third business day after the first business day on or by which certain of the conditions specified in the SPA have been fulfilled (or waived, if applicable) or such other date as may be agreed otherwise by the parties (but which shall be no later than 30th June 2004). Further details of the Acquisition are disclosed in Note 39 to the accounts.

All the interests stated above represent long positions which are required to be recorded in the Register of Interests and Short Positions in Shares and Underlying Shares under section 336 of Part XV of the SFO.

The register maintained by the Bank pursuant to the SFO recorded that, as at 31st December 2003, the following corporations had interests (as defined in the SFO) in the Bank set opposite their respective names:

股東名稱	Name of shareholder	持有之股份 總數 Total number of shares held	佔全部 已發行股本 百分比 % of total issued shares
本銀行每股面值2港元之 普通股數目 Number of ordinary shares of HK\$2 each in the Bank			
中國工商銀行	The Industrial and Commercial Bank of China	398,489,478	63.82%
Fortis Bank SA/NV (附註)	Fortis Bank SA/NV (Note)	56,193,687	9.00%
Fortis Brussels SA/NV	Fortis Brussels SA/NV	56,193,687	9.00%
Fortis N.V.	Fortis N.V.	56,193,687	9.00%
Fortis SA/NV	Fortis SA/NV	56,193,687	9.00%
本銀行每股面值5港元之 可轉換非累計 優先股數目 Number of convertible non-cumulative preference shares of HK\$5 each in the Bank			
中國工商銀行	The Industrial and Commercial Bank of China	202,219,218	100.00%

主要股東及其他人士持有股份及相關股份之權益及淡倉(續)

於二零零三年十二月三十一日，登記冊並無錄得淡倉權益。

附註：GBH為Fortis Bank SA/NV之全資附屬公司。

管理合約

年內並無訂立或訂有任何涉及本銀行全部或大部份業務之管理及行政合約。

主要客戶

本集團本年度最大五名客戶佔本集團之利息收入及其他營運收入總和少於30%。

遵照上市規則最佳應用守則

董事會認為，本集團於本年度一直遵守上市規則附錄十四所列之最佳應用守則，惟非執行董事及獨立非執行董事並無特定任期，但須根據本銀行之組織章程細則於股東週年大會上輪值告退及膺選連任。

遵照「本地註冊認可機構披露財務資料」指引

本銀行已全面遵守香港金融管理局於二零零二年十一月八日頒佈之「本地註冊認可機構披露財務資料」監管政策手冊所載之披露規定。

審核委員會

關於審核委員會之權力及職責之明文規定乃參考香港會計師公會頒佈之「成立審核委員會之指引」而訂立。

審核委員會為董事會與本銀行核數師就本集團核數事宜之重要聯繫。此外，審核委員會亦負責評估本銀行之外部及內部核數事宜、內部監控及風險評估。委員會成員包括非執行董事陳愛平先生及王于漸教授，S.B.S.，太平紳士、徐耀華先生及袁金浩先生三位獨立非執行董事。於本財政年度，審核委員會曾分別舉行兩次會議。

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

As at 31st December 2003, no short positions were recorded in the register.

Note: GBH is a wholly-owned subsidiary of Fortis Bank SA/NV.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Bank were entered into or existed during the year.

MAJOR CUSTOMERS

During the year, the five largest customers of the Group accounted for less than 30% of the total of interest income and other operating income of the Group.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

In the opinion of the Directors, the Group has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the year, except that the Non-Executive Directors and the Independent Non-Executive Directors are not appointed for specific terms but are subject to retirement by rotation and re-election at annual general meeting in accordance with the Bank's Articles of Association.

COMPLIANCE WITH THE GUIDELINE ON "FINANCIAL DISCLOSURE BY LOCALLY INCORPORATED AUTHORIZED INSTITUTIONS"

The Bank has fully complied with the disclosure requirements set out in the Supervisory Policy Manual entitled "Financial Disclosure by Locally Incorporated Authorized Institutions" issued by the Hong Kong Monetary Authority on 8th November 2002.

AUDIT COMMITTEE

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for the Formation of An Audit Committee" published by the Hong Kong Society of Accountants.

The Audit Committee provides an important link between the Board and the Bank's auditors in matters coming within the scope of the Group audit. It also reviews the effectiveness of both the external and internal audit and of internal controls and risk evaluation. The Committee comprises Mr. Chen Aiping, Non-Executive Director and the three Independent Non-Executive Directors, namely Professor Wong Yue Chim, Richard, S.B.S. J.P., Mr. Tsui Yiu Wa, Alec, and Mr. Yuen Kam Ho, George. Two meetings were held during the current financial year.

董事於競爭性業務之權益

以下為根據上市規則第8.10(2)段須予披露之資料：

朱琦先生為工商東亞金融控股有限公司之董事及工商國際金融有限公司之主席。

陳愛平先生為廈門國際銀行及工商東亞金融控股有限公司之董事。

郭鍵雄先生及王岩先生為分行之副總經理。

核數師

賬目由羅兵咸永道會計師事務所審核。羅兵咸永道會計師事務所將任滿告退，惟符合資格並願重選連任。

承董事會命
姜建清博士
主席

香港，二零零四年三月二十二日

DIRECTORS' INTEREST IN COMPETING BUSINESS

Set out below is information disclosed pursuant to paragraph 8.10(2) of the Listing Rules:

Mr. Zhu Qi is the Director of ICEA Finance Holdings Limited and the Chairman of Industrial and Commercial International Capital Limited.

Mr. Chen Aiping is the Director of Xiamen International Bank and ICEA Finance Holdings Limited.

Mr. Kwok Kin Hung and Mr. Wang Yan are the Deputy General Managers of the Branch.

AUDITORS

The accounts have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board
Dr. Jiang Jianqing
Chairman

Hong Kong, 22nd March 2004

致中國工商銀行(亞洲)有限公司全體股東
之核數師報告
(於香港註冊成立之有限公司)

本核數師已完成審核第60至126頁之賬目，該等賬目乃按照香港普遍採納之會計原則編製。

董事及核數師各自之責任

香港公司條例規定董事須編製真實兼公平之賬目。在編製該等真實兼公平之賬目時，董事必須採用適當之會計政策，並且貫徹應用該等會計政策。

本核數師之責任是根據審核之結果，對該等賬目出具獨立意見，並按照香港公司條例第141條僅向整體股東報告，除此之外本報告別無其他目的。本核數師不會就本報告的內容向任何其他人士負上或承擔任何責任。

意見之基礎

本核數師已按照香港會計師公會所頒佈之核數準則進行審核工作。審核範圍包括以抽查方式查核與賬目所載數額及披露事項有關之憑證，亦包括評審董事於編製賬目時所作之重大估計及判斷，所採用之會計政策是否適合貴銀行與貴集團之具體情況，及有否貫徹應用並足夠披露該等會計政策。

本核數師在策劃和進行審核工作時，均以取得所有本核數師認為必需之資料及解釋為目標，以便獲得充分憑證，就該等賬目是否存有重大錯誤陳述，作出合理之確定。在作出意見時，本核數師亦已評估該等賬目所載之資料在整體上是否足夠。本核數師相信我們之審核工作已為下列意見提供合理之基礎。

意見

本核數師認為，上述之賬目足以真實兼公平地顯示貴銀行與貴集團於二零零三年十二月三十一日結算時之財務狀況，及貴集團截至該日止年度之盈利及現金流量，並按照香港公司條例妥為編製。

羅兵咸永道會計師事務所
香港執業會計師

香港，二零零四年三月二十二日

AUDITORS' REPORT TO THE SHAREHOLDERS OF
INDUSTRIAL AND COMMERCIAL BANK OF CHINA (ASIA) LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the accounts set out on pages 60 to 126 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Hong Kong Companies Ordinance requires the directors to prepare accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Bank and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the Bank and the Group as at 31st December 2003 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22nd March 2004

綜合損益表

Consolidated Profit and Loss Account

截至二零零三年十二月三十一日止年度
For the year ended 31st December 2003

		附註 Note	2003 千港元 HK\$'000	重報 As restated 2002 千港元 HK\$'000
利息收入	Interest income	3	1,617,989	1,472,029
利息支出	Interest expense		(794,842)	(782,840)
淨利息收入	Net interest income		823,147	689,189
其他營運收入	Other operating income	4	321,340	390,732
營運收入	Operating income		1,144,487	1,079,921
營運支出	Operating expenses	5	(314,055)	(307,260)
商譽攤銷	Amortisation of goodwill	26	(35,498)	(35,498)
扣除準備金前之營運盈利	Operating profit before provisions		794,934	737,163
呆壞賬撥備	Charge for bad and doubtful debts	6	(129,236)	(181,512)
營運盈利	Operating profit		665,698	555,651
出售固定資產之 溢利/(虧損)淨額	Net gain/(loss) from disposal of fixed assets		1,411	(4,885)
銀行行址減值虧損	Impairment loss on bank premises	7	(11,858)	-
出售及贖回持至到期 之證券及非持作買賣 用途之證券之溢利淨額	Net gain on disposal and redemption of held-to-maturity securities and non-trading securities	8	16,164	28,269
持至到期之證券之撥備 及非持作買賣用途之 證券之減值虧損回撥	Write-back of provision on held-to-maturity securities and impairment losses on non-trading securities		-	1,252
持作可出售物業之 準備回撥	Write-back of provision on property available for sale	20	5,369	-
應佔聯營公司之 虧損淨額	Share of net losses of associated companies	24	(31,621)	(9,458)
除稅前盈利	Profit before taxation		645,163	570,829
稅項	Taxation	10	(123,033)	(96,194)
股東應佔盈利	Profit attributable to shareholders	11	522,130	474,635
股息	Dividends	12	346,573	289,307
每股盈利	Earnings per share	13		
— 基本	— Basic		HK\$0.71	HK\$0.69
— 攤薄	— Diluted		HK\$0.63	HK\$0.60

綜合資產負債表
Consolidated Balance Sheet

二零零三年十二月三十一日
As at 31st December 2003

		附註 Note	2003 千港元 HK\$'000	重報 As restated 2002 千港元 HK\$'000
資產	Assets			
現金及短期資金	Cash and short-term funds	15	13,551,535	15,775,840
一至十二個月內到期 之銀行同業及其他 金融機構之存款	Placements with banks and other financial institutions maturing between one and twelve months	16	4,718,871	1,033,844
商業票據	Trade bills	17	789,998	108,280
所持存款證	Certificates of deposit held	18	7,554,710	1,931,179
持作買賣用途之證券	Trading securities		-	38,525
持至到期之證券	Held-to-maturity securities	19	4,675,928	6,519,256
貸款及其他賬項	Advances and other accounts	20	41,465,577	33,266,929
非持作買賣用途之證券	Non-trading securities	22	1,344,174	2,023,640
遞延稅項資產淨額	Deferred tax assets, net	23	8,026	-
於聯營公司之投資	Investments in associated companies	24	161,467	193,306
商譽	Goodwill	26	621,212	656,710
固定資產	Fixed assets	27	428,126	714,480
資產總額	Total assets		75,319,624	62,261,989
負債	Liabilities			
銀行同業及其他金融 機構之存款及結餘	Deposits and balances of banks and other financial institutions	28	22,251,182	12,334,120
客戶存款	Deposits from customers	29	35,392,938	38,751,030
已發行存款證	Certificates of deposit issued	30	6,913,873	1,429,002
遞延稅項負債淨額	Deferred tax liabilities, net	23	-	50,722
稅項撥備	Provision for taxation		14,075	61,123
其他賬項及準備金	Other accounts and provisions	31	651,947	474,348
負債總額	Total liabilities		65,224,015	53,100,345
資本來源	Capital resources			
借入資本	Loan capital	32	4,178,304	3,254,730
股本	Share capital	33	2,259,845	2,259,845
儲備(包括擬派末期 股息247,382,000港元， 二零零二年： 206,648,000港元)	Reserves (including proposed final dividends of HK\$247,382,000; 2002: HK\$206,648,000)	34	3,657,460	3,647,069
資本來源總額	Total capital resources		10,095,609	9,161,644
負債及資本來源總額	Total liabilities and capital resources		75,319,624	62,261,989

姜建清
主席

朱琦
董事總經理

Jiang Jianqing
Chairman

Zhu Qi
Managing Director

郭鍵雄
董事

王岩
董事

Kwok Kin Hung
Director

Wang Yan
Director

資產負債表

Balance Sheet

二零零三年十二月三十一日

As at 31st December 2003

		附註 Note	2003 千港元 HK\$'000	重報 As restated 2002 千港元 HK\$'000
資產	Assets			
現金及短期資金	Cash and short-term funds	15	13,551,535	15,775,826
一至十二個月內到期 之銀行同業及其他 金融機構之存款	Placements with banks and other financial institutions maturing between one and twelve months	16	4,718,871	1,033,844
商業票據	Trade bills	17	789,998	108,280
所持存款證	Certificates of deposit held	18	7,554,710	1,931,179
持作買賣用途之證券	Trading securities		–	38,525
持至到期之證券	Held-to-maturity securities	19	4,819,553	6,925,839
貸款及其他賬項	Advances and other accounts	20	41,367,879	33,056,383
非持作買賣用途之證券	Non-trading securities	22	1,343,667	2,023,134
遞延稅項資產淨額	Deferred tax assets, net	23	8,026	–
於聯營公司之投資	Investments in associated companies	24	191,660	191,660
於附屬公司之投資	Investments in subsidiaries	25	15,212	40,247
商譽	Goodwill	26	621,212	656,710
固定資產	Fixed assets	27	428,126	714,475
資產總額	Total assets		75,410,449	62,496,102
負債	Liabilities			
銀行同業及其他金融 機構之存款及結餘	Deposits and balances of banks and other financial institutions	28	22,251,182	12,334,120
客戶存款	Deposits from customers	29	35,448,208	38,979,346
已發行存款證	Certificates of deposit issued	30	6,913,873	1,429,002
遞延稅項負債淨額	Deferred tax liabilities, net	23	–	50,722
稅項撥備	Provision for taxation		14,075	61,123
其他賬項及準備金	Other accounts and provisions	31	688,726	513,193
負債總額	Total liabilities		65,316,064	53,367,506
資本來源	Capital resources			
借入資本	Loan capital	32	4,178,304	3,254,730
股本	Share capital	33	2,259,845	2,259,845
儲備(包括擬派末期 股息247,382,000港元， 二零零二年： 206,648,000港元)	Reserves (including proposed final dividends of HK\$247,382,000; 2002: HK\$206,648,000)	34	3,656,236	3,614,021
資本來源總額	Total capital resources		10,094,385	9,128,596
負債及資本來源總額	Total liabilities and capital resources		75,410,449	62,496,102

姜建清
主席

朱琦
董事總經理

Jiang Jianqing
Chairman

Zhu Qi
Managing Director

郭健雄
董事

王岩
董事

Kwok Kin Hung
Director

Wang Yan
Director

綜合權益變動表
Consolidated Statement of Changes in Equity

截至二零零三年十二月三十一日止年度
For the year ended 31st December 2003

		附註 Note	2003 千港元 HK\$'000	2002 千港元 HK\$'000
於一月一日之權益總額，如前呈報	Total equity as at 1st January, as previously reported		5,951,347	5,070,691
採納會計準則第12號之影響	Effect of adopting SSAP 12	34	(44,433)	(54,515)
於一月一日之權益總額，重報	Total equity as at 1st January, as restated		5,906,914	5,016,176
銀行行址減值損失	Impairment loss on bank premises	34	(224,616)	-
非持作買賣用途之證券公平值變動	Change in fair value of non-trading securities	34	(19,729)	(108,388)
解除聯營公司持有之非持作買賣用途之證券之重估減值	Release of revaluation deficit of non-trading securities held by an associated company	34	-	1,990
解除遞延稅項負債	Release to deferred tax liabilities	34	44,056	17,876
換算海外聯營公司財務報表產生之匯兌差額	Exchange difference arising on translation of the accounts of a foreign associated company	34	(218)	(21)
未於損益表內確認之虧損淨額	Net losses not recognised in the profit and loss account		(200,507)	(88,543)
股東應佔盈利	Profit attributable to shareholders	34	522,130	474,635
出售非持作買賣用途之證券而實現之投資重估儲備	Investment revaluation reserve realised on disposal of non-trading securities	34	(5,393)	781
股息	Dividends	34	(305,839)	(244,037)
發行普通股	Issue of ordinary shares		-	759,329
發行股份支出	Share issue expenses	34	-	(11,427)
於十二月三十一日之權益總額	Total equity as at 31st December		5,917,305	5,906,914

綜合現金流量表

Consolidated Cash Flow Statement

截至二零零三年十二月三十一日止年度
For the year ended 31st December 2003

		2003 千港元 HK\$'000	重報 As restated 2002 千港元 HK\$'000
營運盈利	Operating profit	665,698	555,651
呆壞賬撥備	Charge for bad and doubtful debts	129,236	181,512
商譽攤銷	Amortisation of goodwill	35,498	35,498
借入資本利息支出	Interest paid on loan capital	60,036	38,263
折舊	Depreciation	20,712	25,479
持作可出售物業 之準備回撥	Write-back of provision on property available for sale	5,369	-
收回過往年度 已撇銷貸款	Recoveries of advances written off in previous years	24,668	21,735
出售及贖回持至到期之 證券及非持作買賣用途 之證券之溢利淨額	Net gain on disposal and redemption of held-to-maturity securities and non-trading securities	16,164	28,269
來自上市投資之 股息收入	Dividend received from listed investments	(3,401)	(6,299)
來自非上市投資之 股息收入	Dividend received from unlisted investments	(4,451)	(1,678)
營運資金變動前之 營運盈利	Operating profit before working capital changes	949,529	878,430
營運資產(增加)/減少：	(Increase)/Decrease in operating assets:		
為期三個月以上之庫券	Treasury bills maturing beyond three months	(43,346)	(15,850)
為期三個月以上之銀行 同業及其他金融 機構之存款	Placements with banks and other financial institutions maturing beyond three months	(1,785,536)	287,503
商業票據	Trade bills	(688,604)	(43,984)
所持存款證	Certificates of deposit held	(5,623,531)	102,861
持至到期之證券	Held-to-maturity securities	1,843,328	(2,609,984)
持作買賣用途之證券	Trading securities	38,525	(38,525)
非持作買賣用途之證券	Non-trading securities	654,344	(991,970)
貸款及其他賬項	Advances and other accounts	(8,345,666)	(5,458,981)
營運負債增加/(減少)：	Increase/(Decrease) in operating liabilities:		
為期三個月以上之銀行 同業及其他金融機構 之存款及結餘	Deposits and balances of banks and other financial institutions maturing beyond three months	15,065,603	(210,439)
客戶存款	Deposits from customers	(3,358,092)	9,045,723
已發行存款證	Certificates of deposit issued	5,484,871	1,429,002
其他賬項及準備金	Other accounts and provisions	177,599	22,031
除稅前營運活動之 現金流入淨額	Net cash inflow from operating activities before taxation	4,369,024	2,395,817
已繳香港利得稅淨額	Net Hong Kong profits tax paid	(184,773)	(27,224)
營運活動之現金 流入淨額	Net cash inflow from operating activities	4,184,251	2,368,593

綜合現金流量表

Consolidated Cash Flow Statement

截至二零零三年十二月三十一日止年度
For the year ended 31st December 2003

	附註 Note	2003 千港元 HK\$'000	重報 As restated 2002 千港元 HK\$'000
投資活動			
投資活動			
支付收購聯營公司 之現金代價		-	(177,152)
購買固定資產		(10,545)	(12,327)
出售固定資產之收益		41,124	4,161
來自上市投資之 股息收入		3,401	6,299
來自非上市投資之 股息收入		4,451	1,678
來自聯營公司之 股息收入		-	3,750
投資活動之現金 流入/(流出)淨額		38,431	(173,591)
融資活動			
融資活動			
發行借入資本		935,916	2,045,916
發行股本		-	759,329
發行股份支出		-	(11,427)
借入資本利息支出		(60,036)	(38,263)
支付普通股之股息		(231,018)	(179,327)
支付可轉換非累計 優先股之股息		(74,821)	(64,710)
融資活動之現金 流入淨額	42(a)	570,041	2,511,518
匯兌差額之影響	32	(12,342)	186
現金及等同現金項目 之增加		4,780,381	4,706,706
於一月一日之現金及 等同現金項目		4,522,100	(184,606)
於十二月三十一日之 現金及等同現金項目	42(b)	9,302,481	4,522,100

截至二零零三年十二月三十一日止年度
For the year ended 31st December 2003

1 主要業務

本銀行之主要業務為提供銀行、融資及其他相關服務。各附屬公司之主要業務載於賬目附註25。

2 主要會計政策

(a) 編製基準

本賬目乃根據香港普遍採納之會計準則及香港會計師公會所頒佈之會計實務準則（「會計準則」）之規定，按歷史成本慣例編製，並已就若干銀行房產、物業及證券投資之重估作出調整。

本年度，本集團已採納下列由香港會計師公會頒佈之會計準則，該等會計準則對二零零三年一月一日或之後起計之會計期間生效：

會計準則第12號： 所得稅

會計準則第34號
（修訂）： 僱員福利

本集團會計政策之變動及採納該等新政策之影響載於以下各段。

(b) 綜合賬目

綜合賬目包括本銀行及其附屬公司截至十二月三十一日之賬目。附屬公司為本集團控制董事會之組成、超過半數投票權或持有過半數已發行股本之公司。年內所收購或出售之附屬公司之業績已自收購生效日起或截至出售生效日為止（如適用）計入綜合損益表內。

本集團成員公司間所有重大交易及結餘已在綜合賬目內對銷。

出售附屬公司之盈虧乃指出售所得款項與本集團應佔資產淨值及任何計入儲備而未曾於綜合損益表扣除或確認之商譽或負商譽之差額。

在本銀行的資產負債表中，於附屬公司之投資按成本減任何減值虧損撥備列賬。附屬公司的業績按已收及應收股息為基準入賬。

1 PRINCIPAL ACTIVITIES

The principal activities of the Bank are the provision of banking, financial and other related services. The principal activities of the subsidiaries are shown in Note 25 to the accounts.

2 PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain bank premises and properties, and investments in securities, and in accordance with accounting principles generally accepted in Hong Kong and comply with Statements of Standard Accounting Practice (“SSAPs”) issued by the Hong Kong Society of Accountants (“HKSA”).

In the current year, the Group has adopted the following SSAPs issued by the HKSA which are effective for accounting periods commencing on or after 1st January 2003:

SSAP 12 : Income taxes

SSAP 34 (revised) : Employee benefits

The changes to the Group's accounting policies and the effect of adopting these new policies are set out in the following paragraphs.

(b) Consolidation

The consolidated accounts include the accounts of the Bank and its subsidiaries made up to 31st December. Subsidiaries are those entities in which the Group controls the composition of the Board of Directors, controls more than half of the voting power or holds more than half of the issued share capital. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill or negative goodwill taken to reserves and which was not previously charged or recognised in the consolidated profit and loss account.

In the Bank's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Bank on the basis of dividends received and receivable.

截至二零零三年十二月三十一日止年度
For the year ended 31st December 2003

2 主要會計政策 (續)

(c) 聯營公司

聯營公司為附屬公司以外，而本集團持有其股權作長期投資，且對其管理有重大影響力之公司。

綜合損益表已包括本集團於該年度應佔聯營公司之業績，而綜合資產負債表已包括本集團應佔聯營公司之資產淨值及收購產生的商譽(扣除累計攤銷)。

在本銀行的資產負債表中，於聯營公司之投資按成本減任何減值虧損撥備列賬。聯營公司的業績按已收及應收股息為基準入賬。

當聯營公司的投資賬面值為零時，除非本集團就有關聯營公司負有責任或擔保責任，否則便不再採用權益會計法入賬。

(d) 收益確認

利息收入在應計時在損益表確認，惟呆賬的利息則撥入暫記賬，並與資產負債表內的相關結餘對銷。

收費及佣金收入在賺取時確認，惟假若有關交易涉及超逾本集團會計期間的利率或其他風險，則按有關交易限期攤銷。

股息收入於確立收取股息權利時確認。

(e) 向客戶、銀行同業及其他金融機構貸款

向客戶、銀行同業及其他金融機構提供的貸款均按未償還本金額扣減呆壞賬撥備計入資產負債表。向銀行同業及其他金融機構提供的貸款包括存放於銀行同業及其他金融機構超過一年之存款。有關住宅按揭貸款之現金回贈均已資本化，並以直線法按不超過三年之提早還款懲罰期攤銷。

所有貸款均於現金貸予借款人時確認。

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(c) Associated companies

An associated company is a company, not being a subsidiary, in which an equity interest is held for the long term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group's share of the results of the associated companies for the year. The consolidated balance sheet includes the Group's share of the net assets of the associated companies including goodwill (net of accumulated amortisation) on acquisition.

In the Bank's balance sheet the investments in associated companies are stated at cost less provision for impairment losses. The results of the associated companies are accounted for by the Bank on the basis of dividends received and receivable.

Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

(d) Revenue recognition

Interest income is recognised in the profit and loss account as it accrues, except in the case of doubtful debts where interest is credited to a suspense account which is netted in the balance sheet against the relevant balances.

Fees and commission income are recognised when earned, unless they relate to transactions involving an interest rate risk or other risks which extend beyond the current period, in which case they are amortised over the relevant period.

Dividend income is recognised when the right to receive payment is established.

(e) Advances to customers, banks and other financial institutions

Advances to customers, banks and other financial institutions are reported on the balance sheet at the principal amount outstanding net of provisions for bad and doubtful debts. Advances to banks and other financial institutions include placements with banks and other financial institutions for more than one year. Cash rebates granted in relation to residential mortgage loans are capitalised and amortised on a straight-line basis over the prepayment penalty period not exceeding three years.

All advances are recognised when cash is advanced to borrowers.

截至二零零三年十二月三十一日止年度
For the year ended 31st December 2003

2 主要會計政策 (續)

(f) 呆壞賬撥備

當董事對最終能否全數收回本息存疑時，將就該貸款作出撥備。董事會按個別情況對該等貸款之潛在虧損進行評估，經扣除任何抵押品後，將資產之賬面值減至預期的可變現淨值。倘不能可靠地評估虧損時，則本集團會以預先釐定之撥備水平按本集團之貸款分類程序就貸款之無抵押部份作出撥備。

本集團內部將貸款分成五個主要類別：合格、關注、次級、呆滯及虧損。貸款之分類主要根據借款人還款能力及本息收回程度作出評估。分類之評定亦已考慮其本息之逾期情況。

此外，本銀行亦已提撥呆壞賬一般撥備金。於作出一般撥備時，就向具備對外信貸評級之客戶作出之貸款及墊款，會考慮到其所獲對外信貸評級評定之拖欠可能性及該等借款人之預期虧損。專項及一般撥備金均於資產負債表自「貸款及其他賬項」及「商業票據」中扣除。

倘無望收回貸款，則撇銷其未償還債務。

(g) 收回資產

透過收回抵押品以作變現的資產繼續列為貸款。倘收回資產的預期變現淨值不足以償付有關的未償還貸款，有關差額將作出撥備。

(h) 外幣換算

以外幣為本位幣的交易，均按交易當日之匯率換算。於結算日以外幣定值之貨幣資產及負債則按結算日之匯率換算，所產生的換算差額計入損益表。

以外幣列賬之聯營公司的資產負債表按結算日之匯率換算，而損益表則按期間之平均匯率換算，所產生的匯兌差額列作儲備變動入賬。

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(f) Provisions for bad and doubtful debts

Provisions are made against specific loans and advances as and when the Directors have doubts on the ultimate recoverability of principal or interest in full. Specific provision is made to reduce the carrying value of the asset, net of any collateral, to the expected net realisable value based on the Directors' assessment of the potential losses on those identified loans and advances on a case-by-case basis. Where it is not possible to reliably estimate the loss, the Group applies pre-determined provisioning levels to the unsecured portion of loans and advances based on the Group's loan classification procedures.

The Group internally classifies loans and advances into five main categories: pass, special mention, substandard, doubtful and loss. The classification of loans and advances is largely based on the assessment of the borrower's capacity to repay and on the degree of doubt about the collectibility of interest and/or principal. The periods that payments of interest and/or principal have been overdue are also taken into account when classifying the loans and advances.

In addition, amounts have been set aside as a general provision for bad and doubtful debts. For loans and advances to customers with external credit ratings, probabilities of default based on the external credit rating to which the borrowers belong and expected losses of these borrowers are considered when making general provision. Both specific and general provisions are deducted from "Advances and other accounts" and "Trade bills" in the balance sheet.

When there is no realistic prospect of recovery, the outstanding debt is written off.

(g) Repossessed assets

Assets acquired by repossession of collateral for realisation continue to be reported as advances. Provision is made on the shortfall between the expected sales proceeds from realisation of the repossessed assets and the outstanding advances.

(h) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The balance sheet of an associated company expressed in foreign currencies is translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss account is translated at an average rate for the period. Exchange differences are dealt with as a movement in reserves.

截至二零零三年十二月三十一日止年度
For the year ended 31st December 2003

2 主要會計政策 (續)

(i) 固定資產

- (i) 銀行房產及物業
銀行房產及物業乃按成本值或估值減累計減值及折舊入賬。折舊按下列估計可使用年期以直線法攤銷：

租約土地	尚餘租期
樓宇	租期或50年，取兩者之較短者
租賃物業	10年
裝修	

自一九九四年十二月三十一日起，本集團並無就銀行房產及物業作進一步重估。本集團由於一九九五年九月三十日或之前已作先前重估，故依據會計準則第17號第80段獲得豁免，而毋需為銀行房產及物業進行定期重估。

- (ii) 傢俬及設備
傢俬及設備乃按成本值減累計減值及折舊入賬。折舊按資產之估計可使用年期4至10年以直線法攤銷。

(iii) 減值及出售固定資產之盈虧

在每年結算日，本集團會考慮內部及外界資料以評估銀行房產及物業、傢俬及設備有否減值。倘有跡象顯示該等資產出現減值，則估計其可收回價值及將有關減值虧損入賬（如適用），使該等資產減至可收回之價值。該等減值於損益表入賬，惟該資產以估值列賬，而減值並不超過該資產之重估盈餘，此等虧損則列作重估減值。

出售銀行房產及物業之盈虧乃指出售所得淨額與有關資產賬面值之差額，並於損益表確認入賬。有關資產之重估儲備結餘會轉撥至保留盈餘，列作儲備之變動。

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(i) Fixed assets

- (i) *Bank premises and properties*
Bank premises and properties are stated at cost or valuation less accumulated impairment losses and depreciation calculated to write off the assets over their estimated useful lives on a straight-line basis as follows:

Leasehold land	Unexpired terms of the lease
Buildings	Lesser of period of lease and 50 years
Leasehold improvements	10 years

Effective 31st December 1994, no further revaluations of bank premises and properties have been carried out. The Group places reliance on paragraph 80 of SSAP 17 which provides exemption from the need to make regular revaluations of bank premises and properties when prior revaluations were made on or before 30th September 1995.

- (ii) *Furniture and equipment*
Furniture and equipment is stated at cost less accumulated impairment losses and depreciation calculated to write off the assets on a straight-line basis over their estimated useful lives of between 4 and 10 years.

(iii) *Impairment and gain or loss on disposal of fixed assets*

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that bank premises and properties, and furniture and equipment are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to retained earnings and is shown as a movement in reserves.

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2 主要會計政策 (續)

(j) 證券投資

- (i) *持至到期之證券*
持至到期之證券乃本集團有明確意圖及有能力持至到期日之有期債券。該等證券乃按成本值(就購入時之溢價或折讓按到期期間攤銷而調整)並扣除非暫時性的減值撥備入賬。倘本集團預期無法收回賬面值，則會作出撥備，並於產生時在損益表確認為支出。

購入有期債券產生之溢價及折讓攤銷列作利息收入及利息支出。出售持至到期之證券時產生之盈虧於產生時在損益表入賬。

- (ii) *持作買賣用途之證券*
持作買賣用途之證券乃指持有並欲自短期價格波動中獲利之證券，並按公平值入賬。公平值指於具流通性的市場上交投活躍之證券之市場報價。就交投不活躍或非上市之證券，公平值乃透過多種定價技巧(包括貼現現金流量及股息率分析)估計。

公平價格之改變須於產生時在損益表確認。出售之盈虧乃指出售所得淨額與賬面值之差額，並於產生時在損益表確認。

- (iii) *非持作買賣用途之證券*
非持作買賣用途之證券包括主要為維持流動資金比率(定義見香港銀行業條例附表四)而持有作流動資金目的之債券及其他非持作買賣用途之債券及股份。非持作買賣用途之證券乃按公平值於資產負債表入賬。公平值指於具流通性的市場上交投活躍之證券之市場報價。就交投不活躍或非上市之證券，公平值乃透過多種定價技巧(包括貼現現金流量及股息率分析)估計。

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(j) Investments in securities

- (i) *Held-to-maturity securities*
Held-to-maturity securities are dated debt securities which the Group has the expressed intention and ability to hold to maturity. These securities are stated at cost adjusted for the amortisation of premiums or discounts arising on acquisition over the periods to maturity, less provision for diminution in their value other than temporary. Provisions are made for the amount of the carrying value which the Group does not expect to recover and are recognised as an expense in the profit and loss account as they arise.

The amortisation of premiums and discounts arising on acquisition of dated debt securities is included as part of interest income and interest expense. Profits or losses on realisation of held-to-maturity securities are accounted for in the profit and loss account as they arise.

- (ii) *Trading securities*
Trading securities are securities which were acquired for the purpose of generating a profit from short-term fluctuations in price and are stated at fair value. Fair value represents the quoted market price for securities that are actively traded in a liquid market. For securities which are not actively traded or are unlisted, fair value is estimated by way of various pricing techniques including discounted cash flow and dividend yield analyses.

Changes in fair value of trading securities are recognised in the profit and loss account as they arise. Profits and losses on disposal of trading securities, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

- (iii) *Non-trading securities*
Non-trading securities include debt securities held for liquidity purposes which are held primarily to maintain the liquidity ratio as defined in the Fourth Schedule of the Hong Kong Banking Ordinance and other debt and equity securities which are not held for trading purposes. Non-trading securities are stated at fair value on the balance sheet. Fair value represents the quoted market price for securities that are actively traded in a liquid market. For securities which are not actively traded or are unlisted, fair value is estimated by way of various pricing techniques including discounted cash flow and dividend yield analyses.

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2 主要會計政策 (續)

(j) 證券投資 (續)

(iii) 非持作買賣用途之證券 (續)
非持作買賣用途之證券之公平價值之變動會於投資重估儲備中確認，直至非持作買賣用途之證券出售或被確定為減值為止。屆時，累計盈虧(即出售所得淨額與有關證券之賬面值加上投資重估儲備轉撥之盈虧差額)會計入損益表。

(k) 商譽

商譽乃指收購當日之收購成本超過當日本集團所估之已購入附屬公司及聯營公司淨資產公平值之差額。

商譽以直線法按不超過20年的估計可使用期攤銷。

(l) 遞延稅項

遞延稅項乃就賬目中資產及負債之稅基與賬目上彼等賬面值之間產生之暫時差額，以負債法全數確認入賬。遞延稅項採用在結算日已頒佈或實質頒佈之稅率釐定。

遞延稅項資產乃於未來將有可能產生應課稅溢利以致可動用暫時差額以作抵銷時方予確認。

遞延稅項負債乃就固定資產折舊、物業重估及非持作買賣用途之證券投資之重估而產生之暫時差額確認入賬，惟倘暫時差額之撥回時間可以控制及暫時差額有可能無法於可見將來撥回除外。

過往年度，遞延稅項乃就應課稅之盈利與於賬目呈列之盈利兩者間之時差，並以於可見將來預期會產生應付或可收回負債或資產時，按現行稅率計算入賬。採納會計準則第12號構成會計政策之變動並已追溯應用，因此已重列比較數字以符合經修訂政策。

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(j) Investments in securities (continued)

(iii) *Non-trading securities (continued)*
Changes in fair value of non-trading securities are recognised in the investment revaluation reserve until the security is sold, or is determined to be impaired, at which time the cumulative gain or loss representing the difference between the net sales proceeds and the carrying amount of the relevant security, together with any surplus/deficit transferred from the investment revaluation reserve, is dealt with in the profit and loss account.

(k) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary and associated company at the date of acquisition.

Goodwill is amortised on a straight-line basis over its estimated useful life not exceeding 20 years.

(l) Deferred taxation

Deferred taxation is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised on temporary differences arising from depreciation of fixed assets, revaluation of properties and revaluation of investments in non-trading securities, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In the prior year, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of the new SSAP 12 represents a change in accounting policy, which has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

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2 主要會計政策 (續)

(l) 遞延稅項 (續)

如賬目附註34中詳述，於二零零二年及二零零三年一月一日之年初儲備已分別減少54,515,000港元及44,433,000港元，其為未經確認之遞延稅項負債淨額。此變動令於二零零二年十二月三十一日之遞延稅項資產及遞延稅項負債分別增加29,103,000港元及73,536,000港元。截至二零零二年十二月三十一日止年度之盈利及權益分別減少7,794,000港元及增加17,876,000港元。

(m) 融資及經營租賃

(i) 融資租賃及租購合約

有關租購及融資租賃合約之客戶欠款乃按投資淨額於資產負債表列作「貸款及其他賬項」，即租購合約及融資租賃之應收租金總額減未賺取之財務收入數額。應收租金所隱含之財務收入，經減除債務成本後，即攤分列入租購期間或租賃期間之損益表內，使每個會計期間之淨投資回報盡可能相同。租購合約及融資租賃之已付經紀佣金按租期以直線法攤銷。

(ii) 經營租賃

經營租賃指擁有的所有風險及回報實質上由出租公司保留的租賃。經營租賃的租金在扣除向出租公司收取之任何回扣金後，以直線法於租賃期內自損益表支銷。

倘本集團或本銀行為經營租約出租人，所出租之資產乃納入資產負債表之「固定資產」內。該等租賃資產乃按其預計可用年期按與同類自置固定資產相若之基準計算折舊。租金收入（扣除任何給予承租人之誘金）乃按租賃年期以直線法確認入賬。

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(l) Deferred taxation (continued)

As detailed in Note 34 to the accounts, opening reserves at 1st January 2002 and 2003 have been reduced by HK\$54,515,000 and HK\$44,433,000 respectively which represent the unrecognised net deferred tax liabilities. This change has resulted in an increase in deferred tax assets and deferred tax liabilities at 31st December 2002 by HK\$29,103,000 and HK\$73,536,000 respectively. The profit and amount credited to equity for the year ended 31st December 2002 have been reduced by HK\$7,794,000 and increased by HK\$17,876,000 respectively.

(m) Finance and operating leases

(i) Finance leases and hire purchase contracts

The amounts due from customers in respect of hire purchase contracts and finance leases are included in "Advances and other accounts" in the balance sheet at the amounts of net investments, which represent the total rentals receivable under hire purchase contracts and finance leases less unearned finance income. Finance income implicit in the rentals receivable less loan origination costs is credited to the profit and loss account over the hire period or the lease period as appropriate so as to produce an approximately constant periodic rate of return on the net investment for each accounting period. Dealer commission paid for hire purchase contracts or finance leases is amortised on a straight-line basis over the terms of the leases.

(ii) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Rentals applicable to such operating leases net of any incentives received from the lessor are charged to the profit and loss account on a straight-line basis over the lease term.

Where the Group or the Bank is a lessor under operating leases, assets leased out are included in "Fixed assets" in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned fixed assets. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

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2 主要會計政策 (續)

(n) 資產負債表外的金融工具

資產負債表外的金融工具乃來自本集團於外匯、利率、股票及其他市場進行之期貨、遠期、掉期、期權及其他交易中產生的衍生工具。此等工具的會計方法視乎進行有關交易目的是否為了買賣或對沖風險而定。

除用於對沖風險者外，衍生金融工具均視為持作買賣用途。

用作買賣用途之交易將以其公平值列賬。公平值需定期從各類來源取得，其中包括開列市價、折現現金流量模式及期權定價模式(如適用)。所產生之盈虧均於損益表內確認。

按市值列賬的買賣衍生工具所產生的未變現收益列入「貸款及其他賬項」內。按市值列賬交易所產生的未變現虧損則列入「其他賬項及準備金」內。

訂立衍生合約當日，本集團可指定若干衍生交易作對沖用途。凡符合下列標準之衍生交易一概列為對沖交易：

- (i) 備有正式紀錄以證明有關對沖工具、所對沖項目及其對沖關係；及
- (ii) 對沖交易備有文件記錄，顯示預期該對沖交易在整個報告期間內將可有效減低對沖項目之價格或利率風險。

指定作對沖之交易按所對沖之資產、負債或持倉淨額以相同之基準入賬。所有盈虧亦以相關之資產、負債或持倉淨額之相同基準確認。

倘衍生交易不再符合上述對沖交易要求，該衍生交易將視為持作買賣用途並按上文所載之方式入賬。

衍生交易僅會在本集團有能力透過訂立統一淨額結算協議或其他可依法強制執行之安排等途徑，實現淨額清償之情況下抵銷。實現或然性淨額清償之任何權利，僅會在本集團確實有能力在其他各方違約(包括任何簽約方無力償債)之情況下實現淨額清償時考慮。

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(n) Off-balance sheet financial instruments

Off-balance sheet financial instruments include derivatives, such as futures, forwards, swaps, options and other transactions undertaken by the Group in the foreign exchange, interest rate, equity and other markets. The accounting for these instruments is dependent upon whether the transactions are undertaken for trading purposes or to hedge risk.

Derivative financial instruments other than those transacted to hedge risk are deemed to be held for trading purposes.

Transactions undertaken for trading purposes are re-measured to their fair value. Fair values are obtained periodically from various sources, including quoted market prices, discounted cash flow models and option pricing models as appropriate. The gain or loss arising is recognised in the profit and loss account.

Unrealised gains on trading derivatives which are marked to market are included in "Advances and other accounts". Unrealised losses on transactions which are marked to market are included in "Other accounts and provisions".

On the date a derivative contract is entered into, the Group may designate certain derivative transactions as hedges. Derivatives are classified as a hedge when the following criteria are met:

- (i) formal documentation of the hedging instrument, hedged item, and hedging relationship is prepared; and
- (ii) the hedge is documented showing that it is expected to be highly effective in reducing the price or interest rate risk in the hedged item throughout the reporting period.

Transactions designated as hedges are valued on an equivalent basis to the assets, liabilities or net positions that they are hedging. Any profit or loss is recognised in the profit and loss account on the same basis as that arising from the related assets, liabilities or net positions.

If the derivative transaction no longer meets the criteria for a hedge set out above, the derivative is deemed to be held for trading purposes and is accounted for as set out above.

Derivative transactions are offset only when the Group has the ability to insist on net settlement such as by means of entering into a master netting agreement or other legally enforceable arrangements. Any right to insist on a net settlement that is contingent is only taken into account when the Group is able to enforce net settlement in all situations of default by the other party or parties including insolvency of any parties to the contract, and the ability to insist on a net settlement is assured beyond doubt.

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2 主要會計政策 (續)

(n) **資產負債表外的金融工具 (續)**
除非相關清償貨幣屬同一種貨幣或以在活躍市場有報價匯率之可自由兌換貨幣定值，否則衍生交易將不會抵銷。

(o) **撥備**
在本集團因過去事件構成現行法定或推定責任而可能須撥出資源以履行有關責任，且有關數額可靠估算之情況下，本集團會確認撥備。

當經濟利益可能消耗且數額能可靠估算時，本集團會作出撥備。

(p) 僱員福利

(i) **僱員假期**
僱員應享有之年假及長期服務假期會於確立時確認。根據僱員截至結算日已提供的服務而估算的未享年假及長期服務假期已作出撥備。

(ii) **退休金責任**
本集團根據職業退休計劃條例及強制性公積金計劃條例為合資格及選擇參與之集團員工提供定額供款退休金計劃。職業退休計劃之供款乃根據合資格員工基本薪金之某個百分比計算，而強制性公積金計劃之供款則根據合資格員工有關收入(定義見強制性公積金計劃條例)計算。該等供款會於產生時列作支出。本集團前任員工在可全數取得僱主供款前離開而被沒收之供款，可由本集團用作減低僱主供款。上述計劃之資產乃由獨立管理之基金持有，與本集團之資產分開管理。

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(n) **Off-balance sheet financial instruments (continued)**
Derivative transactions are not offset unless the related settlement currencies are the same, or are denominated in freely convertible currencies for which quoted exchange rates are available in an active market.

(o) **Provisions**
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provision is made when it is probable that an outflow of economic benefits will arise and the amounts can be reliably estimated.

(p) Employee benefits

(i) **Employee leave entitlements**
Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

(ii) **Pension obligations**
The Group operates a defined contribution retirement scheme under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme") and another defined contribution retirement scheme under the Mandatory Provident Fund Schemes Ordinance (the "MPF Scheme") for those employees of the Group who are eligible and have elected to participate in the schemes. The Group's contributions to the ORSO Scheme are made based on a percentage of the eligible employees' basic salaries and those made to the MPF Scheme are made based on a percentage of the eligible employees' relevant income as defined in the Mandatory Provident Fund Schemes Ordinance. These contributions are expensed as incurred and are reduced by contributions forfeited by those employees of the Group who leave the schemes prior to vesting fully in the contributions. The assets of the schemes are held separately from those of the Group in independently administered funds.

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2 主要會計政策 (續)

(q) 分部報告

分部指本集團可辨認的組成部分，而且從事提供服務(業務分部)或在某一經濟地區提供服務(地區分部)，而所承擔之風險及回報與其他分部不同。若分部之大部份收益來自向外界客戶提供服務，而其收益、業績或資產相等於所有分部10%或以上，該等分部將分開呈報。

根據本集團之內部財務報告，本集團決定按業務分類為主要申報形式，而按地區分類則為次要之申報形式。

分部業務間之交易乃按一般商業條款及條件進行。資金一般於各業務間重新分配，並於營運收入披露為資金成本流轉。各分部業務間並無其他主要收入與支出項目分部。分部資產及負債包括營運資產及負債，即資產負債表大部份項目，但不包括稅項。

分部資本開支為於年內購買預期使用超過一個財政年度之分部資產(有形及無形資產)的總成本。

業務及地區分類之說明載於賬目附註37。

(r) 或然負債及或然資產

或然負債乃因過去事件而可能引起的責任，而該責任之存在只能於非本集團能完全控制之一件或多件未來不確定事件之出現而確認。或然負債亦可能為因過去事件而引致之現存責任，惟因該項責任可能不需要消耗經濟資源或其數額未能可靠估算而未予以確認。

或然負債不會被確認，但會於賬目附註中披露。倘經濟資源外流之可能性改變致使可能出現資源外流，則該或然負債將被確認為撥備。

或然資產乃因過去事件而可能產生之資產，而該資產之存在只能於非本集團能完全控制之一件或多件未來不確定事件之出現而確認。

或然資產不會被確認，但如有可能收到經濟利益，則會於賬目附註中披露。倘經濟利益流入被肯定，該或然資產將予以確認。

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(q) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing services (business segment) or in providing services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segments with a majority of revenue earned from services provided to external customers and whose revenue, results or assets are 10 per cent or more of all the segments are reported separately.

In accordance with the Group's internal financial reporting the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Transactions between the business segments are on normal commercial terms and conditions. Funds are ordinarily reallocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group's funding cost. There are no other material items of income or expense between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance sheet but excluding taxation.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one financial year.

Descriptions of business and geographical segments are set out in Note 37.

(r) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

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2 主要會計政策 (續)

(s) 現金及等同現金項目

就綜合現金流量表而言，現金及等同現金項目包括於購入時起計三個月內到期的結餘，包括現金、銀行同業及其他金融機構之結存、庫券、其他合資格票據及存款證。

(t) 關連人士

在編製本賬目時，與本集團有關連之人士是指本集團能直接或間接控制該人士的財務或經營決策，或可發揮重大影響力(反之亦然)；或本集團及該人士均受到共同控制或在共同重大影響力下。關連人士可以是個人或其他實體。

3 利息收入

利息收入包括投資證券利息466,374,000港元(二零零二年：389,695,000港元)，其中199,140,000港元來自上市投資。

4 其他營運收入

2 PRINCIPAL ACCOUNTING POLICIES (continued)

(s) Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition including cash, balances with banks and other financial institutions, treasury bills, other eligible bills and certificates of deposit.

(t) Related parties

For the purposes of these accounts, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the parties or exercise significant influence over the parties in making financial or operating decisions, or vice versa, or where the Group and the parties are subject to common control or common significant influence. Related parties may be individuals or other entities.

3 INTEREST INCOME

Interest income includes interest from investments in securities amounting HK\$466,374,000 (2002: HK\$389,695,000) of which HK\$199,140,000 is earned from listed investments.

4 OTHER OPERATING INCOME

		2003 千港元 HK\$'000	2002 千港元 HK\$'000
收費及佣金收入	Fees and commission income	264,833	331,631
減：收費及佣金支出	Less: Fees and commission expense	(2,620)	(2,363)
淨收費及佣金收入	Net fees and commission income	262,213	329,268
外匯交易收益淨額	Net gain from foreign exchange activities	9,787	8,233
買賣證券收益淨額	Net gain from trading securities	1,353	2,271
投資證券之股息收入	Dividend income from investments in securities		
— 上市投資	— Listed investments	3,401	6,299
— 非上市投資	— Unlisted investments	4,451	1,678
其他	Others	40,135	42,983
		321,340	390,732

本集團曾進行一項息票分拆交易，當中涉及一家本集團作為主要普通合夥人的特別用途合夥企業。合夥企業乃專為投資債券息票而設，並透過於交易進行初訂立之認沽及認購期權安排而於短期內出售，故並無納入本集團之綜合賬目。於二零零三年十二月三十一日，本集團於該合夥企業之投資額為55,838,000港元(二零零二年：39,738,000港元)，並列入資產負債表內「貸款及其他賬項」。合夥企業於二零零三年十二月三十一日之資產及負債總額分別為253,045,000港元及164,479,000港元(二零零二年：分別為170,984,000港元及111,140,000港元)。

The Group has entered into coupon strip transaction involving a special purpose partnership in which the Group is the majority general partner. The partnership is set up solely to invest in bond interest coupons and held exclusively with a view to its subsequent disposal in the near future through put and call option arrangement put in place at the outset of the transaction. Accordingly, the partnership is not consolidated in the Group's accounts. As at 31st December 2003, the Group's investment in such partnership amounting HK\$55,838,000 (2002: HK\$39,738,000) is included in "Advances and other accounts" in the balance sheet. The total assets and liabilities of the partnership are amounted to HK\$253,045,000 and HK\$164,479,000 respectively as at 31st December 2003 (2002: HK\$170,984,000 and HK\$111,140,000 respectively).

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4 其他營運收入 (續)

此項投資之回報相等於應佔合夥企業稅務虧損之稅務得益及出售投資之預計收益。截至二零零三年十二月三十一日止年度，該項回報之數額為11,234,000港元(二零零二年：7,094,000港元)，並列入「其他營運收入」項下之「其他」。賬目附註10所載本集團本年度之香港利得稅支出，乃未計應佔合夥企業稅務虧損得益前之稅項支出。

4 OTHER OPERATING INCOME (continued)

The return from this investment represented tax benefits in the form of a share of tax losses of the partnership and the expected gain on disposal of the investment and is included in "Others" of "Other operating income" amounted to HK\$11,234,000 for the year ended 31st December 2003 (2002: HK\$7,094,000). The Group's Hong Kong profits tax for the year set out in Note 10 is the gross tax figure before taking into account the benefit of the share of tax losses of the partnership.

5 營運支出

5 OPERATING EXPENSES

		2003 千港元 HK\$'000	2002 千港元 HK\$'000
員工支出	Staff costs		
— 薪金及其他支出	— Salaries and other costs	179,940	177,058
— 遣散費	— Redundancy payment	144	269
— 退休金支出(附註14)	— Retirement benefit costs (Note 14)	11,735	11,655
		191,819	188,982
物業及設備支出 (不包括折舊)	Premises and equipment expenses, excluding depreciation		
— 物業租金	— Rental of premises	13,037	11,845
— 其他	— Others	22,854	20,881
折舊	Depreciation	20,712	25,479
核數師酬金	Auditors' remuneration	1,855	1,084
其他營運支出	Other operating expenses	63,778	58,989
		314,055	307,260

6 呆壞賬撥備

6 CHARGE FOR BAD AND DOUBTFUL DEBTS

		2003 千港元 HK\$'000	2002 千港元 HK\$'000
專項撥備	Specific provisions		
— 新增撥備	— new provisions	99,032	195,854
— 撥回	— releases	(12,938)	(50,558)
— 收回	— recoveries	(24,668)	(21,735)
		61,426	123,561
一般撥備	General provisions	67,810	57,951
於損益表支銷淨額 (附註21)	Net charge to profit and loss account (Note 21)	129,236	181,512

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7 銀行行址減值損失

年內因若干銀行房產減值，已確認減值虧損為11,858,000港元(二零零二年：無)。減值損失主要因該等銀行房產之估計可收回金額減少引致。

7 IMPAIRMENT LOSS ON BANK PREMISES

An impairment loss of HK\$11,858,000 (2002: HK\$Nil) was recognised during the year as a result of the impairment of certain bank premises within fixed assets. The impairment loss was primarily a result of a reduction in the estimated recoverable amount of these bank premises.

8 出售及贖回持至到期之證券及非持作買賣用途之證券之溢利淨額

8 NET GAIN ON DISPOSAL AND REDEMPTION OF HELD-TO-MATURITY SECURITIES AND NON-TRADING SECURITIES

		2003 千港元 HK\$'000	2002 千港元 HK\$'000
出售及贖回持至到期之證券之溢利淨額(附註)	Net gain on disposal and redemption of held-to-maturity securities (Note)	8,362	8,228
出售非持作買賣用途之證券之溢利淨額	Net gain on disposal of non-trading securities	7,802	20,041
		16,164	28,269

附註：

年內，本銀行出售攤銷成本約為227,988,000港元(二零零二年：311,589,000港元)之持至到期之證券，以更好控制與證券發行者有關之信貸集中風險。

Note:

During the year, the Bank sold held-to-maturity securities with amortised costs of approximately HK\$227,988,000 (2002: HK\$311,589,000) to better control concentration of credit risk related to the issuers of the securities.

9 董事及高層管理人員酬金

9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) 董事酬金

本銀行年內應付董事之酬金總額如下：

(a) Directors' emoluments

The aggregate amounts of emoluments payable to the Directors of the Bank during the year are as follows:

		2003 千港元 HK\$'000	2002 千港元 HK\$'000
袍金	Fees	731	689
其他酬金：	Other emoluments:		
基本薪金、房屋津貼、 其他津貼及實物利益	Basic salaries, housing allowances, other allowances and benefits-in-kind	6,895	7,615
不定額花紅	Discretionary bonuses	4,240	4,240
就董事而作出之公積金供款	Contributions to pension schemes for Directors	637	703
		12,503	13,247

上文披露之董事酬金包括付予獨立非執行董事之袍金451,000港元(二零零二年：450,000港元)。

Directors' fees disclosed above include HK\$451,000 (2002: HK\$450,000) paid to Independent Non-Executive Directors.

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9 董事及高層管理人員酬金 (續)

(a) 董事酬金 (續)

董事酬金之幅度如下：

酬金幅度	Emolument bands	董事人數	
		2003	2002
無 – 1,000,000港元	HK\$Nil – HK\$1,000,000	8	8
1,000,001港元 – 2,000,000港元	HK\$1,000,001 – HK\$2,000,000	–	1
2,500,001港元 – 3,000,000港元	HK\$2,500,001 – HK\$3,000,000	1	–
3,000,001港元 – 3,500,000港元	HK\$3,000,001 – HK\$3,500,000	–	1
3,500,001港元 – 4,000,000港元	HK\$3,500,001 – HK\$4,000,000	1	1
4,000,001港元 – 4,500,000港元	HK\$4,000,001 – HK\$4,500,000	1	1

於年內並無董事放棄或同意放棄任何酬金之安排。

There was no arrangement under which any Director waived or agreed to waive any remuneration during the year.

(b) 五名最高薪酬人士

於年內本集團五名最高薪酬人士其中三名為董事(二零零二年：三名)，其酬金詳情已於上文披露。其餘兩名(二零零二年：兩名)非董事之人士於年內之酬金如下：

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three Directors (2002: three) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2002: two) individuals during the year are as follows:

		2003 千港元 HK\$'000	2002 千港元 HK\$'000
基本薪金、房屋津貼、 其他津貼及實物利益	Basic salaries, housing allowances, other allowances and benefits-in-kind	2,354	2,850
花紅	Bonuses	1,550	2,190
公積金計劃供款	Contributions to pension schemes	197	263
		4,101	5,303

酬金之幅度如下：

The emoluments fall within the following bands:

酬金幅度	Emolument bands	人數	
		2003	2002
1,500,001港元 – 2,000,000港元	HK\$1,500,001 – HK\$2,000,000	1	1
2,000,001港元 – 2,500,000港元	HK\$2,000,001 – HK\$2,500,000	1	–
3,000,001港元 – 3,500,000港元	HK\$3,000,001 – HK\$3,500,000	–	1

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10 稅項

香港利得稅乃根據本年度估計應課稅盈利按稅率17.5% (二零零二年：16%) 計算。二零零三年，政府就二零零三／二零零四年財政年度實施利得稅稅率調整，由16%調高至17.5%。

於綜合損益表中支賬／(記賬)之稅項如下：

		2003 千港元 HK\$'000	2002 千港元 HK\$'000
當期稅項	Current taxation		
— 香港利得稅	— Hong Kong profits tax	137,140	88,376
— 過往年度撥備不足	— Under recognitions in prior years	585	24
因暫時差額產生 及贖回之遞延稅項	Deferred taxation relating to the origination and reversal of temporary differences	(12,818)	7,794
因稅率增加而新增 遞延稅項	Deferred taxation resulting from an increase in the tax rate	(1,874)	—
		123,033	96,194

本集團有關除稅前盈利之稅項與假若採用香港之稅率而計算之理論稅額之差額如下：

		2003 千港元 HK\$'000	2002 千港元 HK\$'000
除稅前盈利	Profit before taxation	645,163	570,829
按稅率17.5% (二零零二年：16%) 計算之稅項	Calculated at a taxation rate of 17.5% (2002: 16%)	112,904	91,333
無須課稅之收入	Income not subject to taxation	(2,359)	(2,262)
不可扣稅之支出	Expenses not deductible for taxation purposes	13,777	7,099
因本年度調高稅率對年初遞延稅項 負債之減少	Decrease in opening net deferred tax liabilities resulting from an increase in tax rates	(1,874)	—
過往年度撥備不足	Under recognitions in prior years	585	24
稅項支出	Taxation charge	123,033	96,194

10 TAXATION

Hong Kong profits tax has been calculated at the rate of 17.5% (2002: 16%) on the estimated assessable profits for the year. In 2003, the government enacted a change in the profits tax rate from 16% to 17.5% for the fiscal year 2003/2004.

The amount of taxation charged/(credited) to the consolidated profit and loss account represents:

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the current taxation rate as follows:

11 股東應佔盈利

計入本銀行賬目之股東應佔盈利為553,736,000港元 (二零零二年：514,441,000港元)。

11 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the accounts of the Bank to the extent of HK\$553,736,000 (2002: HK\$514,441,000).

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12 股息

12 DIVIDENDS

		2003 千港元 HK\$'000	2002 千港元 HK\$'000
中期股息每股普通股0.12港元 (二零零二年：0.10港元)	Interim, paid of HK\$0.12 (2002: HK\$0.10) per ordinary share	74,925	62,437
中期股息每股可轉換優先股0.12港元 (二零零二年：0.10港元)	Interim, paid of HK\$0.12 (2002: HK\$0.10) per convertible preference share	24,266	20,222
擬派末期股息每股普通股0.26港元 (二零零二年：0.25港元) (附註)	Final, proposed of HK\$0.26 (2002: HK\$0.25) per ordinary share (Note)	194,805	156,093
擬派末期股息每股可轉換 優先股0.26港元 (二零零二年：0.25港元) (附註)	Final, proposed of HK\$0.26 (2002: HK\$0.25) per convertible preference share (Note)	52,577	50,555
		346,573	289,307

附註：

於二零零四年三月二十二日會議上，董事宣派每股0.26港元之普通股及可轉換優先股之末期股息。有關擬派股息於該等賬目中並非列作應付股息，惟將列作截至二零零四年十二月三十一日止年度之保留盈餘分派。

上述本銀行之擬派每股普通股末期股息已計及於二零零四年二月九日發行之124,874,000股新普通股。已發行之新普通股之其他詳情於賬目附註43披露。

Note:

At a meeting held on 22nd March 2004, the Directors proposed a final dividend of HK\$0.26 per ordinary and convertible preference share. These proposed dividends are not reflected as dividends payable in these accounts, but will be reflected as an appropriation of retained earnings for the year ending 31st December 2004.

The Bank's proposed final dividend per ordinary share as set out above has taken into account the 124,874,000 new ordinary shares issued on 9th February 2004. Further details of the new ordinary shares issued are disclosed in Note 43 to the accounts.

13 每股盈利

13 EARNINGS PER SHARE

每股基本盈利乃按年內股東應佔盈利522,130,000港元(二零零二年：474,635,000港元)扣除可轉換優先股應付股息76,843,000港元(二零零二年：70,777,000港元)及年內已發行普通股股份之加權平均數624,374,304股(二零零二年：588,681,975股)計算。

每股攤薄盈利乃按年內股東應佔盈利522,130,000港元(二零零二年：474,635,000港元)及年內已發行普通股及可轉換優先股股份之加權平均數826,593,522股(二零零二年：790,901,193股)計算。

The calculation of basic earnings per share is based on the profit attributable to shareholders of HK\$522,130,000 (2002: HK\$474,635,000) less dividends payable on convertible preference shares of HK\$76,843,000 (2002: HK\$70,777,000) and on 624,374,304 (2002: 588,681,975) shares, being the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the profit attributable to shareholders of HK\$522,130,000 (2002: HK\$474,635,000) and on 826,593,522 (2002: 790,901,193) shares, being the weighted average number of ordinary shares and convertible preference shares in issue during the year.

14 退休金支出

14 RETIREMENT BENEFIT COSTS

自損益表扣除之退休金支出指本集團根據職業退休金計劃條例計劃及強積金計劃(「計劃」)須作出之供款。

根據職業退休金計劃條例計劃，本集團之員工在符合資格全數取得僱主供款前退出計劃，本集團可沒收供款以扣減應付之供款。年內已動用合共1,010,000港元(二零零二年：1,300,000港元)之沒收供款，於結算日尚餘45,000港元(二零零二年：12,000港元)留作日後扣減供款之用。

於結算日並無應付之計劃供款(二零零二年：無)。計劃之資產由基金獨立持有與本集團之資產分開管理。

The retirement benefit scheme cost charged to the profit and loss account represents contributions payable by the Group to the ORSO Scheme and the MPF Scheme (the "Schemes").

Under the ORSO scheme, the Group's contributions are reduced by contributions forfeited by those employees who leave the Schemes prior to vesting fully in the contributions. Forfeited contributions totalling HK\$1,010,000 (2002: HK\$1,300,000) were utilised during the year leaving HK\$45,000 (2002: HK\$12,000) available at the year-end to reduce future contributions.

No contributions were payable to the Schemes at the year-end (2002: HK\$Nil). The assets of the Schemes are held separately from those of the Group in independently administered funds.

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15 現金及短期資金

15 CASH AND SHORT-TERM FUNDS

		本集團 Group		本銀行 Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000
庫存現金及銀行 同業與其他金融 機構之結存	Cash and balances with banks and other financial institutions	200,126	161,525	200,126	161,511
短期通知存款	Money at call and short notice	13,189,509	15,402,917	13,189,509	15,402,917
庫券(包括外 匯基金票據)	Treasury bills (including Exchange Fund Bills)	161,900	211,398	161,900	211,398
		13,551,535	15,775,840	13,551,535	15,775,826

持有之庫券分析如下：

An analysis of treasury bills held is as follows:

		本集團及本銀行 Group and Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
持至到期，按攤銷成本	Held-to-maturity, at amortised cost		
— 於香港上市	– Listed in Hong Kong	78,909	38,976
— 非上市	– Unlisted	82,991	172,422
		161,900	211,398
上市庫券之市值	Market value of listed treasury bills	80,132	39,371

庫券按十二月三十一日至到期日止剩餘期
間之期限分析如下：

The maturity profile of treasury bills analysed by the remaining
period as at 31st December to the contractual maturity dates is
as follows:

		本集團及本銀行 Group and Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
三個月或以下	Three months or less	20,004	92,844
一年或以下但 超過三個月	One year or less, but over three months	141,896	39,724
五年或以下但超過一年	Five years or less, but over one year	–	78,830
		161,900	211,398

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16 一至十二個月內到期之銀行同業及其他金融機構之存款

一至十二個月內到期之銀行同業及其他金融機構之存款按十二月三十一日至到期日止剩餘期間之期限分析如下：

16 PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS MATURING BETWEEN ONE AND TWELVE MONTHS

The maturity profile of placements with banks and other financial institutions maturing between one and twelve months analysed by the remaining period as at 31st December to the contractual maturity dates is as follows:

		本集團及本銀行 Group and Bank	
		2003	2002
		千港元 HK\$'000	千港元 HK\$'000
三個月或以下	Three months or less	3,166,231	1,033,844
一年或以下但超過三個月	One year or less, but over three months	1,552,640	–
		4,718,871	1,033,844

17 商業票據

17 TRADE BILLS

		本集團及本銀行 Group and Bank	
		2003	2002
		千港元 HK\$'000	千港元 HK\$'000
商業票據	Trade bills	797,978	109,374
呆壞賬一般撥備(附註21)	General provision for bad and doubtful debts (Note 21)	(7,980)	(1,094)
		789,998	108,280

18 所持存款證

18 CERTIFICATES OF DEPOSIT HELD

		本集團及本銀行 Group and Bank	
		2003	2002
		千港元 HK\$'000	千港元 HK\$'000
持至到期，按攤銷成本：	Held-to-maturity, at amortised cost:		
– 於香港上市	– Listed in Hong Kong	710,874	–
– 於香港以外地區上市	– Listed outside Hong Kong	2,159,162	167,640
– 非上市	– Unlisted	3,171,454	1,226,680
		6,041,490	1,394,320
非持作買賣用途之證券，按公平值：	Non-trading securities, at fair value:		
– 於香港上市	– Listed in Hong Kong	140,604	–
– 於香港以外地區上市	– Listed outside Hong Kong	489,857	–
– 非上市	– Unlisted	882,759	536,859
		1,513,220	536,859
		7,554,710	1,931,179
所持上市存款證市值	Market value of listed certificates of deposit held	3,530,201	168,035

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18 所持存款證(續)

所持存款證按十二月三十一日至到期日止
剩餘期間之期限分析如下：

		本集團及本銀行 Group and Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
三個月或以下	Three months or less	77,981	89,985
一年或以下但超過三個月	One year or less, but over three months	829,925	642,976
五年或以下但超過一年	Five years or less, but over one year	5,247,855	1,198,218
超過五年	Over 5 years	1,398,949	—
		7,554,710	1,931,179

18 CERTIFICATES OF DEPOSIT HELD (continued)

The maturity profile of certificates of deposit held analysed by the remaining period as at 31st December to the contractual maturity dates is as follows:

19 持至到期之證券

19 HELD-TO-MATURITY SECURITIES

		本集團 Group		本銀行 Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000
上市證券， 按攤銷成本	Listed securities, at amortised cost				
— 於香港上市	— Listed in Hong Kong	235,182	116,363	235,182	116,363
— 於香港以外 地區上市	— Listed outside Hong Kong	1,374,287	1,930,279	1,374,287	1,930,279
		1,609,469	2,046,642	1,609,469	2,046,642
非上市證券， 按攤銷成本 減值撥備	Unlisted securities, at amortised cost Provision for diminution in value	3,066,459	4,472,614	3,271,293	4,918,913
		—	—	(61,209)	(39,716)
		3,066,459	4,472,614	3,210,084	4,879,197
		4,675,928	6,519,256	4,819,553	6,925,839
上市證券 之市值	Market value of listed securities	1,760,392	2,134,466	1,760,392	2,134,466

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19 持至到期之證券(續)

持至到期之證券按十二月三十一日至合約到期日止剩餘期間之期限分析如下：

		本集團 Group		本銀行 Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000
三個月或以下	Three months or less	-	155,426	-	155,426
一年或以下 但超過三個月	One year or less, but over three months	90,411	1,258,716	90,411	1,258,716
五年或以下 但超過一年	Five years or less, but over one year	3,148,013	3,561,674	3,291,638	3,968,257
超過五年	Over five years	1,437,504	1,543,440	1,437,504	1,543,440
		4,675,928	6,519,256	4,819,553	6,925,839

持至到期之證券按發行者之分析如下：

Held-to-maturity securities are analysed by issuer as follows:

		本集團 Group		本銀行 Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000
中央政府及 中央銀行	Central governments and central banks	149,782	143,144	149,782	143,144
銀行及其他 金融機構	Banks and other financial institutions	1,846,976	2,880,660	1,846,976	2,880,660
企業	Corporate entities	2,679,170	3,495,452	2,822,795	3,902,035
		4,675,928	6,519,256	4,819,553	6,925,839

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20 貸款及其他賬項

20 ADVANCES AND OTHER ACCOUNTS

		本集團 Group		本銀行 Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000
客戶貸款	Advances to customers	40,375,437	32,409,985	40,122,059	32,073,558
呆壞賬撥備 (附註21)	Provisions for bad and doubtful debts (Note 21)				
— 一般	— General	(334,311)	(273,387)	(334,084)	(271,728)
— 專項	— Specific	(308,459)	(270,127)	(145,295)	(130,109)
		39,732,667	31,866,471	39,642,680	31,671,721
銀行同業及其他 金融機構貸款	Advances to banks and other financial institutions	637,502	354,994	637,502	354,994
應計利息	Accrued interest	338,232	306,140	336,164	301,206
其他賬項	Other accounts	757,801	740,766	752,158	729,465
應計利息及其他 賬項專項撥備 (附註21)	Specific provision against accrued interest and other accounts (Note 21)	(625)	(1,442)	(625)	(1,003)
		1,095,408	1,045,464	1,087,697	1,029,668
		41,465,577	33,266,929	41,367,879	33,056,383

過往年度，其他賬項包括持作可出售物業210,000,000港元。年內，該物業出售予一位無關連之人士，作價215,800,000港元。年內已收取首期訂金21,580,000港元，餘額194,220,000港元已包括在二零零三年十二月三十一日之其他賬項內，並將於二零零四年三月十六日完成出售時償還。出售所得款項(扣除專業費用431,000港元後)較物業賬面值之超額5,369,000港元已計入本年度損益表，列作過往準備之回撥。

不履約貸款總額(即利息暫記或停止計息之客戶貸款)之分析如下：

In the prior year, other accounts included a property available for sale of HK\$210,000,000. In the current year, the property was disposed of to an unrelated third party at a consideration of HK\$215,800,000. The initial deposit of HK\$21,580,000 has already been received during the year and the remaining balance of HK\$194,220,000 which is included in other accounts as at 31st December 2003 would be settled on completion of the sale on 16th March 2004. The surplus of the sales proceeds net of professional fees of HK\$431,000 over the carrying value of the property amounting HK\$5,369,000 has been credited to the profit and loss account in the current year as a write-back of provision previously made.

The gross amount of non-performing loans, which represents advances on which interest is being placed in suspense or on which interest accrual has ceased, is analysed as follows:

		本集團 Group		本銀行 Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000
不履約貸款	Non-performing loans	668,397	738,932	436,292	473,242
不履約貸款 之專項撥備	Specific provision made in respect of such advances	308,406	267,275	145,242	127,257
暫記利息	Amount of interest in suspense	117,679	157,980	38,695	49,719

截至二零零三年十二月三十一日止年度
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20 貸款及其他賬項 (續)

於二零零三年十二月三十一日，本集團並無有關銀行同業及其他金融機構之不履約貸款(二零零二年：無)。

本集團及本銀行之不履約客戶貸款分別佔客戶貸款之1.7%(二零零二年：2.3%)及1.1%(二零零二年：1.5%)。

釐定上述專項撥備時已計及有關貸款之抵押品價值。

客戶貸款包括融資租賃及租購合約之投資，其分析如下：

		本集團及本銀行 Group and Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
應收投資總額：	Gross investment, receivable:		
一年以下	Not later than one year	289,863	214,535
一年以上但五年以下	Later than one year and not later than five years	1,016,617	715,126
五年以上	Later than five years	2,882,179	1,922,430
		4,188,659	2,852,091
未賺取之財務收入	Unearned future finance income	(1,002,230)	(756,631)
投資淨額	Net investment	3,186,429	2,095,460

融資租賃及租購合約之投資淨額分析如下：

		本集團及本銀行 Group and Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
一年以下	Not later than one year	186,970	134,767
一年以上但五年以下	Later than one year and not later than five years	666,265	448,175
五年以上	Later than five years	2,333,194	1,512,518
投資淨額	Net investment	3,186,429	2,095,460

計入上述融資租賃及租購合約之投資總額之無擔保餘值並不重大。

於二零零三年十二月三十一日之貸款撥備並無融資租賃及租購合約之投資呆壞賬撥備(二零零二年：無)。

20 ADVANCES AND OTHER ACCOUNTS (continued)

At 31st December 2003, there were no non-performing loans in respect of advances to banks and other financial institutions (2002: HK\$Nil).

Non-performing loans to customers of the Group and the Bank represent 1.7% (2002: 2.3%) and 1.1% (2002: 1.5%) of the advances to customers of the Group and the Bank respectively.

The above specific provisions were made after taking into account the value of collateral in respect of such advances.

Advances to customers include investment in finance lease receivables and hire purchase contracts, analysed as follows:

The net investment in finance lease receivables and hire purchase contracts may be analysed as follows:

The unguaranteed residual value included in the gross investment in finance lease receivables and hire purchase contracts above was considered to be immaterial.

No allowance for uncollectible investment in finance lease receivables and hire purchase contracts is included in the provision for loan losses as at 31st December 2003 (2002: Nil).

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20 貸款及其他賬項 (續)

貸款及其他賬項按十二月三十一日至合約到期日止剩餘期間之期限分析如下：

本集團

Group

		客戶貸款		銀行同業及其他 金融機構貸款		應計利息 及其他賬項	
		Advances to customers		Advances to banks and other financial institutions		Accrued interest and other accounts	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000
須於要求時即時償還	Repayable on demand	1,399,038	1,385,880	-	-	2,390	2,560
三個月或以下	Three months or less	3,172,496	3,574,822	222,500	82,458	709,987	689,081
一年或以下 但超過三個月	One year or less, but over three months	2,476,420	2,403,406	20,000	122,536	364,470	333,791
五年或以下 但超過一年	Five years or less, but over one year	19,187,983	12,777,221	395,002	150,000	11,044	8,684
超過五年	Over five years	13,470,067	11,520,941	-	-	-	-
並無限期	Undated	669,433	747,715	-	-	8,142	12,790
		40,375,437	32,409,985	637,502	354,994	1,096,033	1,046,906

本銀行

Bank

		客戶貸款		銀行同業及其他 金融機構貸款		應計利息 及其他賬項	
		Advances to customers		Advances to banks and other financial institutions		Accrued interest and other accounts	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000
須於要求時即時償還	Repayable on demand	1,399,038	1,385,880	-	-	2,390	2,560
三個月或以下	Three months or less	3,172,496	3,574,822	222,500	82,458	705,922	679,401
一年或以下 但超過三個月	One year or less, but over three months	2,471,338	2,403,406	20,000	122,536	362,872	332,096
五年或以下 但超過一年	Five years or less, but over one year	19,171,792	12,706,484	395,002	150,000	11,044	8,684
超過五年	Over five years	13,470,067	11,520,941	-	-	-	-
並無限期	Undated	437,328	482,025	-	-	6,094	7,930
		40,122,059	32,073,558	637,502	354,994	1,088,322	1,030,671

20 ADVANCES AND OTHER ACCOUNTS (continued)

The maturity profile of advances and other accounts analysed by the remaining period as at 31st December to the contractual maturity dates is as follows:

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21 呆壞賬撥備

21 PROVISIONS FOR BAD AND DOUBTFUL DEBTS

本集團 Group		2003			
		呆壞賬撥備 Provisions for bad and doubtful debts			暫記 利息 Suspended interest
		專項 Specific 千港元 HK\$'000	一般 General 千港元 HK\$'000	總計 Total 千港元 HK\$'000	千港元 HK\$'000
於一月一日之結餘	Balance as at 1st January	271,569	274,481	546,050	157,980
撇銷數額	Amounts written off	(48,579)	-	(48,579)	(21,516)
收回過往年度 已撇銷貸款	Recoveries of advances written off in previous years	24,668	-	24,668	-
年內撥備(附註6)	Charge for the year (Note 6)	61,426	67,810	129,236	-
本年度暫記利息	Interest suspended during the year	-	-	-	67,416
收回暫記利息	Suspended interest recovered	-	-	-	(86,098)
匯兌及其他調整	Exchange and other adjustments	-	-	-	(103)
於十二月三十一日 之結餘	Balance as at 31st December	309,084	342,291	651,375	117,679
扣減自：	Deducted from:				
商業票據(附註17)	Trade bills (Note 17)	-	7,980	7,980	
客戶貸款 (附註20)	Advances to customers (Note 20)	308,459	334,311	642,770	
應計利息及其他 賬項(附註20)	Accrued interest and other accounts (Note 20)	625	-	625	
		309,084	342,291	651,375	
		2002			
		呆壞賬撥備 Provisions for bad and doubtful debts			暫記 利息 Suspended interest
		專項 Specific 千港元 HK\$'000	一般 General 千港元 HK\$'000	總計 Total 千港元 HK\$'000	千港元 HK\$'000
於一月一日之結餘	Balance as at 1st January	1,005,399	216,530	1,221,929	281,495
撇銷數額	Amounts written off	(879,126)	-	(879,126)	(110,121)
收回過往年度 已撇銷貸款	Recoveries of advances written off in previous years	21,735	-	21,735	-
年內撥備(附註6)	Charge for the year (Note 6)	123,561	57,951	181,512	-
本年度暫記利息	Interest suspended during the year	-	-	-	96,558
收回暫記利息	Suspended interest recovered	-	-	-	(109,971)
匯兌及其他調整	Exchange and other adjustments	-	-	-	19
於十二月三十一日 之結餘	Balance as at 31st December	271,569	274,481	546,050	157,980
扣減自：	Deducted from:				
商業票據(附註17)	Trade bills (Note 17)	-	1,094	1,094	
客戶貸款 (附註20)	Advances to customers (Note 20)	270,127	273,387	543,514	
應計利息及其他 賬項(附註20)	Accrued interest and other accounts (Note 20)	1,442	-	1,442	
		271,569	274,481	546,050	

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21 呆壞賬撥備 (續)

21 PROVISIONS FOR BAD AND DOUBTFUL DEBTS (continued)

本銀行		Bank		2003			暫記 利息 Suspended interest 千港元 HK\$'000
				呆壞賬撥備			
		Provisions for bad and doubtful debts					
		專項 Specific 千港元 HK\$'000	一般 General 千港元 HK\$'000	總計 Total 千港元 HK\$'000			
於一月一日之結餘	Balance as at 1st January	131,112	272,822	403,934	49,719		
撇銷數額	Amounts written off	(25,875)	-	(25,875)	(5,073)		
收回過往年度 已撇銷貸款	Recoveries of advances written off in previous years	10,819	-	10,819	-		
年內撥備	Charge for the year	29,864	69,242	99,106	-		
本年度暫記利息	Interest suspended during the year	-	-	-	33,985		
收回暫記利息	Suspended interest recovered	-	-	-	(39,933)		
匯兌及其他調整	Exchange and other adjustments	-	-	-	(3)		
於十二月三十一日 之結餘	Balance as at 31st December	145,920	342,064	487,984	38,695		
扣減自：	Deducted from:						
商業票據(附註17)	Trade bills (Note 17)	-	7,980	7,980			
客戶貸款 (附註20)	Advances to customers (Note 20)	145,295	334,084	479,379			
應計利息及其他 賬項(附註20)	Accrued interest and other accounts (Note 20)	625	-	625			
		145,920	342,064	487,984			

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21 呆壞賬撥備 (續)

21 PROVISIONS FOR BAD AND DOUBTFUL DEBTS (continued)

本銀行 (續) Bank (continued)		2002			暫記 利息 Suspended interest 千港元 HK\$'000
		呆壞賬撥備 Provisions for bad and doubtful debts			
		專項 Specific 千港元 HK\$'000	一般 General 千港元 HK\$'000	總計 Total 千港元 HK\$'000	
於一月一日之結餘	Balance as at 1st January	401,002	213,947	614,949	91,555
購自附屬公司	Acquired from a subsidiary	837	56	893	97
撇銷數額	Amounts written off	(374,034)	-	(374,034)	(36,742)
收回過往年度 已撇銷貸款	Recoveries of advances written off in previous years	2,290	-	2,290	-
年內撥備	Charge for the year	101,017	58,819	159,836	-
本年度暫記利息	Interest suspended during the year	-	-	-	50,073
收回暫記利息	Suspended interest recovered	-	-	-	(55,272)
匯兌及其他調整	Exchange and other adjustments	-	-	-	8
於十二月三十一日 之結餘	Balance as at 31st December	131,112	272,822	403,934	49,719
扣減自：	Deducted from:				
商業票據 (附註17)	Trade bills (Note 17)	-	1,094	1,094	
客戶貸款 (附註20)	Advances to customers (Note 20)	130,109	271,728	401,837	
應計利息及其他 賬項 (附註20)	Accrued interest and other accounts (Note 20)	1,003	-	1,003	
		131,112	272,822	403,934	

22 非持作買賣用途之證券

22 NON-TRADING SECURITIES

		本集團 Group		本銀行 Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000
按公平值：	At fair value:				
債券	Debt securities				
— 於香港以外 地區上市	– Listed outside Hong Kong	45,392	308,111	45,392	308,111
— 非上市	– Unlisted	794,568	1,208,163	794,068	1,207,663
		839,960	1,516,274	839,460	1,515,774
股票	Equity securities				
— 於香港上市	– Listed in Hong Kong	497,561	500,710	497,561	500,710
— 非上市	– Unlisted	6,653	6,656	6,646	6,650
		504,214	507,366	504,207	507,360
		1,344,174	2,023,640	1,343,667	2,023,134

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22 非持作買賣用途之證券 (續)

非持作買賣用途之債券按十二月三十一日
至合約到期日止期間之期限分析如下：

		本集團 Group		本銀行 Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000
按公平值：	At fair value:				
三個月或以下	Three months or less	-	78,378	-	78,378
一年或以下， 但超過三個月	One year or less, but over three months	155,140	680,695	155,140	680,695
五年或以下 但超過一年	Five years or less, but over one year	634,821	522,081	634,821	522,081
超過五年	Over five years	45,392	230,513	45,392	230,513
並無限期	Undated	4,607	4,607	4,107	4,107
		839,960	1,516,274	839,460	1,515,774

非持作買賣用途之證券按發行者之分析如
下：

		本集團 Group		本銀行 Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000
中央政府及 中央銀行	Central governments and central banks	-	184,364	-	184,364
銀行同業及 其他金融機構	Banks and other financial institutions	851,654	1,163,272	851,654	1,163,272
企業	Corporate entities	491,396	674,880	491,389	674,874
其他	Others	1,124	1,124	624	624
		1,344,174	2,023,640	1,343,667	2,023,134

22 NON-TRADING SECURITIES (continued)

The maturity profile of non-trading debt securities analysed by
the remaining period as at 31st December to the contractual
maturity dates is as follows:

Non-trading securities are analysed by issuer as follows:

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23 遞延稅項

遞延稅項採用負債法就暫時差額按主要稅率17.5%計算(二零零二年:16%)。

遞延稅項資產/(負債)之變動如下:

23 DEFERRED TAXATION

Deferred tax is calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5% (2002: 16%).

The movement on the deferred tax assets/(liabilities) account is as follows:

		本集團及本銀行 Group and Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
於一月一日·如前呈報	At 1st January, as previously reported	(6,289)	(6,289)
採納會計準則 第12號之影響	Effect of adopting SSAP 12	(44,433)	(54,515)
於一月一日·重報	At 1st January, as restated	(50,722)	(60,804)
在損益表記賬/(支賬)	Credited/(Charged) to profit and loss account	14,692	(7,794)
在權益記賬	Credited to equity	44,056	17,876
於十二月三十一日	At 31st December	8,026	(50,722)

年內權益記賬之遞延稅項如下:

The deferred tax credited to equity during the year is as follows:

		本集團及本銀行 Group and Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
股東權益之公平值儲備	Fair value reserves in shareholders' equity		
— 銀行房產(附註34)	— Bank premises (Note 34)	40,158	659
— 非持作買賣用途之證券 (附註34)	— Non-trading securities (Note 34)	3,898	17,217
		44,056	17,876

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23 遞延稅項 (續)

年內遞延稅項資產及負債(與同一稅務機關之結餘抵銷前)之變動如下:

遞延稅項資產

		一般撥備		稅項虧損		其他		總額	
		General provision		Tax losses		Others		Total	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000
於一月一日， 如前呈報	At 1st January, as previously reported	-	-	-	-	-	-	-	-
採納會計準則 第12號之影響	Effect of adopting SSAP 12	29,103	19,831	-	54,154	-	160	29,103	74,145
於一月一日，重報	At 1st January, as restated	29,103	19,831	-	54,154	-	160	29,103	74,145
在損益表記賬/(支賬)	Credited/(Charged) to profit and loss account	14,595	9,272	-	(54,154)	-	(160)	14,595	(45,042)
於十二月三十一日	At 31st December	43,698	29,103	-	-	-	-	43,698	29,103

倘相關稅項利益有可能透過未來應課稅盈利變現，稅項虧損結餘將確認為遞延稅項資產。本集團於二零零三年十二月三十一日並無未確認之稅項虧損(二零零二年：無)。

遞延稅項負債

		銀行房產重估儲備		投資重估儲備		加速稅項折舊		預付款項		總額	
		Bank premises revaluation reserve		Investment revaluation reserve		Accelerated tax depreciation		Prepayments		Total	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000
於一月一日， 如前呈報	At 1st January, as previously reported	-	-	-	-	6,289	6,289	-	-	6,289	6,289
採納會計準則 第12號之影響	Effect of adopting SSAP 12	65,362	66,021	5,355	22,572	2,819	3,789	-	36,278	73,536	128,660
於一月一日，重報	At 1st January, as restated	65,362	66,021	5,355	22,572	9,108	10,078	-	36,278	79,825	134,949
在損益表記賬	Credited to profit and loss account	-	-	-	-	(97)	(970)	-	(36,278)	(97)	(37,248)
在權益記賬	Credited to equity	(40,158)	(659)	(3,898)	(17,217)	-	-	-	-	(44,056)	(17,876)
於十二月三十一日	At 31st December	25,204	65,362	1,457	5,355	9,011	9,108	-	-	35,672	79,825

遞延稅項資產及負債只有對現行稅項資產及負債有合法權利抵銷及遞延稅項為同一稅務機關下，才作出抵銷。以下是在綜合資產負債表抵銷後之金額。

23 DEFERRED TAXATION (continued)

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

Deferred tax assets

Deferred tax assets are recognised for tax loss carry forwards to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group has no unrecognised tax losses as at 31st December 2003 (2002: HK\$Nil).

Deferred tax liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet.

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23 遞延稅項 (續)

23 DEFERRED TAXATION (continued)

		本集團及本銀行 Group and Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
遞延稅項資產	Deferred tax assets	43,698	29,103
遞延稅項負債	Deferred tax liabilities	(35,672)	(79,825)
		8,026	(50,722)
於資產負債表列賬 之金額包括：	The amounts shown in the balance sheet include the following:		
超過十二個月後收回 之遞延稅項資產	Deferred tax assets to be recovered after more than 12 months	43,698	29,103
超過於十二個月後 償還之遞延稅項負債	Deferred tax liabilities to be settled after more than 12 months	(33,953)	(76,963)

24 於聯營公司之投資

24 INVESTMENTS IN ASSOCIATED COMPANIES

		本集團 Group	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
分佔資產淨值	Share of net assets	95,678	127,125
收購商譽減攤銷	Goodwill on acquisition less amortisation	65,789	66,181
		161,467	193,306

本年度，本集團已調整收購自一家聯營公司之可予識別資產及負債之賬面值，原因是於較收購首次入賬時有更多證據協助估計該聯營公司之資產淨值。於收購日期之淨資產公平值將減少人民幣13,450,000元（相等於12,674,000港元），而商譽則會相應增加3,156,000港元。倘經調整之公平值自收購日期起適用，截至二零零二年十二月三十一日止之比較年度之淨收益將因商譽攤銷增加39,000港元而減少，而該等影響已計入截至二零零三年十二月三十一日止年度之賬目內。

During the current year, the Group has adjusted the carrying amount of identifiable assets and liabilities acquired in an associated company because additional evidence became available to assist with the estimation of the net asset value of the associated company when the acquisition was initially accounted for. The fair value of the net assets at the date of acquisition would have been decreased by RMB13,450,000 (equivalent to HK\$12,674,000) with a corresponding increase in goodwill of HK\$3,156,000. If the adjusted fair values had been applied from the date of the acquisition, net income for the comparative year ended 31st December 2002 would have been decreased by an increase in goodwill amortisation of HK\$39,000 and these effects have been included in the accounts for the year ended 31st December 2003.

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24 於聯營公司之投資 (續)

收購該聯營公司所產生之商譽攤銷3,548,000港元(二零零二年: 838,000港元), 已計入損益表中「應佔聯營公司之虧損淨額」內。

24 INVESTMENTS IN ASSOCIATED COMPANIES (continued)

Amortisation of goodwill from the acquisition of the associated company amounting HK\$3,548,000 (2002: HK\$838,000) is included in "Share of net losses of associated companies" in the profit and loss account.

		本銀行 Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
投資·按成本值非上市股份	Investments at cost, unlisted shares	191,660	191,660

於二零零三年十二月三十一日之聯營公司載列如下:

The following is a list of associated companies at 31st December 2003:

公司名稱 Name	註冊成立地點 Place of incorporation	主要業務及營業地點 Principal activity and place of operation	持有已發行股份/ 已發行及繳足股本之詳情 Particulars of issued shares held/ Issued and fully paid up capital	持有之權益 Interest held
中國平安保險(香港)有限公司 China Ping An Insurance (Hong Kong) Company Limited	香港 Hong Kong	於香港提供一般保險 General insurance in Hong Kong	200,000股每股面值100港元之普通股 200,000 ordinary shares of HK\$100 each	25.0%
太平保險有限公司 The Tai Ping Insurance Company, Limited	中華人民共和國(「中國」) People's Republic of China ("PRC")	於中國提供一般保險 General insurance in the PRC	人民幣500,000,000 RMB500,000,000	24.9%

25 於附屬公司之投資

25 INVESTMENTS IN SUBSIDIARIES

		本銀行 Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
投資·按成本值非上市股份	Investments at cost, unlisted shares	15,212	40,247

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25 於附屬公司之投資 (續)

以下為本銀行於二零零三年十二月三十一日直接持有之附屬公司。除友聯中國業務管理有限公司乃於英屬維爾京群島註冊成立而於香港營業外，所有其他附屬公司均於香港註冊成立及營業：

25 INVESTMENTS IN SUBSIDIARIES (continued)

The following is a list of subsidiaries at 31st December 2003, all of which are directly held by the Bank. Except for UB China Business Management Co. Ltd. which is incorporated in the British Virgin Islands and operating in Hong Kong, all other subsidiaries are incorporated and operating in Hong Kong:

公司名稱 Name	主要業務 Principal activities	持有已發行股份之詳情 Particulars of issued shares held	持有之權益 Interest held	
			2003	2002
工銀亞洲財務有限公司 ICBC (Asia) Finance Limited	於二零零三年五月三十日 撤銷註冊 Deregistered on 30th May 2003	25,000,000股每股面值1港元 之普通股 25,000,000 ordinary shares of HK\$1 each	-	100%
ICBC (Asia) Nominee Limited	提供代理人服務 Provision of nominee services	100股每股面值 100港元之普通股 100 ordinary shares of HK\$100 each	100%	100%
工銀亞洲期貨有限公司 ICBC (Asia) Futures Limited	不活躍 Inactive	26,000,000股每股面值 1港元之普通股 26,000,000 ordinary shares of HK\$1 each	100%	100%
工銀亞洲金業有限公司 ICBC (Asia) Bullion Company Limited	不活躍 Inactive	6,000,000股每股面值 1港元之普通股 6,000,000 ordinary shares of HK\$1 each	100%	100%
友聯中國業務管理有限公司 UB China Business Management Co. Ltd.	管理本銀行之內地 不履約貸款組合 (附註31) Management of the Bank's PRC NPL Portfolio (Note 31)	1股面值1美元之 普通股 1 ordinary share of US\$1 each	100%	100%

26 商譽

26 Goodwill

		本集團及本銀行 Group and Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
成本值	Cost		
於一月一日及 十二月三十一日	At 1st January and 31st December	709,957	709,957
累計攤銷	Accumulated amortisation		
於一月一日 攤銷開支	At 1st January Amortisation charge	53,247 35,498	17,749 35,498
於十二月三十一日	At 31st December	88,745	53,247
賬面淨值	Net book value		
於十二月三十一日	at 31st December	621,212	656,710

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27 固定資產

27 FIXED ASSETS

本集團	Group	銀行房產 及物業 Bank premises and properties 千港元 HK\$'000	租賃 物業裝修 Leasehold improve- ments 千港元 HK\$'000	傢俬及設備 Furniture and equipment 千港元 HK\$'000	總計 Total 千港元 HK\$'000
成本值或估值	Cost or valuation				
於二零零三年 一月一日	At 1st January 2003	706,755	79,008	112,981	898,744
添置	Additions	-	5,353	5,192	10,545
出售	Disposals	(115,380)	(4,425)	(2,780)	(122,585)
於二零零三年 十二月三十一日	At 31st December 2003	591,375	79,936	115,393	786,704
累計折舊 及減值	Accumulated depreciation and impairment				
於二零零三年 一月一日	At 1st January 2003	52,698	53,800	77,766	184,264
本年度折舊	Charge for the year	5,964	5,168	9,580	20,712
在權益確認 之減值虧損 (附註34)	Impairment loss recognised directly in equity (Note 34)	224,616	-	-	224,616
在損益表確認 之減值虧損 (附註7)	Impairment loss recognised in the profit and loss account (Note 7)	11,858	-	-	11,858
出售	Disposals	(78,761)	(1,694)	(2,417)	(82,872)
於二零零三年 十二月三十一日	At 31st December 2003	216,375	57,274	84,929	358,578
賬面淨值	Net book value				
於二零零三年 十二月三十一日	At 31st December 2003	375,000	22,662	30,464	428,126
於二零零二年 十二月三十一日	At 31st December 2002	654,057	25,208	35,215	714,480

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27 固定資產 (續)

27 FIXED ASSETS (continued)

本銀行	Bank	銀行房產 及物業 Bank premises and properties 千港元 HK\$'000	租賃 物業裝修 Leasehold improve- ments 千港元 HK\$'000	傢俬及設備 Furniture and equipment 千港元 HK\$'000	總計 Total 千港元 HK\$'000
成本值或估值	Cost or valuation				
於二零零三年 一月一日	At 1st January 2003	706,755	79,008	112,955	898,718
添置	Additions	–	5,353	5,192	10,545
出售	Disposals	(115,380)	(4,425)	(2,780)	(122,585)
於二零零三年 十二月三十一日	At 31st December 2003	591,375	79,936	115,367	786,678
累計折舊 及減值	Accumulated depreciation and impairment				
於二零零三年 一月一日	At 1st January 2003	52,698	53,800	77,745	184,243
本年度折舊	Charge for the year	5,964	5,168	9,575	20,707
在權益確認 之減值虧損 (附註34)	Impairment loss recognised directly in equity (Note 34)	224,616	–	–	224,616
在損益表確認 之減值虧損 (附註7)	Impairment loss recognised in the profit and loss account (Note 7)	11,858	–	–	11,858
出售	Disposals	(78,761)	(1,694)	(2,417)	(82,872)
於二零零三年 十二月三十一日	At 31st December 2003	216,375	57,274	84,903	358,552
賬面淨值	Net book value				
於二零零三年 十二月三十一日	At 31st December 2003	375,000	22,662	30,464	428,126
於二零零二年 十二月三十一日	At 31st December 2002	654,057	25,208	35,210	714,475

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27 固定資產 (續)

銀行房產及物業之成本值或估值分析如下：

		本集團及本銀行 Group and Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
按成本值	At cost	44,277	44,277
按一九九四年專業估值	At professional valuation in 1994	547,098	662,478
		591,375	706,755

所有其他固定資產乃按成本值列賬。

27 FIXED ASSETS (continued)

The analysis of cost or valuation of bank premises and properties is as follows:

		本集團及本銀行 Group and Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
按成本值	At cost	44,277	44,277
按一九九四年專業估值	At professional valuation in 1994	547,098	662,478
		591,375	706,755

All other fixed assets are stated at cost.

銀行房產及物業之賬面淨值分析如下：

		本集團及本銀行 Group and Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
於香港，以下列方式持有：	In Hong Kong, held on:		
— 長期租約(超過50年)	– Long-term leases (over 50 years)	318,400	515,664
— 中期租約 (介乎10至50年)	– Medium-term leases (between 10 to 50 years)	56,600	138,393
		375,000	654,057

The net book value of bank premises and properties is analysed as follows:

		本集團及本銀行 Group and Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
於香港，以下列方式持有：	In Hong Kong, held on:		
— 長期租約(超過50年)	– Long-term leases (over 50 years)	318,400	515,664
— 中期租約 (介乎10至50年)	– Medium-term leases (between 10 to 50 years)	56,600	138,393
		375,000	654,057

本集團依據會計準則第17號第80段獲得豁免，毋須定期重估銀行房產及物業之價值。董事於一九九四年重估之銀行房產及物業價值為547,098,000港元，是項重估乃參考獨立物業顧問第一太平戴維斯於一九九四年十二月三十一日按公開市值及現有用途所評估之銀行房產及物業之價值604,500,000港元而作出。

The Group places reliance on paragraph 80 of SSAP 17 which provides exemption from the need to make regular revaluations of bank premises and properties. The Bank's premises and properties were revalued in 1994 by the Directors at HK\$547,098,000 with reference to a valuation made on an open market and existing use basis by FPDSavills, independent property consultants, which valued the Bank's premises and properties at HK\$604,500,000 at 31st December 1994.

年內，本銀行之董事已按內部資料及由獨立物業顧問韋堅信產業測量師行作出之外部估值，重新評估銀行房產之可收回金額，並錄得減值虧損總額236,474,000港元，其中11,858,000港元於損益表支賬及224,616,000港元於重估儲備中撥回。

During the year, the Directors of the Bank have reassessed the recoverable amount of bank premises based on internal information and external valuation by A.G. Wilkinson & Associates, independent property consultants, and recorded total impairment loss of HK\$236,474,000 of which HK\$11,858,000 was charged to the profit and loss account and HK\$224,616,000 was released from the revaluation reserve.

倘本集團及本銀行之銀行房產及物業以成本減累計折舊入賬，則其賬面淨值應為218,597,000港元(二零零二年：232,895,000港元)。

The carrying amount of the bank premises and properties of the Group and the Bank would have been HK\$218,597,000 (2002: HK\$232,895,000) had they been stated at cost less accumulated depreciation.

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28 銀行同業及其他金融機構之存款及結餘

銀行同業及其他金融機構之存款及結餘按十二月三十一日至合約到期日止期間之期限分析如下：

		本集團及本銀行 Group and Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
須於要求時即時償還	Repayable on demand	1,782,781	951,417
三個月或以下	Three months or less	14,312,136	11,291,703
一年或以下 但超過三個月	One year or less, but over three months	6,156,265	91,000
		22,251,182	12,334,120

28 DEPOSITS AND BALANCES OF BANKS AND OTHER FINANCIAL INSTITUTIONS

The maturity profile of deposits and balances of banks and other financial institutions analysed by the remaining period as at 31st December to the contractual maturity dates is as follows:

29 客戶存款

		本集團 Group		本銀行 Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000
活期存款及 往來戶口	Demand deposits and current accounts	1,052,903	689,385	1,052,875	689,481
儲蓄存款	Savings deposits	4,674,028	2,150,712	4,684,930	2,309,642
定期及通知存款	Time, call and notice deposits	29,666,007	35,910,933	29,710,403	35,980,223
		35,392,938	38,751,030	35,448,208	38,979,346

客戶存款按十二月三十一日至合約到期日止期間之期限分析如下：

The maturity profile of deposits from customers analysed by the remaining period as at 31st December to the contractual maturity dates is as follows:

		本集團 Group		本銀行 Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000
須於要求時 即時償還	Repayable on demand	5,837,396	2,850,587	5,848,270	3,034,659
三個月或以下	Three months or less	28,360,575	33,020,686	28,404,971	33,064,930
一年或以下 但超過三個月	One year or less, but over three months	1,182,304	2,788,262	1,182,304	2,788,262
五年或以下 但超過一年	Five years or less, but over one year	12,663	91,495	12,663	91,495
		35,392,938	38,751,030	35,448,208	38,979,346

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30 已發行存款證

30 CERTIFICATES OF DEPOSIT ISSUED

		本集團及本銀行 Group and Bank	
		2003	2002
		千港元	千港元
		HK\$'000	HK\$'000
已發行存款證	Certificates of deposit issued	6,951,115	1,441,952
購回已發行存款證	Repurchase of certificates of deposit issued	(37,242)	(12,950)
		6,913,873	1,429,002

已發行存款證按十二月三十一日至合約到期日止期間之期限分析如下：

The maturity profile of certificates of deposit issued analysed by the remaining period as at 31st December to the contractual maturity dates is as follows:

		本集團及本銀行 Group and Bank	
		2003	2002
		千港元	千港元
		HK\$'000	HK\$'000
三個月或以下	Three months or less	200,000	–
一年或以下但超過三個月	One year or less, but over three months	1,682,897	700,000
五年或以下但超過一年	Five years or less, but over one year	5,030,976	729,002
		6,913,873	1,429,002

31 其他賬項及準備金

31 OTHER ACCOUNTS AND PROVISIONS

其他賬項及準備金按十二月三十一日至合約到期日止期間之期限分析如下：

The maturity profile of other accounts and provisions analysed by the remaining period as at 31st December to the contractual maturity dates is as follows:

		本集團 Group		本銀行 Bank	
		2003	2002	2003	2002
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
須於要求時即時償還	Repayable on demand	47,975	16,621	47,975	16,621
三個月或以下	Three months or less	497,126	347,091	533,945	385,955
一年或以下 但超過三個月	One year or less, but over three months	104,207	107,233	104,167	107,214
五年或以下 但超過一年	Five years or less, but over one year	2,639	3,403	2,639	3,403
		651,947	474,348	688,726	513,193

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31 其他賬項及準備金 (續)

本集團之「其他賬項及準備金」包括由友聯中國業務管理有限公司(「友聯中國業務管理」)發行之次等履約票據，並已全數撇銷如下：

		本集團 Group	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
次等履約票據	Junior PLNs	600,952	600,952
減：內地不履約貸款組合 所需之撥備之撇銷	Less: Write-down in the light of the provisions required on the PRC NPL Portfolio	(600,952)	(600,952)
		-	-

友聯中國業務管理為本銀行於二零零零年成立之全資附屬公司。作為一間特別設立之資產管理公司，旨在五年期內盡量追收本銀行內地不履約貸款組合(「內地不履約貸款組合」)。友聯中國業務管理透過按面值發行兩組履約票據來取得購買內地不履約貸款組合所需之資金。優先履約票據由本銀行全數認購，作為轉讓內地不履約貸款組合之部分代價，並在本銀行之資產負債表內列為「持至到期之證券」，於二零零三年十二月三十一日之數額為143,625,000港元(二零零二年：406,583,000港元)。優先履約票據所產生之一切財務影響已於本集團之賬目中對銷。

本銀行向全體股東徵求認購次等履約票據，並獲招商局集團(香港)有限公司包銷。認購完成後，本銀行收得現金600,952,000港元。由於次等履約票據須首先承擔內地不履約貸款組合虧損之風險，而董事認為於五年期限屆滿前償還次等履約票據款項之機會不大，故次等履約票據之贖回金額已作全數撇減。

31 OTHER ACCOUNTS AND PROVISIONS (continued)

Included in "Other accounts and provisions" of the Group are Junior performance linked notes (PLNs) issued by UB China Business Management Co. Ltd. ("UBCBM") which have been fully written down as follows:

		本集團 Group	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
次等履約票據	Junior PLNs	600,952	600,952
減：內地不履約貸款組合 所需之撥備之撇銷	Less: Write-down in the light of the provisions required on the PRC NPL Portfolio	(600,952)	(600,952)
		-	-

UBCBM is a wholly-owned subsidiary established by the Bank in 2000 as a special purpose asset management company for the purpose of maximising the level of recovery of certain classified loans of the Bank which were extended towards Mainland China related business (the "PRC NPL Portfolio") over a five-year term. UBCBM funded the purchase of the PRC NPL Portfolio by issuing two tranches of PLNs at par value. The Senior PLNs were subscribed for in full by the Bank as partial consideration for the transfer of the PRC NPL Portfolio and are included in the Bank's balance sheet as "Held-to-maturity securities" amounting HK\$143,625,000 as at 31st December 2003 (2002: HK\$406,583,000). All financial effects associated with the Senior PLNs were eliminated in the Group accounts.

The Junior PLNs were offered for subscription to all shareholders and underwritten by China Merchants Holdings (Hong Kong) Company Limited. The Bank received cash funds of HK\$600,952,000 immediately upon completion. Since the Junior PLNs were to bear the first risk of loss against the PRC NPL Portfolio, the redemption amount of the Junior PLNs was fully written down as the Directors are of the opinion that the possibility of any repayment of the Junior PLNs at the end of the five-year term is remote.

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32 借入資本

32 LOAN CAPITAL

		本集團及本銀行 Group and Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
後償浮息票據	Subordinated floating rate notes		
—最終於二零一一年 七月二日到期	– with a final maturity on 2nd July 2011	584,820	584,820
—最終於二零一一年 十二月十二日到期	– with a final maturity on 12th December 2011	623,808	623,808
—最終於二零一二年 三月二十六日到期	– with a final maturity on 26th March 2012	545,916	545,916
—最終於二零一二年 十二月八日到期	– with a final maturity on 8th December 2012	500,000	500,000
—永久	– perpetual	1,935,916	1,000,000
匯兌調整	Exchange adjustment	(12,156)	186
		4,178,304	3,254,730

借入資本乃由本銀行籌集業務拓展用途，並由最終控股公司全數認購。根據銀行業條例附表三，該等票據合資格並已列入本銀行之附加資本。

Loan capital were raised by the Bank for the development and expansion of business and have been fully subscribed by the ultimate holding company. These notes qualify for and have been included as the Bank's supplementary capital in accordance with the Third Schedule to the Banking Ordinance.

年內，本銀行已發行後償永久浮息票據合共120,000,000美元，按三個月倫敦銀行同業拆放利率另加年利率0.5%計息。發售票據旨在擴闊本銀行之資本基礎以作未來業務發展之用。

During the year, the Bank has issued subordinated perpetual floating rate notes totaling US\$120,000,000 which are interest bearing at 0.5% per annum over three-month LIBOR. The notes were issued to expand the capital base of the Bank for future business growth.

33 股本

33 SHARE CAPITAL

(a) 普通股

法定：

(a) Ordinary shares

Authorised:

		每股面值2港元之普通股 Ordinary shares of HK\$2 each	
		股份數目 Number of shares	千港元 HK\$'000
於二零零二年一月一日 及十二月三十一日， 及二零零三年 十二月三十一日	At 1st January and 31st December 2002, and 31st December 2003	1,000,000,000	2,000,000

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33 股本 (續)

(a) 普通股 (續)

已發行及繳足：

		每股面值2港元之普通股 Ordinary share of HK\$2 each	
		股份數目 Number of shares	千港元 HK\$'000
於二零零二年一月一日	At 1st January 2002	531,319,304	1,062,639
截至二零零二年 十二月三十一日 止年度間增加	Increase during the year ended 31st December 2002	93,055,000	186,110
於二零零二年 十二月三十一日及 二零零三年十二月三十一日	At 31st December 2002 and 31st December 2003	624,374,304	1,248,749

(b) 可轉換非累計優先股

(b) Convertible non-cumulative preference shares

		每股面值5港元之 可轉換非累計優先股 Convertible non-cumulative preference shares of HK\$5 each	
		股份數目 Number of shares	千港元 HK\$'000
法定：	Authorised:		
於二零零二年 一月一日及 十二月三十一日及 二零零三年 十二月三十一日	At 1st January and 31st December 2002, and 31st December 2003	232,000,000	1,160,000
已發行及繳足：	Issued and fully paid:		
於二零零二年 一月一日及 十二月三十一日及 二零零三年 十二月三十一日	At 1st January and 31st December 2002, and 31st December 2003	202,219,218	1,011,096

有關該等可轉換非累計優先股之條款詳情，載於下文附註(c)。

Details relating to the terms of these convertible non-cumulative preference shares are set out in Note (c) below.

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33 股本 (續)

(c) 可轉換優先股條款

可轉換優先股之持有人均享有與普通股股東之同等權利，其可按每股可轉換優先股相等於一股普通股之比例收取應付予普通股股東之任何股息或分派。收取上述股息之權利並非累計。於清盤或以其他方式退回資本時，本銀行可供分派予股東之資產將先就每股可轉換優先股已付或應付最多2.00港元，其後方向普通股持有人作出分派。其後，各可轉換優先股及普通股持有人均按相同基準進行資產分派。

可轉換優先股並無賦予持有人任何投票權，在本銀行任何股東大會上投票，惟可轉換優先股持有人類別大會則除外。在此情況下，各可轉換優先股持有人可於有關之類別大會上投一票。

可轉換優先股於發行後，可隨時轉換為本銀行之普通股。因轉換而將配發之普通股數目乃視乎經考慮本銀行於發行可轉換優先股後之任何分派或資本架構之改變之轉換率而定。因轉換優先股而配發之任何普通股面值之不足部分，應在可轉換優先股溢價中作出處理。

最終控股公司經已全數認購可轉換優先股。

(d) 購股權

- (i) *僱員購股權計劃*
年內並無授出購股權，而於二零零三年十二月三十一日，並無任何尚未行使之購股權。
- (ii) *就發行次等履約票據而發行購股權*
就友聯中國業務管理發行次等履約票據而言，本銀行股東於二零零零年三月二十八日舉行之股東特別大會上通過一項決議案，批准於次等履約票據之五年期屆滿時發行可認購本銀行股份之購股權，惟須符合若干條件後方可作實。倘若發行該等購股權，則次等履約票據持有人可按7.78港元之行使價認購本銀行之股份。然而，若內地不履約貸款組合於次等履約票據五年期屆滿後所收回之內地不履約貸款組合低於1,211,063,000港元，則不會發行任何購股權。

33 SHARE CAPITAL (continued)

(c) Terms of the convertible preference shares

The holders of the convertible preference shares are entitled to receive, *pari passu*, any dividend or distribution payable to the ordinary shareholders on the basis that each convertible preference share is equivalent to one ordinary share. The right to such dividend is non-cumulative. On a return of capital on liquidation or otherwise, the assets of the Bank available for distribution among its shareholders shall be applied in paying up to a maximum of HK\$2.00 paid or deemed paid on each convertible preference share in priority to any payment to the holders of the ordinary share and thereafter the holders of the convertible preference shares and the ordinary shares shall participate in the assets of the Bank on a *pari passu* basis.

The convertible preference shares confer no voting rights to their holders in any general meeting of the Bank, except in a class meeting of holders of convertible preference shares, in which case each convertible preference share will entitle the holder to one vote in such class meeting.

The convertible preference shares are convertible to ordinary shares of the Bank at any time following their issue. The number of ordinary shares to be allotted upon conversion is determined by a conversion factor which takes into account any distribution or changes in the capital structure of the Bank subsequent to the issue of the convertible preference shares. The shortfall of the nominal value of any ordinary shares required to be allotted upon conversion of the preference shares shall be dealt with in the convertible preference share premium.

The convertible preference shares have been fully subscribed by the ultimate holding company.

(d) Share options

- (i) *Employee share option scheme*
During the year, no option has been granted and at 31st December 2003, there were no options outstanding.
- (ii) *Issue of options in connection with the issue of Junior PLNs*
In connection with the issue of Junior PLNs by UBCBM, the shareholders of the Bank had by a resolution passed at the Extraordinary General Meeting held on 28th March 2000 approved the issue of options to subscribe for shares of the Bank at the end of the five-year term of the Junior PLNs subject to the fulfillment of certain conditions. These options, if issued, will allow the holders of the Junior PLNs to subscribe for shares in the Bank at an exercise price of HK\$7.78. However, no options will be issued if total recoveries of the PRC NPL Portfolio at the end of the five-year term of the Junior PLNs are below HK\$1,211,063,000.

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34 儲備

34 RESERVES

本集團	Group	2003							
		可轉換非累計 優先股溢價 Convertible 普通股溢價	non-cumulative preference share premium	銀行房產 重估儲備 Bank premises revaluation reserve	投資重估儲備 Investment revaluation reserve	外匯儲備 Exchange reserve	一般儲備 General reserve	保留盈餘 Retained earnings	總計 Total
		千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000	千港元 HK\$'000
於二零零三年一月一日， 如前呈報	At 1st January 2003, as previously reported	1,786,686	505,496	408,511	33,149	(21)	219,200	738,481	3,691,502
採納會計準則第12號 之影響	Effect of adopting SSAP 12	-	-	(65,362)	(5,355)	-	-	26,284	(44,433)
於二零零三年一月一日， 重報	At 1st January 2003, as restated	1,786,686	505,496	343,149	27,794	(21)	219,200	764,765	3,647,069
非持作買賣用途之 證券公平值變動	Change in fair value of non-trading securities	-	-	-	(19,729)	-	-	-	(19,729)
出售非持作買賣 用途之證券	Disposal of non-trading securities	-	-	-	(5,393)	-	-	-	(5,393)
出售銀行房產	Disposal of bank premises	-	-	(39,875)	-	-	-	39,875	-
銀行行址減值虧損 (附註27)	Impairment loss on bank premises (Note 27)	-	-	(224,616)	-	-	-	-	(224,616)
因解散附屬公司 之重估盈餘解除	Release of revaluation surplus on dissolution of a subsidiary	-	-	-	(490)	-	-	490	-
匯兌差額	Exchange differences	-	-	-	-	(218)	-	-	(218)
本年度盈利	Profit for the year	-	-	-	-	-	-	522,130	522,130
解除遞延稅項負債 (附註23)	Releases to deferred tax liabilities (Note 23)	-	-	40,158	3,898	-	-	-	44,056
已付二零零二年 末期股息(附註12)	2002 final dividends paid (Note 12)	-	-	-	-	-	-	(206,648)	(206,648)
已付二零零三年 中期股息(附註12)	2003 interim dividends paid (Note 12)	-	-	-	-	-	-	(99,191)	(99,191)
於二零零三年十二月三十一日	At 31st December 2003	1,786,686	505,496	118,816	6,080	(239)	219,200	1,021,421	3,657,460
代表：	Representing:								
本銀行及附屬公司	Bank and subsidiaries	1,786,686	505,496	118,816	6,888	(239)	219,200	1,046,609	3,683,456
聯營公司	Associated companies	-	-	-	(808)	-	-	(25,188)	(25,996)
於二零零三年十二月三十一日	At 31st December 2003	1,786,686	505,496	118,816	6,080	(239)	219,200	1,021,421	3,657,460

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34 儲備 (續)

- (a) 一般儲備包括過往年度自保留盈餘轉撥之款項，並可供分派。
- (b) 董事會建議派發末期股息247,382,000港元，有關事項將反映作為截至二零零四年十二月三十一日止年度保留盈餘之分配(附註12)。

34 RESERVES (continued)

- (a) The general reserve comprised of previous year's transfers from retained earnings and is distributable.
- (b) The Directors proposed a final dividend of HK\$247,382,000 after the year-end which will be reflected as an appropriation of retained earnings for the year ending 31st December 2004 (Note 12).

本銀行	Bank	2003						
		可轉換非累計 優先股溢價 Convertible 普通股溢價 Ordinary share premium 千港元 HK\$'000	non-cumulative preference share premium 千港元 HK\$'000	銀行房產 重估儲備 Bank premises revaluation reserve 千港元 HK\$'000	投資重估儲備 Investment revaluation reserve 千港元 HK\$'000	一般儲備 General reserve 千港元 HK\$'000	保留盈餘 Retained earnings 千港元 HK\$'000	總計 Total 千港元 HK\$'000
於二零零三年一月一日，如前呈報 採納會計準則第12號之影響	At 1st January 2003, as previously reported Effect of adopting SSAP 12	1,786,686	505,496	408,511 (65,362)	33,469 (5,355)	219,200	705,092 26,284	3,658,454 (44,433)
於二零零三年一月一日，重報 非持作買賣用途之證券 公平值變動	At 1st January 2003, as restated Change in fair value of non-trading securities	1,786,686	505,496	343,149	28,114	219,200	731,376	3,614,021
出售非持作買賣用途之證券	Disposal of non-trading securities	-	-	-	(19,729)	-	-	(19,729)
出售銀行房產	Disposal of bank premises	-	-	(39,875)	-	-	39,875	-
銀行行址減值虧損(附註27)	Impairment loss on bank premises (Note 27)	-	-	(224,616)	-	-	-	(224,616)
本年度盈利(附註11)	Profit for the year (Note 11)	-	-	-	-	-	553,736	553,736
解除遞延稅項負債(附註23)	Releases to deferred tax liabilities (Note 23)	-	-	40,158	3,898	-	-	44,056
已付二零零二年末期股息(附註12)	2002 final dividends paid (Note 12)	-	-	-	-	-	(206,648)	(206,648)
已付二零零三年中期股息(附註12)	2003 interim dividends paid (Note 12)	-	-	-	-	-	(99,191)	(99,191)
於二零零三年十二月三十一日	At 31st December 2003	1,786,686	505,496	118,816	6,890	219,200	1,019,148	3,656,236

- (a) 董事會建議派發末期股息247,382,000港元，有關事項將反映作為截至二零零四年十二月三十一日止年度保留盈餘之分配(附註12)。

- (a) The Directors proposed a final dividend of HK\$247,382,000 after the year-end which will be reflected as an appropriation of retained earnings for the year ending 31st December 2004 (Note 12).

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34 儲備 (續)

34 RESERVES (continued)

本集團	Group	2002							
		可轉換非累計 優先股溢價 Convertible 普通股溢價 Ordinary share premium 千港元 HK\$'000	銀行房產 重估儲備 Bank premises revaluation reserve 千港元 HK\$'000	投資重估儲備 Investment revaluation reserve 千港元 HK\$'000	外匯儲備 Exchange reserve 千港元 HK\$'000	一般儲備 General reserve 千港元 HK\$'000	保留盈餘 Retained earnings 千港元 HK\$'000	總計 Total 千港元 HK\$'000	
於二零零二年一月一日， 如前呈報	At 1st January 2002, as previously reported	1,224,894	505,496	412,631	138,766	-	219,200	495,969	2,996,956
採納會計準則第12號 之影響	Effect of adopting SSAP 12	-	-	(66,021)	(22,572)	-	-	34,078	(54,515)
於二零零二年一月一日， 重報	At 1st January 2002, as restated	1,224,894	505,496	346,610	116,194	-	219,200	530,047	2,942,441
發行股份	Issue of shares	573,219	-	-	-	-	-	-	573,219
發行股份之開支	Share issue expense	(11,427)	-	-	-	-	-	-	(11,427)
非持作買賣用途之 證券公平值變動	Change in fair value of non-trading securities	-	-	-	(108,388)	-	-	-	(108,388)
出售非持作買賣用途之證券	Disposal of non-trading securities	-	-	-	781	-	-	-	781
出售銀行物業	Disposal of a bank property	-	-	(4,120)	-	-	-	4,120	-
解除聯營公司 之重估虧絀	Release of revaluation deficit of an associated company	-	-	-	1,990	-	-	-	1,990
匯兌差額	Exchange differences	-	-	-	-	(21)	-	-	(21)
本年度盈利	Profit for the year	-	-	-	-	-	-	474,635	474,635
解除遞延稅項負債 (附註23)	Releases to deferred tax liabilities (Note 23)	-	-	659	17,217	-	-	-	17,876
已付二零零一年 末期股息及特別股息	2001 final and special dividends paid	-	-	-	-	-	-	(161,378)	(161,378)
已付二零零二年中期股息 (附註12)	2002 interim dividends paid (Note 12)	-	-	-	-	-	-	(82,659)	(82,659)
於二零零二年十二月三十一日	At 31st December 2002	1,786,686	505,496	343,149	27,794	(21)	219,200	764,765	3,647,069
代表：	Representing:								
本銀行及附屬公司	Bank and subsidiaries	1,786,686	505,496	343,149	28,602	(21)	219,200	761,880	3,644,992
聯營公司	Associated companies	-	-	-	(808)	-	-	2,885	2,077
於二零零二年十二月三十一日	At 31st December 2002	1,786,686	505,496	343,149	27,794	(21)	219,200	764,765	3,647,069

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34 儲備 (續)

34 RESERVES (continued)

本銀行	Bank	2002						
		普通股溢價 Ordinary share premium 千港元 HK\$'000	可轉換非累計 優先股溢價 Convertible non-cumulative preference share premium 千港元 HK\$'000	銀行房產 重估儲備 Bank premises revaluation reserve 千港元 HK\$'000	投資重估儲備 Investment revaluation reserve 千港元 HK\$'000	一般儲備 General reserve 千港元 HK\$'000	保留盈餘 Retained earnings 千港元 HK\$'000	總計 Total 千港元 HK\$'000
於二零零二年一月一日， 如前呈報	At 1st January 2002, as previously reported	1,224,894	505,496	412,631	141,076	219,200	422,774	2,926,071
採納會計準則第12號 之影響	Effect of adopting SSAP 12	-	-	(66,021)	(22,572)	-	34,078	(54,515)
於二零零二年一月一日， 重報	At 1st January 2002, as restated	1,224,894	505,496	346,610	118,504	219,200	456,852	2,871,556
發行股份	Issue of shares	573,219	-	-	-	-	-	573,219
發行股份之開支	Share issue expenses	(11,427)	-	-	-	-	-	(11,427)
非持作買賣用途之 證券公平值變動	Change in fair value of non-trading securities	-	-	-	(108,388)	-	-	(108,388)
出售非持作買賣用途之證券	Disposal of non-trading securities	-	-	-	781	-	-	781
出售銀行物業	Disposal of a bank property	-	-	(4,120)	-	-	4,120	-
本年度盈利 (附註11)	Profit for the year (Note 11)	-	-	-	-	-	514,441	514,441
解除遞延稅項負債 (附註23)	Releases to deferred tax liabilities (Note 23)	-	-	659	17,217	-	-	17,876
已付二零零一年末期股息 及特別股息	2001 final and special dividends paid	-	-	-	-	-	(161,378)	(161,378)
已付二零零二年中期股息 (附註12)	2002 interim dividends paid (Note 12)	-	-	-	-	-	(82,659)	(82,659)
於二零零二年 十二月三十一日	At 31st December 2002	1,786,686	505,496	343,149	28,114	219,200	731,376	3,614,021

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35 與集團成員公司之結餘

(a) 以下為資產負債表項目中與最終控股公司之結餘：

35 BALANCES WITH GROUP COMPANIES

(a) Included in the following balance sheet captions are balances with the ultimate holding company:

		本集團及本銀行 Group and Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
資產負債表項目	On-balance sheet		
現金及短期資金	Cash and short-term funds		
庫存現金及銀行同業	Cash and balances with banks and		
與其他金融機構之結存	other financial institutions	53,275	52,135
短期通知存款	Money at call and short notice	2,662,926	7,814,649
		2,716,201	7,866,784
一至十二個月內到期之	Placements with banks and		
銀行同業及其他	other financial institutions		
金融機構之存款	maturing between one and twelve months	4,718,871	1,033,844
貸款及其他賬項	Advances and other accounts	66,201	85,049
		7,501,273	8,985,677
銀行同業及其他金融	Deposits and balances of banks and		
機構之存款及結餘	other financial institutions	20,317,169	11,447,647
已發行存款證	Certificates of deposit issued	3,805,280	700,000
其他賬項及準備金	Other accounts and provisions	120,695	120,764
		24,243,144	12,268,411
借入資本	Loan capital	4,178,304	3,254,730

附註：銀行同業及其他金融機構之存款及結餘包括一筆為數12,025,197,000港元(二零零二年：2,105,676,000港元)之款項，乃最終控股公司授予本銀行作營運資金用途之備用信貸1,635,000,000美元(二零零二年：6,000,000,000港元)中已被動用之數額。

Note: Included in deposits and balances of banks and other financial institutions is an amount of HK\$12,025,197,000 (2002: HK\$2,105,676,000) representing utilisation of a standby credit facility of US\$1,635,000,000 (2002: HK\$6,000,000,000) granted by the ultimate holding company to the Bank for working capital purposes.

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35 與集團成員公司之結餘 (續)

(a) 以下為資產負債表項目中與最終控股公司之結餘：(續)

35 BALANCES WITH GROUP COMPANIES (continued)

(a) Included in the following balance sheet captions are balances with the ultimate holding company: (continued)

		本集團及本銀行 Group and Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
資產負債表外項目	Off-balance sheet		
外匯合約－合約金額	Foreign exchange contracts – contractual amount	11,334,371	8,046,200
利率掉期－名義數額	Interest rate swaps – notional principal	5,932,892	7,366,960
外幣期權－合約金額	Currency options – contractual amount		
－買入期權	－ options purchased	133,520	390,100
－出售期權	－ options written	77,632	–
		211,152	390,100
利率期權－合約金額	Interest rate options – contractual amount		
－買入期權	－ options purchased	200,000	–
－出售期權	－ options written	160,000	404,940
		360,000	404,940
一年內到期之其他承擔	Other commitments with maturity within 1 year		
－透支信貸	－ overdraft facility	1,009,216	1,013,844

(b) 以下為資產負債表項目中與其他同系附屬公司之結餘：

(b) Included in the following balance sheet captions are balances with fellow subsidiaries:

		本集團及本銀行 Group and Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
資產負債表項目	On-balance sheet		
貸款及其他賬項	Advances and other accounts	3,509	3,020
銀行同業及其他金融機構之存款及結餘	Deposits and balances of banks and other financial institutions	73,290	60,000
客戶存款	Deposits from customers	370,510	639,791
其他賬項及準備金	Other accounts and provisions	896	1,308
		444,696	701,099
資產負債表外項目	Off-balance sheet		
外匯合約－合約金額	Foreign exchange contracts – contractual amount	46,550	107,800
利率掉期－名義數額	Interest rate swaps – notional principal	278,699	265,159

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35 與集團成員公司之結餘 (續)

(c) 以下為資產負債表項目中與本銀行附屬公司之結餘：

		本銀行 Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
資產負債表項目	On-balance sheet		
由友聯中國業務管理發行、於資產負債表列作「持至到期之證券」之優先履約票據	Senior PLNs issued by UBCBM included in the balance sheet under "Held-to-maturity securities"	143,625	406,583
客戶存款	Deposits from customers	55,404	228,316
其他賬項及準備金	Other accounts and provisions	38,266	39,733
		93,670	268,049
資產負債表外項目	Off-balance sheet		
外匯合約—合約金額	Foreign exchange contracts – contractual amount	82,513	242,095

(d) 以下為資產負債表項目中與聯營公司之結餘：

35 BALANCES WITH GROUP COMPANIES (continued)

(c) Included in the following balance sheet captions are balances with subsidiaries of the Bank:

(d) Included in the following balance sheet captions are balances with an associated company:

		本集團及本銀行 Group and Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
資產負債表項目	On-balance sheet		
客戶存款	Deposits from customers	15,430	15,884
其他賬項及準備金	Other accounts and provisions	29	208

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36 關連交易

於本年度，本集團曾於日常業務過程中與關連各方（包括最終控股公司、同系附屬公司及聯營公司）達成多宗交易。

(a) 於一般業務過程中與關連各方達成之交易概要

與最終控股公司、同系附屬公司及聯營公司之關連交易應計之收入及支出總額概列如下：

36 RELATED PARTY TRANSACTIONS

During the year, the Group entered into various transactions in the normal course of business with related parties, including the ultimate holding company, fellow subsidiaries and associated companies.

(a) Summary of transactions entered into during the ordinary course of business with related parties

The aggregated income and expense arising from related party transactions with the ultimate holding company, fellow subsidiaries and associated companies are summarised as follows:

		2003 千港元 HK\$'000	2002 千港元 HK\$'000
利息收入	Interest income		
— 存款(附註(i))	— Placement (Note (i))	58,133	38,298
— 利率掉期(附註(ii))	— Interest rate swaps (Note (ii))	268,560	307,313
利息支出	Interest expense		
— 存款(附註(iii))	— Deposits (Note (iii))	(153,097)	(153,044)
— 利率掉期(附註(ii))	— Interest rate swaps (Note (ii))	(295,211)	(345,375)
— 已發行存款證(附註(iv))	— Certificates of deposit issued (Note (iv))	(18,065)	(13,304)
— 借入資本(附註(v))	— Loan capital (Note (v))	(60,036)	(38,263)
期權溢價收入／(支出)淨額 (附註(vi))	Net option premium income/(expense) (Note (vi))	8,886	(782)
管理費收入(附註(vii))	Management fee income (Note (vii))	6,000	4,500
證券經紀佣金收入(附註(viii))	Securities brokerage commission income (Note (viii))	271	—
服務費收入(附註(ix))	Service fee income (Note (ix))	1,705	45
服務費支出(附註(x))	Service fee expense (Note (x))	(4,411)	(3,502)
物業支出(附註(xi))	Premises expense (Note (xi))	(6,113)	(5,926)

附註

- (i) 此為本銀行存放於最終控股公司及同系附屬公司之銀行同業存款按現行市場利率而收取之利息收入。
- (ii) 此為本銀行就利率掉期交易向最終控股公司及同系附屬公司收取及支付之利息收入及支出。該等交易包括按背對背基準與最終控股公司及同系附屬公司訂立之利率掉期。
- (iii) 此為本銀行支付最終控股公司及同系附屬公司之存款之利息支出。
- (iv) 此為本銀行發行並由最終控股公司及分行認購之面值為400,000,000美元及700,000,000港元之定息存款證而向最終控股公司及分行支付之利息支出。
- (v) 此為本銀行發行並由最終控股公司悉數認購之後償浮息票據而向最終控股公司支付之利息支出(附註32)。

Notes

- (i) Interest income was received on inter-bank deposits placed with the ultimate holding company and fellow subsidiaries at prevailing market rates.
- (ii) Interest income and expense was received from and paid to the ultimate holding company and fellow subsidiaries on the interest rate swaps at prevailing market rates. These transactions included interest rate swaps entered on a back-to-back basis with the ultimate holding company and fellow subsidiaries.
- (iii) Interest expense was paid on the deposits taken from the ultimate holding company and fellow subsidiaries.
- (iv) Interest expense was paid to the ultimate holding company and the Branch for fixed rate certificates of deposit issued by the Bank and subscribed by the ultimate holding company and the Branch with nominal value of US\$400,000,000 and HK\$700,000,000.
- (v) Interest expense was paid to the ultimate holding company for subordinated floating rate notes issued by the Bank and fully subscribed by the ultimate holding company (Note 32).

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36 關連交易 (續)

(a) 於一般業務過程中與關連各方達成之交易概要 (續)

- (vi) 期權溢價收入／支出淨額乃本銀行就各類期權合約按現行市場利率收取／支付最終控股公司及同系附屬公司之款項。
- (vii) 根據二零零一年七月三日訂立之合作協議，管理費收入乃本銀行就提供會計與預算、內部稽核、市場推廣及後台清算及結算等服務而向分行收取之費用。
- (viii) 佣金收入乃就提供證券經紀服務予同系附屬公司時所收取。
- (ix) 根據二零零二年十二月十八日訂立之外判協議，服務費收入乃就本銀行為分行於二零零二年十二月十八日開始在香港推出信用卡業務而提供之管理、行政及市場推廣服務向分行收取之款項。
- (x) 根據二零零二年二月二十一日訂立之服務協議，服務費支出乃就最終控股公司向本銀行提供之數據處理服務而向最終控股公司支付之款項。
- (xi) 根據二零零一年七月三日訂立之合作協議及於二零零一年十二月二十七日訂立之特許協議，物業支出乃就本銀行佔用分行所租用部份樓面而向分行支付之款項。

(b) 向關連各方買賣若干資產

從屬參與銀團貸款

於本年度，本銀行與分行、最終控股公司及同系附屬公司訂立多宗資本市場交易。該等交易包括分行、最終控股公司及同系附屬公司從屬參與本銀行之銀團貸款，涉及金額合共為6,430,380,000港元(二零零二年：7,940,249,000港元)，以及本銀行以類似方式從屬參與分行、最終控股公司及同系附屬公司之銀團貸款，涉及金額合共為1,925,371,000港元(二零零二年：1,451,000,000港元)。上述交易應佔費用3,055,000港元(二零零二年：無)乃於二零零三年支付予分行。該等交易乃按相關貸款協議之條款(如適用)或可供比較之現行市場價格定價，或以不遜於給予其他獨立銀團貸款成員之條款定價。

買賣債券

於本年度，本銀行向最終控股公司及同系附屬公司買賣之債券賬面值分別為139,002,000港元(二零零二年：749,529,000)及1,700,719,000港元(二零零二年：2,548,323,000港元)。該等交易乃按正常商業條款及參考現行市場價格而訂立。

36 RELATED PARTY TRANSACTIONS (continued)

(a) Summary of transactions entered into during the ordinary course of business with related parties (continued)

- (vi) Net option premium income/expense was received from/paid to the ultimate holding company and fellow subsidiaries on the various option contracts at prevailing market rates.
- (vii) In accordance with the Collaboration Agreement dated 3rd July 2001, management fee income was received from the Branch for the provision of services such as accounting and budgeting, internal audit, marketing and back office settlement and clearing.
- (viii) Commission income was received on delivering securities brokerage services to fellow subsidiaries.
- (ix) In accordance with the Outsourcing Agreement dated 18th December 2002, service fee income was received from the Branch for the provision of management, administrative and marketing services in respect of credit card business of the Branch launched in Hong Kong commencing from 18th December 2002.
- (x) In accordance with the Service Level Agreement dated 21st February 2002, service fee expense was paid to the ultimate holding company for the provision of data processing services to the Bank.
- (xi) In accordance with the Collaboration Agreement dated 3rd July 2001 and the Licence Agreement dated 27th December 2001, premises expense was paid to the Branch for using a portion of floor area rented by the Branch.

(b) Buy and sale of certain assets from/to related parties

Sub-participation of syndicated loans

During the year, the Bank entered into various capital market transactions with the Branch, the ultimate holding company and fellow subsidiaries. These transactions included sub-participation in syndicated loans of the Bank by the Branch, the ultimate holding company and fellow subsidiaries for a total of HK\$6,430,380,000 (2002: HK\$7,940,249,000) and similar sub-participation in syndicated loans of the Branch, the ultimate holding company and fellow subsidiaries by the Bank for a total of HK\$1,925,371,000 (2002: HK\$1,451,000,000). Fee attributable to the above transactions of HK\$3,055,000 was paid to the Branch in 2003 (2002: HK\$Nil). These transactions were priced based either on the terms of the underlying loan agreement, if applicable, or prevailing market rates if such comparable rates are available, or on terms that are no less favourable than those available to other independent syndicate members.

Buy and sale of debt securities

During the year, the Bank bought and sold debt securities with a carrying value of HK\$139,002,000 (2002: HK\$749,529,000) and HK\$1,700,719,000 (2002: HK\$2,548,323,000) respectively from and to the ultimate holding company and fellow subsidiaries. These transactions were entered into on normal commercial terms with reference to prevailing market rates.

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36 關連交易 (續)

(c) 最終控股公司作出之承諾

為表示對本銀行之支持，最終控股公司於二零零一年七月三日簽署信心保證書。據此，最終控股公司將向本銀行提供所需資金，以確保維持充足資本及流動資金水平。

於二零零一年七月三日，最終控股公司及本銀行訂立一份擔保協議，據此，最終控股公司同意就因根據業務轉讓協議轉讓予本銀行之「大額貸款」作出高達9,000,000,000港元之擔保，並就該等客戶一旦違約所產生損失對本銀行作出賠償保證。於二零零三年十二月三十一日，本銀行就該項擔保大額貸款所保障之資產負債表項目及資產負債表外項目涉及之金額分別達1,616,964,000港元及791,924,000港元(二零零二年：分別為3,970,478,000港元及1,705,566,000港元)。

(d) 委聘同系附屬公司提供財務顧問服務

本銀行於二零零三年十月二十八日及二零零三年十二月三十一日與本銀行之同系附屬公司工商東亞融資有限公司(「工商東亞」)訂立委聘協議，據此，本銀行委任工商東亞為就建議收購華比富通銀行之已發行股本擔任本銀行之財務顧問，財務顧問費合共5,000,000港元，其中已支付1,500,000港元，並記錄作為於二零零三年十二月三十一日之「貸款及其他賬項」內之預付款項。餘下合約金額3,500,000港元之承擔乃包括於賬目附註39之「資本承擔」。

37 分部報告

(a) 按地域劃分

本集團主要在香港經營業務。本集團之海外業務佔本集團收入、盈利、資產、負債、或然負債或承擔少於百分之十。

(b) 業務種類

本集團主要經營商業銀行業務，包括商業與零售銀行、財資及企業與投資銀行。商業與零售銀行業務包括零售銀行、商業借貸及貿易融資。財資業務包括外匯、貨幣市場及資本市場業務。企業與投資銀行主要包括企業銀行、提供債務資本市場及企業融資及顧問服務。

36 RELATED PARTY TRANSACTIONS (continued)

(c) Undertaking from the ultimate holding company

To demonstrate its support to the Bank, a Letter of Comfort dated 3rd July 2001 was executed by the ultimate holding company, pursuant to which it will provide the Bank with such funding as may be required by the Bank to ensure that it will maintain sufficient capital and liquidity levels.

Simultaneously on 3rd July 2001, the ultimate holding company and the Bank entered into a guarantee agreement whereby the ultimate holding company agreed to guarantee to the extent of HK\$9,000,000,000 the payment obligations of certain customers whose "large exposures" were transferred to the Bank pursuant to the Business Transfer Agreement and to indemnify the Bank in respect of any losses incurred if any obligation of such customers becomes unenforceable. The amount of such on-balance sheet and off-balance sheet large exposures of the Bank covered by this guarantee as at 31st December 2003 was HK\$1,616,964,000 and HK\$791,924,000 respectively (2002: HK\$3,970,478,000 and HK\$1,705,566,000 respectively).

(d) Financial advisory engagement with a fellow subsidiary

The Bank entered into engagement agreements with ICEA Capital Limited ("ICEA"), a fellow subsidiary of the Bank, on 28th October 2003 and 31st December 2003 whereby the Bank appointed ICEA as the financial advisor of the Bank for the proposed acquisition of the issued share capital in Fortis Bank Asia HK at a financial advisory fee of HK\$5,000,000 in aggregate, of which HK\$1,500,000 has been paid and recorded as prepayment in "Advances and other accounts" as at 31st December 2003. Commitment to the remaining contract amount of HK\$3,500,000 was included in "Capital commitments" in Note 39 to the accounts.

37 SEGMENT REPORTING

(a) Geographical area

The Group operates predominantly in Hong Kong. Less than 10% of the Group's income, profit, assets, liabilities, contingent liabilities or commitments is attributable to the Group's overseas operations.

(b) Class of business

The Group operates predominantly in commercial banking which comprises commercial and retail banking, treasury and markets, and corporate and investment banking activities. Commercial and retail banking includes retail banking, commercial lending and trade finance. Treasury and markets activities include foreign exchange, money market and capital market activities. Corporate and investment banking activities mainly comprise corporate banking, the provision of debt capital market and corporate finance and advisory services.

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37 分部報告 (續)

37 SEGMENT REPORTING (continued)

(b) 業務種類 (續)

(b) Class of business (continued)

		商業 與零售銀行 Commercial and retail banking 千港元 HK\$'000	財資 Treasury and markets 千港元 HK\$'000	企業與 投資銀行 Corporate and investment banking 千港元 HK\$'000	未分類 Unallocated 千港元 HK\$'000	總計 Total 千港元 HK\$'000
2003						
淨利息收入	Net interest income	337,466	312,017	159,310	14,354	823,147
其他營運收入	Other operating income	62,986	26,483	198,925	32,946	321,340
營運收入	Operating income	400,452	338,500	358,235	47,300	1,144,487
營運支出	Operating expenses	(193,684)	(44,664)	(31,789)	(43,918)	(314,055)
商譽攤銷	Amortisation of goodwill	-	-	-	(35,498)	(35,498)
扣除準備金前之 營運盈利/(虧損)	Operating profit/(loss) before provisions	206,768	293,836	326,446	(32,116)	794,934
呆壞賬撥備	Charge for bad and doubtful debts	(61,184)	(5,941)	(13,641)	(48,470)	(129,236)
營運盈利/(虧損)	Operating profit/(loss)	145,584	287,895	312,805	(80,586)	665,698
出售固定資產之溢利/ (虧損)淨額	Net gain/(loss) from disposal of fixed assets	(703)	-	-	2,114	1,411
銀行行址減值虧損	Impairment loss on bank premises	-	-	-	(11,858)	(11,858)
出售及贖回持至 到期之證券及 非持作買賣用途之 證券之溢利淨額	Net gain on disposal and redemption of held-to-maturity securities and non-trading securities	-	16,164	-	-	16,164
持作可出售 物業之準備回撥	Write-back of provision on property available for sale	-	-	-	5,369	5,369
應佔聯營公司之 虧損淨額	Share of net losses of associated companies	-	-	-	(31,621)	(31,621)
除稅前盈利/(虧損)	Profit/(Loss) before taxation	144,881	304,059	312,805	(116,582)	645,163
分部資產	Segment assets	17,217,075	32,112,789	23,745,593	680,527	73,755,984
於聯營公司之投資	Investments in associated companies	-	-	-	161,467	161,467
未分類資產	Unallocated assets	-	-	-	1,402,173	1,402,173
資產總額	Total assets	17,217,075	32,112,789	23,745,593	2,244,167	75,319,624
分部負債	Segment liabilities	19,602,876	22,771,319	16,337,620	207,828	58,919,643
未分類負債	Unallocated liabilities	-	-	-	6,304,372	6,304,372
負債總額	Total liabilities	19,602,876	22,771,319	16,337,620	6,512,200	65,224,015
資本支出	Capital expenditure	4,098	124	24	6,299	10,545
折舊費用	Depreciation charge	10,246	293	75	10,098	20,712

賬目附註

Notes to the Accounts

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37 分部報告 (續)

(b) 業務種類 (續)

		商業 與零售銀行 Commercial and retail banking 千港元 HK\$'000	財資 Treasury and markets 千港元 HK\$'000	企業與 投資銀行 Corporate and investment banking 千港元 HK\$'000	未分類 Unallocated 千港元 HK\$'000	總計 Total 千港元 HK\$'000
2002						
淨利息收入	Net interest income	257,108	219,945	147,951	64,185	689,189
其他營運收入	Other operating income	48,642	39,832	266,476	35,782	390,732
營運收入	Operating income	305,750	259,777	414,427	99,967	1,079,921
營運支出	Operating expenses	(128,037)	(36,913)	(42,343)	(99,967)	(307,260)
商營攤銷	Amortisation of goodwill	-	-	-	(35,498)	(35,498)
扣除準備金前之 營運盈利/(虧損)	Operating profit/(loss) before provisions	177,713	222,864	372,084	(35,498)	737,163
呆壞賬 (撥備)/回撥	(Charge for)/write-back of bad and doubtful debts	(91,581)	129	(46,242)	(43,818)	(181,512)
營運盈利/(虧損)	Operating profit/(loss)	86,132	222,993	325,842	(79,316)	555,651
出售固定資產之 虧損淨額	Net loss from disposal of fixed assets	(3,208)	-	(5)	(1,672)	(4,885)
出售及贖回持至 到期之證券及 非持作買賣用途之 證券之溢利淨額	Net gain on disposal and redemption of held-to-maturity securities and non-trading securities	-	26,390	130	1,749	28,269
持至到期之證券之 撥備及非持作買賣 用途之證券之減值 虧損回撥	Write-back of provision on held-to-maturity securities and impairment losses on non-trading securities	-	-	-	1,252	1,252
應佔聯營公司之 虧損淨額	Share of net losses of associated companies	82,924	249,383	325,967	(77,987)	580,287
除稅前盈利/(虧損)	Profit/(Loss) before taxation	-	-	-	(9,458)	(9,458)
分部資產	Segment assets	82,924	249,383	325,967	(87,445)	570,829
於聯營公司之投資	Investments in associated companies	13,419,431	27,032,391	19,105,737	1,058,710	60,616,269
未分類資產	Unallocated assets	-	-	-	193,306	193,306
資產總額	Total assets	-	-	-	1,452,414	1,452,414
分部負債	Segment liabilities	13,419,431	27,032,391	19,105,737	2,704,430	62,261,989
未分類負債	Unallocated liabilities	17,579,035	12,638,401	21,064,984	206,345	51,488,765
負債總額	Total liabilities	17,579,035	12,638,401	21,064,984	1,817,925	53,100,345
資本支出	Capital expenditure	4,339	108	58	7,822	12,327
折舊費用	Depreciation charge	11,577	317	74	13,511	25,479

37 SEGMENT REPORTING (continued)

(b) Class of business (continued)

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38 資產負債表外風險

(a) 或然負債及承擔

以下概要為每個主要類別之或然負債及承擔之合約價值：

38 OFF-BALANCE SHEET EXPOSURES

(a) Contingent liabilities and commitments

The following is a summary of the contractual amounts of each significant class of contingent liability and commitment:

		本集團及本銀行 Group and Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
直接信貸代替品	Direct credit substitutes	2,107,357	2,491,814
與交易有關之或然負債	Transaction-related contingencies	188,505	126,649
與貿易有關之或然負債	Trade-related contingencies	919,114	627,797
其他承擔：	Other commitments with an original maturity of:		
— 原到期日少於一年 或可無條件撤銷	— under 1 year or which are unconditionally cancellable	5,307,690	4,161,036
— 原到期日在一年或以上	— 1 year and over	8,066,276	9,261,792
遠期存款	Forward forward deposits placed	87,069	49,438
		16,676,011	16,718,526

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38 資產負債表外風險 (續)

(b) 衍生工具

以下乃各類主要衍生工具名義數值總額之分析：

本集團	Group	買賣		對沖		總計	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000
匯率合約	Exchange rate contracts						
遠期	Forwards	2,089,629	6,500,181	-	73,852	2,089,629	6,574,033
掉期	Swaps	1,558,541	1,779,682	27,245,234	11,958,359	28,803,775	13,738,041
購入期權	Options purchased	335,466	5,690,033	-	-	335,466	5,690,033
售出期權	Options written	335,466	5,690,038	-	-	335,466	5,690,038
		4,319,102	19,659,934	27,245,234	12,032,211	31,564,336	31,692,145
利率合約	Interest rate contracts						
利率掉期	Interest rate swaps	-	7,799	16,424,687	10,574,251	16,424,687	10,582,050
購入期權	Options purchased	513,731	203,994	1,559,216	1,265,856	2,072,947	1,469,850
售出期權	Options written	513,731	53,994	788,160	1,031,892	1,301,891	1,085,886
		1,027,462	265,787	18,772,063	12,871,999	19,799,525	13,137,786
其他合約	Other contracts						
購入股票期權	Equity options purchased	50,116	44,914	-	-	50,116	44,914
售出股票期權	Equity options written	50,116	44,914	-	-	50,116	44,914
		100,232	89,828	-	-	100,232	89,828
		5,446,796	20,015,549	46,017,297	24,904,210	51,464,093	44,919,759

38 OFF-BALANCE SHEET EXPOSURES (continued)

(b) Derivatives

The following is an analysis of the aggregate notional amounts of each significant type of derivatives:

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38 資產負債表外風險 (續)

(b) 衍生工具 (續)

本銀行	Bank	買賣		對沖		總計	
		Trading		Hedging		Total	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000
匯率合約	Exchange rate contracts						
遠期	Forwards	2,089,629	6,500,181	82,513	315,947	2,172,142	6,816,128
掉期	Swaps	1,558,541	1,779,682	27,245,234	11,958,359	28,803,775	13,738,041
購入期權	Options purchased	335,466	5,690,033	-	-	335,466	5,690,033
售出期權	Options written	335,466	5,690,038	-	-	335,466	5,690,038
		4,319,102	19,659,934	27,327,747	12,274,306	31,646,849	31,934,240
利率合約	Interest rate contracts						
利率掉期	Interest rate swaps	-	7,799	16,424,687	10,574,251	16,424,687	10,582,050
購入期權	Options purchased	513,731	203,994	1,559,216	1,265,856	2,072,947	1,469,850
售出期權	Options written	513,731	53,994	788,160	1,031,892	1,301,891	1,085,886
		1,027,462	265,787	18,772,063	12,871,999	19,799,525	13,137,786
其他合約	Other contracts						
購入股票期權	Equity options purchased	50,116	44,914	-	-	50,116	44,914
售出股票期權	Equity options written	50,116	44,914	-	-	50,116	44,914
		100,232	89,828	-	-	100,232	89,828
		5,446,796	20,015,549	46,099,810	25,146,305	51,546,606	45,161,854

本集團於年內並無進行任何雙邊淨額結算安排，因此下列數額均以總額呈列。

The Group did not enter into any bilateral netting arrangements during the year and accordingly the following amounts are shown on a gross basis.

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38 資產負債表外風險 (續)

(b) 衍生工具 (續)

本集團	Group	加權信貸風險數額		重置成本	
		Credit risk weighted amount		Replacement cost	
		2003	2002	2003	2002
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
或然負債及承擔	Contingent liabilities and commitments	4,441,136	5,049,274		
衍生工具：	Derivatives:				
— 匯率合約	— Exchange rate contracts	76,905	46,153	60,765	48,251
— 利率合約	— Interest rate contracts	85,374	98,022	337,633	405,508
— 其他合約	— Other contracts	—	—	334	238
		162,279	144,175	398,732	453,997

本銀行

Bank

		加權信貸風險數額		重置成本	
		Credit risk weighted amount		Replacement cost	
		2003	2002	2003	2002
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
或然負債及承擔	Contingent liabilities and commitments	4,441,136	5,049,274		
衍生工具：	Derivatives:				
— 匯率合約	— Exchange rate contracts	77,318	47,557	60,765	48,637
— 利率合約	— Interest rate contracts	85,374	98,022	337,633	405,508
— 其他合約	— Other contracts	—	—	334	—
		162,692	145,579	398,732	454,145

此等工具之合約數額顯示於結算日之未平倉交易成交量，並不代表承擔風險之數額。

加權信貸風險數額乃根據銀行業條例附表三及香港金融管理局發出之指引計算。有關數額須視乎各類合約交易方之狀況及到期情況而定。

重置成本即重新訂立所有合約(按市值計算時有正數價值)之成本(倘交易方未能履行責任)，有關數額乃按市值計算之正數價值計算。重置成本乃該等合約於結算日之信貸風險之概約數。

38 OFF-BALANCE SHEET EXPOSURES (continued)

(b) Derivatives (continued)

The contract amounts of these instruments indicate the volume of transactions outstanding as at the balance sheet date; they do not represent the amounts at risk.

The credit risk weighted amounts are the amounts which have been calculated in accordance with the Third Schedule of the Banking Ordinance and guidelines issued by the Hong Kong Monetary Authority. The amounts calculated are dependent upon the status of the counterparty and the maturity characteristics of each type of contract.

Replacement cost is the cost of replacing all contracts which have a positive value when marked to market (should the counterparty default on its obligations) and is obtained by marking to market contracts with a positive value. Replacement cost is a close approximation of the credit risk for these contracts at the balance sheet date.

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39 資本承擔

於十二月三十一日未於賬目中作出撥備之固定資產資本承擔餘額如下：

		本集團及本銀行 Group and Bank	
		2003	2002
		千港元	千港元
		HK\$'000	HK\$'000
已訂約惟未撥備之支出	Expenditure contracted but not provided for	52,517	24,956

於二零零三年十二月三十一日，本銀行與富通集團，一間根據比利時法律註冊成立之銀行（「富通」）及Generale Belgian Holding B.V.（「GBH」），一間根據荷蘭法律註冊成立及富通全資擁有之公司訂立一項買賣協議（「買賣協議」）。據此，GBH同意出售而本銀行同意於售回除外資產（定義見買賣協議）後及根據買賣協議之條件及條款，購買根據比利時法律成立及富通間接全資附屬公司華比富通銀行之全部已發行股本（「該收購」）。收購價為2,157,000,000港元（可根據於完成日期按比利時公認會計準則釐定之所收購資產之資產淨值予以調整）。該收購代價將透過下列方式支付：

- (i) 向GBH配發及發行新股份（「代價股份」），將相當於本銀行於完成日期經發行代價股份及假設於完成前全數轉換可轉換非累計優先股擴大後之已發行股本之9%，而發行每股股份之價值，相等於本銀行於完成日期每股綜合資產淨值之1.05倍（「協定價值」）；及
- (ii) 現金付款，金額相等於收購價（即於完成日期所收購資產之資產淨值之1.05倍）（已扣除代價股份之協定價格後）之結餘。

待根據買賣協議條款獲達致（或豁免（倘適用））有關先決條件後，買賣協議將於二零零四年四月三十日完成，或倘所有條件於二零零四年四月三十日尚未獲達致或豁免，買賣協議則於買賣協議指定之若干條件獲達致（或豁免（倘適用））之第一個營業日後之第三個營業日或訂約方可能同意之其他日期（惟不得遲於二零零四年六月三十日）完成。

39 CAPITAL COMMITMENTS

Capital commitments for fixed assets outstanding as at 31st December not provided for in the accounts were as follows:

		本集團及本銀行 Group and Bank	
		2003	2002
		千港元	千港元
		HK\$'000	HK\$'000
已訂約惟未撥備之支出	Expenditure contracted but not provided for	52,517	24,956

On 31st December 2003, the Bank entered into a sale and purchase agreement (the "SPA") with Fortis Bank ("Fortis"), a bank incorporated under the laws of Belgium, and Generale Belgian Holding B.V. ("GBH"), a company incorporated under the laws of Netherlands and wholly owned by Fortis. Pursuant to the SPA, GBH has agreed to sell and the Bank has agreed to purchase the entire issued share capital of Fortis Bank Asia HK, a company organised under the laws of Belgium and an indirect wholly-owned subsidiary of Fortis, following a carve-out of the Excluded Assets (as defined in the SPA), subject to the conditions and on the terms of the SPA (the "Acquisition"). The price of the Acquisition is HK\$2,157 million, subject to adjustment based on the net asset value of the acquired assets to be determined in accordance with the generally accepted accounting principles in Belgium as at the completion date. The consideration for the Acquisition will be satisfied by:

- (i) the allotment and issue to GBH new shares (the "Consideration Shares"), which will represent 9% of the issued share capital of the Bank as at the completion date, as enlarged by such issuance and assuming full conversion of the convertible non-cumulative preference shares issued by the Bank prior to completion, to be issued at a value per share equal to 1.05 times the consolidated net asset value per share of the Bank as at the completion date (the "Agreed Value"); and
- (ii) a cash payment of a sum equal to the balance of the acquisition price, being 1.05 times the net asset value of the acquired assets on completion date, after deduction of the Agreed Value of the Consideration Shares.

Subject to the satisfaction (or waived, if applicable) of the conditions precedent to the SPA in accordance with its terms, completion of the SPA shall take place on 30th April 2004, or, if all of the conditions have not been satisfied or waived by 30th April 2004, on the third business day after the first business day on or by which certain of the conditions specified in the SPA have been fulfilled (or waived, if applicable) or such other date as may be agreed otherwise by the parties (but which shall be no later than 30th June 2004).

賬目附註

Notes to the Accounts

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39 資本承擔 (續)

就該收購而言，本銀行委任本銀行之同系附屬公司工商東亞融資有限公司擔任財務顧問，有關費用合共5,000,000港元，其中1,500,000港元已支付，並記錄為於二零零三年十二月三十一日之「貸款及其他賬目」內之預付款項。費用餘額3,500,000港元為本銀行於二零零三年十二月三十一日之資本承擔。

40 租約承擔

於二零零三年十二月三十一日，本集團根據不可撤銷經營租約須於未來支付之最低租金總額如下：

39 CAPITAL COMMITMENTS (continued)

In relation to the Acquisition, the Bank appointed ICEA Capital Limited, a fellow subsidiary of the Bank as the financial advisor at a fee of HK\$5,000,000 in aggregate, of which HK\$1,500,000 has been paid and recorded as prepayment in "Advances and other accounts" as at 31st December 2003. The remaining fee of HK\$3,500,000 constituted a capital commitment of the Bank as at 31st December 2003.

40 LEASE COMMITMENTS

At 31st December 2003 the Group had future aggregate minimum lease payment under non-cancellable operating leases as follows:

		本集團及本銀行 Group and Bank	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
土地及樓宇	Land and buildings		
– 不超過一年	– Not later than one year	5,426	3,788
– 一年以上及 五年以內	– Later than one year and not later than five years	4,253	1,679
		9,679	5,467

41 給予行政人員之貸款

根據香港公司條例第161B(4B)條之規定，行政人員獲授之貸款披露如下：

41 LOANS TO OFFICERS

Particulars of loans made to officers and disclosed pursuant to section 161B(4B) of the Hong Kong Companies Ordinance are as follows:

		於十二月三十一日之未償還餘額 Balance outstanding at 31st December		年內最高結餘 Maximum balance during the year	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000	2003 千港元 HK\$'000	2002 千港元 HK\$'000
未償還本金及 利息總額	Aggregate amount outstanding in respect of principal and interest	43,327	49,398	50,521	61,869

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42 綜合現金流量表附註

(a) 年內融資變動之分析

		借入資本 Loan capital (附註32) (Note 32) 千港元 HK\$'000	股本(包括溢價) Share capital (including premiums) (附註33及34) (Notes 33 & 34) 千港元 HK\$'000	已付股息 Dividends paid (附註34) (Note 34) 千港元 HK\$'000	總計 Total 千港元 HK\$'000
於二零零二年一月一日	At 1st January 2002	1,208,628	3,804,125	-	5,012,753
融資活動現金流入/(流出) 淨額	Net cash inflow/(outflow) from financing activities	2,007,653	747,902	(244,037)	2,511,518
借入資本之利息部份	Interest element on loan capital	38,263	-	-	38,263
已付股息	Dividends paid	-	-	244,037	244,037
匯兌差額之影響	Effect of exchange differences	186	-	-	186
於二零零二年十二月三十一日	At 31st December 2002	3,254,730	4,552,027	-	7,806,757
融資活動現金流入/(流出) 淨額	Net cash inflow/(outflow) from financing activities	875,880	-	(305,839)	570,041
借入資本之利息部份	Interest element on loan capital	60,036	-	-	60,036
已付股息	Dividends paid	-	-	305,839	305,839
匯兌差額之影響	Effect of exchange differences	(12,342)	-	-	(12,342)
於二零零三年十二月三十一日	At 31st December 2003	4,178,304	4,552,027	-	8,730,331

(b) 現金及等同現金項目結餘之分析

(b) Analysis of the balances of cash and cash equivalents

		2003 千港元 HK\$'000	2002 千港元 HK\$'000
銀行同業及其他金融機構 之現金及結餘	Cash and balances with banks and other financial institutions	200,126	161,525
通知存款及短期通知存款	Money at call and short notice	13,189,509	15,402,917
原到期日三個月內到期 之庫券	Treasury bills with original maturity within three months	-	92,844
原到期日三個月內到期之 存放銀行同業及其他金融 機構存款	Placements with banks and other financial institutions with original maturity within three months	2,933,335	1,033,844
原到期日三個月內到期之 銀行同業及其他金融 機構存款及結餘	Deposits and balances of banks and other financial institutions with original maturity within three months	(7,020,489)	(12,169,030)
		9,302,481	4,522,100

截至二零零三年十二月三十一日止年度
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43 結算日後事項

於二零零四年二月九日，由最終控股公司持有每股面值2.00港元之現有普通股根據二零零四年二月四日之配售協議按每股11.25港元配售予獨立投資者，而最終控股公司根據二零零四年二月四日之認購協議按每股11.25港元認購124,874,000股每股面值2.00港元之新普通股，每股溢價9.25港元（「認購」）。該等股份與現有股份享有同等權益。

進行認購後，已發行及悉數繳足之普通股數目由624,374,304股增加至749,248,304股，而本銀行之已發行股本由2,259,845,000港元增加至2,509,593,000港元。本銀行擬將認購所得款項淨額用作支付收購華比富通銀行之代價之現金部分（附註39）。

44 比較數字

由於本年度採納會計準則第12號「所得稅」，故此修訂若干已呈列於及截至二零零二年十二月三十一日止年度之賬目內之項目及結餘，致使與本年度之呈列相符一致。

45 最終控股公司

根據中國法律成立之國營商業銀行中國工商銀行乃本銀行之最終控股公司。

46 財務報告之批准

本財務報告於二零零四年三月二十二日經董事會批准。

43 SUBSEQUENT EVENTS

On 9th February 2004, 124,874,000 existing ordinary shares of HK\$2.00 each held by the ultimate holding company were placed to independent investors at HK\$11.25 each pursuant to the Placing Agreement dated 4th February 2004 and 124,874,000 new ordinary shares of HK\$2.00 each were subscribed by the ultimate holding company pursuant to the Subscription Agreement dated 4th February 2004 at HK\$11.25 each, representing a premium of HK\$9.25 each (the "Subscription"). These shares rank pari passu with the existing shares.

Subsequent to the Subscription, the number of ordinary shares issued and fully paid increased from 624,374,304 to 749,248,304, and the issued share capital of the Bank increased from HK\$2,259,845,000 to HK\$2,509,593,000. The Bank intends to apply the net proceeds from the Subscription to satisfy the cash portion of the consideration for the acquisition of Fortis Bank Asia HK (Note 39).

44 COMPARATIVE FIGURES

Due to the adoption of SSAP 12 "Income taxes" in the current year, the presentation of certain items and balances in the accounts have been revised to comply with the new requirements. Accordingly, certain comparative figures as at and for the year ended 31st December 2002 have been restated to conform to the current year's presentation.

45 ULTIMATE HOLDING COMPANY

The ultimate holding company is The Industrial and Commercial Bank of China, a state-owned enterprise established under the laws of the People's Republic of China.

46 APPROVAL OF ACCOUNTS

The accounts were approved by the Board of Directors on 22nd March 2004.

下列資料僅為賬目附加資料之部份，並不構成經審核賬目任何部份。

The following information is disclosed as part of the accompanying information to the accounts and does not form part of the audited accounts.

1 資本充足比率及流動資金比率

1 CAPITAL ADEQUACY AND LIQUIDITY RATIOS

		2003	2002
資本充足比率	Capital adequacy ratio	16.7%	17.9%
經調整資本充足比率	Adjusted capital adequacy ratio	16.7%	17.8%
流動資金比率	Liquidity ratio	41.3%	35.9%

資本充足比率指本銀行及友聯中國業務管理於二零零三年十二月三十一日及本銀行、工銀亞洲財務有限公司及友聯中國業務管理於二零零二年十二月三十一日按銀行業條例附表三編製之綜合比率。

The capital adequacy ratio represents the consolidated ratio of the Bank and UBCBM as at 31st December 2003, and the Bank, ICBC (Asia) Finance Limited and UBCBM as at 31st December 2002, computed in accordance with the Third Schedule of the Banking Ordinance.

經調整資本充足比率指本銀行及友聯中國業務管理於二零零三年十二月三十一日及本銀行、工銀亞洲財務有限公司及友聯中國業務管理於二零零二年十二月三十一日按香港金融管理局頒佈之「維持充足資本應付市場風險」指引編製之綜合比率。經調整資本充足比率已計及於十二月三十一日之信貸及市場風險。

The adjusted capital adequacy ratio represents the consolidated ratio of the Bank and UBCBM as at 31st December 2003, and the Bank, ICBC (Asia) Finance Limited and UBCBM as at 31st December 2002, computed in accordance with the guideline "Maintenance of Adequate Capital Against Market Risks" issued by the Hong Kong Monetary Authority. The adjusted ratio takes into account both credit and market risk as at 31st December.

流動資金比率為本銀行截至二零零三年十二月三十一日止年度及本銀行及工銀亞洲財務有限公司截至二零零二年十二月三十一日止年度之財政年度內十二個月各曆月之平均流動資金比率之簡單平均數計算，並已遵照銀行業條例附表四而編製。

The liquidity ratio is calculated as the simple average of each calendar month's average liquidity ratio for the twelve months of the financial year of the Bank for the year ended 31st December 2003, and of the Bank and ICBC (Asia) Finance Limited for the year ended 31st December 2002, computed in accordance with the Fourth Schedule of the Banking Ordinance.

2 扣減後之資本基礎組成部份

扣減後之資本基礎組成部份用作計算上述於十二月三十一日之資本充足比率並填報予香港金融管理局分析如下：

2 COMPONENTS OF CAPITAL BASE AFTER DEDUCTIONS

The capital base after deductions used in the calculation of the above capital adequacy ratios as at 31st December and reported to the Hong Kong Monetary Authority is analysed as follows:

		本集團 Group	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
核心資本：	Core capital:		
繳足普通股股本	Paid up ordinary share capital	1,248,749	1,248,749
可轉換非累計優先股股本	Convertible non-cumulative preference share capital	1,011,096	1,011,096
普通股溢價	Ordinary share premium	1,786,686	1,786,686
可轉換非累計優先股溢價	Convertible non-cumulative preference share premium	505,496	505,496
儲備	Reserves	990,966	743,975
減：商譽	Less: Goodwill	(621,212)	(656,710)
		4,921,781	4,639,292
附加資本：	Supplementary capital:		
土地及土地權益之重估儲備	Reserves on revaluation of land and interests in land	83,172	114,649
非持作買賣用途之證券重估儲備	Reserves on revaluation of holding of securities not held for trading purpose	(15,852)	4,456
一般呆賬準備金	General provision for doubtful debts	342,291	274,481
永久後償債務	Perpetual subordinated debts	1,931,584	1,000,000
有限期後償債務	Term subordinated debts	2,246,720	2,254,730
附加資本總額	Gross value of supplementary capital	4,587,915	3,648,316
可計算之附加資本	Eligible value of supplementary capital	4,587,915	3,648,316
扣減前之資本基礎總額	Total capital base before deductions	9,509,696	8,287,608
扣除：	Deductions:		
持有附屬公司或控股公司之股份	Shareholdings in subsidiaries or holding company	15,212	15,247
對關連公司之風險承擔	Exposures to connected companies	490,415	490,415
持有非附屬公司百分之二十或以上之股權	Equity investment of 20% or more in non-subsidiary companies	191,660	191,660
		697,287	697,322
扣減後之資本基礎總額	Total capital base after deductions	8,812,409	7,590,286

3 外幣持盤量

3 CURRENCY CONCENTRATIONS

港元等值 二零零三年	Equivalent in Hong Kong dollars 2003	本集團 Group			總計 Total 千港元 HK\$'000
		美元 US\$ 千港元 HK\$'000	歐元 Euro 千港元 HK\$'000	人民幣 RMB 千港元 HK\$'000	
現貨資產	Spot assets	26,204,000	475,000	50,000	26,729,000
現貨負債	Spot liabilities	(40,430,000)	(114,000)	-	(40,544,000)
遠期買入	Forward purchases	23,079,000	32,000	566,000	23,677,000
遠期賣出	Forward sales	(8,678,000)	(407,000)	(566,000)	(9,651,000)
長／(短) 盤淨額	Net long/(short) position	175,000	(14,000)	50,000	211,000

港元等值 二零零二年	Equivalent in Hong Kong dollars 2002	本集團 Group			總計 Total 千港元 HK\$'000
		美元 US\$ 千港元 HK\$'000	歐元 Euro 千港元 HK\$'000	人民幣 RMB 千港元 HK\$'000	
現貨資產	Spot assets	18,360,000	199,000	51,000	18,610,000
現貨負債	Spot liabilities	(29,789,000)	(224,000)	(40,000)	(30,053,000)
遠期買入	Forward purchases	16,903,000	38,000	79,000	17,020,000
遠期賣出	Forward sales	(5,415,000)	(29,000)	(79,000)	(5,523,000)
長／(短) 盤淨額	Net long/(short) position	59,000	(16,000)	11,000	54,000

4 分類資料

(a) 客戶貸款

(i) 按行業分類之客戶貸款總額

		本集團 Group	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
在香港使用之貸款	Loans for use in Hong Kong		
工商及金融	Industrial, commercial and financial		
– 物業發展	– Property development	2,603,588	1,549,711
– 物業投資	– Property investment	4,565,689	4,738,696
– 金融企業	– Financial concerns	4,703,357	2,383,681
– 股票經紀	– Stockbrokers	28,765	30,636
– 批發及零售業	– Wholesale and retail trade	1,157,964	1,539,200
– 土木工程	– Civil engineering works	953,962	766,555
– 製造業	– Manufacturing	3,312,613	1,452,387
– 運輸及運輸設備	– Transport and transport equipment	6,058,827	4,832,851
– 電力、煤氣及通訊	– Electricity, gas and telecommunications	1,305,959	1,518,066
– 酒店、住宿及飲食	– Hotels, boarding house and catering	1,066,807	1,138,859
– 其他	– Others	4,081,030	3,358,114
個人	Individuals		
– 購買「居者有其屋計劃」、 「私人參建居屋計劃」及「租者置其 屋計劃」樓宇之貸款	– Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	91,024	118,356
– 購買其他住宅物業之貸款	– Loans for the purchase of other residential properties	7,891,846	6,337,275
– 其他	– Others	597,389	697,311
貿易融資	Trade finance	1,566,929	1,058,464
在香港以外使用之貸款	Loans for use outside Hong Kong	389,688	889,823
		40,375,437	32,409,985

(ii) 於二零零三年及二零零二年，本集團90%以上客戶貸款之交易方均位於香港。編撰本分析時並無計及與交易方處於不同國家之另一方所作擔保之轉移風險。

4 SEGMENTAL INFORMATION

(a) Advances to customers

(i) Gross advances to customers by industry sector

(ii) In 2003 and 2002, over 90% of the Group's advances to customers were made to counterparties located in Hong Kong. In determining this analysis no account has been taken of transfer of risk with respect to claims guaranteed by a party in a country different from that of the counterparty.

4 分類資料(續)

(b) 跨境申索

本集團按地區分析跨境申索。編撰本分析時已計及與本集團處於不同國家之另一方所作擔保之轉移風險。佔總跨境申索10%以上之地區列示如下：

4 SEGMENTAL INFORMATION (continued)

(b) Cross-border claims

The Group analyses cross-border claims by geographical area. In determining this analysis, it has been taken into account of transfer of risk with respect to claims guaranteed by a party in a country different from that of the Group. Those areas which constitute 10% or more of the aggregate cross-border claims are as follows:

		本集團 Group			
		銀行同業及 其他金融機構 Banks and other financial institutions 百萬港元 HK\$ million	公營機構 Public sector entities 百萬港元 HK\$ million	其他 Others 百萬港元 HK\$ million	總計 Total 百萬港元 HK\$ million
二零零三年	2003				
亞太區(不包括香港)	Asia Pacific excluding Hong Kong	13,479	1,269	4,275	19,023
北美及南美	North and South America	895	95	3,309	4,299
歐洲	Europe	9,665	-	928	10,593
二零零二年	2002				
亞太區(不包括香港)	Asia Pacific excluding Hong Kong	11,634	332	5,984	17,950
北美及南美	North and South America	229	-	1,554	1,783
歐洲	Europe	8,428	-	385	8,813

5 逾期及重整貸款

(a) 本集團客戶貸款之逾期部份總額分析如下：

5 OVERDUE AND RESCHEDULED ADVANCES

(a) The gross amount of the Group's advances to customers which have been overdue are analysed as follows:

		本集團 Group					
		總貸款 Gross advances 千港元 HK\$'000	佔客戶貸款 百分比 Percentage of advances to customers	抵押品市值 Market value of collateral 千港元 HK\$'000	有抵押金額 Secured amount 千港元 HK\$'000	無抵押金額 Unsecured amount 千港元 HK\$'000	專項撥備 Specific provision 千港元 HK\$'000
於二零零三年 十二月三十一日	At 31st December 2003						
六個月或以下但 超過三個月	Six months or less but over three months	38,943	0.1%	44,929	35,556	3,387	3,574
一年或以下但 超過六個月	One year or less but over six months	130,546	0.3%	39,426	35,886	94,660	76,748
超過一年	Over one year	342,423	0.9%	191,133	151,815	190,608	177,690
		511,912	1.3%	275,488	223,257	288,655	258,012
於二零零二年 十二月三十一日	At 31st December 2002						
六個月或以下但 超過三個月	Six months or less but over three months	52,925	0.2%	47,905	41,562	11,363	9,570
一年或以下但 超過六個月	One year or less but over six months	22,505	0.1%	26,355	21,907	598	1,304
超過一年	Over one year	378,542	1.1%	305,299	251,956	126,586	113,971
		453,972	1.4%	379,559	315,425	138,547	124,845

於二零零三年十二月三十一日及二零零二年十二月三十一日，並無逾期超過三個月之銀行同業及其他金融機構貸款、商業票據或債券。

At 31st December 2003 and 31st December 2002, there were no advances to banks and other financial institutions, trade bills, or debt securities which were overdue for over three months.

5 逾期及重整貸款 (續)

(b) 重整貸款

重整客戶貸款	Rescheduled advances to customers	2003 千港元 HK\$'000	佔客戶貸款 百分比 Percentage of advances to customers %	2002 千港元 HK\$'000	佔客戶貸款 百分比 Percentage of advances to customers %
		61,487	0.2%	232,682	0.7%

根據修訂後還款條款逾期超過三個月之重整貸款已列入上文(a)段之逾期貸款分析內。

於二零零三年十二月三十一日及二零零二年十二月三十一日，並無重整銀行同業及其他金融機構之貸款。

(c) 逾期及重整貸款與不履約貸款(暫記或停計利息者)之對賬如下：

5 OVERDUE AND RESCHEDULED ADVANCES (continued)

(b) Rescheduled advances

		本集團 Group	
		佔客戶貸款 百分比 Percentage of advances to customers %	佔客戶貸款 百分比 Percentage of advances to customers %
2003 千港元 HK\$'000		2002 千港元 HK\$'000	
		232,682	0.7%

Rescheduled advances which have been overdue for more than three months under the revised repayment terms are included in the analysis of overdue advances in (a) above.

At 31st December 2003 and 31st December 2002, there were no rescheduled advances to banks and other financial institutions.

(c) Overdue and rescheduled advances are reconciled to non-performing loans, which represent advances on which interest is being placed in suspense or on which interest accrual has ceased, as follows:

		本集團 Group 客戶貸款	
		Advances to customers	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
逾期超過三個月之貸款	Advances which are overdue for more than three months	511,912	453,972
重整貸款	Rescheduled advances	61,487	232,682
		573,399	686,654
減：逾期超過三個月但仍累計利息之貸款	Less: Advances which are overdue for more than three months and on which interest is still being accrued	(3,367)	(3,475)
減：仍累計利息之重整貸款	Less: Rescheduled advances on which interest is still being accrued	(14,516)	(20,796)
加：逾期不超過三個月或未經重整之不履約貸款	Add: Non-performing loans which are not overdue for more than three months or rescheduled	112,881	76,549
不履約貸款	Non-performing loans	668,397	738,932

於二零零三年及二零零二年，本集團超過90%之逾期及不履約貸款均源自香港之客戶。

In 2003 and 2002, over 90% of the Group's overdue and non-performing loans were made to counterparties located in Hong Kong.

5 逾期及重整貸款 (續)

(d) 應計利息

		本集團 Group	
		2003 千港元 HK\$'000	2002 千港元 HK\$'000
逾期：	Overdue for:		
– 六個月或以下但超過三個月	– Six months or less but over three months	233	473
– 一年或以下但超過六個月	– One year or less but over six months	342	488
– 超過一年	– Over one year	3,442	4,422
		4,017	5,383
重整資產	Rescheduled assets	78	71
		4,095	5,454

(e) 收回資產

於二零零三年十二月三十一日，本集團之收回資產為35,464,000港元(二零零二年：107,113,000港元)。

6 企業管治

本銀行已完全遵守香港金融管理局於二零零一年九月二十一日頒佈之監管政策手冊「本地註冊認可機構之企業管治」所載之規定。

管理委員會

管理委員會乃於二零零一年九月二十四日成立之營運主管機構，負責監督本集團之整體營運。該委員會由行政總裁(任委員會主席)、所有副總經理及由行政總裁指派之兩名助理總經理組成。於本財政年度，該委員會共召開12次會議。

信貸委員會

信貸委員會維持本銀行均衡之信貸風險組合及設定個別風險決策之架構。該委員會亦負責審閱及審批大額信貸風險及風險集中管理。該委員會由風險管理部主管(任委員會主席)及所有副總經理組成。該委員會定期審閱與信貸有關之政策或程序，以及批准來自本銀行及其附屬公司之信貸報告。

5 OVERDUE AND RESCHEDULED ADVANCES (continued)

(d) Accrued interest

(e) Repossessed assets

At 31st December 2003, the repossessed assets of the Group amounted to HK\$35,464,000 (2002: HK\$107,113,000).

6 CORPORATE GOVERNANCE

The Bank has fully complied with the requirements set out in the Supervisory Policy Manual “Corporate Governance of Locally Incorporated Authorized Institutions” issued by the Hong Kong Monetary Authority on 21st September 2001.

General Management Committee

The General Management Committee was established on 24th September 2001 as an operation authority and to supervise the overall operation of the Group. The Committee comprises the Chief Executive Officer who is the Chairman of the Committee, all Deputy General Managers and two Assistant General Managers designated by the Chief Executive Officer. Twelve meetings were held during the current financial year.

Credit Committee

The Credit Committee maintains a well-balanced credit risk portfolio of the Bank and sets the framework for decisions of individual exposures. The Committee is also responsible for the review and approval of the large credit exposures and management of risk concentrations. The Committee consists of the Head of Risk Management Department who is the Chairman of the Committee and all Deputy General Managers. The Committee regularly reviews credit-related policies and procedures and to approve credit reports originating from the Bank and its subsidiaries.

6 企業管治(續)

資產及負債管理委員會

資產及負債管理委員會於一九九九年七月十二日成立，負責密切監察各種流動資產及資金來源之組合，以及利率及外匯變動風險。該委員會成員亦負責審閱因應內部需求及外圍市場指數而釐定最佳流動資金水平。該委員會由財務總監(任委員會主席)、所有副總經理、負責業務部門之助理總經理、信貸風險管理部主管、中裕風險管理部主管及財資部主管組成。該委員會每月舉行一次例會。

風險管理委員會

風險管理委員會於二零零二年九月五日成立，負責審閱及向董事會報告本集團風險管理程序、政策及體制之充分性及效率。該委員會專注於信貸風險、利率風險、市場風險、流動資金風險、營運風險、信譽風險及策略風險。該委員會由行政總裁、負責風險管理之副總經理(任委員會主席)、本銀行一名獨立非執行董事、負責財資部之副總經理、財務總監、財資部主管、風險管理部主管、中裕風險管理部主管和系統及資訊科技主管組成。該委員會每個季度向董事會報告一次。

7 風險管理

本集團已釐定一系列關於辨識、釐定、控制及監察信貸、流動資金、外匯、息率及市場風險之策略及步驟。高層管理人員及相關功能委員會定期評審該等策略及步驟。內部核數師亦會進行定期審查，確保能符合該等策略及步驟。

(a) 信貸風險管理

信貸風險乃指本集團之借款人或交易方未能或不願意履行其還款責任之風險。本集團已制訂多項標準、政策及程序，並設立指定職能部門控制及監察有關風險。

6 CORPORATE GOVERNANCE (continued)

Asset and Liability Management Committee

The Asset and Liability Management Committee was established on 12th July 1999 to closely monitor the mix of liquid assets and funding channels, and the exposure to movements in interest rate and foreign exchange. The Committee members also meet to review the optimal liquidity level in response to internal requirements and external market indicators. The Committee comprises the Chief Financial Officer who is the Chairman of the Committee, all Deputy General Managers, the Assistant General Manager in charge of Business Units, the Head of Credit Risk Management Department, the Head of Middle Office Department and the Head of Treasury & Markets Department. The Committee meets on a monthly basis.

Risk Management Committee

The Risk Management Committee was established on 5th September 2002 to review and report to the Board of Directors on the adequacy and efficiency of risk management procedures, policies and systems of the Group. The Committee focuses on credit risk, interest rate risk, market risk, liquidity risk, operational risk, reputation risk and strategic risk. The Committee comprises the Chief Executive Officer, the Deputy General Manager in charge of Risk Management who is the Chairman of the Committee, an Independent Non-executive Director of the Bank, the Deputy General Manager in charge of Treasury & Markets, the Chief Financial Officer, the Head of Treasury & Markets Department, the Head of Risk Management Department, the Head of Middle Office Department and the Head of Systems & IT. The Committee reports quarterly to the Board.

7 RISK MANAGEMENT

The Group has established policies and procedures for the identification, measurement, control and monitoring of credit, liquidity, foreign exchange, interest rate and market risks. The policies and procedures are reviewed on a regular basis by senior management and the relevant functional committees. The internal auditors also perform regular checks to ensure compliance with policies and procedures.

(a) Credit risk management

Credit risk is the risk that a borrower or counterparty of the Group will be unable or unwilling to honour a repayment obligation. The Group has standards, policies and procedures and designated functional departments in place to control and monitor these risks.

7 風險管理 (續)

(a) 信貸風險管理 (續)

本集團深明信貸風險管理必須妥善有效，方可取得業務增長及提高本集團之資源效益。管理層編製信貸手冊及其他政策文件，訂下各項信貸政策，建立所需信貸風險管理程序，藉此識辨、釐定及監控各項信貸風險，確保本集團對信貸承諾持審慎態度，及早察覺及解決其潛在問題，使損失降至最低。

本集團之信貸政策方針，由信貸委員會、管理委員會及董事會權衡市場及規管發展，再配合日常審批情況及業務發展等因素，加以制定、檢討及定期修訂。此外，彼等亦會檢定信貸審批效率及授出審批權力。

信貸手冊亦載有信貸審批矩陣審批信貸建議。為確保執行專業之信貸審批權力，每名信貸審批員均由信貸委員會挑選，其權限則按照個別信貸主任之負責範圍、風險及經驗而釐定。為求客觀公正，本集團採用「雙重審批」制度，任何信貸建議均須最少兩名信貸審批員聯名批准，或得到信貸委員會批准。

信貸風險管理部乃本集團授權執行信貸政策之中央部門。此外，該部門亦提供獨立信貸評估、審批後信貸管理及其他信貸監控等，務求信貸過程符合管理層制訂之信貸政策及指引。除獨立信貸評估及矩陣審批過程外，信貸風險管理部亦就特定貸款組合或營運單位進行定期信貸審核。為了保持獨立性，信貸風險管理部直接向風險管理部匯報，而風險管理部則向獨立於業務之副總經理匯報。

7 RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

The Group recognises that sound credit risk management is essential to business growth and maximisation of the return on Group's resources employed. The management has laid down credit policies in forms of Credit Manual and other policy papers, which formulate the necessary credit risk management process to identify, measure, monitor and control risks inherent in the operation of various lending business. This process ensures prudence in lending and enables potential problems to be detected and tackled as early as practicable, thereby minimising business loss.

High-level credit policies of the Group are set, reviewed and constantly updated by the Credit Committee, the General Management Committee, and the Board to take balanced accounts of the dynamic market situation, regulatory development, the Group's usual prudent lending practices and the latest business strategies. They also review the efficiency of credit approval processes and delegate credit approval authorities.

Contained in the Credit Manual is also the credit approval matrix for sanctioning lending propositions. To uphold a high degree of professionalism in the exercise of credit approval authorities, credit approvers are selected by Credit Committee with level of authority commensurate with the individual credit officer's area of responsibilities, exposure and experience level. To maintain objectivity and balance, the Group adopts a "dual approval" system whereby credit proposition generally requires joint-approval by at least two credit approvers or otherwise requires approval by Credit Committee.

Credit Risk Management Department is the centralised department in the Group mandated to carry out credit policies. The department performs independent credit assessment, post-approval credit administration and other credit control functions to ensure that the credit process complies with credit policies and guidelines laid down by the Management. Apart from the independent credit assessment and matrix approval process, regular credit audits are conducted on specific loan portfolio or operating units in the credit process. To maintain its independence, Credit Risk Management has a direct reporting line to Risk Management Department, which in turn reports to a Deputy General Manager independent of business.

7 風險管理 (續)

(a) 信貸風險管理 (續)

管理層竭盡所能，致力監控貸款組合之質素及行為。本集團於二零零零年最後一季首次引入內部信貸風險評級制度，以監察本集團之貸款組合素質。本集團之評級制度超出香港金管局要求之標準5級制度，並採納15級分層制度，透過衡量借款人之財政狀況、管理素質、擁有權及行業風險等特徵而分層。經過多年經驗累積，內部數據得以持續增加，預期本集團將可更進一步利用內部信貸風險評級制度之統計數據，捕捉並剖析信貸風險流向及計算拖欠還款之機會率等。

(b) 流動資金風險管理

流動資金風險乃指本集團於財務責任到期時未能償債之風險。因此，流動資金風險管理可確保本集團具備充足之流動現金，務求以具成本效益之方法應付一般及突發情況下之任何財務責任，並同時遵守一切監管規定。為管理流動資金風險，本集團已制定資產及流動資金管理政策，並經由資產及負債管理委員會（「資產負債委員會」）審閱，及得到董事會批核。本集團每日均緊密管理及預測流動資金流向，務求讓財資部及資產負債委員會按照市況波動迅速行動，並且及時實行應變計劃。本集團繼續發掘及拓展多項融資渠道，以充份把握業務擴充機會。本集團身為中國工商銀行集團之成員，地位有所提升，創造更多空間及能力管理流動資金。年內，本集團發行達2,926,000,000港元及440,000,000美元之存款證，從而取得較長期資金。

二零零三年之流動資金狀況依然穩健，平均流動資金比率為41.3%（二零零二年：35.9%），遠高於法定最低要求之25%。

7 RISK MANAGEMENT (continued)

(a) Credit risk management (continued)

The management spares no efforts in monitoring the quality and behavior of the loan portfolio. The Group's internal credit risks grading system was first introduced in the the last quarter of 2000 to track the health of the Group's loan portfolio. The grading system expands beyond HKMA's standard 5-grades system and incorporates a 15-tier classification system by weighing borrowers' financial, management, ownership, industrial and other characteristics. With internal data being constantly enriched through years of experience, it is expected that the Group could make further use of statistics in the internal credit risk grading system to profile and track down credit risk migration and to measure loan default probabilities etc.

(b) Liquidity risk management

Liquidity risk is the risk that the Group cannot meet its financial obligations as and when they fall due. Liquidity risk management is therefore to ensure that there is adequate cash flows to meet all financial obligations in both normal and contingency circumstances in a cost-effective manner whereas at the same time complies with all regulatory requirements. To manage liquidity risk, the Group has established the Asset and Liquidity Management Policy which is reviewed by the Group's Asset and Liability Management Committee (the "ALCO") and approved by the Board of Directors. Liquidity is also managed and forecasted on a daily basis to enable Treasury and Markets Department and ALCO to react proactively according to fluctuations in market conditions and implement contingency plans on a timely basis. The Group continues to explore and diversify funding channels to capitalise on opportunities for the Group's business expansion. The elevation of the Group's profile, being a member of ICBC Group, has created more rooms and capabilities in liquidity management. During the year, the Group issued HK\$2,926,000,000 and US\$440,000,000 certificates of deposit to secure longer term funding.

The liquidity position remained strong throughout the year of 2003 with average liquidity ratio at 41.3% (2002: 35.9%), which was well above the statutory requirement of 25%.

7 風險管理 (續)

(c) 資本管理

本集團須管理其資本，藉此以具效益之方式執行其策略性業務計劃，並支持本集團之增長及投資。本集團於二零零三年十二月三十一日之資本基礎水平及資本比率保持穩健，資本充足比率遠高於法定最低要求。年內，本集團已發行120,000,000美元之永久後償浮息票據，務求為日後之業務增長擴大資本基礎。本集團於二零零三年十二月三十一日之經調整一級及總資本充足比率分別為9.7%及16.7%。

(d) 市場風險管理

市場風險是指資產、負債及資產負債表外持倉額之市場息率及價格出現變動而導致之盈虧風險。一般而言，本集團之市場風險與買賣賬冊中之外匯、債券、股票及衍生工具之持倉額相關。大部分在資產負債表外之衍生工具持倉額源自執行客戶指令及用作對沖買賣賬冊中其他項目之持倉額。

各類交易之市場風險乃按照資產負債委員會審批之風險限額及指引進行管理。有關風險乃以未平倉盤及止蝕數額之基準衡量及監察。獨立之中怡風險管理部負責進行一般風險監察工作，以確保所有交易活動進行時並無超出獲批的限額。本集團之市場風險會由資產負債委員會審核，假若出現超出限額之例外情況，則會進行匯報。內部審核部門會作出定期核查及測試，以確保符合所有內部指引。

7 RISK MANAGEMENT (continued)

(c) Capital management

The Group manages its capital to execute its strategic business plans and support its growth and investments in an efficient way. The Group's level of capital base and capital ratio at 31st December 2003 remained strong, with capital adequacy ratios well above the regulatory requirements. During the year, the Group has issued US\$120,000,000 perpetual subordinated floating rate notes to expand the capital base for future business growth. The Group's adjusted Tier 1 and total capital adequacy ratios were 9.7% and 16.7%, respectively at 31st December 2003.

(d) Market risk management

Market risk is the risk that market rates and prices on assets, liabilities and off-balance sheet positions change, thus causing profits or losses. Generally, the Group's market risk is associated with its positions in foreign exchange, debt securities, equity securities and derivatives in the trading book. Most off-balance sheet derivative positions arise from the execution of customer-related orders and positions taken to hedge other elements of the trading book.

Market risk exposure for different types of transactions is managed within risk limits and guidelines approved by the ALCO. Exposures are measured and monitored on the basis of limits like outstanding positions and stop-loss amounts. General risk monitoring is carried out by an independent Middle Office Department, which ensures all trading activities are executed within approved limits. The Group's market risk exposures are reviewed by the ALCO, to which all exceptions to limits are reported. Internal Audit also performs regular review and testing to ensure compliance with all internal guidelines.

7 風險管理 (續)

(d) 市場風險管理 (續)

於年內，本集團源自市場風險相關業務之平均每日收益為36,000港元(二零零二年：39,000港元)，而每日收益之標準偏差為173,000港元(二零零二年：103,000港元)。

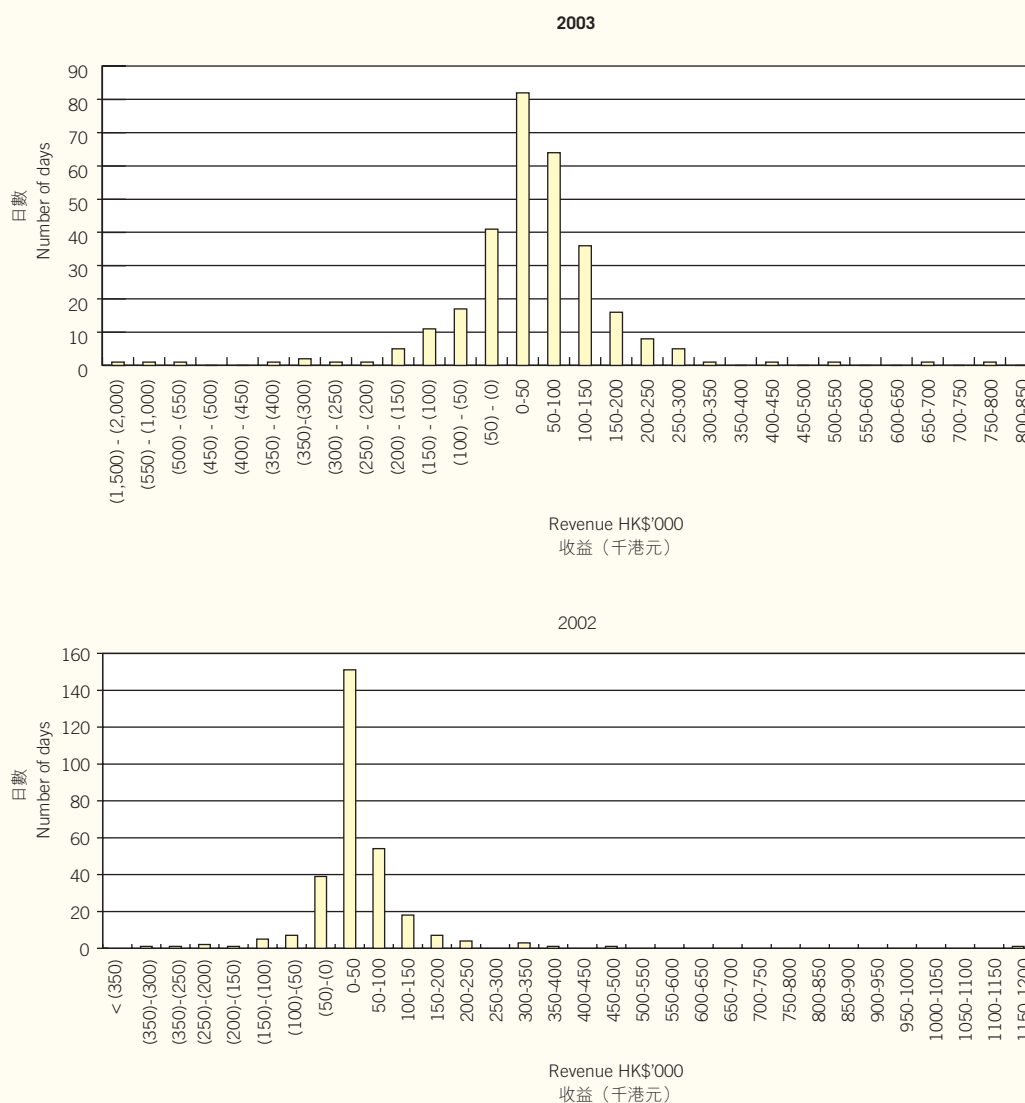
下列統計圖表列示本集團源自市場風險活動之每日收益於二零零三年及二零零二年之分佈情況。

7 RISK MANAGEMENT (continued)

(d) Market risk management (continued)

The average daily revenue earned from the Group's market risk related activities during the year was HK\$36,000 (2002: HK\$39,000) and the standard deviation for such daily revenue was HK\$173,000 (2002: HK\$103,000).

The following histograms show the frequency distribution of daily revenues related to market risk activities of the Group in 2003 and 2002.



7 風險管理 (續)

(e) 息率風險管理

息率風險乃指由於市場息率變動而對本集團財政狀況造成不利影響之風險。本集團之息率風險主要源自期限錯配和計息資產及負債重訂息率時之時差。

本集團透過資產負債表外之息率對沖工具管理其息率風險。資產負債委員會會按市場及息率形勢持續檢討有關策略。

(f) 外匯風險管理

外匯風險乃指由於匯率變動而導致對本集團之財政狀況有不利影響之外匯淨倉風險。由於外匯持倉額擁有多種限制，故本集團所承受之外匯風險非常有限。外匯淨倉額由財資部按資產負債委員會審批之既定限額進行管理。

用以購買港元資產之外匯資金一般會採用掉期或遠期貨幣兌換合約對沖外匯風險。

(g) 營運風險管理

營運風險管理指源自人為失誤、欺詐行為、未經授權活動、系統故障及天災而造成突如其來經濟損失之風險。每家商業機構均存在營運風險，分佈於各個不同層面。透過實施全面之內部監控制度、投購充足保險及設置境外電腦後備設施，加上周詳應變計劃及定期測試，可減低該等風險。此外，內部審核能有效偵察營運程序之任何違規情況，亦可獨立而客觀地找出各營運層面不足之處。

(h) 法律及規管風險管理

法律及規管風險乃不能執行合約及違反或不遵守法規所產生之預期風險。去年，本集團大力加強有關法律及規管方面之風險控制。法律合規部於二零零一年十一月成立，負責處理一切有關本集團之法律及合規事宜。合規部透過訂定合規政策、刊發合規月報及提供定期合規培訓，以協助全體員工掌握有關法律及規管之最新發展。法律合規部亦執行合規審查，就新產品及公司事務提供意見，以確保各方面概無違規情況。

7 RISK MANAGEMENT (continued)

(e) Interest rate risk management

Interest rate risk is the risk that the Group's position may be adversely affected by a change in market interest rates. The Group's interest rate risk arises mainly from the timing differences in the maturity mismatch and repricing of interest bearing assets and liabilities.

The Group manages its interest rate risk by way of entering into on-balance sheet and off-balance sheet interest rate hedging instruments. The strategy is continually reviewed by the ALCO based on market and interest rate conditions.

(f) Foreign exchange risk management

Foreign exchange risk is the risk that the net exposure positions in foreign currencies will adversely affect the Group as a result of a change in exchange rates. The Group has very limited foreign exchange exposure as there are various limits on foreign exchange positions. The foreign exchange positions are managed by Treasury and Markets Department within established limits approved by the ALCO.

Foreign currency funding used to fund Hong Kong dollar assets is normally hedged using currency swaps or forward exchange contracts to mitigate the foreign exchange risk.

(g) Operational risk management

Operational risk is the risk of unexpected financial losses attributable to human error, fraud, unauthorised activities, system failure and natural disaster. It is inherent to every business organisation and covers a wide spectrum of issues. Such risk is mitigated through the implementation of comprehensive internal control system, adequate insurance cover, offshore computer back-up sites and thorough contingency plans with periodic drills. Internal Audit also plays an important role in detecting any deviations from operating procedures and identifying weaknesses at all operating levels independently and objectively.

(h) Legal and compliance risk management

Legal and compliance risk is the prospective risk arising from unenforceable contracts and violations of, or nonconformance with, laws and regulations. Over the past year, the Group took significant steps to further enhance controls regarding legal and compliance risk. The Legal & Compliance Department was established in November 2001 to handle relevant legal and compliance issues concerning the Group. With the issuance of Compliance Policy and monthly Compliance Bulletin, together with the provision of regular compliance training, all staff is kept abreast of the latest legal and regulatory developments. The Legal & Compliance Department also performs compliance checking and provides advice on new products and corporate issues to ensure compliance in all aspects.

茲通告中國工商銀行(亞洲)有限公司(「本銀行」)定於二零零四年四月二十二日(星期四)上午十時正假座香港皇后大道中一二二至一二六號工銀大廈十一樓舉行股東週年大會，以討論下列事項：

- 一、 省覽截至二零零三年十二月三十一日止年度之經審核賬項及董事會與核數師之報告書。
- 二、 宣佈派發末期股息。
- 三、 選舉董事。
- 四、 通過截至二零零三年十二月三十一日止年度之董事袍金。
- 五、 委聘羅兵咸永道會計師事務所作為本銀行之核數師，並授權董事會釐定其酬金。

考慮及酌情以特別事項方式通過下列決議案(不論是否予以修訂)：

普通決議案

六、「動議

- (a) 在下文(b)段之規限下，一般及無條件地批准本銀行董事會於有關期間(按下文之定義)內，行使本銀行一切權力以配發、發行及處理本銀行股本中之額外股份，及作出或授出將須或可能須行使上述權力之售股建議、協議或購股權(包括可轉換為本銀行股份之認股權證、債券及公司債券)；
- (b) 本銀行董事會根據本文第(a)段所述之批准而配發或同意有條件或無條件配發(不論是否根據購股權或其他方式)本銀行股本中之股份總額(根據(i)供股(按下文之定義)；(ii)因根據本銀行任何認股權證或可轉換為本銀行股份之證券之條款行使認購權或換股權；(iii)根據本銀行組織章程細則不時進行的任何以股代息或類似安排，以配發股份代替股份的全部或部分股息；或(iv)根據任何購股權計劃或當時授納之類似安排，以向本銀行及／或其附屬公司之僱員授予或發行本銀行股份或認購本銀行股份權利除外)，不得超過本銀行於本決議案通過之日已發行股本面值總額之20%，而上述批准亦受此數額限制；及

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Members of Industrial and Commercial Bank of China (Asia) Limited (the "Bank") will be held at 11th Floor, ICBC Tower, 122-126 Queen's Road Central, Hong Kong on Thursday, 22 April 2004 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited Statement of Accounts and the Reports of the Directors and of the Auditors for the year ended 31 December 2003.
2. To declare a final dividend.
3. To elect Directors.
4. To approve the payment of Directors' fees for the year ended 31 December 2003.
5. To appoint PricewaterhouseCoopers as Auditors of the Bank and to authorize the Directors to fix their remuneration.

To consider and, if thought fit, pass (with or without amendments) the following Resolutions by way of special business:

ORDINARY RESOLUTIONS

6. "THAT

- (a) subject to paragraph (b) below, the exercise by the Board of Directors of the Bank during the Relevant Period (as defined below) of all the powers of the Bank to allot, issue and deal with additional shares in the capital of the Bank, and to make or grant offers, agreements or options (including warrants, bonds and debentures convertible into shares of the Bank) which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares in the capital of the Bank allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Board of Directors of the Bank pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) the exercise of rights of subscription or conversion under the terms of any warrants of the Bank or any securities which are convertible into shares of the Bank; (iii) any script dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Bank pursuant to the Articles of Association of the Bank from time to time; or (iv) any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Bank, and/or any of its subsidiaries of shares or rights to acquire shares of the Bank, shall not exceed 20% of the aggregate nominal amount of the share capital of the Bank in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly; and

股東週年大會通告 Notice of Annual General Meeting

(c) 就本決議案而言：

「有關期間」乃指由本決議案通過之日起至下列任何一項較早發生的期間：

- (i) 本銀行下屆股東週年大會結束時；
- (ii) 依照本銀行之組織章程細則或公司條例規定本銀行須召開下屆股東週年大會期限屆滿之日；或
- (iii) 本決議案所授予之權力經由本銀行股東在股東大會上通過普通決議案將之撤銷或修訂之日。

「供股」乃指於本銀行董事會在指定之期間內，向某一指定記錄日期名列於股東名冊內之本銀行股份持有人，按其當時持股比例或股份類別提呈發售本銀行股份（惟本銀行董事可在必要或權宜時就零碎股權或經考慮適用於本銀行之任何地區之法例所定之任何限制或責任，或任何認可管制機構或證券交易所之規定，取消此方面之權利或另作安排）。

七、「動議

- (a) 在下文(b)段之規限下，一般及無條件地批准本銀行董事會於有關期間(按下文之定義)內，在符合所有適用法例及不時修訂之香港聯合交易所有限公司證券上市規則之規定下，行使本銀行一切權力購回本銀行股本中之股份；
- (b) 本銀行根據上文(a)段所述之批准可能購回之本銀行股本中之股份面值總額，不得超過本銀行於本決議案通過之日已發行股本面值總額之10%，而上述批准亦須受此數額限制；及

(c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next Annual General Meeting of the Bank;
- (ii) the expiration of the period within which the next Annual General Meeting of the Bank is required by the Articles of Association of the Bank or the Companies Ordinance to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Bank in general meeting.

“Rights Issue” means an offer of shares of the Bank open for a period fixed by the Board of Directors of the Bank to holders of shares of the Bank whose names appear on the register of members of the Bank on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors of the Bank may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Bank).”

7. “THAT

- (a) subject to paragraph (b) below, the exercise by the Board of Directors of the Bank during the Relevant Period (as defined below) of all the powers of the Bank to repurchase shares in the capital of the Bank, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares in the capital of the Bank which may be repurchased by the Bank pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Bank as at the date of passing of this Resolution, and the said approval shall be limited accordingly; and

(c) 就本決議案而言：

「有關期間」乃指由本決議案通過之日起至下列任何一項較早發生的期間：

(i) 本銀行下屆股東週年大會結束時；

(ii) 依照本銀行之組織章程細則或公司條例規定本銀行須召開下屆股東週年大會期限屆滿之日；或

(iii) 本決議案所授予之權力經由本銀行股東在股東大會上通過普通決議案將之撤銷或修訂之日。」

八、「動議待召開本大會(本決議案為其一部份)之通告(「通告」)所載列之第六及第七項普通決議案獲通過之條件下，將相等於本銀行根據本通告所載列之第六項決議案所授出之授權而購回之本銀行股本之股份總面值加入根據召開本大會之通告所載列之第七項決議案所授予本銀行董事在當時生效之一般性授權，使本銀行所配發、發行及處理額外股份之授權得以擴大，惟購回股份之數額不得超過本銀行於本決議案通過之日已發行股本面值總額之10%。」

九、「動議本銀行謹此透過增發1,000,000,000股每股面值2.00港元之新普通股，將法定股本由3,160,000,000港元，分為1,000,000,000股每股面值2.00港元之普通股及232,000,000股每股面值5.00港元之可轉換優先股，增至5,160,000,000港元。」

特別決議案

1. 「動議刪除本銀行之組織大綱條款五之第一句及以下文取代，以修訂組織大綱：

「本公司之法定股本為5,160,000,000港元，分為2,000,000,000股每股面值2.00港元之普通股及232,000,000股每股面值5.00港元附有特權及受本銀行之組織章程細則第5A條所載之限制所規限之可轉換非累計優先股。」

(c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

(i) the conclusion of the next Annual General Meeting of the Bank;

(ii) the expiration of the period within which the next Annual General Meeting of the Bank is required by the Articles of Association of the Bank or the Companies Ordinance to be held; or

(iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Bank in general meeting.”

8. “**THAT**, conditional upon the passing of the Ordinary Resolution Nos. 6 and 7 as set out in the notice convening this Meeting of which this Resolution forms part (“the Notice”), the general mandate granted to the Directors of the Bank and for the time being in force to exercise the powers of the Bank to allot, issue and deal with additional shares pursuant to the Ordinary Resolution No. 6 set out in the Notice be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Bank repurchased by the Bank under the authority granted to the Board of Directors of the Bank pursuant to the Ordinary Resolution No. 7 set out in the Notice, provided that such amount of shares so repurchased shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Bank at the date of the said Ordinary Resolution.”

9. “**THAT** the authorized share capital of the Bank be and is hereby increased from HK\$3,160,000,000 divided into 1,000,000,000 ordinary shares of HK\$2.00 each and 232,000,000 convertible preference shares of HK\$5.00 each to HK\$5,160,000,000 by the creation of an additional 1,000,000,000 new ordinary shares of HK\$2.00 each.”

SPECIAL RESOLUTIONS

1. “**THAT** the Memorandum of Association of the Bank be and is hereby amended by deleting the first sentence in the Fifth clause of the Memorandum of Association and substituted with the following:

“The authorized share capital of the Company is HK\$5,160,000,000 divided into 2,000,000,000 ordinary shares of HK\$2.00 each, and 232,000,000 convertible non-cumulative preference shares of HK\$5.00 each having the special rights and being subject to the restrictions set out in Clause 5A of the Articles of Association of the Company.”

2. 「動議本銀行的組織章程細則由本股東週年大會日期起修訂如下：

細則第2條

加入以下新釋義以修訂細則第2條

「「聯繫人士」 與聯交所證券上市規則所賦予之定義相同；」

細則第6條

刪除細則第6條第1句，並由以下條文所取代：

「本公司之法定股本為5,160,000,000港元，分為2,000,000,000股每股面值2.00港元之普通股及232,000,000股每股面值5.00港元附有特權及受本銀行之組織章程細則第5A條所載之限制所規限之可轉換非累計優先股。」

細則第18條

刪除細則第18條第4行中「聯交所」字句後之「兩個月內」之字句及以「十個營業日」之字句取代

細則第55A條

細則第55A條修訂如下：

- (i) 刪除細則第55A(3)(c)條第2行中「證券(披露權益)條例第II部(香港法例第396章)」之字句，及以「證券及期貨條例第XV部(香港法例第571章)(「證券及期貨條例」)」之字句取代
- (ii) 刪除細則第55A(3)(g)(iii)條第4行中「披露條例第14條」之字句，及以「證券及期貨條例第323條」之字句取代
- (iii) 刪除細則第55A(3)(g)(vi)條第3行中「披露條例第8(3)條」之字句，及以「證券及期貨條例第316(3)條」之字句取代
- (iv) 刪除細則第55A(3)(i)條第1行中「披露條例第2條」之字句，及以「證券及期貨條例第308條」之字句取代
- (v) 刪除所有於細則第55A條出現之「披露條例」之字句，及以「證券及期貨條例」之字句取代

2. “THAT the Articles of Association of the Bank be and are hereby amended with effect from the date of this annual general meeting as follows:

Article 2

Article 2 be amended by adding the following new definition:

““associate” has the same meaning as in the Rules Governing the Listing of Securities on the Stock Exchange;”

Article 6

The first sentence of Article 6 be deleted and substituted with the following:

“The authorized share capital of the Company is HK\$5,160,000,000 divided into 2,000,000,000 ordinary shares of HK\$2.00 each, and 232,000,000 convertible non-cumulative preference shares of HK\$5.00 each having the special rights and being subject to the restrictions set out in Clause 5A of the Articles of Association of the Company.”

Article 18

The words “within 2 months” in line 4 of Article 18 after the words “Stock Exchange” be deleted and substituted with the words “within 10 business days”

Article 55A

Article 55A be amended as follows:

- (i) The words “Part II of the Securities (Disclosure of Interests) Ordinance (Cap. 396 of the laws of Hong Kong)” in line 2 of Article 55A(3)(c) be deleted and substituted with the words “Part XV of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (“SFO)”
- (ii) The words “section 14 of the Disclosure Ordinance” in line 4 of Article 55A(3)(g)(iii) be deleted and substituted with the words “section 323 of the SFO”
- (iii) The words “section 8(3) of the Disclosure Ordinance” in line 3 of Article 55A(3)(g)(vi) be deleted and substituted with the words “section 316(3) of the SFO”
- (iv) The words “section 2 of the Disclosure Ordinance” in line 1 of Article 55A(3)(i) be deleted and substituted with the words “section 308 of the SFO”
- (v) The words “Disclosure Ordinance” wherever it appeared in Article 55A be deleted and replaced by the words “SFO”

細則第74A條

加入以下新細則第74A條：

「74A. 根據上市規則的表決限制

根據聯交所證券上市規則，當任何股東須放棄就任何個別的決議案表決或限制就任何個別的決議案只表贊成或只表決反對，任何違反此項規定或限制而由此股東或其代表所作的表決均不予計算在內。」

細則第91(2)(b)條

刪除整條細則第91(2)(b)條，並由以下條文所取代：

「(b) 在不早於會議通告派發後當日及不遲於此會議舉行日期之前七天的期間內，本公司辦事處接獲經一名有權在會上表決的股東（須為其建議委任的人士以外者）簽署之有關選舉通告，表示有意動議委任或再委任該名人士，並由該名人士簽署，表示其願意接受委任或再委任的通知。」

細則第95(1)條

刪除細則第95(1)條第1行之「特別決議案」之字句及以「普通決議案」之字句取代

細則第105(7)、(8)、(9)及(11)條

刪除細則第105(7)、(8)、(9)及(11)條，並由以下條文所取代：

「(7) 董事亦不得就批准本身或其任何聯繫人佔有其中利益（且據其所知（連同任何與該董事有關連人士的利益一併計算）是重大利益）的合約或安排或其他建議的任何決議案進行表決（也不得計入有關會議的法定人數），即使董事宣稱要表決，亦不計算其所投票數，但若有關決議案涉及下述任何一項或多項事項，則上述禁制不適用，有關董事可以表決（及計入法定人數）：

- (a) 就董事或其任何聯繫人因應本公司或其任何附屬公司的要求或為本公司或其任何附屬公司的利益而借出的款項或承擔的責任，向該董事或其任何聯繫人單獨或聯同他人按某項擔保或賠償保證或抵押：
- (b) 因應本公司或其任何附屬公司債項或責任而向第三者提具任何擔保、賠償保證或抵押，當中董事本身或其任何聯繫人單獨或聯同他人按某項擔保或賠償保證或抵押而承擔全部或部份責任；

Article 74A

A new Article 74A be added as follows:

“74A. Voting restrictions under Listing Rules

Where any member is, under the Rules Governing the Listing of Securities on the Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.”

Article 91(2)(b)

Article 91(2)(b) be deleted in its entirety and substituted with the following:

“(b) not earlier than the day after the dispatch of the notice of the meeting and not later than 7 days prior to the date appointed for the meeting there has been lodged at the Office, by a member (other than the person to be proposed) entitled to vote at the meeting, notice of his intention to propose a resolution for the appointment or reappointment of that person and a notice executed by that person of his willingness to be appointed or re-appointed.”

Article 95(1)

The words “special resolution” in line 1 of Article 95(1) be deleted and substituted with the words “ordinary resolution”

Articles 105(7), (8), (9) and (11)

Articles 105(7), (8), (9) and (11) be deleted and substituted with the following:

“(7) A Director shall also not vote (or be counted in the quorum at a meeting) in relation to any resolution relating to any contract or arrangement or other proposal in which he has an interest which (taken together with any interest of any of his associates) is to his knowledge a material interest and, if he purports to do so, his vote shall not be counted, but this prohibition shall not apply and a Director may vote (and be counted in the quorum) in respect of any resolution concerning any one or more of the following matters:

- (a) the giving to him or any of his associates of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself or any of his associates has assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

- (c) 若本公司或其任何附屬公司發售證券，而有關董事或其任何聯繫人有權或可能有權以證券持有人身份參與該項發售，或參與有關證券的包銷或分包銷；
- (d) 董事或其任何聯繫人純因持有本公司股份、債券或其他證券權益而與其他持有本公司股份、債券或其他證券的人士同樣佔有其中利益的任何合約；
- (e) 涉及董事或其任何聯繫人以高級人員或股東身份直接或間接佔有其中利益的任何其他公司（並非由該董事或其任何聯繫人合計擁有百分之五或以上權益的公司）的任何合約；
- (f) 任何有關採納、修訂或執行同時涉及本公司或其任何附屬公司的董事、其聯繫人及僱員的長俸基金或退休、死亡或傷殘福利計劃，而且董事或其任何聯繫人並不獲提供任何與該基金或計劃有關的僱員所沒有的特權或利益的任何合約；
- (g) 任何為本公司或其任何附屬公司的僱員利益而訂立的合約，據此董事或其任何聯繫人可獲得類似僱員所得的利益，而董事或其任何聯繫人不獲給予任何與該合約有關僱員所沒有的特權或利益；及
- (h) 任何為任何一位或多位董事購買或延續任何責任保險的合約。」
- 「(8) 如果及只要（但也只有在「如果及只要」的情況下）某董事連同其任何聯繫人（直接或間接）持有或實益擁有某公司（又或該董事或其聯繫人藉以獲得有關權益的任何第三方公司）任何類別股本百分之五或以上，或該公司股東可有的表決權百分之五或以上，該公司即被視為一家由該董事及其任何聯繫人合計擁有百分之五或以上的公司。就本條章程細則本段而言，但凡董事或其任何聯繫人以被動受託人或保管受託人身份持有但其本身或其聯繫人並無實益利益的任何股份、董事及其聯繫人在其中的利益為復歸權或剩餘權之信託（如果有及只要有若干其他人士有權收取該信託的入息）的任何構成股份，以及董事或其聯繫人只以單位持有人身份佔有利益之認可單位信託計劃的任何構成股份，一概不予計算。」
- (c) where the Company or any of its subsidiaries is offering securities in which offer the Director or any of his associates is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which any of them is to participate;
- (d) any contract in which he or any of his associates is interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his or their interest in shares or debentures or other securities of the Company;
- (e) any contract concerning any other company (not being a company in which the Director and any of his associates in aggregate own 5 per cent. or more) in which he or any of his associates is interested directly or indirectly whether as an officer, shareholder or creditor or otherwise howsoever;
- (f) any contract concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, their associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director or any of his associates as such any privilege or advantage not accorded to the employees to which the fund or scheme relates;
- (g) any contract for the benefit of employees of the Company or of any of its subsidiaries under which the Director or any of his associates benefits in a similar manner to the employees and which does not accord to any Director or any of his associates as such any privilege or advantage not accorded to the employees to whom the contract relates; and
- (h) any contract for the purchase or maintenance for any Director or Directors of insurance against any liability.”
- “(8) A company shall be deemed to be one in which a Director and any of his associates in aggregate own 5 per cent. or more if and so long as (but only if and so long as) they are (either directly or indirectly) the holder of or beneficially interested in 5 per cent. or more of any class of the equity share capital of that company (or of any third company through which the interest of the Director or that of his associate is derived) or of the voting rights available to members of that company. For the purpose of this paragraph of this Article there shall be disregarded any shares held by the Director or any of his associates as bare or custodian trustee and in which he and his associates have no beneficial interest, any shares comprised in a trust in which the interest of him and his associates is in reversion or remainder if and so long as some other person is entitled to receive the income of the trust and any shares comprised in an authorized unit trust scheme in which he or any of his associates is interested only as a unit holder.”

「(9) 若董事或其任何聯繫人合計擁有百分之五或以上權益的公司於某合約中佔有重大利益，該董事也將視為於該合約中佔有重大利益。」

「(11) 任何會議上如有關於個別董事(會議主席除外)及其任何聯繫人的利益是否重大或關於任何董事(會議主席除外)是否有權表決等問題，而問題又不因該董事自願放棄表決權而解決，則須將問題提交會議主席，會議主席對有關董事的裁決將為最後及最終定論，除非有關董事或其任何聯繫人之利益就其所知的性質及程度未有公平地披露，則作別論。會上如有關於會議主席或其任何聯繫人的問題，而問題又不因主席自願放棄表決權而解決，則須將問題交由董事會決議來決定(就此而言，主席將計入法定人數，但不得就此事表決)，而決議將為最後及最終定論，除非主席或其任何聯繫人之利益就其所知的性質及程度未有公平地披露，則作別論。」

“(9) Where a company in which a Director and any of his associates in aggregate own 5 per cent. or more is materially interested in a contract, he also shall be deemed materially interested in that contract.”

“(11) If any question arises at any meeting as to the materiality of an interest of a Director (other than the chairman of the meeting) and any of his associates or as to the entitlement of any Director (other than the chairman of the meeting) to vote and the question is not resolved by his voluntarily agreeing to abstain from voting, the question shall be referred to the chairman of the meeting and his ruling in relation to the Director concerned shall be final and conclusive except in a case where the nature or extent of the interest of the Director or any of his associates concerned, so far as known to him, has not been fairly disclosed. If any question shall arise in respect of the chairman of the meeting or any of his associates and is not resolved by his voluntarily agreeing to abstain from voting, the question shall be decided by a resolution of the Directors (for which purpose the chairman shall be counted in the quorum but shall not vote on the matter) and the resolution shall be final and conclusive except in a case where the nature or extent of the interest of the chairman or any of his associates, so far as known to him, has not been fairly disclosed.”

承董事會命
黎穎雅
公司秘書

By Order of the Board
Lai Wing Nga
Company Secretary

香港，二零零四年三月二十五日

Hong Kong, 25 March 2004

附註：

Notes:

- (a) 有權出席大會並於會上投票之股東均有權委派一名或最多兩名受委代表代其出席及投票表決。倘超過一名受委代表獲委任，則須就獲委任之每名受委代表列明股份之數目及類別。受委代表毋須為本銀行之股東。
- (b) 代表委任表格，連同經簽署之授權書或其他授權文件(如有)或經由公證人簽署證明之有關授權書，須於大會或其任何續會指定舉行時間48小時前交回本銀行之股份過戶登記處，登捷時有限公司，地址為香港灣仔告士打道56號東亞銀行港灣中心地下，方為有效。填妥及交回代表委任表格後，股東仍可親自出席大會或其任何續會，並於會上投票。

- (a) A member entitled to attend and vote at the meeting is entitled to appoint one or a maximum of two proxies to attend and, on a poll, to vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed. A proxy need not be a member of the Bank.
- (b) To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney, must be lodged with the Bank's Share Registrars, Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting (or any adjournment thereof) and in default the proxy shall not be treated as valid. Completion and return of a form of proxy will not preclude members from attending in person and voting at the meeting or any adjournment thereof should they so wish.

- (c) 本銀行將由二零零四年四月十五日(星期四)至二零零四年四月二十二日(星期四)(包括首尾兩日)，暫停辦理股份過戶登記手續。為符合資格享有是次股息分派，過戶表格連同有關股票，最遲須於二零零四年四月十四日(星期三)下午四時正前送抵本銀行之股份過戶登記處登捷時有限公司，地址為香港灣仔告士打道56號東亞銀行港灣中心地下。
- (d) 本銀行將按香港聯合交易所有限公司證券上市規則(「上市規則」)之規定，約於二零零四年三月三十日向股東寄發有關第七項普通決議案之說明函件。
- (e) 就上述第六及第七項普通決議案，本銀行現正按照公司條例及上市規則徵求股東批准一般授權，以便本銀行有需要發行新股份或購回本銀行任何現有股份時，本銀行董事會可靈活運用酌情權配發及發行最多達本銀行已發行股本20%之股份，連同本銀行根據第七項普通決議案所述的一般授權購回之股份數目(詳情載述於第六、七及八項決議案)。
- (f) 第二項特別決議案的目的乃為配合於二零零四年二月十三日生效之公司條例、將於二零零四年三月三十一日生效之上市規則作出的各項修訂及總體上為清晰及／或改善本銀行組織章程細則之若干條文之草擬。
- (c) The register of members of the Bank will be closed from Thursday, 15 April 2004 to Thursday, 22 April 2004, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed dividends, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Bank's Share Registrars, Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong by no later than 4:00 p.m. on Wednesday, 14 April 2004.
- (d) In relation to Ordinary Resolution No. 7, an explanatory statement (as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) is being sent to shareholders on or about 30 March 2004.
- (e) In connection with Ordinary Resolution Nos. 6 and 7 above, approval is being sought from members, as a general mandate in compliance with the Companies Ordinance and the Listing Rules, so that in the event it becomes desirable for the Bank to issue any new shares or to repurchase any existing shares of the Bank, the Board of Directors of the Bank are given the flexibility and discretion to allot and issue new shares up to 20% of the issued share capital of the Bank, together with such number of shares as may be repurchased by the Bank pursuant to the general mandate under Ordinary Resolution No. 7, as more particularly described in Ordinary Resolution Nos. 6, 7 and 8.
- (f) The purpose of Special Resolution No. 2 is to bring the Articles of Association of the Bank in line with certain changes to the Companies Ordinance which came into effect on 13 February 2004, the Listing Rules which will come into effect on 31 March 2004 and to generally clarify and/or improve the drafting of certain provisions of the Articles of Association of the Bank.

公司名稱 Company name	姓名 Name	電郵 Email	電話 Tel	傳真 Fax
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電話：2559 8166

上環分行

香港干諾道中152-154號
電話：2543 3866

灣仔分行

香港灣仔軒尼詩道117-123號
電話：2527 3711

Head Office

ICBC Tower
122-126 Queen's Road Central,
Hong Kong
Telephone: 2534 3333
Facsimile: 2805 1166
Telex: 73264 ICBCA HX
Post Box: GPO Box 872
SWIFT: UBHKHKHH
Website: <http://www.icbcasia.com>

Management Office

33/F., Nine Queen's Road Central
Hong Kong
Telephone: 2588 1188
Facsimile: 2588 1160

Operations Centre

6/F, Citicorp Centre
18 Whitfield Road, Causeway Bay
Hong Kong
Telephone: 2969 1656

Wealth Management Centre

M/F, 33-35 Chatham Road, Tsimshatsui,
Kowloon
Telephone: 2237 8008

Branches

Central Branch

ICBC Tower
122-126 Queen's Road Central,
Hong Kong
Telephone: 2534 3333

West Point Branch

242-244 Queen's Road West,
Hong Kong
Telephone: 2559 8166

Sheung Wan Branch

152-154 Connaught Road Central,
Hong Kong
Telephone: 2543 3866

Wanchai Branch

117-123 Hennessy Road, Wanchai,
Hong Kong
Telephone: 2527 3711

跑馬地分行

香港跑馬地景光街23號

電話：2575 5720

銅鑼灣分行

香港銅鑼灣高士威道8號

電話：2504 5888

電氣道分行

香港北角電氣道113-115號

電話：2570 0388

城市花園分行

香港北角電氣道233號

城市中心商場23號

電話：2887 3811

筲箕灣分行

香港筲箕灣道195號

電話：2568 5730

尖沙咀分行

九龍尖沙咀漆咸道33-35號

電話：2367 1181

油麻地分行

九龍油麻地新填地街199號A

電話：2771 6060

旺角分行

九龍旺角彌敦道777號

電話：2380 3008

深水埗分行

九龍深水埗荔枝角道302-304號

電話：2725 5133

土瓜灣分行

九龍土瓜灣木廠街12-14號

電話：2714 5151

Happy Valley Branch

23 King Kwong Street, Happy Valley,

Hong Kong

Telephone: 2575 5720

Causeway Bay Branch

8 Causeway Road, Causeway Bay,

Hong Kong

Telephone: 2504 5888

Electric Road Branch

113-115 Electric Road, North Point,

Hong Kong

Telephone: 2570 0388

City Garden Branch

Shop Unit 23, G/F, Maximall, City Garden,

233 Electric Road, North Point,

Hong Kong

Telephone: 2887 3811

Shau Kei Wan Branch

195 Shau Kei Wan Road,

Hong Kong

Telephone: 2568 5730

Tsimshatsui Branch

33-35 Chatham Road, Tsimshatsui,

Kowloon

Telephone: 2367 1181

Yaumatei Branch

199A Reclamation Street, Yaumatei,

Kowloon

Telephone: 2771 6060

Mongkok Branch

777 Nathan Road, Mongkok,

Kowloon

Telephone: 2380 3008

Shamshuipo Branch

302-304 Lai Chi Kok Road, Shamshuipo

Kowloon

Telephone: 2725 5133

Tokwawan Branch

12-14 Mok Cheong Street, Tokwawan,

Kowloon

Telephone: 2714 5151

觀塘分行

九龍觀塘康寧道58號

電話：2797 2683

將軍澳分行

九龍將軍澳欣景路8號新都城中心

二期商場二樓2011舖

電話：3194 3382

葵涌分行

新界葵涌和宜合道63號

麗晶中心A座G02號

電話：2420 9288

荃灣分行

新界荃灣沙咀道339號

電話：2417 0121

屯門分行

新界屯門天后路18號

南豐工業城

中央服務大樓217號A-F

電話：2466 8161

大埔分行

新界大埔廣福道9號

電話：2638 3199

海外分行

開曼群島分行

P.O. Box 501

Scotiabank Centre

6 Cardinal Avenue, George Town,

Grand Cayman, Cayman Islands

British West Indies

附屬公司

ICBC (Asia) Nominee Limited

工銀亞洲期貨有限公司

工銀亞洲金業有限公司

友聯中國業務管理有限公司

聯營公司

中國平安保險(香港)有限公司

太平保險有限公司

Kwun Tong Branch

58 Hong Ning Road, Kwun Tong,

Kowloon

Telephone: 2797 2683

Tseung Kwan O Branch

Shop 2011, Level 2, Metro City, Phase II,

8 Yan King Road

Tseung Kwan O, Kowloon

Telephone: 3194 3382

Kwai Chung Branch

Unit G02, Tower A, Regent Centre

63 Wo Yi Hop Road, Kwai Chung

New Territories

Telephone: 2420 9288

Tsuen Wan Branch

339 Sha Tsui Road, Tsuen Wan

New Territories

Telephone: 2417 0121

Tuen Mun Branch

217 A-F Central Services Building

Nan Fung Industrial City

18 Tin Hau Road, Tuen Mun,

New Territories

Telephone: 2466 8161

Tai Po Branch

9 Kwong Fuk Road, Tai Po,

New Territories

Telephone: 2638 3199

Overseas Branch

Cayman Islands Branch

P.O. Box 501

Scotiabank Centre

6 Cardinal Avenue, George Town,

Grand Cayman, Cayman Islands

British West Indies

Subsidiaries

ICBC (Asia) Nominee Limited

ICBC (Asia) Futures Limited

ICBC (Asia) Bullion Company Limited

UB China Business Management Co. Ltd.

Associated Companies

China Ping An Insurance (Hong Kong) Company Limited

The Tai Ping Insurance Company, Limited