



永亨銀行有限公司
WING HANG BANK, LIMITED

2005 INTERIM REPORT
中 期 報 告

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董事會

董事長

馮鈺斌博士 (行政總裁)

董事

鄭漢鈞博士 GBS, JP**
劉漢銓太平紳士 GBS**
李國賢太平紳士**
董建成先生**
謝孝衍先生**
Alan R Griffith先生*
Kenneth A Lopian先生*
古岸濤先生*
王家華先生 (副行政總裁)
馮鈺聲先生
何志偉先生

秘書

何志偉先生

** 獨立非執行董事

* 非執行董事

行政委員會

馮鈺斌博士
王家華先生
馮鈺聲先生

審核委員會

李國賢太平紳士
鄭漢鈞博士 GBS, JP
古岸濤先生
謝孝衍先生

薪酬委員會

鄭漢鈞博士 GBS, JP
李國賢太平紳士

核數師

畢馬威會計師事務所
香港執業會計師

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股份上市

香港聯合交易所

股份登記處

香港中央證券登記有限公司
香港皇后大道東一八三號
合和中心十九樓一九零一至五室

美國紐約銀行集團成員

BOARD OF DIRECTORS

Chairman

Dr Patrick Y B Fung (Chief Executive)

Directors

Dr Cheng Hon Kwan, GBS, JP**
The Hon Ambrose H C Lau, GBS, JP**
Mr Simon K Y Lee, JP**
Mr Tung Chee Chen**
Mr Aloysius H Y Tse**
Mr Alan R Griffith*
Mr Kenneth A Lopian*
Mr Andrew M Gordon*
Mr Frank J Wang (Deputy Chief Executive)
Mr Michael Y S Fung
Mr Louis C W Ho

Secretary

Mr Louis C W Ho

** Independent non-executive directors

* Non-executive directors

EXECUTIVE COMMITTEE

Dr Patrick Y B Fung
Mr Frank J Wang
Mr Michael Y S Fung

AUDIT COMMITTEE

Mr Simon K Y Lee, JP
Dr Cheng Hon Kwan, GBS, JP
Mr Andrew M Gordon
Mr Aloysius H Y Tse

REMUNERATION COMMITTEE

Dr Cheng Hon Kwan, GBS, JP
Mr Simon K Y Lee, JP

AUDITORS

KPMG
Certified Public Accountants

REGISTERED OFFICE

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SHARE LISTING

The Stock Exchange of Hong Kong Limited

SHARE REGISTRARS

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AFFILIATED WITH THE BANK OF NEW YORK GROUP

集團業績簡報 Group Results in Brief

		截至二零零五年 六月三十日止 六個月 Six months ended 30th June, 2005	截至二零零四年 六月三十日止 六個月 Six months ended 30th June, 2004	增加 Increase	截至二零零五年 六月三十日止 六個月 Six months ended 30th June, 2005
		HK\$m	HK\$m	%	US\$m
股東應得之溢利	Profit Attributable to Shareholders	701	*529	32.5	90.2
股息	Dividend	206	156	32.0	26.5
		HK\$	HK\$	%	US\$
每股基本盈利	Basic Earnings per Share	2.38	1.80	32.5	0.31
每股股息	Dividend per Share	0.70	0.53	32.1	0.09
		%	%		
成本與收入比率	Cost to Income Ratio	36.4	*41.8		
平均資產回報率	Return on Average Assets	1.45	1.21		
平均股東資金回報率	Return on Average Shareholders' Funds	18.5	15.7		
		二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004	增加 Increase	二零零五年 六月三十日 30th June, 2005
		HK\$m	HK\$m	%	US\$m
股東資金	Shareholders' Funds	7,861	*7,395	6.3	1,011.5
總存款	Total Deposits	86,353	84,395	2.3	11,111.1
客戶貸款	Advances to Customers	51,653	49,189	5.0	6,646.2
總資產	Total Assets	98,988	95,448	3.7	12,736.8
		HK\$	HK\$	%	US\$
每股資產淨值	Net Asset Value per Share	26.74	*25.16	6.3	3.44

m = million (百萬)

US\$1.00 = HK\$7.7718

* Restated (重報)

本集團於二零零五年首六個月之股東應得溢利創新高，達港幣七億零六十萬元，較去年同期港幣五億二千九百萬元增加百分之三十二點五。每股盈利增加百分之三十二點五至港幣二元三角八分。本集團扣除減值準備前之營業溢利增加百分之十五點三至港幣八億三千六百一十萬元。董事會建議派發中期股息每股港幣七角，較去年增加百分之三十二點一。

在本地經濟復甦支持下，集團表現強勁。本地生產總值去年第四季增長百分之七點一，二零零五年第一季按年實質增長百分之六。勞工及物業市場復甦加強消費信心，因而刺激本地消費。銀行資產質素持續改善，並受惠於經濟增長強勁帶動房地產價格上升。

隨著香港金管局於五月優化聯繫匯率體制，港元與美元息差顯著收窄。於優化聯繫匯率體制後，港元同業息率上調，促使各大銀行於五月及六月期間將最優惠利率調高一百個基點。

中國政府於七月宣佈重估人民幣匯率，使匯率體制更富靈活彈性。此舉廣受歡迎，被視為中國發展經濟積極一步，亦同時為解決全球貿易嚴重不平衡之第一步。

本行已於去年完成與前浙江第一銀行（「浙一」）之合併，成為更具實力及規模的銀行，分行網絡亦大為擴闊。本行將於二零零五年全面取得重大收益及成本協同效益。本集團現於香港及澳門分別設有三十六間及十一間分行，深圳及上海各有一間分行。於二零零五年六月底，本集團共聘用二千二百二十五名僱員。

本集團繼續多元化發展貸款組合。期內，本集團於住宅樓宇按揭貸款、機械貸款均獲得理想資產增長，而中國及澳門業務貸款需求亦見改善。客戶總貸款額增加百分之五至港幣五百一十六億五千萬元。

與此同時，存款總額增加百分之二點三至港幣八百六十三億五千萬元，而客戶存款亦增加百分之二點五至港幣八百零五億一千萬元。

For the first six months of 2005, we achieved a new record in profit attributable to shareholders, amounting to HK\$700.6 million. That represents an increase of 32.5 percent compared with the same period last year (HK\$529.0 million). Earnings per share rose 32.5 percent to HK\$2.38. The Group's operating profit before impairment allowances increased by 15.3 percent to HK\$836.1 million. The Board has recommended an interim dividend of HK\$0.70 per share, 32.1 percent higher than last year.

The strong performance was underpinned by the recovery in the local economy. GDP grew by an annual rate of 6.0 percent in real terms in the first quarter of 2005, compared with 7.1 percent growth in the fourth quarter of last year. Local consumer spending held firm as the resurgent labor and property markets boosted consumer confidence. The asset quality of banks continued to improve in tandem with the rise in real estate prices backed by the strong economic growth.

The gap between Hong Kong dollar and US dollar interest rates narrowed markedly after the HKMA refined the Linked Exchange Rate system in May. HKD interbank rates rose after the refinements, prompting major banks to raise their best lending rates by 100 basis points in May and June.

In July, the Chinese Government announced the revaluation of the RMB to a more flexible exchange rate system. The move has been welcomed as a positive step for the development of the Chinese economy and a first step in helping to address serious global trade imbalances.

Our merger with former Chekiang First Bank ("CFB") has been completed following last year's integration exercise, resulting in a stronger and more substantial bank with an expanded branch network. Substantial revenue and cost synergies will be fully achieved in 2005. The Group currently has 36 branches in Hong Kong, 11 branches in Macau and one branch each in Shenzhen and Shanghai. As at the end of June 2005, we had a total of 2,225 employees.

We have continued to diversify our loan portfolio. During the period, we were able to achieve satisfactory asset growth in areas such as residential mortgages and equipment financing as well as improved loan demand at our China and Macau operations. Total advances to customers increased 5.0 percent to HK\$51.65 billion.

Meanwhile total deposits increased 2.3 percent to HK\$86.35 billion while customer deposits increased 2.5 percent to HK\$80.51 billion.

淨利息收入因淨息差收窄而減少百分之一點八至港幣九億零四十萬元，惟部分已由貸款額增加所抵銷。由於按揭利率調整及利率高企導致資金成本上漲，淨息差因而由百分之二點零八下跌至百分之一點八六。

由於貸款佣金、財資買賣溢利及財富管理服務有所增長，非利息收入增加百分之二十六點三至港幣四億一千四百四十萬元。大型宣傳活動有助擴闊本集團客戶基礎，例如分行每月舉行幸運大抽獎等活動及為高收入客戶提供雙月投資通訊，備受客戶好評。

由於收購浙一達致成本協同效益，本集團之成本與收入比率由百分之四十一點八改善至百分之三十六點四。

由於樓價回穩、個人破產數字減少及整體經濟改善，以致貸款減值損失及準備回撥共計港幣四十萬元。於二零零五年首六個月，信用卡撇賬率佔信用卡應收賬款之百分比由去年同期百分之三點五二減至百分之一點八九。減值貸款亦減少至港幣七億八千萬元，或相當於總貸款百分之一點五一。

本集團之資本充足比率及平均流動資金比率分別維持於百分之十五點三及百分之四十九點八之水平，貸款與存款比率因貸款額增加而輕微增長至百分之五十九點八。

下文概述本集團個別業務之表現及下半年展望。

零售銀行業務之除稅前盈利較二零零四年增加百分之三十點七，增幅主要由於貸款減值損失及準備減少及財富管理業務錄得強勁增長。

樓市於二零零五年持續復甦，樓價於第一季顯著上升，及於第二季整固。然而，由於現有按揭貸款之還款大大抵銷新造貸款之升幅，故物業貸款之增長較為溫和。住宅樓宇按揭佔總貸款組合百分之二十七點三，增長百分之一點七。

Net interest income decreased by 1.8 percent to HK\$900.4 million due to a narrowing of the net interest margins but this was partially offset by an increase in loan volume. Net interest margins fell from 2.08 percent to 1.86 percent as a result of mortgage re-pricing and an increase in the cost of funding due to the higher interest rate environment.

Non-interest income rose 26.3 percent to HK\$414.4 million due to higher loan commissions, treasury dealing profits and wealth management services. A vigorous promotional campaign helped to broaden our customer base. Programmes such as a monthly lucky draw at our branches and a bi-monthly investment newsletter for high net-worth customers have been well received.

The Group's cost-to-income ratio improved from 41.8 percent to 36.4 percent due to cost synergies from the acquisition of CFB.

Impairment losses and allowances for impaired loans recorded a release back of HK\$0.4 million thanks to recovering property prices, fewer personal bankruptcies and a general improvement in the economy. For the first six months of 2005, charge-offs for credit cards decreased to 1.89 percent of credit card receivables compared with 3.52 percent in the same period last year. The level of impaired loans also decreased to HK\$0.78 billion, or 1.51 percent of total loans.

The Group's capital adequacy ratio and average liquidity ratio stood at 15.3 percent and 49.8 percent respectively while the loan-to-deposit ratio increased slightly to 59.8 percent due to an increase in loan volume.

Below is a summary of the performances of our individual business operation and the outlook for the second half of the year.

The Retail Banking operation recorded a 30.7 percent increase in profit before taxation over 2004, mainly as a result of a decrease in impairment losses and allowances for impaired loans and strong growth in the wealth management business.

The recovery in the property market has continued in 2005 with a surge in property prices in the first quarter and consolidation in the second quarter. However, property lending grew modestly as repayments on existing mortgage loans largely offset the expansion in new lending. Residential mortgages, which account for 27.3 percent of the total loan portfolio, increased by 1.7 percent.

期內，本行於重組分行方面取得進一步進展。兩間分行合併及一間分行搬遷，並未對客戶構成不便。本集團已於黃金地段開設兩間新分行，並計劃於八月開設另一間分行。本集團將繼續物色策略地點開設新分行，務求擴充本集團分行網絡。

根據外聘顧問進行之調查顯示，客戶對本行信心及忠誠支持度均相當高，而為高收入目標客戶而設之尊貴理財概念反應亦相當理想。儘管利率持續向上，財富管理業務之表現達到本集團期望，部分原因為受惠於本集團持續擴充銷售點網絡。本集團現按策略於中環及沙田開設三間財富管理中心，並將於二零零五年下半年在主要地點開設更多理財中心。

永亨信用財務為香港消費信貸業務享負盛名的財務公司，透過十五間分行及業務中心，提供全面借貸服務。該附屬公司善用本行經擴充之分行網絡，增加個人借貸產品之銷售點。公司亦透過邀請知名藝人出席市場推廣活動，向年青客戶推廣其品牌形象。

企業銀行業務之除稅前盈利增加百分之三點四。本集團繼續積極參與政府中小型企業信貸保證計劃，並與深圳分行攜手合作，向業務轉移至中國之香港製造商提供信貸融資。由於本集團積極鼓勵客戶動用融資，故於二零零五年上半年，貿易融資增加百分之十點八。

永亨財務繼續擴展其為香港及國內中小型企業（「中小企」）提供信貸融資之核心業務。期內，該公司之汽車及機械貸款業務均顯著增長。貸款資產錄得雙位數字增長。為進行擴充計劃，該公司於一月遷往永亨金融中心，並增聘員工。儘管租賃行業之邊際利潤收窄，惟該公司於競爭力及創意方面依然穩踞市場領導地位。

The Bank made further progress on branch rationalization during the period. Two branches have been merged and one branch relocated without causing inconvenience to our customers. We have opened two new branches in prominent locations and plan to open another branch in August. We will continue to look for strategic locations to open new branches in order to expand our branch network.

A survey conducted by a group of external consultants showed high levels of customer satisfaction and loyalty, as well as a positive response to our Elite Banking concept targeting wealthy customers. The performance of the wealth management business met our expectations in spite of rising interest rates. This was partly due to the continuing expansion of the point-of-sale network. Three wealth management centres are now strategically located in Central and Shatin and additional centres will be opened in key locations in the second half of 2005.

As a well-known provider of consumer lending in Hong Kong, Wing Hang Credit continues to provide a complete range of loan services through its 15 branches and business centres. The subsidiary has taken advantage of our expanded bank branch network to increase point-of-sales for personal loan products. The company has also promoted its brand image to young consumers by inviting popular celebrities to marketing events.

The Corporate Banking operation recorded a 3.4 percent increase in profit before taxation. We continued to participate actively in the Government's SME Loan Guarantee Scheme and, in cooperation with our Shenzhen Branch, provided credit facilities to Hong Kong manufacturers who have shifted their operations to China. Trade financing increased by 10.8 percent during the first half of 2005 as we actively encourage customers to utilise their facilities.

Wing Hang Finance continued to expand its core business providing credit facilities to small and medium enterprises ("SMEs"), both in Hong Kong and in China. During the period, the company saw substantial growth in its vehicle and equipment financing business. Loan assets achieved double-digit growth. To facilitate its expansion, the company was relocated to Wing Hang Finance Centre in January and we hired more staff. Despite narrowing profit margins in the leasing industry, the company maintains a leading market position by being competitive and innovative.

香港貸款增長緩慢，繼續由中國貸款增加所補足，其上半年之住宅樓宇按揭貸款增加百分之三十四點九。然而，由於港元及美元按揭貸款利率持續上升，而人民幣貸款利率比較穩定，故預期外幣按揭業務將放緩。因此，本集團將投放更多資源開發零售銀行業務之網絡及產品組合，包括致力刺激人民幣存款基礎。

本集團亦將繼續於中國推行業務擴展計劃。本集團上海分行及北京代表辦事處於首季開業。此外，亦計劃於年內將廣州代表辦事處升格為分行。本集團計劃於二零零五年最後一季在深圳開設首間支行。本集團將於其他城市開設更多支行，作為本集團為籌備中國銀行業務於二零零六年底全線發展而擴充國內分行網絡策略中之一環。

澳門永亨銀行在蓬勃經濟帶動下繼續表現卓越。儘管去年同期錄得前所未見百分之二十六點二增長，澳門第一季本地生產總值實質增長仍達百分之八點五。澳門永亨銀行溢利增長百分之四十點八至澳門幣一億零九十萬元。淨利息收入增加百分之六點五，而非利息收入則增加百分之四十五點五。自去年底以來，客戶貸款及客戶存款分別增加百分之十及百分之十二點二。

鑑於利率持續上升及能源價格高企，經營環境於下半年將仍然充滿挑戰。然而，隨著香港經濟持續復甦，信貸需求將進一步增加。本集團將於澳門及中國等高增長市場繼續擴展業務。淨息差預期因按揭利率調整壓力緩和而趨於穩定。本集團計劃憑藉更大業務平台及客戶基礎，擴闊收費收入及擴充客戶貸款業務，從而精簡工序，達致控制成本效益。

董事長兼行政總裁
馮鈺斌謹啟

香港 二零零五年八月十一日

The slow loan growth in Hong Kong continued to be compensated by increased lending in China where residential mortgage financing grew by 34.9 percent during the first half of the year. However, the foreign currency mortgage business could potentially slow down as Hong Kong dollar and US dollar mortgage lending rates continue to rise compared with a more stable RMB lending rate. Consequently we will devote more resources to develop our network and product portfolio in the retail banking sector, including an aim to boost the RMB deposit base.

We will also continue our expansion program in China. We opened our Shanghai branch and Beijing representative office in the first quarter. We also plan to upgrade our Guangzhou representative office to full branch status later in the year. Our first sub-branch in Shenzhen is scheduled to open in the last quarter of 2005. More sub-branches will be opened in other cities as part of our strategy of expanding the local branch network in preparation for the complete opening of China's banking sector by the end of 2006.

Banco Weng Hang continues to out-perform, helped by a buoyant economy. Macau's GDP grew at an annual rate of 8.5 percent in real terms in the first quarter despite unprecedented growth of 26.2 percent in the same period last year. Profits increased by 40.8 percent to 100.9 million Macau patacas. Net interest income increased by 6.5 percent while non-interest income increased by 45.5 percent. Total advances to customers and customer deposits have grown by 10.0 percent and 12.2 percent respectively since the end of last year.

The operating environment remains challenging in the second half due to the continuing rise in interest rates and high energy prices. However, credit demand should further increase as the Hong Kong economy is now on a path of sustained recovery. We will continue to expand our business in the high-growth markets of Macau and China. Net interest margins are expected to stabilize as pressure from mortgage repricing eases. With a larger operating platform and customer base, we plan to broaden our fee income and expand our consumer lending businesses while streamlining our operations to control costs.

Patrick Y B Fung
Chairman and Chief Executive

Hong Kong, 11th August, 2005

未經審核之綜合損益計算表 Unaudited Consolidated Profit and Loss Account

截至二零零五年六月三十日止六個月 For the six months ended 30th June, 2005

(以港幣千元位列示)	(Expressed in thousands of Hong Kong dollars)	附註 Notes	截至二零零五年 六月三十日止 六個月 Six months ended 30th June, 2005	截至二零零四年 六月三十日止 六個月 Six months ended 30th June, 2004
				(重報) (restated)
利息收入	Interest income	4(a)	1,801,555	1,369,542
利息支出	Interest expense	4(b)	(901,173)	(452,992)
淨利息收入	Net interest income		900,382	916,550
其他營業收入	Other operating income	4(c)	414,439	328,082
營業收入	Operating income		1,314,821	1,244,632
營業支出	Operating expenses	4(d)	(478,755)	(519,719)
扣除減值準備前之營業溢利	Operating profit before impairment allowances		836,066	724,913
資產減值損失及準備回撥/ 呆壞賬(準備)	Impairment losses and allowances release for impaired assets/(charge) for bad and doubtful debts	5	442	(73,134)
營業溢利	Operating profit		836,508	651,779
重估投資物業及出售有形固定資產及聯營公司之溢利/(虧損)	Gains/(losses) on revaluation of investment properties, disposal of tangible fixed assets and associated company	6(a)	7,049	(6,970)
出售持有至到期日證券及可供銷售證券/非持作買賣用途證券之(虧損)/溢利	(Losses)/profits on disposal of held-to-maturity and available-for-sale/non-trading securities	6(b)	(6,707)	2,960
持有至到期日證券及可供銷售證券/非持作買賣用途證券之減值準備回撥	Impairment allowances written back for held-to-maturity and available-for-sale/non-trading securities		-	4,848
正常業務之溢利	Profit on ordinary activities		836,850	652,617
應佔聯營公司之淨虧損	Share of net losses in associated companies		(630)	(6,589)
除稅前溢利	Profit before taxation		836,220	646,028
稅項	Taxation	7	(134,611)	(117,307)
除稅後溢利	Profit after taxation		701,609	528,721
可分配之溢利/(虧損):	Profits/(losses) attributable to:			
本銀行股東	Shareholders of the Bank		700,628	528,959
少數股東權益	Minority interests		981	(238)
除稅後溢利	Profit after taxation		701,609	528,721
期內分配股息:	Dividends attributable to the period:			
擬派中期股息	Interim dividend declared	8	205,786	155,773
低估去年之末期股息	Underprovision of final dividend in respect of previous year		57	140
			205,843	155,913
			港元 HK\$	港元 HK\$
每股盈利	Earnings per share	9		
基本及攤薄	Basic and diluted		2.38	1.80
每股擬派中期股息	Interim dividend declared per share	8	0.70	0.53

第十二頁至第五十七頁之附註構成未經審核中期財務報告之一部份。

The notes on pages 12 to 57 form part of the unaudited interim financial report.

未經審核之綜合資產負債表 Unaudited Consolidated Balance Sheet

二零零五年六月三十日結算 As at 30th June, 2005

(以港幣千元位列示)	(Expressed in thousands of Hong Kong dollars)	附註 Notes	二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004
				(重報) (restated)
資產	ASSETS			
現金及短期資金	Cash and short-term funds	10	24,285,000	20,529,318
定期存放銀行同業及其他金融機構款項(一至十二個月內到期)	Placements with banks and other financial institutions maturing between one and twelve months	20	849,903	1,435,527
貿易票據	Trade bills		646,799	551,124
存款證	Certificates of deposit held	11 & 20	–	30,000
以公平價值誌入損益賬內之證券/持作買賣用途證券	Securities measured at fair value through profit or loss/trading securities	13	5,092,150	12,067
客戶之貸款及其他賬項	Advances to customers and other accounts	12(a)	52,981,818	49,745,339
持有至到期日證券及可供銷售證券/非持作買賣用途證券	Held-to-maturity and available-for-sale/non-trading securities	14	12,373,325	20,388,740
聯營公司投資	Investments in associated companies		133,979	135,706
有形固定資產	Tangible fixed assets			
– 投資物業	– Investment properties		225,640	209,560
– 其他物業、機械及設備	– Other properties, plants and equipment		1,551,974	1,563,010
商譽	Goodwill	15	847,713	847,713
總資產	Total assets		98,988,301	95,448,104
股東權益及負債	EQUITY AND LIABILITIES			
銀行同業及其他金融機構之存款	Deposits and balances of banks and other financial institutions	20	1,909,633	1,209,582
客戶之存款	Deposits from customers	16 & 20	80,513,391	78,569,161
已發行之存款證	Certificates of deposit issued	17 & 20	3,929,906	4,616,090
其他賬項及準備	Other accounts and provisions	18	2,227,524	1,112,084
總負債	Total liabilities		88,580,454	85,506,917
借貸資本	Loan capital	19 & 20	2,525,835	2,526,485
股本	Share capital	21	293,981	293,911
儲備	Reserves	22	7,567,166	7,100,907
股東資金	Shareholders' funds		7,861,147	7,394,818
少數股東權益	Minority interests		20,865	19,884
股東權益總額	Total equity		7,882,012	7,414,702
總股東權益及負債	Total equity and liabilities		98,988,301	95,448,104

第十二頁至第五十七頁之附註構成未經審核中期財務報告之一部份。

The notes on pages 12 to 57 form part of the unaudited interim financial report.

未經審核之綜合股東權益變更表 Unaudited Consolidated Statement of Changes in Equity

截至二零零五年六月三十日止六個月 For the six months ended 30th June, 2005

(以港幣千元位列示)	(Expressed in thousands of Hong Kong dollars)	附註 Notes	截至二零零五年 六月三十日止 六個月 Six months ended 30th June, 2005	截至二零零四年 六月三十日止 六個月 Six months ended 30th June, 2004 (重報) (restated)
股東資金(以往於十二月三十一日呈報)	Shareholders' funds (as previously reported as at 31st December)		7,403,887	6,686,881
少數股東權益(以往於十二月三十一日在股東權益及負債分別呈報)	Minority interest (as previously presented separately from equity and liabilities as at 31st December)		19,884	18,292
以往於一月一日呈報之股東權益總額	Total equity as at 1st January as previously reported		7,423,771	6,705,173
會計政策變更引致之前期調整	Prior period adjustments arising from change in accounting policies	2(a)(i)	(9,069)	-
已重報但未包括期初結餘調整	As restated, before opening balance adjustments		7,414,702	6,705,173
會計政策變更引致之期初結餘調整	Open balance adjustments arising from change in accounting policies	2(a)(i)	187,336	-
於一月一日已包括前期及期初結餘調整之股東權益總額	Total equity as at 1st January, after prior period and opening balance adjustments		7,602,038	6,705,173
已計入遞延稅項之重估可供銷售證券/非持作買賣用途證券之未實現虧損	Unrealised losses on revaluation of available-for-sale/non-trading securities after deferred tax credit	22	(14,421)	(31,609)
已扣除遞延稅項之重估銀行行址之未實現收益	Unrealised gains on revaluation of bank premises after deferred tax charge	22	5,240	-
投資物業重估儲備中已計入之遞延稅項	Deferred tax credited to investment properties revaluation reserve	22	-	39
換算調整	Exchange adjustments	22	(93)	635
損益賬內未確認之淨虧損	Net losses not recognised in the profit and loss account		(9,274)	(30,935)
以往呈報之本銀行股東應得之溢利	Profit attributable to the shareholders as previously reported		-	530,192
以往呈報之少數股東所佔之虧損	Losses attributable to minority interests as previously reported		-	(238)
以往呈報之期內純利	Net profit for the period as previously reported		-	529,954
—會計政策變更引致之前期調整	— prior period adjustment in respect of change in accounting policies	2(a)(ii)	-	(1,233)
期內純利(二零零四年:已重報)	Net profit for the period (2004: as restated)		701,609	528,721
已派股息	Dividends paid	22	(420,349)	(317,423)
根據認股權計劃發行之股份款項	Proceeds on shares issued under share option scheme		2,258	3,298
認股權計劃之會計政策變更	Change in accounting policy in share option scheme		-	1,233
僱員獎勵計劃及認股權計劃之股本溢價	Share premium under employee incentive plan and share option scheme	22	5,730	401
於六月三十日之股東權益總額	Total equity as at 30th June		7,882,012	6,890,468

第十二頁至第五十七頁之附註構成未經審核中期財務報告之一部份。

The notes on pages 12 to 57 form part of the unaudited interim financial report.

未經審核之綜合現金流量表 Unaudited Consolidated Cash Flow Statement

截至二零零五年六月三十日止六個月 For the six months ended 30th June, 2005

(以港幣千元位列示)	(Expressed in thousands of Hong Kong dollars)	附註 Note	二零零五年 六月三十日 30th June, 2005	二零零四年 六月三十日 30th June, 2004 (重報) (restated)
因營業活動而流入／(流出)之現金淨額	Net cash inflow/(outflow) from operating activities	24	2,100,893	(1,368,305)
投資活動	Investing activities			
購入持有至到期日證券及可供銷售證券／非作買賣用途證券	Purchase of held-to-maturity and available-for-sale/non-trading securities		(1,379,336)	(12,186,082)
出售及贖回持有至到期日證券及可供銷售證券／非作買賣用途證券所得款項	Sale and redemption of held-to-maturity and available-for-sale/non-trading securities		4,122,573	10,154,402
出售聯營公司	Sale of an associated company		-	3,990
收取聯營公司普通股股息	Ordinary dividends received from an associated company		-	2,080
購入物業、機械及設備	Purchase of properties, plants and equipment		(33,116)	(46,823)
出售物業、機械及設備	Sale of properties, plants and equipment		3,462	21,047
因投資活動而流入／(流出)之現金淨額	Net cash inflow/(outflow) from investing activities		2,713,583	(2,051,386)
融資	Financing			
行使認股權所發之新股	Issue of new shares under share option scheme		2,258	3,298
支付普通股股息	Ordinary dividends paid		(420,349)	(317,423)
支付借貸資本利息	Interest paid on loan capital		(66,670)	(66,797)
因融資活動而流出之現金淨額	Net cash outflow from financing activities		(484,761)	(380,922)
現金及等同現金項目增／(減)額	Increase/(decrease) in cash and cash equivalents		4,329,715	(3,800,613)
現金及等同現金項目於一月一日結餘	Cash and cash equivalents at 1st January		20,375,662	18,862,071
因匯率折算而引致之借貸資本結餘差額	Effects of exchange rate changes on the balance of subordinated debts		(650)	11,798
現金及等同現金項目於六月三十日結餘	Cash and cash equivalents at 30th June		24,704,727	15,073,256
源自經營業務活動現金流量包括：	Cash flows from operating activities included:			
利息收入	Interest received		1,799,761	1,399,419
利息支出	Interest paid		875,954	424,024
現金及等同現金項目之分析	Analysis of the balances of cash and cash equivalents			
現金及存放銀行同業及其他金融機構	Cash and balances with banks and other financial institutions		1,467,673	1,198,864
短期存放同業	Money at call and short notice		21,230,721	12,797,310
政府債券	Treasury bills		1,340,741	769,584
原本期限為一至三個月之定期存放銀行同業及其他金融機構款項	Placements with banks and other financial institutions with an original maturity between one and three months		665,592	307,498
			24,704,727	15,073,256

第十二頁至第五十七頁之附註構成未經審核中期財務報告之一部份。

The notes on pages 12 to 57 form part of the unaudited interim financial report.

未經審核之中期財務報告附註 Notes to Unaudited Interim Financial Report

(以港幣千元位列示·內文另註除外) (Expressed in thousands of Hong Kong dollars unless otherwise stated in the text)

1. 編製基礎

本中期財務報告乃按照香港聯合交易所有限公司主板上市規則編製·並完全符合香港金融管理局發出之監管政策手冊內有關「本地註冊認可機構披露中期財務資料」之要求及香港會計師公會頒佈之香港會計準則第三十四號「中期財務報告」之標準。

本中期財務報告未經審核·惟已由畢馬威會計師事務所根據香港會計師公會頒佈之核數準則第700號「中期財務報告之審閱」審閱。畢馬威會計師事務所致董事會之獨立審閱報告載於第七十六頁。

本中期財務報告之編製·乃遵照香港會計準則第三十四號·要求管理層對該政策應用於資產·負債·收入及支出之數額·以本年迄今基礎計算·作出判斷·估計及假設數據。實際數額與該等估計可能會有差異。

本中期財務報告包括簡明綜合財務報表及解釋附註。該附註已包括對了解本集團由二零零四年度財務報表至今財務情況及表現之變更之重要事項及交易的解釋。簡明綜合中期財務報表及附註並不包括根據香港財務報告準則(包括香港會計準則及詮釋)要求整套財務報表之所有資料。

本財務報告中關於截至二零零四年十二月三十一日止財政年度之財務資料並非本行於該財政年度之法定賬目之一部份·惟乃摘錄自該等賬目及根據新增及經修訂之會計準則所作之前期調整·截至二零零四年十二月三十一日止年度之法定賬目可於本行之註冊辦事處查閱。核數師於二零零五年三月十日發表之報告中就該等賬目作出無保留意見。

除因會計政策變更將於二零零五年度的財務報表中反映外·本中期業績之編製與二零零四年度之財務賬目所採用之會計政策一致。會計政策變更之詳情已載於附註2內。

1. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the requirements of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited, and complies fully with the module on “Interim Financial Disclosure by Locally Incorporated Authorised Institutions” under the Supervisory Policy Manual issued by the Hong Kong Monetary Authority (“HKMA”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700 “Engagements to review interim financial reports”, issued by the HKICPA. KPMG’s independent review report to the board of directors is included on page 76.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2004 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Report Standards (HKFRSs, which term collectively includes HKASs and Interpretations).

The financial information relating to the financial year ended 31st December, 2004 included in the interim financial report does not constitute the Bank’s statutory accounts for that financial year but is based on those accounts as amended for new and revised accounting standards that require a prior year adjustment. Statutory accounts for the year ended 31st December, 2004 are available from the Bank’s registered office. The auditors have expressed an unqualified opinion on those accounts in their report dated 10th March, 2005.

This interim financial report is prepared on a basis consistent with the accounting policies adopted in the 2004 annual accounts except for the accounting policy changes that are expected to be reflected in the 2005 annual financial statements. Details of these changes in accounting policies are set out in note 2.

2. 會計政策變更

香港會計師公會頒佈多項於二零零五年一月一日或之後開始之會計期間生效或可供提早採納之新訂及經修訂香港財務報告準則。董事會決定按照現時已頒佈之香港財務報告準則，採納之會計政策，以編製本集團截至二零零五年十二月三十一日止年度之年度財務報表。

將予生效或可於截至二零零五年十二月三十一日止年度之年度財務報表自願提早採納之香港財務報告準則，或會因頒佈其他詮釋或香港會計師公會於發佈本中期報告日期後公佈之其他變更而受到影響。因此，於本中期財務報告發佈日期，仍未能確定將適用於本集團該期間財務報表之政策。

以下為二零零五年一月一日開始之年度會計期間之會計政策變更進一步資料，有關變更已於本中期財務報告中反映。

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1st January, 2005. The Board of Directors has determined the accounting policies to be adopted in the preparation of the Group's annual financial statements for the year ending 31st December, 2005, on the basis of HKFRSs currently in issue.

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31st December, 2005 may be affected by the issue of additional interpretation(s) or other changes announced by the HKICPA subsequent to the date of issuance of this interim report. Therefore the policies that will be applied in the Group's financial statements for that period cannot be determined with certainty at the date of issuance of this interim financial report.

The following sets out further information on the changes in accounting policies for the annual accounting period beginning on 1st January, 2005 which have been reflected in this interim financial report.

2. 會計政策變更 (續)

(a) 會計政策變更所產生之影響概要

- (i) 對於二零零五年一月一日股東權益總額之期初結餘之影響(經調整)

下表列示對於二零零五年一月一日的期初結餘所作之調整。此等有累計影響的調整對於二零零四年十二月三十一日的資產淨額及二零零五年一月一日之期初結餘具追溯性。

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Summary of the effect of changes in the accounting policies

- (i) Effect on opening balances of total equity as at 1st January, 2005 (as adjusted)

The following table sets out the adjustments that have been made to the opening balances at 1st January, 2005. These are the aggregate effect of retrospective adjustments to the net assets as at 31st December, 2004 and the opening balance adjustments made as at 1st January, 2005.

新政策之影響 (增加/(減少))	Effect of new policy (increase/(decrease))	附註 Notes	盈餘滾存 Unappropriated profits	股本及 其他儲備 Capital and other reserves	股東 權益總額 Total equity
前期調整:	Prior period adjustments:				
香港財務報告準則 第二號	HKFRS 2				
認股權計劃	Share option scheme	2(b)	(4,932)	4,932	-
香港會計準則詮釋 第二十一號	HK(SIC) Interpretation 21				
投資物業遞延稅項	Deferred tax on investment properties	2(c)	(6,849)	(2,220)	(9,069)
前期調整總額	Total prior period adjustments		(11,781)	2,712	(9,069)
期初結餘調整:	Opening balance adjustments:				
香港會計準則第四 十號	HKAS 40				
投資物業	Investment properties	2(c)	10,463	(10,463)	-
香港會計準則第三 十九號	HKAS 39				
可供銷售證券	Available-for-sale securities		3,418	6,005	9,423
以公平價值誌入損 益賬內之證券	Securities measured at fair value through profit or loss		14,727	-	14,727
對沖用途衍生工具	Hedging derivatives		(3,418)	-	(3,418)
買賣用途衍生工具	Trading derivatives		(93,828)	(874)	(94,702)
指定以公平價值誌 入損益賬內之已 發行存款證	Certificates of deposit issued designated as fair value through profit or loss		27,652	-	27,652
客戶貸款之組合減 值準備回撥	Release of collective impairment allowances on loans and advances to customers		230,524	-	230,524
客戶貸款之個別減 值準備回撥	Release of individual impairment allowances on loans and advances to customers		3,130	-	3,130
		2(d)	182,205	5,131	187,336
期初調整總額	Total opening balance adjustments		192,668	(5,332)	187,336
於二零零五年一月 一日之影響總額	Total effects as at 1st January, 2005		180,887	(2,620)	178,267

2. 會計政策變更 (續)

(a) 會計政策變更所產生之影響概要 (續)

- (ii) 對截至二零零五年六月三十日 (估計) 及截至二零零四年六月三十日 (經調整) 止六個月本銀行股東應得之溢利之影響

在實際可作估計之情況下，下表列示假設以往之會計政策仍被沿用，估計截至二零零五年六月三十日止六個月期內之溢利，將會增加或減少之金額。

根據有關香港財務報告準則之過渡規定，下表披露先前呈報截至二零零四年六月三十日止六個月期間溢利所作調整。如附註2(b)所闡釋，由於並未就所有政策變更追溯作出調整，故截至二零零四年六月三十日止六個月期間所示金額或不能與本中期期間之金額作出比較。

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Summary of the effect of changes in the accounting policies (Continued)

- (ii) Effect on profit attributable to shareholders for the six months ended 30th June, 2005 (estimated) and 30th June, 2004 (as adjusted)

In respect of the six month period ended 30th June, 2005, the following table provides estimates of the extent to which the profits for that period are higher or lower than they would have been had the previous policies still been applied in the interim period, where it is practicable to make such estimates.

In respect of the six month period ended 30th June, 2004, the table discloses the adjustments that have been made to the profits as previously reported for that period, in accordance with the transitional provisions of the respective HKFRSs. As retrospective adjustments have not been made for all changes in policies, as explained in note 2(b), the amounts shown for the six month period ended 30th June, 2004 may not be comparable to the amounts shown for the current interim period.

2. 會計政策變更 (續)

(a) 會計政策變更所產生之影響概要 (續)

- (ii) 對截至二零零五年六月三十日 (估計) 及截至二零零四年六月三十日 (經調整) 止六個月本銀行股東應得之溢利之影響 (續)

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Summary of the effect of changes in the accounting policies (Continued)

- (ii) Effect on profit attributable to shareholders for the six months ended 30th June, 2005 (estimated) and 30th June, 2004 (as adjusted) (Continued)

新政策之影響 (增加／(減少))	Effect of new policy (increase/(decrease))	附註 Notes	截至二零零五年 六月三十日止 六個月 Six months ended 30th June, 2005	截至二零零四年 六月三十日止 六個月 Six months ended 30th June, 2004
香港財務報告準則第二號 認股權計劃	HKFRS 2 Share option scheme	2(b)	(4,527)	(1,233)
香港財務報告準則第三號 商譽攤銷	HKFRS 3 Amortisation of goodwill	2(e)	22,889	–
香港會計準則第四十號 投資物業	HKAS 40 Investment properties	2(c)	8,941	–
香港會計準則第三十九號 可供銷售證券 以公平價值誌入損益賬內之證券	HKAS 39 Available-for-sale securities Securities measured at fair value through profit or loss		(17,135) (22,070)	–
對沖用途衍生工具	Hedging derivatives		17,135	–
買賣用途衍生工具	Trading derivatives		42,971	–
指定以公平價值誌入損益賬內 之已發行存款證	Certificates of deposit issued designated as fair value through profit or loss		55,554	–
客戶貸款之組合減值準備回撥	Release of collective impairment allowances on loans and advances to customers		38,378	–
客戶貸款之個別減值準備提撥	Individual impairment allowances made on loans and advances to customers		(19,160)	–
		2(d)	95,673	–
期內影響總額	Total effects for the period		122,976	(1,233)
對每股盈利之影響 – 基本及攤薄	Effect on earnings per share – basic & diluted		0.42	–

2. 會計政策變更 (續)

(a) 會計政策變更所產生之影響概要 (續)

- (iii) 對截至二零零五年六月三十日 (估計) 及截至二零零四年六月三十日 (經調整) 止六個月直接在股東權益內確認之淨收入之影響

在實際可作估計之情況下，下表列示假設以往之會計政策仍被沿用，估計截至二零零五年六月三十日止六個月期間直接在股東權益內確認的收入或支出，將會增加或減少之金額。

根據有關香港財務報告準則之過渡規定，下表披露先前呈報截至二零零四年六月三十日止六個月期間直接在股東權益內確認的淨收入或支出所作調整。如附註2(d)所闡釋，由於並未就所有政策變更追溯作出調整，故截至二零零四年六月三十日止六個月期間所示金額或不能與本中期期間之金額作出比較。

新政策之影響 (增加／(減少))	Effect of new policy (increase/(decrease))	附註 Note	股東權益總額 Total equity	
			截至二零零五年 六月三十日止 六個月 Six months ended 30th June, 2005	截至二零零四年 六月三十日止 六個月 Six months ended 30th June, 2004
香港會計準則第三十九號 可供銷售證券	HKAS 39 Available-for-sale securities	2(d)	(5,574)	—
期內影響總額	Total effect for the period		(5,574)	—

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Summary of the effect of changes in the accounting policies (Continued)

- (iii) Effect on net income recognised directly in equity for the six months ended 30th June, 2005 (estimated) and 30th June, 2004 (as adjusted)

In respect of the six month period ended 30th June, 2005, the following table provides estimates of the extent to which the income or expenses recognised directly in equity are higher or lower than they would have been had the previous policies still been applied in the interim period, where it is practicable to make such estimates.

In respect of the six month period ended 30th June, 2004, the table discloses the adjustments that have been made to the net income or expenses recognised directly in equity as previously reported for that period, in accordance with the transitional provisions of the respective HKFRSs. As retrospective adjustments have not been made for all changes in policies, as explained in note 2(d), the amounts shown for the six month period ended 30th June, 2004 may not be comparable to the amounts shown for the current interim period.

2. 會計政策變更 (續)

(a) 會計政策變更所產生之影響概要 (續)

- (iv) 對截至二零零五年六月三十日 (估計) 及截至二零零四年六月三十日 (經調整) 止六個月確認為與擁有人進行資本交易之金額之影響

在實際可作估計之情況下，下表列示假設以往之會計政策仍被沿用，估計截至二零零五年六月三十日止六個月期間與擁有人進行資本交易之金額將會增加或減少之金額。

根據有關香港財務報告準則之過渡規定，下表披露先前呈報截至二零零四年六月三十日止六個月期間確認為與擁有人進行資本交易之金額所作調整。如附註2(b)所闡釋，由於並未就所有政策變更追溯作出調整，故截至二零零四年六月三十日止六個月期間所示金額或不能與本中期期間之金額作出比較。

新政策之影響 (增加／(減少))	Effect of new policy (increase/(decrease))	附註 Note	股本溢價 Share premium	
			截至二零零五年 六月三十日止 六個月 Six months ended 30th June, 2005	截至二零零四年 六月三十日止 六個月 Six months ended 30th June, 2004
香港財務報告準則第二號 認股權計劃	HKFRS 2 Share option scheme	2(b)	4,527	1,233
期內影響總額	Total effect for the period		4,527	1,233

(b) 僱員認股權計劃 (香港財務報告準則第二號「以股份償付」)

於過往年度，概無任何金額在若干行政人員獲派發以購入本銀行股份之認股權時被確認。如僱員選擇行使認股權，分別將面值記入股本及股本溢價賬內之金額只限於認股權行使價之應收金額。

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Summary of the effect of changes in the accounting policies (Continued)

- (iv) Effect on amounts recognised as capital transactions with owners for the six months ended 30th June, 2005 (estimated) and 30th June, 2004 (as adjusted)

In respect of the six month period ended 30th June, 2005, the following table provides estimates of the extent to which the amounts recorded as capital transactions with owners are higher or lower than they would have been had the previous policies still been applied in the interim period, where it is practicable to make such estimates.

In respect of the six month period ended 30th June, 2004, the table discloses the adjustments that have been made to the amounts recorded as capital transactions with owners as previously reported for that period, in accordance with the transitional provisions of the respective HKFRSs. As retrospective adjustments have not been made for all changes in policies, as explained in note 2(b), the amounts shown for the six month period ended 30th June, 2004 may not be comparable to the amounts shown for the current interim period.

(b) Employee share option scheme (HKFRS 2, "Share-based payment")

In prior years, no amounts were recognised when certain executives were granted share options over shares in the Bank. If the employees chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option's exercise price receivable.

2. 會計政策變更 (續)

(b) 僱員認股權計劃 (香港財務報告準則第二號「以股份償付」) (續)

由二零零五年一月一日起，按照香港財務報告準則第二號，本集團須於認股權授予日至生效日期間將認股權之公平價值於損益賬內確認為僱員支出，而在股東權益內之股本溢價作相應的增加。

當僱員選擇行使認股權，相關之行使金額撥入股本及股本溢價賬內。如認股權失效而未被行使，則相關之股本溢價直接撥入盈餘滾存。

此新會計政策已追溯應用，除本集團按照香港財務報告準則第二號第五十三段之過渡條文規定並未對下列認股權採用新的確認及計量政策外，比較數字已按照香港財務報告準則第二號之要求重列：

- (i) 所有於二零零二年十一月七日或之前已授予僱員之認股權；及
- (ii) 所有於二零零二年十一月七日後已授予僱員並於二零零五年一月一日前已有效但尚未行使之認股權。

前期調整金額，對截至二零零五年六月三十日止六個月業績之影響及當日之儲備載於附註2(a)。由於在二零零五年一月一日並無任何尚未有效之認股權，因此，並未對二零零四年一月一日的期初結餘作任何調整。

有關僱員認股權計劃的詳情，請參閱本中期財務報告第七十一頁。

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) Employee share option scheme (HKFRS 2, "Share-based payment") (Continued)

With effect from 1st January, 2005, in order to comply with HKFRS 2, the Group recognises the fair value of such share options as staff expense in the profit and loss account between the grant date and vesting date. A corresponding increase is recognised in share premium in equity.

If an employee chooses to exercise options, the exercise price is transferred to share capital and share premium. If the options lapse unexercised the related share premium is transferred directly to unappropriated profits.

The new accounting policy has been applied retrospectively with comparatives restated in accordance with HKFRS 2, except that the Group has taken advantage of the transitional provisions set out in paragraph 53 of HKFRS 2 under which the new recognition and measurement policies have not been applied to the following grants of options:

- (i) all options granted to employees on or before 7th November, 2002; and
- (ii) all options granted to employees after 7th November, 2002 but which had vested before 1st January, 2005.

The amount of prior period adjustments and the effect on the results for the six months ended 30th June, 2005, and the reserves as of that date, are set out in note 2(a). No adjustments to the opening balances as at 1st January, 2004 are required as no options existed at that time which were unvested at 1st January, 2005.

Details of the employee share option scheme can be found on page 71 of this interim financial report.

2. 會計政策變更 (續)

(c) 投資物業 (香港會計準則第四十號「投資物業」及香港會計準則詮釋第二十一號「利得稅 – 收回重估不作折舊資產」)

有關投資物業之會計政策變更如下。

(i) 於損益賬確認公平價值變動的時間

於過往年度，本集團投資物業之公平價值變動直接於投資物業重估儲備確認，惟按個別投資組合而言，儲備不足以抵銷該組合之虧損，或先前已於損益賬內確認之虧損予已回撥，或個別投資物業已出售，此等公平價值之變動則在損益賬內確認。

於二零零五年一月一日採納香港會計準則第四十號後，投資物業公平價值之所有變動均按香港會計準則第四十號之公平價值模式，直接於損益賬內確認。

(ii) 計算公平價值變動所產生遞延稅項

於過往年度，本集團須按適用於出售投資物業之稅率釐定於重估投資物業時須確認之遞延稅項。由於出售本集團投資物業毋須繳交任何稅款，故於過往年度並無就遞延稅項作出撥備。

由二零零五年一月一日起，按照香港會計準則詮釋第二十一號，如本集團並無計劃出售投資物業，及假設本集團沒有採用公平價值模式入賬引致該等物業需要折舊，本集團須採用適用於該物業用途的稅率以確認該等投資物業在價值變動時所產生之遞延稅項。

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(c) Investment properties (HKAS 40, "Investment property", and HK(SIC) Interpretation 21, "Income taxes – Recovery of revalued non-depreciable assets")

Change in accounting policies relating to investment properties were as follows.

(i) Timing of recognition of movements in fair value in the profit and loss account

In prior years movements in the fair value of the Group's investment properties were recognised directly in the investment properties revaluation reserve except when, on a portfolio basis, the reserve was insufficient to cover a deficit on the portfolio, or when a deficit previously recognised in the profit and loss account had reversed, or when an individual investment property was disposed of. In these limited circumstances movements in the fair value were recognised in the profit and loss account.

Upon adoption of HKAS 40 as from 1st January, 2005, all changes in the fair value of investment properties are recognised directly in the profit and loss account in accordance with the fair value model in HKAS 40.

(ii) Measurement of deferred tax on movements in fair value

In prior years the Group was required to apply the tax rate that would be applicable to the sale of investment properties to determine whether any amounts of deferred tax should be recognised on the revaluation of investment properties. As there would have been no tax payable on the disposal of the Group's investment properties, no deferred tax was provided in prior years.

As from 1st January, 2005, in accordance with HK (SIC) Interpretation 21, the Group recognises deferred tax on movements in the value of an investment property using tax rates that are applicable to the property's use, if the Group has no intention to sell it and the property would have been depreciable had the Group not adopted the fair value model.

2. 會計政策變更 (續)

(d) 金融工具 (香港會計準則第三十二號「金融工具：披露與呈報」及香港會計準則第三十九號「金融工具：確認與計量」)

於過往年度，若干金融工具之會計政策如下：

- 持有至到期日證券是指本集團有能力及預算持有至到期日之有期債務證券。持有至到期日證券按已攤銷成本減除任何減值撥備在資產負債表列賬。持有至到期日證券之賬面值於每一結算日檢討，按其信貸風險及預算可收回之金額列賬。當預計不能收回所有賬面值時，則會提撥準備金，並於損益賬內確認列作支出。
- 買賣用途證券按公平價值於資產負債表列賬。公平價值變動在損益賬內確認。
- 非持作買賣用途證券按公平價值於資產負債表列賬。公平價值之變動則計入投資重估儲備賬直至該證券出售、收回或有可信服證據顯示該證券將減值，其累計收益或虧損由投資重估儲備賬撥入損益賬內。
- 交易組合項下之衍生工具已按市值入賬，其收益及虧損計入交易收益或虧損。
- 在資產負債管理過程中，用以對沖未平倉坐盤額或特定資產或負債之衍生工具已按應計基準入賬，此等組合所持有之有關現金資產與負債一致。

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(d) Financial instruments (HKAS 32, “Financial instruments: Disclosure and presentation” and HKAS 39, “Financial instruments: Recognition and measurement”)

In prior years, the accounting policies for certain financial instruments were as follows:

- Dated debt securities that the Group has the ability and intention to hold to maturity were classified as held-to-maturity securities. Held-to-maturity securities were stated in the balance sheet at amortised cost less any provisions for diminution in value. The carrying amounts of held-to-maturity securities were reviewed as at each balance sheet date in order to assess the credit risk and whether the carrying amounts were expected to be recovered. Provisions were made when carrying amounts were not expected to be recovered and were recognised as an expense in the profit and loss account.
- Trading securities were stated in the balance sheet at fair value. Changes in fair value were recognised in the profit and loss account as they arose.
- Non-trading securities were stated in the balance sheet at fair value. Changes in the fair value were recognised in the investment revaluation reserve until the security was sold, collected, or otherwise disposed of, or until there was objective evidence that the security was impaired, at which time the relevant cumulative gain or loss was transferred from the investment revaluation reserve to the profit and loss account.
- Derivatives carried in dealing portfolios were marked-to-market, and gains and losses were included in dealing profits or losses.
- Derivatives used in balance sheet management to hedge open positions for specific assets or liabilities, were accounted for on an accrual basis, consistent with the underlying cash assets and liabilities held in these portfolios.

2. 會計政策變更 (續)

(d) 金融工具 (香港會計準則第三十二號「金融工具:披露與呈報」及香港會計準則第三十九號「金融工具:確認與計量」) (續)

- 已發行之存款證按成本值列賬。
- 呆壞賬準備包括一般準備。一般準備已反映根據過往經驗及對現行情況之判斷釐定固有虧損風險;而特殊準備則按照董事所訂之指引,對不履行貸款之預計虧損作出提撥。
- 貸款收入及支出以應計基準按相關合約或票據息率確認。不履行貸款之應計利息均不列作收入而計入暫記賬內,並於資產負債表相關之項目中減除。

由二零零五年一月一日起,本集團已採納香港會計準則第三十二號及香港會計準則第三十九號分類下列類別之金融工具:

(i) 分類

以公平價值誌入損益賬內之金融資產

此類別包括持有作買賣用途和初始被指定為以公平價值誌入損益賬內之金融資產。購買主要用作短期出售及有證據顯示近期有短期出售以賺取利潤模式的,或非指定和不具有有效對沖作用的衍生工具,均區別為持作買賣用途之金融資產。

此類別包括股份投資、具正數公平價值的衍生工具、債務證券及投資基金投資,但不包括沒有市場價值及其公平價值是不能夠可靠計量的金融工具。

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(d) Financial instruments (HKAS 32, "Financial instruments: Disclosure and presentation" and HKAS 39, "Financial instruments: Recognition and measurement") (Continued)

- Certificates of deposit issued were stated at cost.
- Provisions for bad and doubtful debts included general provision which reflected the inherent risk of losses based on the past experience and judgements about current conditions; and specific provisions reflected the expected loss for non-performing loans following guidelines established by the Directors.
- Loan fee income and expense were recognised on an accrual basis using the relative contract or coupon interest rates. The interest accrued on non-performing loans was not taken as income but credited to a suspense account, which was netted in the balance sheet against the appropriate balance sheet headings.

From 1st January, 2005, the Group has adopted HKAS 32 and HKAS 39 and has classified financial instruments under the following categories:

(i) Classification

Financial assets measured at fair value through profit or loss

This category comprises financial assets held for trading and those that are designated as fair value through profit or loss at inception. A financial asset is classified as held for trading if it is either acquired principally for the purpose of selling it in the short term and for which there is evidence of a recent pattern of short-term profit-taking or is a derivative that is not a designated and effective hedging instrument.

This category includes equity investments, derivative instruments with a positive fair value, debt securities and investments in investment funds but excludes those financial assets that do not have a quoted market price and whose fair value cannot be reliably measured.

2. 會計政策變更 (續)

(d) 金融工具 (香港會計準則第三十二號「金融工具：披露與呈報」及香港會計準則第三十九號「金融工具：確認與計量」) (續)

(i) 分類 (續)

貸款和應收賬款

貸款和應收賬款為固定或可確定付款金額及沒有活躍市場價值之非衍生金融資產，但不包括(1)本集團有計劃即時或於短期內出售而被區分為持有作買賣用途者；(2)本集團於初始時已指定為以公平價值誌入損益賬內；或(3)本集團列類為可供銷售之金融資產。

此類別包括在資產負債表內列作現金及短期資金、定期存放銀行同業及其他金融機構款項、貿易票據及客戶貸款及其他賬項之資產。

可供銷售金融資產

此類別包括被指定為可供銷售之非衍生金融資產或並非分類為貸款和應收賬款、持有至到期日投資或以公平價值誌入損益賬內之金融資產。

此類別包括股份投資及債務證券。

持有至到期日投資

此類別包括有固定或可確定付款金額及有固定期限，而本集團有明確意向和能力持有至到期日之非衍生金融資產，但不包括(1)本集團於初始時已指定為以公平價值誌入損益賬內或可供銷售者，或(2)符合貸款和應收賬款定義之項目。

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(d) Financial instruments (HKAS 32, "Financial instruments: Disclosure and presentation" and HKAS 39, "Financial instruments: Recognition and measurement") (Continued)

(i) Classification (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than (1) those that the Group intends to sell immediately or in the near term and classified as held for trading, (2) those that the Group, upon initial recognition, designates as fair value through profit or loss, or (3) those where the Group classified as available-for-sale.

This category includes assets which are shown on the balance sheet within cash and short-term funds, placements with banks and other financial institutions, trade bills and advances to customers and other accounts.

Available-for-sale financial assets

This category comprises non-derivative financial assets that are designated as available-for-sale financial assets or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

This category includes equity investments and debt securities.

Held-to-maturity investments

This category comprises of non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity, other than (1) those that the Group, upon initial recognition, designates as at fair value through profit or loss or as available-for-sale, or (2) those that meet the definition of loans and receivables.

2. 會計政策變更 (續)

(d) 金融工具 (香港會計準則第三十二號「金融工具:披露與呈報」及香港會計準則第三十九號「金融工具:確認與計量」) (續)

(i) 分類 (續)

以公平價值誌入損益賬內之金融負債

以公平價值誌入損益賬內之金融負債指持有作買賣用途及初始被指定為以公平價值誌入損益賬內之金融負債。凡主要用作回購或屬於可辨別金融工具組合一部分之金融負債，而該組合是整體管理的，且有證據顯示近期有出售以賺取短期利潤模式的，或屬於非指定和不具有對沖作用之衍生工具，皆分類為以公平價值誌入損益賬內之金融負債。

此類別包括已發行之結構性存款證、非用作對沖工具用途並具負數公平價值的衍生負債、有責任向借入短倉賣家支付之金融資產以及於產生金融負債後有意在短期內購回。

以攤銷成本計算的其他金融負債

除分類為以公平價值誌入損益賬內之金融負債外，此類別包括所有其他金融負債。

此類別包括在資產負債表內列作銀行同業及其他金融機構之存款、客戶存款、已發行之存款證及債務之負債。

(ii) 初始確認及計量

當本集團成為金融工具合約其中一方訂約時，已確認為金融資產和金融負債。

以有規律方式購買金融資產按交易日會計法予以確認。該等金融資產或金融負債之公平價值變動產生的溢利和虧損由該日起計算。

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(d) Financial instruments (HKAS 32, "Financial instruments: Disclosure and presentation" and HKAS 39, "Financial instruments: Recognition and measurement") (Continued)

(i) Classification (Continued)

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are financial liabilities held for trading and those designated at fair value through profit or loss at inception. A financial liability is classified in this category if it is incurred principally for the purpose of being repurchased or is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-making, or is a derivative that is not a designated and effective hedging instrument.

This category includes structured certificates of deposit issued, derivative liabilities with negative fair values not accounted for as hedging instruments, obligations to deliver financial assets borrowed by a short seller, and financial liabilities that are incurred with an intention to repurchase them in the near term.

Other financial liabilities measured at amortised cost

This category comprises all financial liabilities other than those classified as financial liabilities measured at fair value through profit or loss.

This category includes liabilities presented on the balance sheet within deposits and balances of banks and other financial institutions, deposits from customers, certificates of deposit issued and issued debt.

(ii) Initial recognition and measurement

The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

A regular way purchase of financial assets is recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

2. 會計政策變更 (續)

(d) 金融工具 (香港會計準則第三十二號「金融工具：披露與呈報」及香港會計準則第三十九號「金融工具：確認與計量」) (續)

(ii) 初始確認及計量 (續)

金融工具於初始時按公平價值計算，而公平價值大致與交易價相同。此外，如金融資產或金融負債不屬於以公平價值誌入損益賬內之類別，則須加上購入或發行金融資產或金融負債而直接產生的交易成本。以公平價值誌入損益賬內之金融資產或金融負債之交易成本則立即支銷。

(iii) 期後計量

金融工具按不同類別作期後計量。

以公平價值誌入損益賬內之金融資產

屬於此類別的金融資產按公平價值入賬。因公平價值變動產生之未實現溢利及虧損於產生時計入期內之損益賬。於出售時，出售所得款項淨額與賬面值的差額計入損益賬內。

貸款和應收賬款

貸款和應收賬款及分類為貸款和應收賬款之證券採用實際利率法計算攤銷成本，並扣除任何須計入損益賬之減值準備。

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(d) Financial instruments (HKAS 32, “Financial instruments: Disclosure and presentation” and HKAS 39, “Financial instruments: Recognition and measurement”) (Continued)

(ii) Initial recognition and measurement (Continued)

Financial instruments are measured initially at fair value, which normally will be equal to the transaction price, plus, in case of a financial asset or financial liability not held at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities measured at fair value through profit or loss are expensed immediately.

(iii) Subsequent measurement

The subsequent measurement of financial instruments depends upon their classification.

Financial assets measured at fair value through profit or loss

Financial assets under this category are carried at fair value. Unrealised gains and losses arising from changes in the fair value are included in the profit and loss account in the period in which they arise. Upon disposal, the difference between the net sale proceeds and the carrying value is included in the profit and loss account.

Loans and receivables

Loans and receivables and securities classified as loans and receivables are carried at amortised cost using the effective interest method, less impairment allowances, if any, and are accounted for in the profit and loss account.

2. 會計政策變更 (續)

(d) 金融工具 (香港會計準則第三十二號「金融工具：披露與呈報」及香港會計準則第三十九號「金融工具：確認與計量」) (續)

(iii) 期後計量 (續)

可供銷售金融資產

可供銷售金融資產按公平價值扣除任何減值準備入賬。因公平價值變動產生之未實現溢利和虧損在投資重估儲備內確認。

就貨幣證券而言，因攤銷成本變動而產生之匯兌差額在損益賬確認。當出售證券時，出售所得款項淨額與賬面值的差額，以及在投資重估儲備內的累計公平價值調整，視作出售收益或虧損計入損益賬。

持有至到期日之投資

持有至到期日之投資採用實際利率法計算攤銷成本並扣除任何減值準備入賬。

以公平價值誌入損益賬內之金融負債

屬於此類別的金融負債按公平價值入賬。因公平價值變動產生之未實現溢利和虧損於產生時計入損益賬。於回購時，償還淨額與賬面值的差額計入損益賬內。

其他金融負債

除以公平價值誌入損益賬內之金融負債外，其他金融負債採用實際利率法計算攤銷成本入賬。

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(d) Financial instruments (HKAS 32, "Financial instruments: Disclosure and presentation" and HKAS 39, "Financial instruments: Recognition and measurement") (Continued)

(iii) Subsequent measurement (Continued)

Available-for-sale financial assets

Available-for-sale financial assets are carried at fair value less impairment allowances, if any. Unrealised gains and losses arising from changes in the fair value are recognised in the investment revaluation reserve.

For monetary securities, exchange differences resulting from changes in amortised cost are recognised in profit and loss account. When the securities are sold, the difference between the net sale proceeds and the carrying value, and the accumulated fair value adjustments in the investment revaluation reserve are treated as gains or losses on disposal and are accounted for in the profit and loss account.

Held-to-maturity investments

Held-to-maturity investments are carried at amortised cost using the effective interest method less impairment allowances, if any.

Financial liabilities measured at fair value through profit or loss

Financial liabilities under this category are carried at fair value. Unrealised gains and losses arising from changes in the fair value are included in profit and loss account in the period in which they arise. Upon repurchase, the difference between the net payments and the carrying value is included in the profit and loss account.

Other financial liabilities

Financial liabilities, other than those measured at fair value through profit or loss, are measured at amortised cost using the effective interest rate.

2. 會計政策變更 (續)

(d) 金融工具 (香港會計準則第三十二號「金融工具：披露與呈報」及香港會計準則第三十九號「金融工具：確認與計量」) (續)

(iv) 計量公平價值之原則

金融工具的公平價值按結算日之市場價值計算，但未扣除估計於將來出售成本。金融資產按現有買入價釐定價格，而金融負債則按現有賣出價釐定價格。

如未能從認可證券交易所或經紀／證券交易商獲得屬於非通過交易所買賣金融工具的市場價值，則此工具的公平價值按估值模式估值，而該估值模式可根據市場實際交易提供可靠的估計價格。

當採用現金流量折讓價格模式，按管理層的最佳估計及採用相當於結算日適用於相同條款及條件工具的市場利率的貼現率估計日後現金流量。當採用其他訂價模式時，則按在結算日的市場價格資料計算。

非交易所買賣的衍生工具之公平價值按本集團在結算日終止合約後可收取或須支付的金額估計，並已考慮當時市況及合約的另一方之信貸狀況。特別是，遠期合約的公平價值是取決於估計日後現金流量的現值，以估值日之適用市場利率折讓。

於其他非上市投資基金之投資按照基金經理所匯報的每股資產淨值入賬。

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(d) Financial instruments (HKAS 32, “Financial instruments: Disclosure and presentation” and HKAS 39, “Financial instruments: Recognition and measurement”) (Continued)

(iv) Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques that provides a reliable estimate of prices which could be obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management’s best estimates and the discount rate used is a market rate at the balance sheet date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the balance sheet date.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Group would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions and the current creditworthiness of the counterparties. Specifically, the fair value of a forward contract is determined as the present value of estimated future cash flows, discounted at appropriate market rates on the valuation date.

Investments in other unlisted investment funds are recorded at the net asset value per share as reported by the managers of such funds.

2. 會計政策變更 (續)

(d) 金融工具 (香港會計準則第三十二號「金融工具:披露與呈報」及香港會計準則第三十九號「金融工具:確認與計量」) (續)

(v) 信貸損失減值及準備

在每一結算日須審閱按成本或攤銷成本列賬的金融資產,以決定是否出現客觀的減值證據。如有證據,須於損益賬確認減值虧損,金額為資產之賬面值與按金融資產最初之實際利率折讓估計將來現金流量的現值之差額。

如較後期間,按攤銷成本入賬的金融資產或可供銷售債務工具類別的已確認減值損失之金額有所減少,並可客觀地與撇銷後發生的事件有關連,相關撇銷會於損益賬回撥。

信貸損失準備總額包括兩個組成部分:個別減值準備及組合減值準備。個別減值準備適用於個別評估減值的貸款和應收賬款,乃根據管理層的最佳估計將可能收回現金流量的現值計算。在估計現金流量時,管理層須判斷借款人的財政狀況及給予本集團的任何相關抵押品或擔保之可變現淨值。每宗減值資產須因應其個別情況作出評估。組合減值準備涵蓋擁有相若經濟特性的貸款和應收賬款組合隱含的信貸損失,而有客觀證據推想組合包含不能個別被辨出之已減值貸款和應收賬款。當評估是否需要作出組合減值準備時,管理層須考慮的因素包括信貸素質、組合規模、集中程度及其他經濟因素。為求估計所需的準備,本集團根據過往之經驗和現時之經濟狀況釐定潛在風險及輸入變數。

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(d) Financial instruments (HKAS 32, "Financial instruments: Disclosure and presentation" and HKAS 39, "Financial instruments: Recognition and measurement") (Continued)

(v) Impairment and allowances for credit losses

Financial assets that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the profit and loss account as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost or a debt instrument classified as available-for-sale decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the profit and loss account.

The total allowances and provision for credit losses consists of two components: individual impairment allowances, and collective impairment allowances. The individual impairment allowances component applies to loans and receivables evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows which are expected to be received. In estimating these cash flows, management makes judgments about the borrower's financial situation and the net realisable value of any underlying collateral or guarantees in favour of the Group. Each impaired asset is assessed on its merits. Collective impairment allowances cover credit losses inherent in portfolios of loans and receivables with similar economic characteristics where there is objective evidence to suggest that they contain impaired loans and receivables but the individual impaired items cannot yet be identified. In assessing the need for collective impairment allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowances, the Group makes assumptions both to define the way the Group models inherent losses and to determine the required input parameters, based on historical experience and current economic conditions.

2. 會計政策變更 (續)

(d) 金融工具 (香港會計準則第三十二號「金融工具：披露與呈報」及香港會計準則第三十九號「金融工具：確認與計量」) (續)

(v) 信貸損失減值及準備 (續)

本集團所作撥備的準確性須視乎本集團能否在評估個別準備時準確估計交易對手的日後現金流量及在釐定組合減值準備時所採用的推測模式及其他變數。雖然涉及判斷，本集團相信減值準備屬合理和足夠的。

所有已減值金融資產須定期作檢討及分析。期後估計日後現金流量的金額及時間與先前估計如有任何變動，而該變動是可客觀地與撇銷後發生的事件有關連，從而導致減值損失準備亦需改變，相關變動會於損益賬計入或支銷。

(vi) 收入確認

倘經濟利益有可能流向本集團，而收入和成本能夠可靠計量，則在損益賬確認收入如下：

利息收入按實際利率法確認。

因本集團增設或購入金融資產而產生之原有或承擔服務費用收入，須計入遞延及確認為實際利率之調整。如承擔期滿而本集團毋須作出貸款，該費用將於期滿時確認為收入。

就已減值貸款而言，停止根據貸款原本條款計算應計利息收入，但因隨時間過去導致索償金額現值增加則視作利息收入。

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(d) Financial instruments (HKAS 32, “Financial instruments: Disclosure and presentation” and HKAS 39, “Financial instruments: Recognition and measurement”) (Continued)

(v) Impairment and allowances for credit losses (Continued)

The accuracy of the allowances and provisions the Group makes depends on how well the Group can estimate future cash flows for individually assessed counterparty allowances and the model assumptions and parameters used in determining collective allowances. While this necessarily involves judgment, the Group believes that the impairment allowances are reasonable and supportable.

All impaired financial assets are reviewed and analysed periodically. Any subsequent changes to the amounts and timing of the expected future cash flows compared to the prior estimates that can be linked objectively to an event occurring after the write-down, will result in a change in the allowances for impairment losses and will be charged or credited to the profit and loss account.

(vi) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the profit and loss account as follows:

Interest income is recognised using the effective interest method.

Origination or commitment fees received by the Group which result in the creation or acquisition of a financial asset are deferred and recognised as an adjustment to the effective interest rate. If the commitment expires without the Group making a loan, the fee is recognised as revenue on expiry.

For impaired loans, the accrual of interest income based on the original terms of the loan is discontinued, but any increase in the present value of impaired claims due to the passage of time is reported as interest income.

2. 會計政策變更 (續)

(d) 金融工具 (香港會計準則第三十二號「金融工具:披露與呈報」及香港會計準則第三十九號「金融工具:確認與計量」) (續)

(vii) 衍生金融工具

本集團利用衍生金融工具以對沖由營運、融資及投資活動而產生的外匯及利率風險。然而，不符合對沖會計法的衍生工具則視作買賣用途工具入賬。

衍生金融工具按公平價值確認。除了以下所述符合用作現金流量對沖之衍生工具外，經重新計量公平價值產生的收益和虧損即時在損益賬確認。

(viii) 對沖:

— 現金流量對沖

當衍生金融工具被指定用於對沖已確認資產或負債的不既定現金流量或甚有可能發生的預計交易，則與已對沖風險有關之衍生金融工具所產生收益和虧損在股東權益確認。

— 公平價值對沖

公平價值對沖用作抵銷現有資產或負債之公平價值變動風險，而有關之收益或虧損在損益賬或儲備確認。

對沖工具按公平價值入賬，而公平價值的變動在損益賬確認。被對沖項目的賬面值按所對沖風險相關之對沖工具的公平價值變動予以調整。此調整在損益賬確認，以抵銷對沖工具產生的收益或虧損。

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(d) Financial instruments (HKAS 32, "Financial instruments: Disclosure and presentation" and HKAS 39, "Financial instruments: Recognition and measurement") (Continued)

(vii) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit and loss account except for derivatives that qualify as cash flow hedge as stated below.

(viii) Hedging:

— Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction and the hedge is effective, the gain or loss on the derivative financial instrument in relation to the hedged risk is recognised directly in equity.

— Fair value hedge

A fair value hedge seeks to offset risks of changes in the fair value of an existing asset or liability that will give rise to a gain or loss being recognised in the profit and loss account or reserves.

The hedging instrument is measured at fair value, with fair value changes recognised in the profit and loss account. The carrying amount of the hedged item is adjusted by the amount of the changes in fair value of hedging instrument attributable to the risk being hedged. This adjustment is recognised in the profit and loss account to offset the effect of the gain or loss on the hedging instrument.

2. 會計政策變更 (續)

(e) 正商譽及負商譽之攤銷 (香港財務報告準則第三號「業務合併」及香港會計準則第三十六號「資產減值」)

於過往年度，正商譽按直線法於二十年內在綜合損益賬攤銷。就受控制附屬公司而言，正商譽按成本值扣減任何累計攤銷及任何減值虧損列賬。至於收購聯營公司，正商譽成本扣減任何累計攤銷及任何減值虧損計入於聯營公司投資之賬面值。

由二零零五年一月一日起，按照香港財務報告準則第三號及香港會計準則第三十六號，本集團不再攤銷正商譽。正商譽須每年評估減值，包括在初始確認的年度及當有跡象顯示可能減值時。當分配為該商譽之現金生產單位的賬面值超過其可收回數額時需確認減值產生之虧損。

亦由二零零五年一月一日起及按照香港財務報告準則第三號，如在業務合併中購入資產淨額的公平價值超過所付代價（即按照以往會計政策稱為負商譽），超出的金額於產生時即時在損益賬確認。

有關正商譽之新會計政策已按照香港財務報告準則第三號的過渡安排追溯應用。

2. CHANGES IN ACCOUNTING POLICIES (Continued)

(e) Amortisation of positive and negative goodwill (HKFRS 3, "Business combinations" and HKAS 36, "Impairment of assets")

In prior periods, positive goodwill was amortised to the consolidated profit and loss account on a straight-line basis over not more than 20 years. In respect of controlled subsidiaries, positive goodwill was stated in the consolidated balance sheet at cost less any accumulated amortisation and any impairment losses. In respect of acquisition of associated companies, the cost of positive goodwill less any accumulated amortisation and any impairment losses was included in the carrying amount of the investments in associated companies.

With effect from 1st January, 2005, in accordance with HKFRS 3 and HKAS 36, the Group no longer amortises positive goodwill. Such goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognised when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount.

Also with effect from 1st January, 2005 and in accordance with HKFRS 3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid (i.e. an amount arises which would have been known as negative goodwill under the previous accounting policy), the excess is recognised immediately in the profit and loss account as it arises.

The new policy in respect of positive goodwill has been applied prospectively in accordance with the transitional arrangements under HKFRS 3.

3. 分項報告

(a) 業務分項

零售銀行業務包括接受存款、住宅樓宇按揭、租賃貸款及私人貸款業務。

企業銀行業務包括工商業貸款、貿易融資及機構銀行業務。

財資業務包括外匯買賣、證券投資及交易買賣。

其他業務包括保險業務、股票買賣服務及退休福利計劃服務。

未分類的業務項目主要包括股東資金、行址投資、物業投資及其他未能合理分配予特定業務分類的業務活動。

3. SEGMENT REPORTING

(a) Business segments

Retail banking activities include acceptance of deposits, residential mortgages, hire purchase and consumer loans.

Corporate banking activities include advance of commercial and industrial loans, trade financing and institutional banking.

Treasury activities include foreign exchange services, management of investment securities and trading activities.

Other business activities include insurance business, stockbroking activities and services for retirement schemes.

Unallocated items mainly comprise the shareholders' funds, investments in premises and property investment and other activities which cannot be reasonably allocated to specific business segments.

		營業收入		除稅前溢利	
		Operating income		Profit before taxation	
		截至二零零五年	截至二零零四年	截至二零零五年	截至二零零四年
		六月三十日止	六月三十日止	六月三十日止	六月三十日止
		六個月	六個月	六個月	六個月
		Six months ended	Six months ended	Six months ended	Six months ended
		30th June, 2005	30th June, 2004	30th June, 2005	30th June, 2004
					(重報)
					(restated)
零售銀行業務	Retail banking	850,813	762,221	490,883	375,713
企業銀行業務	Corporate banking	217,903	268,637	151,282	146,317
財資業務	Treasury	202,565	153,223	177,466	106,997
其他業務	Other	37,520	45,819	15,898	15,604
未分類業務	Unallocated	35,135	35,443	691	1,397
跨業務收支抵銷	Inter-segment elimination	(29,115)	(20,711)	-	-
		1,314,821	1,244,632	836,220	646,028

3. 分項報告 (續)

(b) 區域分項

區域分項資料乃按附屬公司主要營業所在地劃分，或按負責匯報業績或將資產入賬之本銀行分行所在地而劃分。

3. SEGMENT REPORTING (Continued)

(b) Geographical segments

The information concerning geographical segments has been classified by the location of the principal operations of the subsidiaries, or in the case of the Bank itself, of the location of the branch responsible for reporting the results or booking the assets.

		營業收入		除稅前溢利	
		Operating income		Profit before taxation	
		截至二零零五年	截至二零零四年	截至二零零五年	截至二零零四年
		六月三十日止	六月三十日止	六月三十日止	六月三十日止
		六個月	六個月	六個月	六個月
		Six months ended	Six months ended	Six months ended	Six months ended
		30th June, 2005	30th June, 2004	30th June, 2005	30th June, 2004
					(重報)
					(restated)
香港	Hong Kong	1,224,104	1,323,147	781,258	782,633
澳門	Macau	154,729	132,880	102,783	82,570
其他	Others	61,158	38,595	22,735	16,006
跨區域收支抵銷	Inter-segment elimination	(125,170)	(249,990)	(70,556)	(235,181)
		<u>1,314,821</u>	<u>1,244,632</u>	<u>836,220</u>	<u>646,028</u>

4. 營業溢利

(a) 利息收入

4. OPERATING PROFIT

(a) Interest income

		截至二零零五年	截至二零零四年
		六月三十日止	六月三十日止
		六個月	六個月
		Six months ended	Six months ended
		30th June, 2005	30th June, 2004
上市證券的利息收入	Interest income on listed investments	39,543	38,363
非上市證券的利息收入	Interest income on unlisted investments	344,428	219,584
其他利息收入	Other interest income	1,417,584	1,111,595
		<u>1,801,555</u>	<u>1,369,542</u>

(b) 利息支出

利息支出已包括借貸資本利息為港幣66,670,000元(二零零四年:港幣66,797,000元)。

(b) Interest expense

The amount included interest expenses on loan capital of HK\$66,670,000 (2004: HK\$66,797,000).

4. 營業溢利 (續)
(c) 其他營業收入

4. OPERATING PROFIT (Continued)
(c) Other operating income

	截至二零零五年 六月三十日止 六個月 Six months ended 30th June, 2005	截至二零零四年 六月三十日止 六個月 Six months ended 30th June, 2004
服務費及佣金		
貸款佣金及服務費	59,863	42,335
有關信用卡服務費	32,066	29,683
有關貿易服務費	39,053	43,746
保險業務佣金	28,941	24,026
股票買賣服務費	27,917	38,509
其他服務費及佣金收入	89,504	85,343
(減): 服務費及佣金支出	(18,803)	(18,114)
	258,541	245,528
外匯買賣收益	55,340	58,664
持作買賣用途證券及其他買賣之溢利	85,897	3,034
上市及非上市投資股息收入	4,646	7,567
其他	10,015	13,289
	414,439	328,082

(d) 營業支出

營業支出包括折舊港幣38,011,000元(二零零四年:港幣54,645,000元)、認股權支出港幣4,527,000元(二零零四年(重報):港幣1,233,000元)及僱員獎勵計劃支出港幣1,686,000元(二零零四年:港幣521,000元)。二零零四年上半年度商譽攤銷港幣24,449,000元。

(d) Operating expenses

Operating expenses included depreciation, share option expenses and employee incentive plan expenses amounting to HK\$38,011,000 (2004: HK\$54,645,000), HK\$4,527,000 (2004 (restated): HK\$1,233,000) and HK\$1,686,000 (2004: HK\$521,000) respectively. During the first half of 2004, the amortisation on goodwill amounted to HK\$24,449,000.

5. 資產減值損失及準備(持有至到期日證券及可供銷售證券除外)／呆壞賬(準備)

5. IMPAIRMENT LOSSES AND ALLOWANCES FOR IMPAIRED ASSETS (OTHER THAN THE IMPAIRMENT ALLOWANCES ON HELD-TO-MATURITY SECURITIES AND AVAILABLE-FOR-SALE SECURITIES)/(CHARGE) FOR BAD AND DOUBTFUL DEBTS

截至二零零五年 六月三十日止 六個月	截至二零零四年 六月三十日止 六個月
Six months ended 30th June, 2005	Six months ended 30th June, 2004

客戶貸款之減值準備回撥／呆壞賬(準備)

Impairment allowances release
for loans and advances to
customers/(charge) for bad
and doubtful debts

442 (73,134)

442 (73,134)

6. (a) 重估投資物業及出售有形固定資產之溢利／(虧損)

項目已包括重估投資物業之未實現溢利港幣10,838,000元(二零零四年:無)。

6. (a) Gains/(losses) on revaluation of investment properties and disposal of tangible fixed assets

The amount included an unrealised gain on revaluation of investment properties of HK\$10,838,000 (2004: Nil).

(b) 出售持有至到期日證券及可供銷售證券／非持作買賣用途證券之(虧損)／溢利

(b) (Losses)/profits on disposal of held-to-maturity and available-for sale/non-trading securities

截至二零零五年 六月三十日止 六個月	截至二零零四年 六月三十日止 六個月
Six months ended 30th June, 2005	Six months ended 30th June, 2004

出售持有至到期日證券之溢利

Profit on disposal of
held-to-maturity securities - 117

出售可供銷售證券／非持作買賣用途證券之(虧損)／溢利

(Loss)/profit on disposal
of available-for-sale/non-
trading securities (6,707) 2,843

(6,707) 2,960

7. 稅項

綜合損益表內之稅項為：

香港利得稅準備
海外稅項
遞延稅項
應佔聯營公司之稅項

香港利得稅乃按期內應課稅溢利照現行稅率百分之十七點五(二零零四年:百分之十七點五)計算。海外稅項按本集團之有關單位經營所在國家現行稅率計算。

8. 擬派中期股息

以下為董事會於二零零五年六月三十日之後宣佈派發之股息，並未於中期財務報告中列賬。

按293,980,500(二零零四年:293,910,500)股計算，擬派股息每股港幣七角(二零零四年:港幣五角三仙)

7. TAXATION

Taxation in the consolidated profit and loss account represents:

	截至二零零五年 六月三十日止 六個月 Six months ended 30th June, 2005	截至二零零四年 六月三十日止 六個月 Six months ended 30th June, 2004
Provision for Hong Kong profits tax	114,936	118,879
Overseas taxation	10,183	19,225
Deferred taxation	8,395	(20,960)
Share of associates' tax	1,097	163
	134,611	117,307

The provision for Hong Kong profits tax is based on an estimate of the assessable profits for the period at 17.5% (2004: 17.5%). Overseas taxation is provided at the appropriate current rates of taxation ruling in the countries in which the relevant units of the Group operate.

8. INTERIM DIVIDEND DECLARED

The following dividend was declared by the board of directors after 30th June, 2005 and has not been provided for in the interim financial report.

	截至二零零五年 六月三十日止 六個月 Six months ended 30th June, 2005	截至二零零四年 六月三十日止 六個月 Six months ended 30th June, 2004
Interim dividend declared of HK\$0.70 (2004: HK\$0.53) per share on 293,980,500 (2004: 293,910,500) shares	205,786	155,773

9. 每股盈利

每股基本盈利乃根據截至二零零五年六月三十日止六個月股東應得之溢利港幣700,628,000元(二零零四年(重報):港幣528,959,000元)及於該期間已發行股份之加權平均數293,933,483(二零零四年:293,883,577)股普通股計算。

攤薄每股盈利乃根據截至二零零五年六月三十日止六個月股東應得之溢利港幣700,628,000元(二零零四年(重報):港幣528,959,000元)及於該期間已發行股份之加權平均數294,783,949(二零零四年:294,353,949)股普通股計算,並就所有潛在攤薄盈利的股份予以調整。

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to the shareholders for the six months ended 30th June, 2005 of HK\$700,628,000 (2004 (restated): HK\$528,959,000) and on the weighted average number of 293,933,483 (2004: 293,883,577) ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on profit attributable to the shareholders for the six months ended 30th June, 2005 of HK\$700,628,000 (2004 (restated): HK\$528,959,000) and on the weighted average number of 294,783,949 (2004: 294,353,949) ordinary shares in issue during the period after adjustment of all dilutive potential shares.

	二零零五年 六月三十日 30th June, 2005	二零零四年 六月三十日 30th June, 2004
	每股港幣1元之 股份數目 Number of shares of HK\$1.00 each	每股港幣1元之 股份數目 Number of shares of HK\$1.00 each
用作計算每股基本盈利的普通股份加權平均數	Weighted average number of ordinary shares used in calculating basic earnings per share	
	293,933,483	293,883,577
被視為行使之認股權計劃	Deemed exercise of share option scheme	
	365,145	308,985
被視為行使之僱員獎勵計劃	Deemed exercise of EIP	
	485,321	161,387
用作計算每股攤薄盈利的普通股份加權平均數	Weighted average number of ordinary shares used in calculating diluted earnings per share	
	294,783,949	294,353,949

10. 現金及短期資金

10. CASH AND SHORT-TERM FUNDS

	二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004
現金及存放銀行同業及其他金融機構	Cash and balances with banks and other financial institutions	
	1,570,139	1,394,069
短期存放同業	Money at call and short notice	
政府債券(附註20)	Treasury bills (Note 20)	
	1,388,940	18,548,891
	24,285,000	586,358
	24,285,000	20,529,318

10. 現金及短期資金 (續)

政府債券分析如下：

10. CASH AND SHORT-TERM FUNDS (Continued)

Treasury bills are analysed as follows:

		二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004
持作買賣用途 (市場價值)	Held for trading purposes (at market value)	495,978	–
持有至到期日	Held-to-maturity	892,962	586,358
		1,388,940	586,358

所有政府債券為由中央政府及各中央銀行發出，並為非上市之債券。

All treasury bills are issued by central government and central banks and are unlisted.

11. 存款證

持有之存款證全部為持有至到期日及非上市之存款證。

11. CERTIFICATES OF DEPOSIT HELD

All the certificates of deposit held are held-to-maturity and are unlisted.

12. 客戶之貸款及其他賬項

(a) 客戶之貸款及其他賬項

12. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS

(a) Advances to customers and other accounts

		二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004
客戶貸款 (附註20)	Advances to customers (Note 20)	51,652,980	49,189,126
銀行同業及其他金融機構之貸款 (附註20)	Advances to banks and other financial institutions (Note 20)	95,003	110,865
減值貸款之個別減值準備／特殊 準備	Individual impairment allowances for impaired loans/specific provisions for bad and doubtful debts	(160,299)	(127,731)
減值貸款之組合減值準備／一般 準備	Collective impairment allowances for impaired loans/general provisions for bad and doubtful debts	(198,754)	(494,779)
應計利息及其他賬項	Accrued interest and other accounts	1,020,381	1,046,124
衍生金融工具	Derivative financial instruments	572,507	21,734
		52,981,818	49,745,339

12. 客戶之貸款及其他賬項 (續)

(b) 減值貸款

已扣除個別減值準備連同計入將來可收回數額之折扣值之相關貸款數額如下：

減值之客戶貸款總額
佔客戶貸款總額之百分比
所持抵押品金額
個別減值準備／特殊準備

於二零零四年十二月三十一日及二零零五年六月三十日，本集團貸予銀行同業及其他金融機構之款項中，並無個別減值準備之貸款。

12. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS

(Continued)

(b) Impaired loans

The advances net of individual impairment allowances made after taking into account the discounted value of future recoverable amounts in respect of such advances are as follows:

二零零五年
六月三十日
30th June, 2005

二零零四年
十二月三十一日
31st December, 2004

Gross impaired advances to customers	779,614	824,995
Gross impaired advances as a percentage of total advances to customers	1.51%	1.68%
Amount of collateral held	598,211	671,350
Individual impairment allowances/specific provisions	158,037	125,732

There were no individual impairment allowances made on advances to banks and other financial institutions on 30th June, 2005 and 31st December, 2004.

13. 以公平價值誌入損益賬內之證券／持
作買賣用途證券

13. SECURITIES MEASURED AT FAIR VALUE THROUGH
PROFIT OR LOSS/TRADING SECURITIES

	二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004
以公平價值誌入損益賬之債務證券：	Debt securities measured at fair value through profit or loss:	
－ 初始時指定 (附註20)：	－ designated at inception (Note 20):	
海外上市	Listed outside Hong Kong 1,264,180	－
非上市	Unlisted 3,819,001	－
	5,083,181	－
－ 持作買賣用途之債務證券 (附註20)：	－ Held for trading/trading debt securities (Note 20):	
本港上市	Listed in Hong Kong 250	153
非上市	Unlisted 50	－
	300	153
持作買賣用途之本港上市股票	Trading equity securities listed in Hong Kong	
	8,669	11,914
	8,969	12,067
	5,092,150	12,067
以公平價值誌入損益賬內之證券／持作買 賣用途證券之交易對手如下：	Securities measured at fair value through profit or loss/ trading securities analysed by counterparty are as follows:	
發行機構：	Issued by:	
中央政府及中央銀行	Central government and central banks 200	50
銀行同業及其他金融機構	Banks and other financial institutions 2,857,437	5,364
企業	Corporate entities 1,706,811	6,550
公營機構	Public sector 527,702	103
	5,092,150	12,067

14. 持有至到期日證券及可供銷售證券／
非持作買賣用途證券

14. HELD-TO-MATURITY AND AVAILABLE-FOR-SALE/NON-
TRADING SECURITIES

二零零五年
六月三十日
30th June, 2005

二零零四年
十二月三十一日
31st December, 2004

持有至到期日之債務證券(附註20)：	Held-to-maturity debt securities (Note 20):		
上市	Listed		
– 本港上市	– in Hong Kong	86,656	87,766
– 海外上市	– outside Hong Kong	203,123	677,995
		289,779	765,761
非上市	Unlisted	10,352,393	18,102,157
		10,642,172	18,867,918
可供銷售／非持作買賣用途之債務證券 (附註20)：	Available-for-sale/non-trading debt securities (Note 20):		
上市(市場價值)	Listed (at market value)		
– 本港上市	– in Hong Kong	97,743	29,196
– 海外上市	– outside Hong Kong	54,391	858,144
非上市	Unlisted	1,419,693	352,783
		1,571,827	1,240,123
可供銷售／非持作買賣用途之股票：	Available-for-sale/non-trading equity securities:		
本港上市(市場價值)	Listed in Hong Kong (at market value)	54,503	93,463
非上市	Unlisted	104,823	187,236
		159,326	280,699
		12,373,325	20,388,740
持有至到期日債務證券之市場價值	Market value of listed held- to-maturity debt securities	291,396	779,768

14. 持有至到期日證券及可供銷售證券／非持作買賣用途證券 (續)

於二零零五年一月一日，持有至到期日之債務證券，其經攤銷後之成本港幣1,671,490,000元及港幣4,125,330,000元，按香港會計準則第三十九號「金融工具：確認及計量」分別重列為可供銷售證券及於初始時指定以公平價值誌入損益賬內之證券。此外，非持作買賣用途之債務證券，其公平價值港幣1,134,545,000元重列為於初始時指定以公平價值誌入損益賬內之證券。

持有至到期日證券及可供銷售證券／非持作買賣用途證券交易對手分析如下：

14. HELD-TO-MATURITY AND AVAILABLE-FOR-SALE/NON-TRADING SECURITIES (Continued)

On 1st January, 2005, held-to-maturity debt securities with an amortised cost of HK\$1,671,490,000 and HK\$4,125,330,000 were reclassified as available-for-sale and securities measured at fair value through profit or loss – designated at inception respectively in accordance with HKAS 39 “Financial Instruments: Recognition and Measurement”. In addition, non-trading debt securities at fair value of HK\$1,134,545,000 were reclassified as securities measured at fair value through profit or loss – designated at inception.

Held-to-maturity and available-for-sale/non-trading securities analysed by counterparty are as follows:

	二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004
發行機構：		
中央政府及中央銀行	7,643	7,774
銀行同業及其他金融機構	9,239,427	14,376,694
企業	2,740,094	5,091,009
公營機構	386,161	913,263
	12,373,325	20,388,740

持有至到期日之政府債券及存款證已分別披露於資產負債表、賬項附註10及附註11內。

Held-to-maturity treasury bills and certificates of deposit are disclosed separately in the balance sheet, notes 10 and 11 to the accounts.

15. 商譽**15. GOODWILL**

		二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004
成本	Cost		
一月一日結餘	At 1st January	909,733	972,156
期內收回商譽	Amount recovered during the period	-	(66,864)
期內支付商譽	Amount paid during the period	-	4,441
		<u>909,733</u>	<u>909,733</u>
二零零五年六月三十日及 二零零四年十二月三十一日結餘	At 30th June, 2005 and 31st December, 2004	909,733	909,733
累計攤銷及減值損失	Accumulated amortisation and impairment loss		
一月一日結餘	At 1st January	62,020	17,023
期內攤銷	Amortisation for the period	-	44,997
		<u>62,020</u>	<u>62,020</u>
二零零五年六月三十日及 二零零四年十二月三十一日結餘	At 30th June, 2005 and 31st December, 2004	62,020	62,020
於二零零五年六月三十日及 二零零四年十二月三十一日 賬面淨值	Net book value as at 30th June, 2005 and 31st December, 2004	847,713	847,713

16. 客戶存款**16. DEPOSITS FROM CUSTOMERS**

		二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004
活期存款及往來賬戶	Demand deposits and current accounts	8,421,910	9,871,231
儲蓄存款	Savings deposits	12,772,519	16,800,082
定期存款及通知存款	Time, call and notice deposits	59,318,962	51,897,848
		<u>80,513,391</u>	<u>78,569,161</u>

17. 已發行之存款證

17. CERTIFICATES OF DEPOSIT ISSUED

	二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004
以攤銷成本計算之已發行存款證	Certificates of deposit issued at amortised cost	4,616,090
指定以公平價值誌入損益賬內之已發行結構性存款證	Structured certificates of deposit issued designated as fair value through profit or loss	-
	1,953,103	
	1,976,803	
	3,929,906	4,616,090

18. 其他賬項及準備

18. OTHER ACCOUNTS AND PROVISIONS

	二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004
政府債券淡倉	Short positions in treasury bills	-
衍生金融工具	Derivative financial instruments	35,300
本期稅項	Current taxation	63,381
遞延稅項	Deferred taxation	64,953
其他應付款項及應付利息	Other payable and interest payable	948,450
	469,762	
	629,317	
	131,476	
	95,516	
	901,453	1,112,084
	2,227,524	1,112,084

(重報)
(restated)

19. 借貸資本

票面值港幣2,525,835,000元(325,000,000美元)(二零零四年:港幣2,526,485,000元)之借貸資本,是指由本銀行單一目的全資附屬財務公司Wing Hang Financial Holdings (BVI) Limited, 於二零零三年內發行年息5.25%, 並評定為次級資本的後償票據, 本銀行無條件及不可撤回地保證該等於新加坡交易所上市之票據應付之所有款項。該等票據將於二零一三年十月十日到期。

19. LOAN CAPITAL

Loan capital with face value of HK\$2,525,835,000 (US\$325,000,000) (2004:HK\$2,526,485,000) represents 5.25% subordinated notes qualifying as tier 2 capital which were issued during 2003 by Wing Hang Financial Holdings (BVI) Limited, a single purpose wholly owned finance subsidiary of the Bank. The Bank unconditionally and irrevocably guarantees all amounts payable under the notes which are listed on the Singapore Exchange Trading Limited. The notes will mature on 10th October, 2013.

20. 期限分析

20. MATURITY PROFILE

二零零五年六月三十日
30th June, 2005

		三個月以上 至一年	一年以上 至五年	五年以上	無註明	總額
	即時還款 Repayable on demand	三個月 或以下 3 months or less	1 year or less but over 3 months	5 years or less but over 1 year	After 5 years Undated	Total
資產	Assets					
- 政府債券 (附註10)	- Treasury bills (Note 10)	- 1,340,741	48,199	-	-	1,388,940
- 定期存放銀行同業及其他 金融機構款項 (一至十二 個月內到期)	- Placements with banks and other financial institutions maturing between 1 and 12 months	- 764,451	85,452	-	-	849,903
- 存款證	- Certificates of deposit held	-	-	-	-	-
- 以公平價值誌入損益賬內 之債務證券/持作買賣用 途之債務證券 (附註13)	- Debt securities measured at fair value through profit or loss/ trading debt securities (Note 13)	-	236,960	3,856,830	989,691	5,083,481
- 客戶貸款 (附註12a)	- Advances to customers (Note 12a)	2,443,070	7,042,910	6,227,343	15,515,329	19,914,838
- 銀行同業及其他金融機構 之貸款 (附註12a)	- Advances to banks and other financial institutions (Note 12a)	-	15,834	79,169	-	95,003
- 持有至到期日及可供銷 售/非持作買賣用途之 債務證券 (附註14)	- Held-to-maturity and available - for-sale/non-trading debt securities (Note 14)	- 430,822	797,645	8,803,973	2,181,559	12,213,999
		2,443,070	9,578,924	7,411,433	28,255,301	23,086,088
					509,490	71,284,306
負債	Liabilities					
- 銀行同業及其他金融機構 之存款	- Deposits and balances of banks and other financial institutions	134,461	1,266,201	480,799	28,172	-
- 客戶之存款	- Deposits from customers	21,155,841	56,530,496	1,913,832	913,222	-
- 已發行之存款證	- Certificates of deposit issued	-	1,363,759	1,303,219	1,262,928	-
- 借貸資本	- Loan capital	-	-	-	-	2,525,835
		21,290,302	59,160,456	3,697,850	2,204,322	2,525,835
						- 88,878,765

20. 期限分析 (續)

20. MATURITY PROFILE (Continued)

		二零零四年十二月三十一日 31st December, 2004						
		即時還款	三個月 或以下	三個月以上 至一年	一年以上 至五年	五年以上	無註明	總額
		Repayable on demand	3 months or less	1 year or less but over 3 months	5 years or less but over 1 year	After 5 years	Undated	Total
資產	Assets							
- 政府債券 (附註10)	- Treasury bills (Note 10)	-	586,358	-	-	-	-	586,358
- 定期存放銀行同業及其他 金融機構款項 (一至十二 個月內到期)	- Placements with banks and other financial institutions maturing between 1 and 12 months	-	1,337,360	98,167	-	-	-	1,435,527
- 存款證	- Certificates of deposit held	-	30,000	-	-	-	-	30,000
- 以公平價值誌入損益賬內 之債務證券 / 持作買賣用 途之債務證券 (附註13)	- Debt securities measured at fair value through profit or loss/ trading debt securities (Note 13)	-	-	-	153	-	-	153
- 客戶貸款 (附註12a)	- Advances to customers (Note 12a)	2,243,848	7,192,623	6,486,642	14,395,731	18,416,100	454,182	49,189,126
- 銀行同業及其他金融機 構之貸款 (附註12a)	- Advances to banks and other financial institutions (Note 12a)	-	-	15,838	95,027	-	-	110,865
- 持有至到期日及可供銷 售 / 非持作買賣用途之 債務證券 (附註14)	- Held-to-maturity and available-for-sale/ non-trading debt securities (Note 14)	-	934,240	1,983,598	12,847,591	4,342,612	-	20,108,041
		<u>2,243,848</u>	<u>10,080,581</u>	<u>8,584,245</u>	<u>27,338,502</u>	<u>22,758,712</u>	<u>454,182</u>	<u>71,460,070</u>
負債	Liabilities							
- 銀行同業及其他金融機構 之存款	- Deposits and balances of banks and other financial institutions	141,924	851,433	216,225	-	-	-	1,209,582
- 客戶之存款	- Deposits from customers	26,715,919	49,104,915	2,123,116	625,211	-	-	78,569,161
- 已發行之存款證	- Certificates of deposit issued	-	1,703,150	1,703,388	1,209,552	-	-	4,616,090
- 借貸資本	- Loan capital	-	-	-	-	2,526,485	-	2,526,485
		<u>26,857,843</u>	<u>51,659,498</u>	<u>4,042,729</u>	<u>1,834,763</u>	<u>2,526,485</u>	<u>-</u>	<u>86,921,318</u>

21. 股本

21. SHARE CAPITAL

	二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004
註冊股本： 450,000,000 (二零零四年：450,000,000) 股 普通股每股港幣1元	Authorised: 450,000,000 (2004: 450,000,000) ordinary shares of HK\$1.00 each	450,000
實收股本： 一月一日結餘 根據認股權計劃發行之股份	Issued and fully paid: At 1st January Shares issued under share option scheme	293,911 293,781 70 130
293,980,500 (二零零四年：293,910,500) 股 普通股每股港幣1元	293,980,500 (2004: 293,910,500) ordinary shares of HK\$1.00 each	293,981 293,911

(a) 認股權計劃

於二零零五年上半年，根據認股權計劃發行之股份為70,000股，其價值為港幣2,258,000元。其中港幣70,000元已於股本記賬，餘數港幣2,188,000元則撥入股本溢價賬內。於二零零五年六月三十日未行使之認股權摘要如下：

(a) Share Option Scheme

During the first half of 2005, options were exercised to subscribe for 70,000 ordinary shares in the Bank at a consideration of HK\$2,258,000 of which HK\$70,000 was credited to share capital and the balance of HK\$2,188,000 was credited to the share premium account. At 30th June, 2005, the outstanding options are:

	二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004		
授予認股權日期	Date of options granted	認股價 Option price	股份數目 Number of shares	股份數目 Number of shares
二零零一年三月十日	10th March, 2001	HK\$23.60	190,000	230,000
二零零二年三月十五日	15th March, 2002	HK\$26.30	170,000	170,000
二零零三年一月十四日	14th January, 2003	HK\$25.80	80,000	80,000
二零零三年三月十四日	14th March, 2003	HK\$26.50	130,000	130,000
二零零四年五月二十一日	21st May, 2004	HK\$43.80	430,000	495,000
二零零五年一月十四日	14th January, 2005	HK\$51.25	220,000	-
二零零五年一月二十八日	28th January, 2005	HK\$50.25	105,000	-
			1,325,000	1,105,000

此等認股權可於授予日第一週年起至第十週年內行使。

The options granted under the Scheme will be exercisable between the first and the tenth anniversaries of the date of grant.

21. 股本 (續)

(b) 僱員獎勵計劃

二零零四年上半年，批准了一項新僱員獎勵計劃。於二零零五年六月三十日，獎賞摘要如下：

			二零零五年	二零零四年
			六月三十日	十二月三十一日
			30th June, 2005	31st December, 2004
授予獎賞日期	Date of awards granted	行使價 Exercise Price	股份數目 Number of shares	股份數目 Number of shares
二零零四年五月二十一日	21st May, 2004	HK\$1.00	495,000	495,000

於授予日獎賞之公平價值為港幣21,186,000元。獎賞於授出日期起計第六週年至第十週年，按以下之百分比生效。

日期	Date	獎賞生效之百分比 Percentage of Award vesting
授出日期起計六週年	Sixth anniversary of the date of grant	5%
授出日期起計七週年	Seventh anniversary of the date of grant	10%
授出日期起計八週年	Eighth anniversary of the date of grant	15%
授出日期起計九週年	Ninth anniversary of the date of grant	20%
授出日期起計十週年	Tenth anniversary of the date of grant	50%

如董事會決定以支付現金代替此計劃下可獲得之股份獎賞，於有效期間便無新股份發行。

21. SHARE CAPITAL (Continued)

(b) Employee Incentive Plan

During the first half of 2004, a new Employee Incentive Plan ("EIP") was approved. At 30th June, 2005, the outstanding awards are:

			二零零五年	二零零四年
			六月三十日	十二月三十一日
			30th June, 2005	31st December, 2004
授予獎賞日期	Date of awards granted	行使價 Exercise Price	股份數目 Number of shares	股份數目 Number of shares
二零零四年五月二十一日	21st May, 2004	HK\$1.00	495,000	495,000

The fair value of the awards as at the date of grant was HK\$21,186,000. The awards can be vested between the sixth to the tenth anniversaries after the date of grant with the following percentage of award vesting.

Date	Percentage of Award vesting
Sixth anniversary of the date of grant	5%
Seventh anniversary of the date of grant	10%
Eighth anniversary of the date of grant	15%
Ninth anniversary of the date of grant	20%
Tenth anniversary of the date of grant	50%

If the Board determines to select the cash option when shares vest, which is available under the plan, no new shares will be issued on the date of vesting.

22. 儲備

22. RESERVES

二零零五年六月三十日
30th June, 2005

		股本溢價	資本儲備	一般儲備	銀行行址 重估儲備	投資物業 重估儲備	投資 重估儲備	股本贖回 儲備	盈餘滾存	合計
		Share premium	Capital reserve	General reserve	Bank premise revaluation reserve	Investment properties revaluation reserve	Investment revaluation reserve	Capital redemption reserve	Unappro- priated profits	Total
二零零五年一月一日結餘	At 1st January, 2005									
– 往年報告	– as previously reported	342,102	215,909	2,091,174	269,039	12,683	22,241	769	4,156,059	7,109,976
– 往年之調整：	– prior year adjustments in respect of:									
– 認股權計劃	– share option scheme	4,932	-	-	-	-	-	-	(4,932)	-
– 投資物業之遞延稅 項	– deferred tax on investment properties	-	-	-	-	(2,220)	-	-	(6,849)	(9,069)
– 已重報	– as restated	347,034	215,909	2,091,174	269,039	10,463	22,241	769	4,144,278	7,100,907
期初結餘調整	Opening balance adjustments in respect of:									
– 金融工具	– financial instrument	-	-	-	-	-	5,131	-	(51,449)	(46,318)
– 投資物業	– investment properties	-	-	-	-	(10,463)	-	-	10,463	-
– 客戶貸款之組合及個 別減值回撥	– release of collective and individual impairment allowances on advances to customers	-	-	-	-	-	-	-	233,654	233,654
		-	-	-	-	(10,463)	5,131	-	192,668	187,336
已重報並包括期初結餘 調整	– as restated, after opening balance adjustments	347,034	215,909	2,091,174	269,039	-	27,372	769	4,336,946	7,288,243
換算調整	Exchange adjustments	-	-	(93)	-	-	-	-	-	(93)
根據認股權計劃發行之新 股	Shares issued under share option scheme	2,188	-	-	-	-	-	-	-	2,188
認股權計劃之股本溢價	Shares premium under share option scheme	4,527	-	-	-	-	-	-	-	4,527
僱員獎勵計劃之股本溢價	Shares premium under EIP	1,203	-	-	-	-	-	-	-	1,203
已計入遞延稅項之重估虧 損	Loss on revaluation after deferred tax credit	-	-	-	-	-	(14,421)	-	-	(14,421)
已扣除遞延稅項之銀行行 址重估溢利	Gain on revaluation of bank premises after deferred tax charge	-	-	-	5,240	-	-	-	-	5,240
已派股息	Dividends paid	-	-	-	-	-	-	-	(420,349)	(420,349)
期內溢利	Profit for the period	-	-	-	-	-	-	-	700,628	700,628
二零零五年六月三十日 結餘	At 30th June, 2005	354,952	215,909	2,091,081	274,279	-	12,951	769	4,617,225	7,567,166

22. 儲備 (續)

22. RESERVES (Continued)

二零零四年十二月三十一日
31st December, 2004

		(重報) (restated)								
		股本溢價	資本儲備	一般儲備	銀行行址 重估儲備	投資物業 重估儲備	投資 重估儲備	股本贖回 儲備	盈餘滾存	合計
		Share premium	Capital reserve	General reserve	Bank premises revaluation reserve	Investment properties revaluation reserve	Investment revaluation reserve	Capital redemption reserve	Unappro- priated profits	Total
二零零四年一月一日結餘	At 1st January, 2004	337,330	215,909	2,091,079	268,917	14	17,848	769	3,461,234	6,393,100
換算調整	Exchange adjustments	-	-	95	-	(53)	-	-	-	42
根據認股權計劃發行之新股	Shares issued under share option scheme	3,168	-	-	-	-	-	-	-	3,168
新僱員獎勵計劃之股本溢價	Shares premium under new EIP	1,604	-	-	-	-	-	-	-	1,604
已扣除遞延稅項之重估溢利	Gain on revaluation after deferred tax charge	-	-	-	-	-	4,393	-	-	4,393
重估投資物業之溢利	Gain on revaluation of investment properties	-	-	-	-	11,809	-	-	-	11,809
支銀行行址重估儲備之遞延稅項	Deferred tax charged to bank premises revaluation reserve	-	-	-	122	-	-	-	-	122
支投資物業重估儲備之遞延稅項	Deferred tax charged to investment properties revaluation reserve	-	-	-	-	10,933	-	-	-	10,933
出售投資物業	Disposal of investment properties	-	-	-	-	(10,020)	-	-	-	(10,020)
已派股息	Dividends paid	-	-	-	-	-	-	-	(473,196)	(473,196)
年內溢利	Profit for the year	-	-	-	-	-	-	-	1,168,021	1,168,021
- 往年報告	- as previously reported	-	-	-	-	-	-	-	1,168,021	1,168,021
- 往年之調整:	- prior year adjustments in respect of:	-	-	-	-	-	-	-	-	-
- 認股權計劃	- share option scheme	4,932	-	-	-	-	-	-	(4,932)	-
- 投資物業之遞延稅項	- deferred tax on investment properties	-	-	-	-	(2,220)	-	-	(6,849)	(9,069)
- 已重報	- as restated	4,932	-	-	-	(2,220)	-	-	1,156,240	1,158,952
二零零四年十二月三十一日結餘	At 31st December, 2004	347,034	215,909	2,091,174	269,039	10,463	22,241	769	4,144,278	7,100,907

本集團於二零零五年六月三十日之盈餘滾存已包括監管儲備港幣317,777,000元(二零零四年:無),此數額為按香港會計準則第三十九號所作之減值準備與監管所產生之差額。

The Group's unappropriated profits as at 30th June, 2005 included HK\$317,777,000 (2004: Nil) as the regulatory reserve arising from the differences between the impairment allowances made under HKAS 39 and for regulatory purposes.

23. 資產負債表以外之風險程度

(a) 或然債務及承擔

以下為每項或然債務及承擔重大類別之約定金額概要：

直接信貸替代
交易有關之或然債務

貿易有關之或然債務
其他承擔
存放遠期存款

(b) 衍生工具

衍生工具指財務合約，其價值視乎所涉及的資產或指數而定。

以下為每項衍生工具重大類別之名義金額：

匯率合約

遠期合約—買賣用途

遠期合約—對沖用途

購入期權—買賣用途

沽出期權—買賣用途

匯率合約總額

利率合約

掉期合約—買賣用途一定息收入

掉期合約—買賣用途一定息支出

掉期合約—對沖用途一定息收入

掉期合約—對沖用途一定息支出

利率合約總額

股份合約

沽出期權—買賣用途

股份合約總額

23. OFF-BALANCE SHEET EXPOSURES

(a) Contingent liabilities and commitments

The following is a summary of the contractual amounts of each significant class of contingent liabilities and commitments:

	二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004
Direct credit substitutes	866,881	809,560
Transaction-related contingencies	73,806	33,450
Trade-related contingencies	1,678,905	1,416,358
Other commitments	9,898,856	9,875,085
Forward forward deposits placed	579,548	2,241,972
	13,097,996	14,376,425

(b) Derivatives

Derivatives refer to financial contracts whose value depends on the value of one or more underlying assets or indices.

The following table is a summary of the notional amounts of each significant type of derivatives:

	二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004
Exchange rate contracts		
Forwards – trading	4,553,158	3,286,625
Forwards – hedging	–	919,593
Option purchased – trading	473,516	277,016
Option written – trading	473,516	277,016
Total exchange rate contracts	5,500,190	4,760,250
Interest rate contracts		
Swaps – trading – receiving fixed rate	78,338,314	37,191,480
Swaps – trading – paying fixed rate	78,795,447	37,070,388
Swaps – hedging – receiving fixed rate	–	14,854,793
Swaps – hedging – paying fixed rate	1,518,917	25,096,124
Total interest rate contracts	158,652,678	114,212,785
Equity contracts		
Option written – trading	–	140,902
Total equity contracts	–	140,902
	164,152,868	119,113,937

23. 資產負債表以外之風險程度 (續)

(b) 衍生工具 (續)

買賣交易包括為執行客戶買賣指令或對沖此等持倉交易而持有之金融工具盤。

上列資產負債表以外之風險程度之重置成本及信貸風險加權金額如下。這些金額並未計及雙邊淨額安排的影響。

		二零零五年 六月三十日 30th June, 2005		二零零四年 十二月三十一日 31st December, 2004	
		重置成本 Replacement cost	信貸風險 加權金額 Credit risk weighted amount	重置成本 Replacement cost	信貸風險 加權金額 Credit risk weighted amount
或然債務及承擔	Contingent liabilities and commitments	N/A	1,591,788	N/A	1,757,281
滙率合約	Exchange rate contracts	33,913	30,468	22,192	20,229
利率合約	Interest rate contracts	502,744	203,616	554,187	211,702
股份合約	Equity contracts	-	-	-	-
		536,657	1,825,872	576,379	1,989,212

(c) 資本承擔

於二零零五年六月三十日及二零零四年十二月三十一日為購買物業、機械及設備而並未在賬項中作出準備之資本承擔如下：

		二零零五年 六月三十日 30th June, 2005		二零零四年 十二月三十一日 31st December, 2004	
已核准及簽訂合約之開支	Ependiture authorised and contracted for	2,545	4,391		
已核准惟未簽訂合約之開支	Ependiture authorised but not contracted for	6,388	438		
		8,933	4,829		

23. OFF-BALANCE SHEET EXPOSURES (Continued)

(b) Derivatives (Continued)

The trading transactions include positions arising from the execution of trade orders from customers or transactions taken to hedge these positions.

The replacement costs and credit risk weighted amounts of the above off-balance sheet exposures are as follows. These amounts do not take into account of the effects of bilateral netting arrangements.

		二零零五年 六月三十日 30th June, 2005		二零零四年 十二月三十一日 31st December, 2004	
		Replacement cost	Credit risk weighted amount	Replacement cost	Credit risk weighted amount
Contingent liabilities and commitments		N/A	1,591,788	N/A	1,757,281
Exchange rate contracts		33,913	30,468	22,192	20,229
Interest rate contracts		502,744	203,616	554,187	211,702
Equity contracts		-	-	-	-
		536,657	1,825,872	576,379	1,989,212

(c) Capital commitments

Capital commitments for acquisition of property, plant and equipment outstanding at 30th June, 2005 and 31st December, 2004 not provided for in the accounts are as follows:

		二零零五年 六月三十日 30th June, 2005		二零零四年 十二月三十一日 31st December, 2004	
Ependiture authorised and contracted for		2,545	4,391		
Ependiture authorised but not contracted for		6,388	438		
		8,933	4,829		

24. 綜合現金流量表附註

(a) 營業溢利與來自營業活動之淨現金流入／(流出)對賬表

24. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities.

		二零零五年 六月三十日 30th June, 2005	二零零四年 六月三十日 30th June, 2004
			(重報) (restated)
營業溢利	Operating profit	836,508	651,779
折舊	Depreciation	38,011	54,645
商譽攤銷(附註15)	Amortisation of goodwill (Note 15)	-	24,449
認股權計劃之股本溢價	Share premium under share option scheme	4,527	1,233
僱員獎勵計劃之股本溢價	Share premium under EIP	1,203	401
支付借貸資本利息	Interest paid on loan capital	66,670	66,797
已付利得稅	Profits tax paid	(46,695)	(32,302)
原本期限為三個月或以上之政府 債券減少／(增加)	Decrease/(increase) in treasury bills with original maturity of three months or more	354,217	(40,219)
原本期限為三個月或以上之定期 存放銀行同業及其他金融機構 款項減少	Decrease in placements with banks and other financial institutions with original maturity of three months or more	816,405	711,447
貿易票據增加	Increase in trade bills	(95,675)	(35,955)
存款證減少	Decrease in certificates of deposit held	30,000	99,992
以公平價值誌入損益賬內之證券／ 持作買賣用途證券減少	Decrease in securities measured at fair value through profit or loss/trading securities	197,579	536,318
客戶之貸款及其他賬項增加	Increase in advances to customers and other accounts	(2,484,735)	(1,684,134)
銀行同業及其他金融機構之存款 增加	Increase in deposits and balances of banks and other financial institutions	688,436	1,505,756
客戶之存款增加／(減少)	Increase/(decrease) in deposits from customers	1,944,230	(2,213,746)
已發行存款證減少	Decrease in certificates of deposit issued	(652,666)	(112,731)
其他賬項及準備增加／(減少)	Increase/(decrease) in other accounts and provision	402,878	(902,035)
因營業活動流入／(流出)之現金 淨額	Net cash inflow/(outflow) from operating activities	<u>2,100,893</u>	<u>(1,368,305)</u>

24. 綜合現金流量表附註 (續)

(b) 與綜合資產負債表的對賬

		二零零五年 六月三十日 30th June, 2005	二零零四年 六月三十日 30th June, 2004
現金及短期資金	Cash and short term fund	24,285,000	14,951,023
定期存放銀行同業及其他金融機構款項(一至十二個月內到期)	Placements with banks and other financial institutions maturing between one and twelve months	849,903	490,724
存款證	Certificates of deposit held	—	29,980
在綜合資產負債表出現的金額	Amount shown in the consolidated balance sheet	25,134,903	15,471,727
(減): 原本期限為三個月或以上的數額	(Less): Amount with an original maturity of three months or more	(430,176)	(398,471)
在綜合現金流量表內的現金及等同現金項目	Cash and cash equivalents in the consolidated cash flow statement	24,704,727	15,073,256

24. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

(Continued)

(b) Reconciliation with the consolidated balance sheet

25. 關連人士重要交易

(a) 主要股東

二零零五年上半年度, 本集團與本銀行之主要股東美國紐約銀行集團及其附屬公司之交易, 均按一般正常業務及商業條件進行。期內之收支及期末之資產負債表及資產負債表以外之結餘詳列如下:

(i) 收入及支出

25. MATERIAL RELATED PARTIES TRANSACTIONS

(a) Substantial shareholder

During the first half of 2005, transactions with The Bank of New York Company Inc. ("BNY"), a substantial shareholder of the Bank, or its subsidiaries were entered into by the Group in the ordinary course of business and on normal commercial terms. The income and expense for the period and on-balance sheet and off-balance sheet outstandings at the period end are:

(i) Income and expense

		截至二零零五年 六月三十日止 六個月 Six months ended 30th June, 2005	截至二零零四年 六月三十日止 六個月 Six months ended 30th June, 2004
利息收入	Interest income	1,099	314
利息支出	Interest expense	295	261

25. 關連人士重要交易 (續)**(a) 主要股東 (續)**

- (ii) 二零零五年六月三十日及二零零四年十二月三十一日資產負債表結餘

		二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004
現金及短期資金	Cash and short-term funds	40,132	49,096
銀行同業及其他金融機構之存款	Deposits and balances of banks and other financial institutions	78,559	71,114

- (iii) 二零零五年六月三十日及二零零四年十二月三十一日資產負債表以外結餘

		二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004
匯率合約	Exchange rate contracts		
合約金額	Contract amount	11,658	-
重置成本	Replacement Cost	6	-
信貸風險加權金額	Credit Risk weighted amount	25	-

- (iv) 於一九九九年八月二十七日及二零零二年九月十九日，本銀行與美國紐約銀行集團簽署兩項授權協議，根據此項協議，本銀行將提供一項有關證券化交易之支援服務。第一項授權協議已於二零零四年二月二十日終止。

二零零五年上半年，本銀行已總共收取大約為港幣47,000元（二零零四年：港幣206,000元）服務費。本銀行將按年收取費用至第二項合約終止。

25. MATERIAL RELATED PARTIES TRANSACTIONS (Continued)**(a) Substantial shareholder (Continued)**

- (ii) On-balance sheet outstanding at 30th June, 2005 and 31st December, 2004

		二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004
Cash and short-term funds		40,132	49,096
Deposits and balances of banks and other financial institutions		78,559	71,114

- (iii) Off-balance sheet outstanding at 30th June, 2005 and 31st December, 2004

		二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004
Exchange rate contracts			
Contract amount		11,658	-
Replacement Cost		6	-
Credit Risk weighted amount		25	-

- (iv) On 27th August, 1999 and 19th September, 2002, the Bank entered into two Delegation Agreements with BNY pursuant to which the Bank agreed to provide various back-up support services to BNY in connection with a securitisation transaction undertaken by BNY. The first Delegation Agreement was terminated on 20th February, 2004.

In the first half of 2005, the Bank received from BNY a total service fee of HK\$47,000 (2004: HK\$206,000) and will continue to receive further service fees on an annual basis during the term of the second Delegation Agreement.

25. 關連人士重要交易 (續)

(b) 附屬公司

於一九九五年六月三十日，本銀行擁有百分之六十五股權之附屬公司永亨蘇黎世保險有限公司（「永蘇保險」）與蘇黎世保險有限公司（「蘇黎世保險」）之全資附屬公司瑞泰保險管理（香港）有限公司（「瑞泰保險」）簽署一項管理合約。根據此項管理合約瑞泰保險將負責永蘇保險有關保險業務之管理工作。蘇黎世保險為永蘇保險之主要股東，佔該公司已發行股本百分之三十五。於二零零五年一月三十日，雙方同意將管理合約延長兩年，至二零零六年十二月三十一日終止，但雙方可經六個月通知後提前解約。此項重訂費用為固定收費及按所收保險費之百分率而釐定。截至二零零五年六月三十日止六個月，永蘇保險按合約付予瑞泰保險港幣2,031,000元（二零零四年：港幣2,658,000元）管理費用。

(c) 聯營公司

本集團貸予聯營公司之款項港幣62,000,000元（二零零四年：港幣62,000,000元）並無抵押、免息及須於二零零八年償還。

25. MATERIAL RELATED PARTIES TRANSACTIONS (Continued)

(b) Subsidiaries

On 30th June, 1995, Wing Hang Zurich Insurance Company Limited ("WHZ Insurance"), a 65 percent owned subsidiary of the Bank, entered into a Management Agreement with Swiss Insurance Management (Hong Kong) Limited ("Swiss Insurance"), a wholly owned subsidiary of Zurich Insurance Limited ("Zurich Insurance") pursuant to which Swiss Insurance has been appointed as manager of WHZ Insurance in connection with the conduct by WHZ Insurance of its insurance business. Zurich Insurance is a substantial shareholder of WHZ Insurance holding 35 percent of WHZ Insurance's issued share capital. On 30th January, 2005, the Management Agreement was extended for two years and will end on 31st December, 2006 but can be terminated by either party with six months' notice. The revised management fee will be based on a fixed fee plus a certain percentage of gross written premiums received. For the six months ended 30th June, 2005, WHZ Insurance paid to Swiss Insurance an amount of HK\$2,031,000 (2004: HK\$2,658,000), being the contractual management fees payable.

(c) Associated company

The Group maintains an unsecured and interest-free loan of HK\$62,000,000 (2004: HK\$62,000,000) to an associated company which repayable in 2008.

25. 關連人士重要交易 (續)

(d) 主要行政人員

期內，本集團與其關聯人士進行多項交易。這些人士包括聯營公司、主要行政人員與其直系親屬、及受這些人士所控制的公司或其具有重大影響力的公司。所有交易的利率，均按照一般正常業務及與一般同等信用水平之客戶相若的條款及規定。以下為利息收入及利息支出、客戶貸款及客戶存款之結餘：

(i) 收入及支出

		截至二零零五年 六月三十日止 六個月 Six months ended 30th June, 2005	截至二零零四年 六月三十日止 六個月 Six months ended 30th June, 2004
		佔本集團之百分比 % of Group total	佔本集團之百分比 % of Group total
利息收入	Interest income	0.58	0.62
利息支出	Interest expense	0.67	0.40

(ii) 二零零五年六月三十日及二零零四年十二月三十一日客戶貸款及客戶存款之結餘

		二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004
		佔本集團之百分比 % of Group total	佔本集團之百分比 % of Group total
客戶之貸款	Advances to customers	1.20	1.32
客戶之存款	Deposits from customers	0.74	0.81

26. 比較數字

若干比較數字因應認股權計劃及投資物業之遞延稅項會計政策變更予已調整，詳情載於附註2內。

25. MATERIAL RELATED PARTIES TRANSACTIONS (Continued)

(d) Key management personnel

During the period, the Group entered into a number of transactions with the Group's related parties, including its associates, and key management personnel and their close family members and companies controlled or significantly influenced by them. All interest rates of the transactions are in the ordinary course of business and under terms and conditions normally applicable to customers of comparable standing. The interest income and interest expense as well as advances to customers and deposits from customers outstanding are as follows:

(i) Income and expense

		截至二零零五年 六月三十日止 六個月 Six months ended 30th June, 2005	截至二零零四年 六月三十日止 六個月 Six months ended 30th June, 2004
		佔本集團之百分比 % of Group total	佔本集團之百分比 % of Group total
利息收入	Interest income	0.58	0.62
利息支出	Interest expense	0.67	0.40

(ii) Advances to customers and deposits from customers outstanding at 30th June, 2005 and 31st December, 2004

		二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004
		佔本集團之百分比 % of Group total	佔本集團之百分比 % of Group total
客戶之貸款	Advances to customers	1.20	1.32
客戶之存款	Deposits from customers	0.74	0.81

26. COMPARATIVE FIGURES

Certain comparative figures have been adjusted as a result of changes in accounting policies for share option scheme and deferred taxation on investment properties, details of which are set out in note 2.

未經審核補充財務資料 Unaudited Supplementary Financial Information

(以港幣千元位列示·內文另註除外) (Expressed in thousands of Hong Kong dollars unless otherwise stated in the text)

(a) 資本充足及流動資金比率

(i) 資本充足比率

(a) CAPITAL ADEQUACY AND LIQUIDITY RATIOS

(i) Capital adequacy ratio

	二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004
		(重報) (restated)
核心資本	Core capital	
繳足股款的普通股股本	Paid up ordinary share capital	293,911
股本溢價賬	Share premium	347,034
儲備	Reserves	5,417,947
其他	Others	511,811
(減): 商譽	(Less): Goodwill	(847,422)
	6,061,423	5,723,281
可計算的附加資本	Eligible supplementary capital	
物業重估儲備	Reserves on revaluation of properties	187,824
重估可供銷售證券/非持作買賣用途證券之未實現溢利	Unrealised gains on revaluation of available-for-sale/non-trading securities	14,246
減值貸款之組合減值準備/一般呆賬準備金	Collective impairment allowances for impaired loans/general provisions for doubtful debts	496,214
監管儲備	Regulatory reserve	-
有期後償債項之可計算價值	Eligible value of term subordinated debt instruments	2,526,485
	3,237,373	3,224,769
扣減前的資本基礎總額	Total capital base before deductions	8,948,050
資本基礎總額的扣減項目	Deductions from total capital base	(405,324)
扣減後的資本基礎總額	Total capital base after deductions	8,542,726
未經調整之資本充足比率	Unadjusted capital adequacy ratio	15.7%
經調整後之資本充足比率	Adjusted capital adequacy ratio	15.3%

(a) 資本充足及流動資金比率 (續)

(i) 資本充足比率 (續)

未經調整之資本充足比率為本銀行及部份附屬公司根據香港銀行條例附表三及香港金融管理局為監管而要求之綜合基準計算。調整後資本充足比率之計算，是根據香港金融管理局發出之監管政策手冊內有關「就市場風險維持充足資本」的要求，計入在結算日的市場風險。所根據的綜合基準與未經調整之資本充足比率相同。

(ii) 平均流動資金比率

截至首六個月之平均流動資金比率

期內平均流動資金比率乃根據香港銀行條例附表四計算。此比率為與香港金融管理局協議包括所有海外分行、香港辦事處及附屬公司而計算。

(a) CAPITAL ADEQUACY AND LIQUIDITY RATIOS (Continued)

(i) Capital adequacy ratio (Continued)

The unadjusted capital adequacy ratio is computed on a consolidated basis covering the Bank and certain of its financial subsidiaries as specified by the HKMA for its regulatory supervision purposes, and is in accordance with the Third Schedule to the Hong Kong Banking Ordinance. The adjusted capital adequacy ratio incorporating market risk is computed on the same consolidated basis, and is in accordance with the module on "Maintenance of Adequate Capital against Market Risks" under Supervisory Policy Manual issued by the HKMA.

(ii) Average liquidity ratio

	二零零五年 六月三十日 30th June, 2005	二零零四年 六月三十日 30th June, 2004
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Average liquidity ratio
for the first six
months ended

49.8%

47.2%

The average liquidity ratio for the period includes the liquidity positions of all overseas branches, Hong Kong offices and financial subsidiaries in its calculation, which is the basis of computation agreed with the HKMA, and has been computed in accordance with the Fourth Schedule to the Hong Kong Banking Ordinance.

(b) 客戶貸款－行業分類

客戶貸款之行業類別是按該等貸款之用途分類及未減除任何減值準備。

(b) ADVANCES TO CUSTOMERS – BY INDUSTRY SECTORS

The information concerning advances to customers by industry sectors has been classified according to the usage of the loan and is stated gross of any impairment allowances.

	二零零五年 六月三十日 30th June, 2005	二零零四年 十二月三十一日 31st December, 2004	差幅 Change
在香港使用之貸款			%
工業、商業及金融			
– 物業發展	621,038	652,393	-4.8
– 物業投資	9,108,121	8,502,635	7.1
– 財務機構	648,089	631,997	2.6
– 股票經紀	292,221	244,082	19.7
– 批發與零售業	857,680	974,803	-12.0
– 製造業	1,378,988	1,745,129	-21.0
– 運輸與運輸設備	2,902,303	2,721,053	6.7
– 股票有關之貸款	205,180	205,011	0.1
– 其他	2,989,957	3,032,779	-1.4
個人			
– 購買「居者有其屋」、「私人機構參建居屋計劃」及「租者置其屋計劃」樓宇之貸款	1,551,520	1,618,601	-4.1
– 購買其他住宅物業之貸款	14,113,110	13,872,283	1.7
– 信用卡貸款	320,969	358,582	-10.5
– 其他	3,375,112	3,272,558	3.1
貿易融資	2,854,267	2,575,916	10.8
在香港以外使用之貸款			
– 澳門	4,450,109	4,026,596	10.5
– 中華人民共和國	5,954,841	4,729,891	25.9
– 其他	29,475	24,817	18.8
	51,652,980	49,189,126	5.0

(c) 客戶貸款及過期貸款－地理分類

地理分類資料乃按交易對手的所在地，並已顧及轉移風險因素。一般而言，在下述情況下才轉移風險：有關貸款的債權獲得並非交易對手所在地的國家的一方擔保，或該債權的履行對象是某銀行的海外分行，而該銀行的總辦事處並非設於交易對手的所在地。

(c) **ADVANCES TO CUSTOMERS AND OVERDUE ADVANCES – BY GEOGRAPHICAL AREA**

The geographical information has been classified by the location of the counterparties after taking into account any risk transfer. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

		二零零五年六月三十日 30th June, 2005	
		客戶貸款 Total advances to customers	過期三個月 以上之貸款 Advances overdue for over three months
香港	Hong Kong	45,049,546	455,487
澳門	Macau	4,682,982	70,493
中華人民共和國	People's Republic of China	876,586	6,114
其他	Others	1,043,866	3,542
		51,652,980	535,636
		二零零四年十二月三十一日 31st December, 2004	
		客戶貸款 Total advances to customers	過期三個月 以上之貸款 Advances overdue for over three months
香港	Hong Kong	43,343,176	562,931
澳門	Macau	4,227,186	87,516
中華人民共和國	People's Republic of China	715,318	7,807
其他	Others	903,446	–
		49,189,126	658,254

(d) 過期及重定還款期之資產
(i) 過期及重定還款期之貸款

(d) OVERDUE AND RESCHEDULED ASSETS
(i) Overdue and rescheduled advances

		二零零五年 六月三十日 30th June, 2005		二零零四年 十二月三十一日 31st December, 2004	
		金額 Amount	佔貸款總額 之百分比 % of total advances	金額 Amount	佔貸款總額 之百分比 % of total advances
已過期之客戶貸款	Gross advances to customers which have been overdue for				
三個月以上至六個月	6 months or less but over 3 months	97,675	0.19	148,535	0.30
六個月以上至一年	1 year or less but over 6 months	47,256	0.09	65,410	0.13
一年以上	Over 1 year	390,705	0.76	444,309	0.90
		535,636	1.04	658,254	1.33
所持抵押品金額	Amount of collateral held	510,881		647,116	
有抵押貸款數額	Secured balance	446,171		563,124	
無抵押貸款數額	Unsecured balance	89,465		95,130	
個別減值準備／特殊準備	Individual impairment allowances/specific provisions	83,550		89,644	
重定還款期之客戶貸款	Rescheduled advances	159,715	0.31	186,192	0.38

於二零零四年十二月三十一日及二零零五年六月三十日，本集團貸予銀行同業及其他金融機構之款項中並無過期三個月以上及重定還款期之貸款。

There were no advances overdue for over 3 months and rescheduled advances to banks and other financial institutions on 30th June, 2005 and 31st December, 2004.

(ii) 其他過期資產

(ii) Other overdue assets

		二零零五年 六月三十日 30th June, 2005		二零零四年 十二月三十一日 31st December, 2004	
		債務證券 Debt securities	貿易票據 Trade bills	債務證券 Debt securities	貿易票據 Trade bills
已過期之其他資產	Other assets which have been overdue for				
六個月以上至一年	1 year or less but over 6 months	-	-	-	108
一年以上	Over 1 year	-	549	-	1,714
		-	549	-	1,822

(e) 收回資產**(e) REPOSSESSED ASSETS**

二零零五年
六月三十日
30th June, 2005

二零零四年
十二月三十一日
31st December, 2004

客戶貸款內包括之收回資產

Repossessed assets included
in advances to customers

252,572

193,822

(f) 跨境債權

跨境債權資料乃按交易對手的所在地，並已顧及轉移風險因素。一般而言，在下述情況下才轉移風險：有關貸款的債權獲得並非交易對手所在地的國家的一方擔保，或該債權的履行對象是某銀行的海外分行，而該銀行的總辦事處並非設於交易對手的所在地。

(f) CROSS-BORDER CLAIMS

The information concerning cross-border claims has been classified by the location of the counterparties after taking into account any risk transfer. In general, such transfer of risk takes place if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another country.

二零零五年六月三十日
30th June, 2005

		銀行同業及 其他金融機構 Banks and other financial institutions	公營機構 Public sector entities	其他 Others	合計 Total
澳門	Macau	670,328	-	4,661,292	5,331,620
中華人民共和國	People's Republic of China	999,480	14,133	522,970	1,536,583
其他亞太區	Other Asia Pacific	5,543,042	-	912,957	6,455,999
美國	United States	1,119,385	304,439	2,117,049	3,540,873
其他南美及北美國家	Other North and South American countries	2,375,937	-	349,937	2,725,874
中東及非洲	Middle East and Africa	2,928	-	1,640	4,568
德國	Germany	8,077,187	-	8,807	8,085,994
英國	United Kingdom	5,116,141	-	176,439	5,292,580
其他歐洲國家	Other European countries	11,254,555	-	643,965	11,898,520
		35,158,983	318,572	9,395,056	44,872,611

(f) 跨境債權 (續)

(f) CROSS-BORDER CLAIMS (Continued)

二零零四年十二月三十一日
31st December, 2004

		銀行同業及 其他金融機構 Banks and other financial institutions	公營機構 Public sector entities	其他 Others	合計 Total
澳門	Macau	355,234	–	4,241,239	4,596,473
中華人民共和國	People's Republic of China	1,424,858	15,795	564,279	2,004,932
其他亞太區	Other Asia Pacific	7,161,851	–	1,052,747	8,214,598
美國	United States	1,124,311	303,703	2,200,764	3,628,778
其他南美及北美國家	Other North and South American countries	1,070,887	–	493,806	1,564,693
中東及非洲	Middle East and Africa	761	–	1,821	2,582
德國	Germany	7,751,606	–	3,977	7,755,583
英國	United Kingdom	4,997,717	–	170,806	5,168,523
其他歐洲國家	Other European countries	10,100,714	–	638,539	10,739,253
		33,987,939	319,498	9,367,978	43,675,415

(g) 貨幣風險

個別外幣的淨持有額或淨結構性倉盤若佔
所持有外匯淨盤總額或結構性倉盤總額的
百分之十或以上，便須作出披露。

(g) CURRENCY RISKS

The net positions or net structural positions in foreign
currencies are disclosed when each currency constitutes 10%
or more of the respective total net position or total net
structural position in all foreign currencies.

		二零零五年 六月三十日 30th June, 2005		二零零四年 十二月三十一日 31st December, 2004				
		美元 US\$	合計 Total	美元 US\$	合計 Total			
相等於百萬港元	In millions of HK\$ equivalent							
現貨資產	Spot assets	29,646	48,572	27,044	43,484			
現貨負債	Spot liabilities	(32,024)	(50,574)	(28,388)	(44,775)			
遠期買入	Forward purchases	4,506	5,486	4,307	5,100			
遠期賣出	Forward sales	(2,031)	(3,367)	(2,417)	(3,233)			
長盤淨額	Net long positions	97	117	546	576			
		二零零五年六月三十日 30th June, 2005			二零零四年十二月三十一日 31st December, 2004			
		澳門幣 Macau Patacas	人民幣 Chinese Renminbi	美元 US\$	合計 Total	澳門幣 Macau Patacas	美元 US\$	合計 Total
相等於百萬港元	In millions of HK\$ equivalent							
結構性倉盤淨額	Net structural positions	89	94	315	498	110	218	328

(h) 風險管理

本集團已制定政策及程序，用以監察及控制信貸風險、流動資金、資本及市場風險，並由董事會授予授信委員會及資產負債管理委員會定期檢討，內部核數員亦會定期稽核，以確保該等政策及程序能得以遵從。

(i) 信貸風險管理

信貸風險源於交易對手未能履行其承擔，可來自本集團的貸款、貿易融資、財資、衍生工具及其他業務。董事會已授權由本銀行主席兼行政總裁任主席的授信委員會以執行信貸風險管理。

信貸風險管理是獨立於其他業務，監管信貸政策的應用及實行及確保信貸評估及批核的質素。本集團的信貸政策制定了授予信貸的準則、信貸批核與監察的程序、貸款分類系統及撥備的政策，並根據《香港銀行業條例》及香港金融管理局發出的指引，來制定對大額信貸及撥備的政策。

在評估客戶或交易對手的信貸風險時，雖然可藉客戶或交易對手的抵押品減低信貸風險，然而他們的財政實力以及還款能力才是本集團的主要考慮因素。信貸集中是藉採納適當的信貸控制得以監管，例如根據資本基礎去釐定大額風險限額。

詳盡的信貸風險管理指引已載於本集團的貸款手冊，並經由授信委員會定期檢閱及批核。貸款手冊內包括為信貸權限授權、授信標準、信貸監管處理、貸款分類系統、信貸追收及撥備政策。

(h) MANAGEMENT OF RISKS

The Group has established policies and procedures for the control and monitoring of credit risk, liquidity, capital and market risk, which are reviewed regularly by the Credit Committee and the Asset and Liability Management Committee (“ALMCO”) as delegated by the Board of Directors. The internal auditors also perform regular audits to ensure compliance with the policies and procedures.

(i) Credit risk management

Credit risk arises from the possibility that the counterparty in a transaction may default. It arises from the lending, trade finance, treasury, derivatives and other activities undertaken by the Group. The Board of Directors has delegated the Group’s credit risk management to the Credit Committee, which is chaired by the Bank’s Chairman and Chief Executive.

The credit risk management function is independent of the business units. It oversees the implementation of credit policies and ensures the quality of credit evaluation and approval. Credit approval is conducted in accordance with the Group’s credit policy, which defines the credit extension criteria, the credit approval and monitoring processes, the loan classification system and provisioning policy. The credit policy also takes into account the requirements of the Hong Kong Banking Ordinance and guidelines issued by the HKMA with respect to large exposures and provisioning requirements.

In evaluating the credit risk of the customers or counterparties, their financial strength and repayment ability are always the Group’s primary considerations, though credit risk may be mitigated by obtaining collateral from the customers or counterparties. Concentration risks are monitored by adopting proper risk control such as setting limits on large exposures in relation to the Group’s capital base.

Comprehensive guidelines to manage credit risk have been laid down in the Group’s Lending Manual, which is regularly reviewed and approved by the Credit Committee. The Lending Manual covers the delegated lending authorities, credit extension criteria, credit monitoring process, loan classification system, credit recovery and provisioning policy.

(h) 風險管理 (續)

(ii) 流動資金管理

本集團監察其流動資金結構中之資產、負債及合約承擔確保本集團之業務運作均達到其融資需求，並能符合法定的流動資金比率。在以上附註(a)中披露，集團於二零零五年上半年度平均流動資金比率為百分之四十九點八，遠超法定的百分之二十五最低要求。

董事局透過定期審閱流動資金比率及組合到期差異，得以審閱本集團所有業務之現時及未來之融資需求。流動資金風險源於本集團持有充足合適流動資產，如現金及短期資金及證券，以應付短期資金需求至合理水平。

本集團維持充足的備用信貸，能提供策略性的流動資金，以應付日常業務中未能預料的大量資金需求。

(iii) 資本管理

本集團的政策是要維持雄厚的資本，來支持集團的業務發展，並能達到法定的資本充足比率要求。在附註(a)中已披露，本集團在二零零五年六月三十日經調整後之資本充足比率為百分之十五點三，遠超法定的百分之八最低要求。

本集團按各業務部門所承受的風險來分配資本。附屬公司若受其他監管機構直接監管，便必須遵守這些監管機構的規定維持充足的資本。某些附屬財務公司亦要符合香港金融管理局因應監管所需而制定的資本要求。

(h) MANAGEMENT OF RISKS (Continued)

(ii) Liquidity management

The Group manages the liquidity structure of its assets, liabilities and commitments so as to ensure that all Group operations can meet their funding needs and that the statutory liquidity ratio is complied with. As disclosed in note (a) above, the Group's average liquidity ratio of 49.8% for the first half of 2005 is well above the statutory minimum ratio of 25%.

The Board of Directors reviews the current and prospective funding requirements for all operations through regular review of the liquidity ratio and the maturity mismatch profile. The liquidity risk is managed by holding sufficient liquid assets (e.g. cash and short term funds and securities) of appropriate quality to ensure that short term funding requirements are covered within prudent limits.

Adequate standby facilities are maintained to provide strategic liquidity to meet unexpected and material cash outflow in the ordinary course of business.

(iii) Capital management

The Group's policy is to maintain a strong capital base to support the development of the Group's business and to meet the statutory capital adequacy ratio. As disclosed in note (a) above, the Group's adjusted capital adequacy ratio of 15.3% as at 30th June, 2005 is well above the statutory minimum ratio of 8%.

Capital is allocated to the various activities of the Bank depending on the risk taken by each business division. Where the subsidiaries are directly regulated by other regulators, they are required to maintain minimum capital according to these regulators' rules. Certain financial subsidiaries, as specified by the HKMA, are subject to the HKMA's capital requirements for its regulatory supervision purposes.

(h) 風險管理 (續)

(iv) 市場風險管理

市場風險為利率、匯率或股票及商品價格之變動影響本集團持有之金融工具之價值。金融工具包括匯率合約、利息合約、股票及定息票據。

持有金融工具之限額由本集團資產負債管理委員會核准。該委員會由執行董事、司庫及集團之高級經理組成。該委員會負責制定有關資產負債管理政策，並檢討、審核及管理其運用情況以確保其營運比率及限額符合已制定之策略。

風險乃根據金融工具之本金或名義本金、交易金額及風險及損失限額而計算，由資產負債管理委員會負責管理及檢討已制定之限額。

本集團以較保守之政策來管理交易持倉限額，於市場買賣以減少交易持倉限額。

(h) MANAGEMENT OF RISKS (Continued)

(iv) Market risk management

Market risk is the risk that changes in interest rates, foreign exchange rates or equity and commodity prices will affect the prices of financial instruments taken or held by the Group. Financial instruments include foreign exchange contracts, interest rate contracts, equity and fixed income securities.

The limits for financial instruments are approved by ALMCO which is made up of executive directors, the treasurers and senior managers of the Group. ALMCO is responsible for approving the policies relating to asset and liability management and to review, monitor and control the operating ratios and trading limits to ensure compliance.

Exposures are measured and monitored on the basis of principal or notional amount, outstanding position and risk and stop-loss limit, and are controlled and reviewed by ALMCO.

The Group adopts a prudent approach to managing its trading portfolios, and reduces any excessive market risk by executing offsetting transactions or hedging contracts with other market counterparties.

中期股息

董事會宣佈派發中期股息每股港幣七角。此項中期股息將於二零零五年九月十二日(星期一)派發予於二零零五年九月一日在股東名冊上已登記之股東。

暫停股份登記日期

由二零零五年八月二十九日(星期一)至二零零五年九月一日(星期四)止,首尾兩天包括在內,本行將暫停辦理股票過戶登記。凡持有本行之股票而未過戶者必須於二零零五年八月二十六日(星期五)下午四時前將過戶表格連同有關股票送達香港灣仔皇后大道東一八三號合和中心十七樓一七一二至一七一六室本行之股份登記處,香港中央證券登記有限公司辦理過戶手續方可享有是次通過派發之中期股息。

主要股東權益

本銀行根據證券及期貨條例第336條而設之主要股東權益及淡倉登記冊,除披露於董事及行政總裁權益項下,各主要股東於二零零五年六月三十日持有本銀行股份及相關股份之權益如下:

INTERIM DIVIDEND

The Directors are pleased to declare an interim dividend of HK\$0.70 per share, to be paid on Monday, 12th September, 2005 to shareholders whose names are on the Register of Members on 1st September, 2005.

CLOSING OF REGISTER OF MEMBERS

The Register of Members of the Bank will be closed from Monday, 29th August, 2005 to Thursday, 1st September, 2005 both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the above dividend, all transfers accompanied by the relevant share certificates must be lodged with the Bank's Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Friday, 26th August, 2005.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th June, 2005, save as mentioned under the section headed "Directors' and Chief Executive's Interests", the Substantial Shareholders of the Bank according to the Register of Substantial Shareholders' Interests and Short Positions in the shares and underlying shares of the Bank kept under section 336 of the Securities and Futures Ordinance ("SFO") were as follows:

姓名 Name	所持股數 Number of shares
Aberdeen Asset Management Asia Limited	27,797,500
BNY International Financing Corporation	(1) 59,350,000
The Bank of New York (美國紐約銀行)	(1) 59,350,000
The Bank of New York Company, Inc. (美國紐約銀行集團)	(1) 59,350,000
Federal Trust Company Limited	(2 & 4) 34,737,600
Tessel Inc.	(2 & 4) 10,639,200
Wing Hang Bank (Nominees) Limited (永亨銀行(代理人)有限公司)	(2 & 4) 23,378,400
YKF Holding Corporation	(2 & 4) 24,098,400
Po Ding Company Limited (保定有限公司)	(3 & 4) 24,156,000
GZ Trust Corporation	(3 & 4) 24,156,000
(1) BNY International Financing Corporation為美國紐約銀行的全資附屬公司。美國紐約銀行為美國紐約銀行集團的全資附屬公司。	(1) BNY International Financing Corporation is a wholly owned subsidiary of The Bank of New York. The Bank of New York is a wholly owned subsidiary of The Bank of New York Company, Inc.
(2) Federal Trust Company Limited是Tessel Inc.及YKF Holding Corporation的受託人。永亨銀行(代理人)有限公司是YKF Holding Corporation若干股份之登記持有人。	(2) Federal Trust Company Limited is the trustee for Tessel Inc. and YKF Holding Corporation. Wing Hang Bank (Nominees) Limited is the registered holder of certain shares on behalf of YKF Holding Corporation.
(3) 保定有限公司為GZ Trust Corporation全資擁有的公司。	(3) Po Ding Company Limited is wholly owned by GZ Trust Corporation.
(4) 全部股份由公司持有,馮鈺斌先生、馮鈺聲先生、何志偉夫人及其他人士為合資格之受益人。	(4) All shares are held through the corporations in which Messrs Patrick Y B Fung, Michael Y S Fung and Louis C W Ho's spouse together with the other parties are eligible beneficiaries.

主要股東權益 (續)

根據一項於一九九六年八月二十二日訂立之股東協議，BNY International Financing Corporation、馮鈺斌先生、馮鈺聲先生、保定有限公司、YKF Holding Corporation及泰華置業有限公司同意保留本銀行已發行股份合共百分之三十七點五之聯合控制權。根據證券及期貨條例第XV部分，以上各股東各自被視為於110,242,688股本銀行股份中擁有權益。

上述全部權益均為長盤。根據本銀行依照證券及期貨條例第336條而設之主要股東權益及淡倉登記冊，於二零零五年六月三十日，並無淡倉紀錄。

董事及行政總裁權益

本銀行根據證券及期貨條例第352條而設之董事及行政總裁權益及淡倉登記冊，各董事及行政總裁於二零零五年六月三十日持有本銀行及各相關法團之股份、股本衍生工具及債券之權益（依照證券及期貨條例第XV部份之釋義）如下：

SUBSTANTIAL SHAREHOLDERS' INTERESTS (Continued)

Pursuant to a shareholders' agreement dated 22nd August, 1996, BNY International Financing Corporation, Messrs Patrick Y B Fung and Michael Y S Fung, Po Ding Company Limited, YKF Holding Corporation and Majestic Investment Company Limited agree to retain joint control over an aggregate of 37.5% of the share capital of the Bank. According to Part XV of the SFO, the parties are, therefore, each deemed to be interested in 110,242,688 shares of the Bank.

All the interests stated above represent long positions. As at 30th June, 2005, no short positions were recorded in the Register of Substantial Shareholders' Interests and Short Positions required to be kept under Section 336 of the SFO.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30th June, 2005, the Directors' and Chief Executive's Interests according to the Register of Directors' and Chief Executive's Interests and Short Positions in the shares, underlying shares of equity derivatives and debentures of the Bank and its associated corporations (within the meaning of Part XV of the SFO) kept under Section 352 of the SFO were as follows:—

姓名	Name	個人 Personal	所持股數 Number of shares				合計 Total
			家庭 Family	認股權 Option	獎賞 Award	其他 Other	
馮鈺斌	Patrick Y B Fung	2,982,000	—	230,000	200,000	— (1, 2 & 4)	3,412,000
王家華	Frank J Wang	—	—	180,000	125,000	— (1 & 2)	305,000
馮鈺聲	Michael Y S Fung	3,000,000	60,000	180,000	100,000	— (1, 2 & 4)	3,340,000
何志偉	Louis C W Ho	164,000	100,000	140,000	10,000	— (1 & 2)	414,000
李國賢	Simon K Y Lee	—	—	—	—	1,585,664 (3)	1,585,664
劉漢銓	Ambrose H C Lau	71,500	—	—	—	—	71,500

董事及行政總裁權益 (續)

附註:

- (1) 董事會議決根據一九九三年六月九日及二零零三年四月二十四日通過之認股權計劃，授予董事及行政人員認股權，下列董事經接納下列認股權：

姓名	Name	授予認股權之 股份數目 No. of shares in options	授予日期 Date granted	行使期間 Exercise Period		認購價 Option price HK\$
				由 From	至 To	
馮鈺斌	Patrick Y B Fung	50,000	10/03/2001	10/03/2002	10/03/2011	\$23.60
		40,000	15/03/2002	15/03/2003	15/03/2012	\$26.30
		40,000	14/03/2003	14/03/2004	14/03/2013	\$26.50
		50,000	21/05/2004	21/05/2005	21/05/2014	\$43.80
		50,000	14/01/2005	14/01/2006	14/01/2015	\$51.25
王家華	Frank J Wang	40,000	10/03/2001	10/03/2002	10/03/2011	\$23.60
		30,000	15/03/2002	15/03/2003	15/03/2012	\$26.30
		30,000	14/03/2003	14/03/2004	14/03/2013	\$26.50
		40,000	21/05/2004	21/05/2005	21/05/2014	\$43.80
		40,000	14/01/2005	14/01/2006	14/01/2015	\$51.25
馮鈺聲	Michael Y S Fung	40,000	10/03/2001	10/03/2002	10/03/2011	\$23.60
		30,000	15/03/2002	15/03/2003	15/03/2012	\$26.30
		30,000	14/03/2003	14/03/2004	14/03/2013	\$26.50
		40,000	21/05/2004	21/05/2005	21/05/2014	\$43.80
		40,000	14/01/2005	14/01/2006	14/01/2015	\$51.25
何志偉	Louis C W Ho	30,000	15/03/2002	15/03/2003	15/03/2012	\$26.30
		30,000	14/03/2003	14/03/2004	14/03/2013	\$26.50
		40,000	21/05/2004	21/05/2005	21/05/2014	\$43.80
		40,000	14/01/2005	14/01/2006	14/01/2015	\$51.25

- (2) 董事會議決根據二零零四年四月二十二日通過之僱員獎勵計劃，授予董事及行政人員獎賞，下列董事經接納下列獎賞：

姓名	Name	授予獎賞之 股份數目 No. of shares in awards	授予日期 Date granted	有效期間 Vesting Period		獎賞購入價 Awards price HK\$
				由 From	至 To	
馮鈺斌	Patrick Y B Fung	200,000	21/05/2004	21/05/2010	21/05/2014	\$1.00
王家華	Frank J Wang	125,000	21/05/2004	21/05/2010	21/05/2014	\$1.00
馮鈺聲	Michael Y S Fung	100,000	21/05/2004	21/05/2010	21/05/2014	\$1.00
何志偉	Louis C W Ho	10,000	21/05/2004	21/05/2010	21/05/2014	\$1.00

- (3) 其中1,351,500股由家族信託基金持有，而合資格之受益人為李國賢夫人。此外，該家族信託基金於二零零四年內購入股票掛鈎票據，因而被視為於234,164股本銀行股份中擁有權益。

- (4) 馮鈺斌先生及馮鈺聲先生所持有之全部股份及認股權已包括於上述主要股東權益所述股東協議之110,242,688股內。

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS (Continued)

Notes:

- (1) The Board approved the granting of certain share options to Directors and Executives of the Bank, pursuant to the Share Option Scheme adopted on 9th June, 1993 and 24th April, 2003, and the following Directors have accepted the following options:

- (2) The Board approved the granting of certain share awards to Directors and Executives of the Bank, pursuant to the Employee Incentive Plan adopted on 22nd April, 2004, and the following Directors have accepted the following share awards:

- (3) 1,351,500 shares were held through a family trust in which Mr Simon K Y Lee's spouse is an eligible beneficiary. In addition, the family trust was deemed to be interested in 234,164 shares of the Bank as an equity linked note was acquired during 2004.

- (4) All shares and options held by Messrs Patrick Y B Fung and Michael Y S Fung are parcel of the 110,242,688 shares of the Bank under the shareholders' agreement as mentioned in the section headed "Substantial Shareholders' Interests".

董事及行政總裁權益 (續)

除上文所述外，於二零零五年六月三十日，根據證券及期貨條例第XV部分，各董事、行政總裁及其有關人仕概無於本銀行及其相聯法團之股本中佔有其他實質權益。

上述全部權益均為長盤。根據本銀行依照證券及期貨條例第352條而設之董事及行政總裁權益及淡倉登記冊，於二零零五年六月三十日，並無淡倉紀錄。

認股權計劃

根據已批准之認股權計劃，董事會獲授權可決定給予行政人員認股權以購入本銀行股份，作為對僱員的獎勵。根據認股權計劃可予發行的股份數目最多不得超過本銀行於批准通過該計劃時已發行股本百分之五。二零零一年九月一日之前，認購價為認股權授予日期前五個營業日於香港聯合交易所有限公司（「聯交所」）之平均收市價的百分之八十。二零零一年九月一日之後，認購價須至少為下列兩者中的較高者：

- (i) 股份於授予日在聯交所之收市價，該日必須為營業日，及
- (ii) 股份於授予日前五個營業日在聯交所的平均收市價。

認股權於行使前必須持有最少一年，並可於授予日的第一週年至第十週年期間行使，接受認股權須付港幣一元，該認股權計劃已於二零零三年四月二十四日終止，並由一新認股權計劃取代。此新認股權計劃為期十年，其修改並符合上市條例第十七條。

根據新的認股權計劃可予發行的股份數目最多不得超過本銀行於批准通過該計劃時已發行股本百分之五。於二零零五年六月三十日，根據新的認股權計劃可予發行之普通股為13,793,000股或佔本銀行已發行股本百分之四點七。

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS (Continued)

Save as disclosed, none of the Directors, the Chief Executive and their associates had any other beneficial interests in the securities of the Bank or any of its associated corporations (within the meaning of Part XV of SFO) at 30th June, 2005.

All the interests stated above represent long positions. As at 30th June, 2005, 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 the SFO.

SHARE OPTION SCHEME

Pursuant to the approved Share Option Scheme, the directors are authorised, at their discretion, to invite certain executives, to take up options to purchase ordinary shares in the Bank as incentive to them. The maximum number of shares in respect of which options may be granted under the Share Option Scheme may not exceed 5% of the issued share capital of the Bank as at the date of approval of the scheme. Prior to 1st September, 2001, the option price was 80% of the average last dealt price on The Stock Exchange of Hong Kong Limited ("SEHK") on the five business days immediately preceding the date of offer of such options. After 1st September, 2001, the option price should be at least the higher of :

- (i) the closing price of the shares on the SEHK on the date of the grant, which must be a trading day, and
- (ii) the average closing price of the shares on the SEHK for the five business days immediately preceding the date of grant.

The options must be held for at least one year and can be exercised between the first and the tenth anniversaries of the date of grant. The amount payable on acceptance of the share option was HK\$1.00. The share option scheme was terminated on 24th April, 2003 and replaced by a new share option scheme for a period of 10 years with amendments which complied with Chapter 17 of the Listing Rules.

The maximum number of shares in respect of which options may be granted under the new Share Option Scheme may not exceed 5% of the issued share capital of the Bank as at the date of approval of the scheme. At 30th June, 2005, total number of ordinary shares available for issue under the new Share Option Scheme is 13,793,000 or 4.7% of the issued share capital of the Bank.

認股權計劃 (續)

於二零零五年六月三十日，本銀行之董事及僱員持有本銀行股份認股權之權益如下(二零零五年六月三十日每股市值為港幣50.75元)。

SHARE OPTION SCHEME (Continued)

At 30th June, 2005, the directors and employees of the Bank had the following interest in option to purchase for the shares of the Bank (market value per share at 30th June, 2005 is HK\$50.75).

		股份數目	股份數目	授予日期	已行使之 股份數目	已失效之 股份數目	認購價	認股權 授予日之 每股市值	股份於 行使前一日 之每股加權 平均收市價
		No. of shares 30/06/2005	No. of shares 31/12/2004	Date granted	No. of shares exercised	No. of shares lapsed	Option price	Market value per share at date of grant of options	Weighted average closing price per share at preceding day before exercise date
							HK\$	HK\$	HK\$
董事	Directors								
馮鈺斌	Patrick Y B Fung	50,000	50,000	10/03/2001	–	–	23.60	29.00	–
		40,000	40,000	15/03/2002	–	–	26.30	26.30	–
		40,000	40,000	14/03/2003	–	–	26.50	26.50	–
		50,000	50,000	21/05/2004	–	–	43.80	43.80	–
		50,000	–	14/01/2005	–	–	51.25	50.75	–
王家華	Frank J Wang	40,000	40,000	10/03/2001	–	–	23.60	29.00	–
		30,000	30,000	15/03/2002	–	–	26.30	26.30	–
		30,000	30,000	14/03/2003	–	–	26.50	26.50	–
		40,000	40,000	21/05/2004	–	–	43.80	43.80	–
		40,000	–	14/01/2005	–	–	51.25	50.75	–
馮鈺聲	Michael Y S Fung	40,000	40,000	10/03/2001	–	–	23.60	29.00	–
		30,000	30,000	15/03/2002	–	–	26.30	26.30	–
		30,000	30,000	14/03/2003	–	–	26.50	26.50	–
		40,000	40,000	21/05/2004	–	–	43.80	43.80	–
		40,000	–	14/01/2005	–	–	51.25	50.75	–
何志偉	Louis C W Ho	–	40,000	10/03/2001	40,000	–	23.60	29.00	48.20
		30,000	30,000	15/03/2002	–	–	26.30	26.30	–
		30,000	30,000	14/03/2003	–	–	26.50	26.50	–
		40,000	40,000	21/05/2004	–	–	43.80	43.80	–
		40,000	–	14/01/2005	–	–	51.25	50.75	–
其他僱員	Other Employees	60,000	60,000	10/03/2001	–	–	23.60	29.00	–
		40,000	40,000	15/03/2002	–	–	26.30	26.30	–
		80,000	80,000	14/01/2003	–	–	25.80	25.70	–
		260,000	325,000	21/05/2004	30,000	35,000	43.80	43.80	52.75
		50,000	–	14/01/2005	–	–	51.25	50.75	–
		105,000	–	28/01/2005	–	25,000	50.25	49.80	–
		1,325,000	1,105,000		70,000	60,000			

認股權計劃 (續)

以下之認股權於授予日之公平價值乃採用二項式價格模式估計，該項估計採用以下之假設數據：

SHARE OPTION SCHEME (Continued)

The fair value per option at the dates of grant using the Bi-nominal pricing model with the following assumptions were as follows:

		二零零五年 一月十四日 授予之認股權 Option granted on 14th January, 2005	二零零五年 一月二十八日 授予之認股權 Option granted on 28th January, 2005
無風險利率 (百分率)	Risk-free interest rate (%)	3.79	3.63
預期有效年期 (年)	Expected life (in years)	10.0	10.0
波幅 (百分率)	Volatility (%)	24.65	23.48
預期股息率 (百分率)	Expected dividend yield (%)	3.57	3.57
每股認股權之估計價值 (港幣)	Estimated value per option (HK\$)	11.85	11.45

按二項式價格模式評估認股權之公平價值時，已考慮認股權之認購價及年期。此價格模式採用了非常主觀的假設數據，其中包括無風險利率、預期之波幅及股份之股息，而該等主觀假設數據之改變對公平價值的估計有重大的影響。

The Bi-nominal pricing model was used in estimating the fair value of share options after taking into account the exercise price and the life of the option. Such option pricing model requires the input of highly subjective assumptions including the risk-free interest rate, expected volatility and dividends of the shares. The changes in subjective input assumptions can materially affect the fair value estimate.

認股權之公平價值於授予日計算，並由授予日至生效日期內於損益賬扣除及撥入股東資金內。

The fair value of the options were measured at the grant date and are charged to the profit and loss account and credited to shareholders' funds between the grant date and vesting date.

僱員獎勵計劃

根據已批准之僱員獎勵計劃，董事會獲授權可決定給予行政人員獎賞以購入本銀行股份，作為挽留彼等繼續為本銀行效力之獎勵，根據僱員獎勵計劃於二零零四年四月二十二日獲通過後五年內，可予發行的股份獎賞數目最多不得超過本銀行不時已發行股本百分之一。獎賞於授出日期起計第六週年至第十週年，按以下之百分比生效。

EMPLOYEE INCENTIVE PLAN

Pursuant to the approved Employee Incentive Plan, the directors are authorised, at their discretion, to invite certain executives, to take up awards to vesting ordinary shares in the Bank as incentive for them to remain in employment with the Bank. The maximum number of awards in respect of which awards may be granted under the Employee Incentive Plan may not exceed 1% of the issued share capital of the Bank for the time being in issue within five years of the date of approval of the plan on 22nd April, 2004. The awards can be vested between the sixth to the tenth anniversaries after the date of grant with the following percentage of award vesting.

日期	Date	獎賞生效之百分比 Percentage of Award vesting
授出日期起計六週年	Sixth anniversary of the date of grant	5%
授出日期起計七週年	Seventh anniversary of the date of grant	10%
授出日期起計八週年	Eighth anniversary of the date of grant	15%
授出日期起計九週年	Ninth anniversary of the date of grant	20%
授出日期起計十週年	Tenth anniversary of the date of grant	50%

本集團根據此項獎勵計劃以無代價授予若干僱員獎賞，以購入本銀行股份。股份將根據獎賞按每股面值港幣一元購入。獎賞之公平價值以授予日計算，並在獎賞授予日與生效期內於損益賬扣除及撥入股東資金內。獎賞未生效期內所派發相等於股息之現金，將以花紅支出按應計基準於損益賬扣除。

The Group granted awards at no consideration for certain employees to acquire shares of the Bank under the EIP. The shares will be acquired at the nominal value of HK\$1.00 per share under the award. The fair value of the awards was measured at the grant date and is charged to the profit and loss account and credited to shareholders' funds between the grant date and vesting date. The cash amount equal to the dividend that would have been paid during the period up to vesting are charged to the profit and loss account as bonus expenses on an accrual basis.

僱員獎勵計劃 (續)

於二零零五年六月三十日，本銀行董事及僱員持有本銀行獎賞可購入本銀行之股份如下。

EMPLOYEE INCENTIVE PLAN (Continued)

At 30th June, 2005, the directors and employees of the Bank had the following interest in awards to purchase the shares of the Bank.

		獎賞數目 No. of awards 30/06/2005	獎賞數目 No. of awards 31/12/2004	授予日期 Date granted	獎賞授予日之 公平價值 Fair value of awards of grant HK\$
董事	Directors				
馮鈺斌	Patrick Y B Fung	200,000	200,000	21/05/2004	42.80
王家華	Frank J Wang	125,000	125,000	21/05/2004	42.80
馮鈺聲	Michael Y S Fung	100,000	100,000	21/05/2004	42.80
何志偉	Louis C W Ho	10,000	10,000	21/05/2004	42.80
其他僱員	Other Employees	60,000	60,000	21/05/2004	42.80
		495,000	495,000		

企業管治常規守則

除以下所述的偏離行為外，本行在截至二零零五年六月三十日止期間內，已遵守及接納載於上市規則附錄十四「企業管治常規守則」中的全部守則條文：

守則條文A.2.1

此守則規定董事長及行政總裁的角色應有區別，不應由一人同時兼任。

馮鈺斌博士為本行的董事長兼行政總裁。董事會認為此架構不會使權力過份集中在一人身上，不只因為董事會內有多位獨立非執行董事，而且代表美國紐約銀行的執行董事，兼任副行政總裁，並積極參與本行的管理及營運。董事會與管理層之間的權力和職權得以平衡，因為並沒有個別人士有絕對的決定權；董事長及行政總裁由一人兼任，有助於建立強勢及一致的領導權，使本行能夠迅速及有效地作出及實施各項決定。

CODE ON CORPORATE GOVERNANCE PRACTICES

The Bank has complied throughout the period of six months ended 30th June, 2005 and adopted all the code provisions set out in Appendix 14 – Code on Corporate Governance Practices of the Listing Rules, except for the following deviations:

Code Provision A.2.1

This Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Dr Patrick Y B Fung is the Chairman and Chief Executive of the Bank. The Board considered that the non-segregation would not result in considerable concentration of power in one person not only because of the presence of Independent Non-executive Directors but also that The Bank of New York is actively represented by an executive director who is also the deputy chief executive actively participating in the management and operations of the Bank. There is a balance of power and authority such that no one individual has unfettered power of decision. Non-segregation has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently.

企業管治常規守則 (續)

守則條文A.4.1

此守則規定非執行董事的委任應有指定的任期，並須接受重新選舉。

本銀行非執行董事的任期與其他董事一樣，沒有指定的任期，並根據本銀行組織章程細則規定輪流退任，但可再選復任。在每一屆股東周年大會上，當時的三分之一董事（若董事數目並非三的倍數，則取其接近者，但不能超過三分之一）應退任。

審核委員會及薪酬委員會的職責範圍已作出修改，並於二零零五年八月十一日獲董事會審閱及批准，以符合有關之守則。

董事進行證券交易的標準守則

本銀行已採納上市規則附錄十「上市發行人董事進行證券交易的標準守則」（「標準守則」）所載有關董事買賣本銀行股份之守則以供彼等遵守。

經向所有董事作出特定的查詢後，截至二零零五年六月三十日止之期間內，本銀行董事已遵守標準守則所載之規定。

審核委員會

本銀行之審核委員會於一九九二年成立。該委員會每年舉行三次會議，成員名單刊於本中期報告第二頁。審核委員會須向董事會負責而其主要責任包括審查本銀行的財務報告、內部監控運作及風險管理系統。

董事提名委員會

董事提名委員會於二零零二年十二月成立，成員包括三名獨立非執行董事，鄭漢鈞博士、劉漢銓太平紳士及李國賢太平紳士。

該委員會負責向董事會提出建議委任本銀行董事、行政總裁、副行政總裁及總經理之位。

薪酬委員會

薪酬委員會於一九九五年成立。該委員會通常每年舉行一次會議，評估及批准本銀行董事及高級行政人員之薪酬及福利，成員名單刊於本中期報告第二頁。

購買、出售或贖回上市證券

截至二零零五年六月三十日止六個月內，本銀行或其任何附屬公司並無購買、出售或贖回本銀行之股份。

CODE ON CORPORATE GOVERNANCE PRACTICES (Continued)

Code Provision A.4.1

This Code stipulates that non-executive directors should be appointed for a specific term and subject to re-election.

The term of office for non-executive directors are the same as for all directors (i.e. no specific term and subject to retirement from office by rotation and be eligible for re-election in accordance with the provisions of the Bank's Memorandum and Articles of Association). At every Annual General Meeting, one-third of the Directors for the time being or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third shall retire from office.

The terms of reference of Audit Committee and Remuneration Committee have been revised and approved by the Board on 11th August, 2005 in order to comply with the relevant code provision.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Bank has adopted for compliance by the Directors the code of conduct for dealings in securities of the Bank as set out in Appendix 10 – Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), of the Listing Rules.

Having made specific enquiry of all directors of the Bank, they have complied with the required standards set out in the Model Code for the period ended 30th June, 2005.

AUDIT COMMITTEE

The Audit Committee of the Bank was formed in 1992. The Committee meets three times a year and its composition is shown on page 2. The Audit Committee is answerable to the Board and the principal duties of the Committee include the review of the Bank's financial reporting, internal control and risk management system.

DIRECTOR NOMINATION COMMITTEE

The Director Nomination Committee was formed in December 2002 and consists of three Independent Non-executive Directors namely Messrs Cheng Hon Kwan, Ambrose H C Lau and Simon K Y Lee.

The Committee is responsible for reviewing and recommending to the Board all new appointment of Directors, Chief Executive, Deputy Chief Executive and General Managers of the Bank.

REMUNERATION COMMITTEE

The Remuneration Committee (formerly known as Compensation Committee) was formed in 1995. The Committee usually meets once a year to evaluate and approve the remuneration policy and package for the Directors and senior management of the Bank. Its composition is shown on page 2.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There were no purchases, sales or redemptions by the Bank, or any of its subsidiaries, of the Bank's listed securities during the six months ended 30th June, 2005.

引言

本核數師(以下簡稱「我們」)已根據貴銀行要求審閱刊於第八頁至第五十七頁的中期財務報告。

董事與核數師的責任

根據香港聯合交易所有限公司證券上市規則，上市公司必須以符合上市規則中相關的規定及香港會計師公會所頒佈的香港會計準則第三十四號「中期財務報告」的規定編製中期財務報告。中期財務報告由董事負責，並由董事核准通過。

我們的責任是根據我們審閱工作的結果，對中期財務報告提出獨立結論，並按照我們雙方所協定的應聘條款，僅向整體董事會報告。除此以外，我們的報告書不可用作其他用途。我們概不就本報告書的內容，對任何其他人士負責或承擔法律責任。

審閱工作

我們是按照香港會計師公會所頒佈的核數準則第700號「中期財務報告的審閱」進行審閱。審閱工作主要包括向集團管理層作出查詢及分析中期財務報告，評估財務報告中會計政策是否貫徹運用，賬項編列是否一致；賬項中另有說明的特別情況則除外。審閱不包括控制測試及資產、負債和交易驗證等審核程序。由於審閱的範圍遠較審核小，所給予的保證程度也較審核低，因此，我們不會對中期財務報告發表審核意見。

結論

根據這項不構成審核的審閱工作，我們並沒有察覺截至二零零五年六月三十日止六個月的中期財務報告需要作出任何重大的修訂。

畢馬威會計師事務所
執業會計師

香港 二零零五年八月十一日

INTRODUCTION

We have been instructed by the Bank to review the interim financial report set out on pages 8 to 57.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th June, 2005.

KPMG
Certified Public Accountants

Hong Kong, 11th August, 2005



永亨銀行有限公司
WING HANG BANK, LIMITED

註冊辦事處：香港皇后大道中一六一號
Registered Office: 161 Queen's Road Central, Hong Kong