





At BEA, we constantly seek ways to provide greater meaning to the customer experience. We make it our business to provide increasingly greater value through the delivery of top quality products and services. In our commitment to quality, we strive to exceed the expectations of every customer.

東亞銀行力求創新，讓客戶體驗更超卓的銀行服務。我們深信，要不斷為客戶增值，關鍵在於提供優質的產品和服務。本行秉承對高素質的堅持，從而達到乃至超越客戶的期望。

Our Commitment to Quality

優質至尚

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their annual report together with the audited accounts for the year ended 31st December, 2005.

PRINCIPAL PLACE OF BUSINESS

The Bank of East Asia, Limited (the "Bank") is a licensed bank incorporated and domiciled in Hong Kong and has its registered office and principal place of business at 10 Des Voeux Road Central, Hong Kong.

PRINCIPAL ACTIVITIES

The Bank and its subsidiaries (the "Group") are engaged in the provision of banking and related financial services, and business, corporate and investor services.

FINANCIAL STATEMENTS

The profit attributable to equity holders of the Group for the year ended 31st December, 2005 and the state of the Bank's and the Group's affairs as at that date are set out in the accounts on pages 90 to 209.

TRANSFER TO RESERVES

Profit attributable to equity holders of the Group, before dividends, of HK\$2,748,725,000 (2004 (restated): HK\$2,347,709,000) have been transferred to reserves. Other movements in reserves are set out in Note 38 on the accounts.

An interim dividend of HK\$0.33 per share (2004: HK\$0.28 per share) was paid on 16th September, 2005. The Directors now recommend the payment of a final dividend of HK\$0.93 per share (2004: HK\$0.80 per share) in respect of the financial year ended 31st December, 2005.

MAJOR CUSTOMERS

The Directors believe that the five largest customers of the Group accounted for less than 30% of the total of interest income and other operating income of the Group for the year.

DONATIONS

Donations made by the Group during the year for charitable and community purposes amounted to approximately HK\$8,436,000 (2004: HK\$2,043,000).

FIXED ASSETS

Details of the movements in fixed assets are set out in Note 31 on the accounts.

SHARE CAPITAL

During the year, a sum of HK\$34,334,000 standing to the credit of the share premium account was capitalised and applied in paying up in full at par 13,733,320 shares of HK\$2.50 each that were allotted and issued to shareholders who had elected to receive new shares in lieu of the 2004 final dividend and the 2005 interim dividend.

During the year, 4,498,000 shares of HK\$2.50 each were issued for cash of HK\$70,638,000 on the exercise of options granted under the approved Staff Share Option Schemes.

SUBORDINATED NOTES DUE 2015

The Bank issued 5.625% subordinated notes qualifying as tier 2 capital with the principal amount of US\$550,000,000 on 13th December, 2005. The notes will mature on 13th December, 2015. The net proceeds from the issue of the notes were US\$547,608,500, after deducting the cost of issue. The net proceeds from the sale of the notes will be used for the general funding purposes of the Group.

DEALINGS IN LISTED SECURITIES OF THE BANK

There was no purchase, sale or redemption by the Bank, or any of its subsidiaries, of listed securities of the Bank during the year ended 31st December, 2005.

DIRECTORS

The present Directors of the Bank are shown on page 46.

Kenneth LO Chin-ming was appointed an Independent Non-executive Director of the Bank on 1st May, 2005. Mr. Lo offers himself for re-election at the Annual General Meeting to be held on 7th April, 2006 ("2006 AGM").

Eric LI Fook-chuen was appointed a Non-executive Director of the Bank on 25th January, 2006. Mr. Li offers himself for re-election at the 2006 AGM.

All Directors, including Non-executive Directors, are subject to retirement by rotation and re-election at the annual general

董事會報告書

董事會全寅現謹向各股東發表董事會報告書及截至2005年12月31日止年度的已審核的賬項。

主要營業地點

東亞銀行有限公司(「本行」)乃一間在香港成立及註冊的持牌銀行，其註冊辦事處和主要營業地點為香港德輔道中10號。

主要業務

本行及其附屬公司(「本集團」)的主要業務為提供銀行及有關的金融服務，以及商務、企業及投資者服務。

財務報表

本集團於2005年12月31日的股東應佔溢利，及本行和本集團於當日的財政狀況，載列於第90頁至第209頁的賬項內。

撥入儲備

本集團除股息前的股東應佔溢利中的港幣2,748,725,000(2004年(重報)：2,347,709,000元)已予撥入儲備。至於儲備的其他變動，則載於賬項附註38。

中期股息每股港幣3角3仙(2004年：每股港幣2角8仙)已於2005年9月16日派發。董事會現建議派發截至2005年12月31日止年度的末期股息每股港幣9角3仙(2004年：每股港幣8角)。

主要客戶

董事會認為，本集團5位最大客戶所佔是年度本集團總利息收入及其他經營收入少於30%。

捐款

本集團本年內所作出的慈善及公益捐款約為港幣8,436,000元(2004年：港幣2,043,000元)。

固定資產

固定資產的變動詳情載於賬項附註31。

股本

年內，本行由股份溢價賬項中撥出港幣34,334,000元作為資本，以發行及繳足13,733,320股每股面值港幣2.50元的股份，派發予各選擇以新股份代替2004年度末期股息及2005年度中期股息的股東。

本年內，在認可僱員認股計劃認股權方面，以溢價發行4,498,000股每股面值港幣2.50元的股份，所得現金為港幣70,638,000元。

2015年到期的後償票據

本行在2005年12月13日發行本金總值550,000,000美元評定為2級資本年息5.625%的後償票據。此等票據將於2015年12月13日到期。在扣除發行成本後，發行此等票據的淨得款項為547,608,500美元。發售此等票據的淨得款項會用作本集團的一般資金用途。

買賣本行上市證券

截至2005年12月31日止的年度內，本行或其任何附屬公司並無購入、出售或贖回本行的上市證券。

董事會

本行現任董事的名單載於第46頁。

駱錦明於2005年5月1日獲委任為本行獨立非執行董事。他將在2006年4月7日舉行的股東周年常會(「2006股東周年常會」)上膺選連任。

李福全於2006年1月25日獲委任為本行非執行董事。他將在2006股東周年常會上膺選連任。

各董事，包括非執行董事，須在股東周年常會上輪值告退及膺選連任。根據此規定，黃頌顯、李兆基、李福善、蒙民偉及陳棋昌

meeting. Accordingly, WONG Chung-hin, LEE Shau-kee, Simon LI Fook-sean, William MONG Man-wai and CHAN Kay-cheung will retire. With the exception of Simon LI Fook-sean who does not seek re-appointment, all the other retiring Directors offer themselves for re-election at the 2006 AGM.

No Director proposed for re-election at the 2006 AGM has an unexpired service contract that is not determinable by the Bank or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

David LI Kwok-po is employed as the Chief Executive of the Bank, whose service contract is on a five-year term commencing 1st April, 2004.

No contracts of significance to which the Bank or any of its subsidiaries was a party and in which a Director of the Bank had a material interest subsisted at the end of the year or at any time during the year.

None of the Directors of the Bank is interested in any business apart from the Bank's business that competes or is likely to compete, either directly or indirectly, with the Bank's business.

At no time during the year was the Bank or any of its subsidiaries a party to any arrangement to enable the Directors or Chief Executive of the Bank or their spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate with the exception of the Staff Share Option Schemes, details of which are set out in the following section under the heading "Information on Share Options", and Notes 2(q)(iv) and 36 on the accounts.

The Bank has received independence confirmation from the Independent Non-executive Directors, namely: WONG Chung-hin, LEE Shau-kee, Allan WONG Chi-yun, Winston LO Yau-lai, Thomas KWOK Ping-kwong, TAN Man-kou and Kenneth LO Chin-ming, and considers them to be independent.

The Chairman received HK\$200,000 and each of the other Directors, including the Independent Non-executive Directors, received HK\$100,000, as directors' fees for the year ended 31st December, 2005.

The fee to the Director who was appointed during the year was paid in accordance with his length of service.

CONNECTED TRANSACTION

On 8th April, 2005, the Bank entered into an Agreement for Sale and Purchase (the "Agreement for Sale and Purchase") with Garudia Limited and Lunalite Company Limited (the "Sellers"), both indirect wholly-owned subsidiaries of Sun Hung Kai Properties Limited ("SHKP"), in respect of the purchase by the Bank of a Ground Floor Shop (the "Property") on the Ground Floor of "Millennium City 5" in Kwun Tong pursuant to the terms under an Agreement for Sale and Purchase dated 9th August, 2002 (the "Main Agreement") between the Sellers as sellers and the Bank as purchaser in respect of certain properties comprised in Millennium City 5.

The total area of the Property is 3,254 sq. ft., comprising of 1,994 sq. ft. floor area on the Ground Floor and 1,260 sq. ft. floor area of the room above it. The consideration of HK\$50,508,900 was arrived at after arm's length negotiation between the Bank and the Sellers based on an average of the open market value as at 4th June, 2004 of the Property of two independent valuation reports, less 10% discount pursuant to the terms of the Main Agreement. The Agreement for Sale and Purchase included a right of first refusal in favour of the Sellers to purchase the Property on terms and in manner specified in the Main Agreement.

Thomas KWOK Ping-kwong, an Independent Non-executive Director of the Bank, is also an executive director of SHKP. Mr. Kwok, together with his family interests taken together, is directly or indirectly interested in 30% or more of the voting power at general meetings of SHKP and therefore the transaction constitutes a connected transaction for the Bank. For details, please refer to the announcement dated 8th April, 2005 issued by the Bank.

CORPORATE GOVERNANCE

The Bank is committed to maintaining the highest standard of corporate governance practices. Information on the corporate governance practices adopted by the Bank is set out in the Corporate Governance Report on page 52 to page 69.

董事會報告書 (續)

將在2006股東周年常會上輪值告退，除李福善之外，其餘告退董事均願膺選連任。

所有擬在2006股東周年常會上膺選連任的董事，並沒有尚未屆滿的服務合約，該等合約屬本行或其附屬公司在一年內不可在不予賠償(法定賠償除外)的情況下終止者。

李國寶受聘為本行的行政總裁，服務合約為期5年，由2004年4月1日起生效。

本年內凡與本行或其任何附屬公司業務有重大關係的合約，本行各董事均無佔有任何實質上的權益。

除本行業務外，本行各董事並無在其他業務中佔有權益，而該其他業務直接或間接與本行的業務構成競爭或可能構成競爭。

除於下列「認股權資料」項下及賬項附註2(q)(iv)及36所詳載的僱員認股計劃外，本年內本行或其任何附屬公司並無作任何安排，以致本行各董事或行政總裁或他們的配偶或18歲以下子女從中取得本行或其他法人團體的股份或債券而獲益。

本行已收到獨立非執行董事：黃頌顯、李兆基、黃子欣、羅友禮、郭炳江、陳文葵及駱錦明的獨立性確認函。本行對他們的獨立性表示認同。

本行主席獲港幣200,000元，而其他董事包括獨立非執行董事各獲得港幣100,000元，作為截至2005年12月31日止財政年度的董事袍金。

在年內獲委任的董事之袍金則按其服務期支付。

關連交易

於2005年4月8日，本行就購買位於觀塘「創紀之城第五期」地下一間地面商舖，與其具有限公司及Lunalite Company Limited(「賣方」)簽訂一項買賣協議(「買賣協議」)，該兩間公司均為新鴻基地產發展有限公司(「新鴻基地產」)的間接全資附屬公司。此項交易乃根據賣方與本行(作為買方)就「創紀之城第五期」之若干物業於2002年8月9日所簽訂的買賣協議(「主要協議」)之條款而作出。

該項物業的總樓面面積為3,254平方呎，包括1,994平方呎為地面商舖的樓面面積及1,260平方呎為該商舖之上的房間的樓面面積。代價為港幣50,508,900元，乃本行與賣方經公平合理磋商後釐定，及按兩份獨立估值報告內列出該項物業於2004年6月4日的公開市值的平均值釐定，並根據主要協議的條款減除10%折扣。買賣協議包括賦予賣方一項優先權，可按照主要協議列明的條款及方式購買該項物業。

本行的獨立非執行董事郭炳江亦為新鴻基地產的執行董事。郭先生個人連同其家族權益直接或間接控制新鴻基地產股東大會30%以上的投票權，因此該項交易構成本行的關連交易，有關詳情請參閱本行2005年4月8日刊登的通告。

企業管治

本行承諾維持最高水平的企業管治常規。有關本行所採納的企業管治常規的資料，載列於第52頁至69頁的企業管治報告內。

Report of the Directors (continued)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 31st December, 2005, the interests and short positions of the Directors and Chief Executive of the Bank in the shares, underlying shares and debentures of the Bank and its associated corporations as recorded in the Register required to be kept under section 352 of the Securities and Futures Ordinance (the "SFO") were as follows:

I. Long positions in shares of the Bank

Name	Capacity and nature	No. of shares	Total	% of issued share capital
David LI Kwok-po	Beneficial owner	26,709,794	27,375,513 ¹	1.81
	Interest of spouse	665,719		
LI Fook-wo	Beneficial owner	1,235,804	32,191,182 ²	2.13
	Founder of discretionary trust	30,955,378		
WONG Chung-hin	Beneficial owner	46,810	390,941 ³	0.03
	Interest of spouse	344,131		
LEE Shau-kee	Beneficial owner	647,985	1,647,985 ⁴	0.11
	Interest of corporation	1,000,000		
Simon LI Fook-sean	Beneficial owner	900,223	16,269,620 ⁵	1.08
	Interest of spouse	3,198,200		
	Founder of discretionary trust	12,171,197		
Allan WONG Chi-yun	Interest of spouse	124	10,483,025 ⁶	0.69
	Founder of discretionary trust	10,482,901		
Aubrey LI Kwok-sing	Beneficial owner	23,391	30,993,906 ⁷	2.05
	Interest of spouse	15,137		
	Beneficiary of discretionary trust	30,955,378		
Joseph PANG Yuk-wing	Beneficial owner	480,000	480,000	0.03
William MONG Man-wai	Beneficial owner	848,157	6,090,818 ⁸	0.40
	Interest of corporation	5,242,661		
CHAN Kay-cheung	Beneficial owner	478,800	478,800	0.03
Winston LO Yau-lai	–	–	Nil	Nil
KHOO Kay-peng	Interest of corporation	1,000,000	1,000,000 ⁹	0.07
Thomas KWOK Ping-kwong	–	–	Nil	Nil
Richard LI Tzar-kai	–	–	Nil	Nil
TAN Man-kou	–	–	Nil	Nil
Kenneth LO Chin-ming	–	–	Nil	Nil

董事會報告書（續）

董事及行政總裁權益

於2005年12月31日，根據《證券及期貨條例》第352條須予備存的登記冊所記錄，本行各董事及行政總裁於本行及其相聯法團的股份，相關股份及債權證中擁有的權益及淡倉如下：

I. 本行股份權益的好倉

姓名	身分及性質	股份數目	總數	佔已發行股本的分率
李國寶	實益擁有人	26,709,794	27,375,513 ¹	1.81
	配偶的權益	665,719		
李福和	實益擁有人	1,235,804	32,191,182 ²	2.13
	酌情信託的成立人	30,955,378		
黃頌顯	實益擁有人	46,810	390,941 ³	0.03
	配偶的權益	344,131		
李兆基	實益擁有人	647,985	1,647,985 ⁴	0.11
	法團的權益	1,000,000		
李福善	實益擁有人	900,223	16,269,620 ⁵	1.08
	配偶的權益	3,198,200		
	酌情信託的成立人	12,171,197		
黃子欣	配偶的權益	124	10,483,025 ⁶	0.69
	酌情信託的成立人	10,482,901		
李國星	實益擁有人	23,391	30,993,906 ⁷	2.05
	配偶的權益	15,137		
	酌情信託的受益人	30,955,378		
彭玉榮	實益擁有人	480,000	480,000	0.03
蒙民偉	實益擁有人	848,157	6,090,818 ⁸	0.40
	法團的權益	5,242,661		
陳棋昌	實益擁有人	478,800	478,800	0.03
羅友禮	—	—	無	無
邱繼炳	法團的權益	1,000,000	1,000,000 ⁹	0.07
郭炳江	—	—	無	無
李澤楷	—	—	無	無
陳文裘	—	—	無	無
駱錦明	—	—	無	無

Report of the Directors (continued)

Notes:

- 1 David LI Kwok-po was the beneficial owner of 26,709,794 shares and he was deemed to be interested in 665,719 shares through the interests of his spouse, Penny POON Kam-chui.
- 2 LI Fook-wo was the beneficial owner of 1,235,804 shares. The remaining 30,955,378 shares were held by The Fook Wo Trust, of which LI Fook-wo was the founder, but he had no influence on how the trustee exercises his discretion. The disclosure of these 30,955,378 shares was made on a voluntary basis. Aubrey LI Kwok-sing was also interested in this same block of 30,955,378 shares as one of the discretionary beneficiaries of the trust (please refer to note 7 below).
- 3 WONG Chung-hin was the beneficial owner of 46,810 shares and he was deemed to be interested in 344,131 shares through the interests of his spouse, LAM Mei-lin.
- 4 LEE Shau-kee was the beneficial owner of 647,985 shares.

LEE Shau-kee was deemed to be interested in 1,000,000 shares held through Superfun Enterprises Limited ("Superfun"). Superfun was wholly owned by The Hong Kong and China Gas Company Limited which was 37.62% held by Henderson Investment Limited which in turn was 73.48% held by Kingslee S.A., a wholly-owned subsidiary of Henderson Land Development Company Limited ("Henderson Land").

Henderson Land was 61.87% held by Henderson Development Limited ("Henderson Development"). Hopkins (Cayman) Limited ("Hopkins") as trustee of a unit trust (the "Unit Trust") owned all the issued ordinary shares of Henderson Development. Rimmer (Cayman) Limited ("Rimmer") and Riddick (Cayman) Limited ("Riddick"), as trustees of respective discretionary trusts, held units in the Unit Trust. The entire issued share capital of Hopkins, Rimmer and Riddick were owned by LEE Shau-kee.
- 5 Simon LI Fook-sean was the beneficial owner of 900,223 shares and he was deemed to be interested in 3,198,200 shares through the interests of his spouse, YANG Yen-ying. The remaining 12,171,197 shares were held by two discretionary trusts, Settlement of Dr. Simon F.S. Li and The Longevity Trust, of which Simon LI Fook-sean was the founder, but he had no influence on how the trustee exercises his discretion. The disclosure of these 12,171,197 shares was made on a voluntary basis.
- 6 Allan WONG Chi-yun was deemed to be interested in 124 shares through the interests of his spouse, Margaret KWOK Chi-wai. He was also deemed to be interested in 10,482,901 shares held by a discretionary trust, The Wong Chung Man 1984 Trust, of which Allan WONG Chi-yun was a founder.
- 7 Aubrey LI Kwok-sing was the beneficial owner of 23,391 shares and he was deemed to be interested in 15,137 shares through the interests of his spouse, Elizabeth WOO. The remaining 30,955,378 shares were held by The Fook Wo Trust, a discretionary trust in which Aubrey LI Kwok-sing was one of the discretionary beneficiaries. LI Fook-wo had also made disclosure in respect of the same block of 30,955,378 shares as founder of the discretionary trust (please refer to note 2 above).
- 8 William MONG Man-wai was the beneficial owner of 848,157 shares. Of the remaining 5,242,661 shares, (i) 4,502,798 shares were held through Shun Hing Electronic Trading Co. Ltd., (ii) 668,323 shares were held through Shun Hing Technology Co. Ltd., and (iii) 71,540 shares were held through Shun Hing Advertising Co. Ltd. Such corporations are accustomed to act in accordance with the directions or instructions of William MONG Man-wai who is the Chairman of these corporations.
- 9 KHOO Kay-peng was deemed to be interested in 1,000,000 shares which were held through Bonham Industries Limited, a company in which he held 99.9% of the issued capital.

II. Long positions in (in respect of equity derivatives) underlying shares of the Bank

Shares options, being unlisted physically settled equity derivatives, to subscribe for the ordinary shares of the Bank were granted to David LI Kwok-po, Joseph PANG Yuk-wing and CHAN Kay-cheung pursuant to the approved Staff Share Option Schemes. Information in relation to these share options during the year ended 31st December, 2005 was shown in the following section under the heading "Information on Share Options".

III. Interests in debentures of the associated corporation of the Bank

Name	Issuer	Capacity and nature	Amount of debentures	Total
Simon LI Fook-sean	East Asia Financial Holding (BVI) Limited	Beneficial owner Founder of discretionary trust	US\$1,000,000 US\$1,000,000	US\$2,000,000

Note: Simon LI Fook-sean was the beneficial owner of the debentures of East Asia Financial Holding (BVI) Limited ("EAFH (BVI)") in the amount of US\$1,000,000 and he was deemed to be interested in the debentures of EAFH (BVI) in the amount of US\$1,000,000 held by a discretionary trust, Settlement of Dr. Simon F.S. Li, of which Simon LI Fook-sean was the founder, but he had no influence on how the trustee exercises his discretion. The disclosure of the US\$1,000,000 debentures held by the discretionary trust was made on a voluntary basis.

董事會報告書 (續)

附註：

- 1 李國寶為26,709,794股的實益擁有人。由於其配偶潘金翠擁有665,719股之權益，他亦被視為擁有該等股份。
- 2 李福和為1,235,804股的實益擁有人。餘下之30,955,378股由The Fook Wo Trust持有，李福和為該信託的成立人，惟他不可以影響受託人如何行使其酌情權。披露該30,955,378股出於自願性質。李國星作為該信託其中一位酌情受益人，亦擁有該30,955,378股的權益(請參閱下列附註7)。
- 3 黃頌顯為46,810股的實益擁有人。由於其配偶林美蓮擁有344,131股之權益，他亦被視為擁有該等股份。
- 4 李兆基為647,985股的實益擁有人。

李兆基被視為擁有由Superfun Enterprises Limited (「Superfun」) 持有之1,000,000股。Superfun由香港中華煤氣有限公司(「中華煤氣」) 全資擁有。由Kingslee S.A. 持有73.48%股權的恒基兆業發展有限公司持有中華煤氣37.62%股權。而Kingslee S.A. 是恒基兆業地產有限公司(「恒基地產」) 的全資附屬公司。

恒基兆業有限公司(「恒基兆業」) 持有恒基地產61.87%股權。Hopkins (Cayman) Limited (「Hopkins」)，作為一個單位信託(「該單位信託」) 的受託人，擁有恒基兆業的全部已發行普通股股份。Rimmer (Cayman) Limited (「Rimmer」) 及Riddick (Cayman) Limited (「Riddick」)，分別為不同全權信託的受託人，持有該單位信託的單位。李兆基擁有Hopkins、Rimmer及Riddick的全部已發行股份。

- 5 李福善為900,223股的實益擁有人。由於其配偶楊延茵擁有3,198,200股之權益，他亦被視為擁有該等股份。餘下之12,171,197股由兩個酌情信託Settlement of Dr. Simon F.S. Li 及 The Longevity Trust持有，李福善為該兩個酌情信託的成立人，惟他不可以影響受託人如何行使其酌情權。披露該12,171,197股出於自願性質。
- 6 由於其配偶郭志蕙擁有124股之權益，黃子欣被視為擁有該等股份。而由於黃子欣為一個酌情信託The Wong Chung Man 1984 Trust的成立人，他亦被視為擁有該酌情信託所持有的10,482,901股。
- 7 李國星為23,391股的實益擁有人。由於其配偶吳伊莉擁有15,137股之權益，他亦被視為擁有該等股份。餘下之30,955,378股由一個酌情信託The Fook Wo Trust持有，李國星為該信託的其中一位酌情受益人。作為該酌情信託的成立人，李福和亦已就該等30,955,378股作出披露(請參閱上列附註2)。
- 8 蒙民偉為848,157股的實益擁有人。餘下的5,242,661股當中：(i) 4,502,798股由信興電器貿易有限公司持有；(ii) 668,323股由信興科技有限公司持有；及(iii) 71,540股由信興廣告有限公司持有。蒙民偉為該等法團的主席。該等法團慣於按照蒙民偉的指令或指示行事。
- 9 由於邱繼炳擁有Bonham Industries Limited 99.9%已發行股份，他被視為擁有Bonham Industries Limited持有之1,000,000股。

II. 本行相關股份(就股本衍生工具而言)的好倉

根據本行的認可僱員認股計劃，李國寶、彭玉榮及陳棋昌獲授予認股權，以認購本行普通股股份。該等認股權屬於非上市以實物交付的期權。有關此等認股權在截至2005年12月31日止期間的資料，見於下列「認股權資料」項下。

III. 本行相關法團債權證權益

姓名	發行人	身分及性質	債權證數額	總數
李福善	East Asia Financial	實益擁有人	1,000,000美元	2,000,000美元
	Holding (BVI) Limited	酌情信託的成立人	1,000,000美元	

附註：李福善實益擁有為數1,000,000美元由East Asia Financial Holding (BVI) Limited (「EAFH (BVI)」) 發行的債權證，而他亦被視為擁有由一個酌情信託Settlement of Dr. Simon F.S. Li 持有為數1,000,000美元由EAFH(BVI)發行的債權證。李福善為該酌情信託的成立人，惟他不可以影響受託人如何行使其酌情權。披露該等由酌情信託持有之1,000,000美元債權證出於自願性質。

Report of the Directors (continued)

Apart from the interests disclosed above, notifications were received from Richard LI Tzar-kai in respect of the following interests in the debentures of the Bank as at 31st December, 2005, arising through a discretionary investment company, PCI Investment Management Limited, being a controlled corporation of two discretionary trusts, The Ocean Trust and The Starlite Trust, of which Richard LI Tzar-kai was the founder:

Name	Capacity and nature	Amount of debentures
Richard LI Tzar-kai	Founder of discretionary trust	US\$4,000,000
Richard LI Tzar-kai	Founder of discretionary trust	HK\$50,000,000

Save as disclosed above, no other interest or short position in the shares, underlying shares or debentures of the Bank or any of its association corporations were recorded in the Register.

INFORMATION ON SHARE OPTIONS

Information in relation to share options disclosed in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") was as follows:

(1) Movement of share options during the year ended 31st December, 2005:

Name	Date of Grant ^a	Number of Share Options				Outstanding at 31/12/2005
		Outstanding at 1/1/2005	Granted	Exercised	Lapsed	
David LI Kwok-po	20/4/2000	145,000	–	145,000 ^c	–	Nil
	19/4/2001	850,000	–	–	–	850,000
	18/4/2002	850,000	–	–	–	850,000
	02/5/2003	1,000,000	–	–	–	1,000,000
	22/4/2004	1,000,000	–	–	–	1,000,000
	03/5/2005	–	1,000,000 ^b	–	–	1,000,000
Joseph PANG Yuk-wing	20/4/2000	130,000	–	130,000 ^c	–	Nil
	19/4/2001	400,000	–	–	–	400,000
	18/4/2002	400,000	–	–	–	400,000
	02/5/2003	500,000	–	–	–	500,000
	22/4/2004	500,000	–	–	–	500,000
	03/5/2005	–	500,000 ^b	–	–	500,000
CHAN Kay-cheung	20/4/2000	130,000	–	130,000 ^c	–	Nil
	19/4/2001	400,000	–	–	–	400,000
	18/4/2002	400,000	–	–	–	400,000
	02/5/2003	500,000	–	–	–	500,000
	22/4/2004	500,000	–	–	–	500,000
	03/5/2005	–	500,000 ^b	–	–	500,000
Aggregate of other Employees*	20/4/2000	1,075,000	–	1,048,000 ^c	27,000	Nil
	19/4/2001	535,000	–	170,000 ^c	–	365,000
	18/4/2002	1,145,000	–	510,000 ^c	–	635,000
	02/5/2003	6,570,000	–	2,300,000 ^c	–	4,270,000
	22/4/2004	13,045,000	–	65,000 ^c	630,000	12,350,000
	03/5/2005	–	14,410,000 ^b	–	420,000	13,990,000

* Employees working under employment contracts that were regarded as "Continuous Contracts" for the purpose of the Hong Kong Employment Ordinance.

董事會報告書 (續)

除上述所披露的權益外，另收到李澤楷的通知，截至2005年12月31日彼透過一間酌情投資公司盈保投資管理有限公司(「盈保投資」)持有下列的本行債權證。兩個酌情信託The Ocean Trust 及The Starlite Trust 為盈保投資的控股公司，而李澤楷為該兩個酌情信託的成立人：

姓名	身分及性質	債權證數額
李澤楷	酌情信託的成立人	4,000,000美元
李澤楷	酌情信託的成立人	港幣50,000,000元

除上述披露外，概無其他本行或其任何相聯法團的股份、相關股份或債權證的權益或淡倉載於該登記冊內。

認股權資料

根據《香港聯合交易所證券上市規則》(「上市規則」)所披露有關認股權的資料如下：

(1) 截至2005年12月31日止年內認股權的變動：

姓名	授予日期 ^a	認股權數目				
		於1/1/2005日 尚未行使	授出	行使	失效	於31/12/2005日 尚未行使
李國寶	20/4/2000	145,000	—	145,000 ^c	—	無
	19/4/2001	850,000	—	—	—	850,000
	18/4/2002	850,000	—	—	—	850,000
	02/5/2003	1,000,000	—	—	—	1,000,000
	22/4/2004	1,000,000	—	—	—	1,000,000
	03/5/2005	—	1,000,000 ^b	—	—	1,000,000
彭玉榮	20/4/2000	130,000	—	130,000 ^c	—	無
	19/4/2001	400,000	—	—	—	400,000
	18/4/2002	400,000	—	—	—	400,000
	02/5/2003	500,000	—	—	—	500,000
	22/4/2004	500,000	—	—	—	500,000
	03/5/2005	—	500,000 ^b	—	—	500,000
陳棋昌	20/4/2000	130,000	—	130,000 ^c	—	無
	19/4/2001	400,000	—	—	—	400,000
	18/4/2002	400,000	—	—	—	400,000
	02/5/2003	500,000	—	—	—	500,000
	22/4/2004	500,000	—	—	—	500,000
	03/5/2005	—	500,000 ^b	—	—	500,000
其他僱員 的總數*	20/4/2000	1,075,000	—	1,048,000 ^c	27,000	無
	19/4/2001	535,000	—	170,000 ^c	—	365,000
	18/4/2002	1,145,000	—	510,000 ^c	—	635,000
	02/5/2003	6,570,000	—	2,300,000 ^c	—	4,270,000
	22/4/2004	13,045,000	—	65,000 ^c	630,000	12,350,000
	03/5/2005	—	14,410,000 ^b	—	420,000	13,990,000

* 按香港《僱傭條例》所指的「連續合約」工作的僱員

Report of the Directors (continued)

(2) No share options were cancelled during the year ended 31st December, 2005.

(3) The accounting policy adopted for share options is set out in Note 2(q)(iv) on the accounts.

Notes:

a Particulars of share options:

Date of Grant	Vesting Period	Exercise Period	Exercise Price Per Share HK\$
20/4/2000	20/4/2000 – 19/4/2001	20/4/2001 – 20/4/2005	16.46
19/4/2001	19/4/2001 – 18/4/2002	19/4/2002 – 19/4/2006	16.96
18/4/2002	18/4/2002 – 17/4/2003	18/4/2003 – 18/4/2007	15.80
02/5/2003	02/5/2003 – 01/5/2004	02/5/2004 – 02/5/2008	14.90
22/4/2004	22/4/2004 – 21/4/2005	22/4/2005 – 22/4/2009	23.23
03/5/2005	03/5/2005 – 02/5/2006	03/5/2006 – 03/5/2010	22.95

b (i) The closing price of the shares of the Bank immediately before 3rd May, 2005 on which the options were granted was HK\$22.85.

(ii) The fair value of share options granted during the year ended 31st December, 2005 is set out in Note 36 on the accounts.

c Annual weighted average ("AWA") closing price of the shares of the Bank immediately before the date on which the Options were exercised during the year ended 31st December, 2005:

Date of Grant	No. of Options Exercised	Exercise Price Per Share HK\$	AWA Closing Price HK\$
20/4/2000	1,453,000	16.46	23.23
19/4/2001	170,000	16.96	23.73
18/4/2002	510,000	15.80	23.42
02/5/2003	2,300,000	14.90	23.32
22/4/2004	65,000	23.23	24.00

Save as disclosed above, as at 31st December, 2005, none of the Directors or Chief Executive of the Bank or their spouses or children under 18 years of age were granted or exercised any right to subscribe for any equity or debt securities of the Bank or any of its associated corporations.

董事會報告書 (續)

(2) 截至2005年12月31日止年內並無認股權被註銷。

(3) 有關認股權的會計政策載於賬項附註2(q)(iv)。

附註：

a 認股權詳情：

授予日期	有效期	行使期	每股行使價 港幣(元)
20/4/2000	20/4/2000 - 19/4/2001	20/4/2001 - 20/4/2005	16.46
19/4/2001	19/4/2001 - 18/4/2002	19/4/2002 - 19/4/2006	16.96
18/4/2002	18/4/2002 - 17/4/2003	18/4/2003 - 18/4/2007	15.80
02/5/2003	02/5/2003 - 01/5/2004	02/5/2004 - 02/5/2008	14.90
22/4/2004	22/4/2004 - 21/4/2005	22/4/2005 - 22/4/2009	23.23
03/5/2005	03/5/2005 - 02/5/2006	03/5/2006 - 03/5/2010	22.95

b (i) 本行股份在緊接2005年5月3日授出認股權當日之前的收市價為港幣22.85元。

(ii) 在截至2005年12月31日止年內授出認股權的公平價值載於賬項附註36。

c 在截至2005年12月31日止年內本行股份在緊接有關認股權行使日期之前的全年加權平均收市價：

授予日期	行使認股權數目	每股行使價 港幣(元)	全年加權平均收市價 港幣(元)
20/4/2000	1,453,000	16.46	23.23
19/4/2001	170,000	16.96	23.73
18/4/2002	510,000	15.80	23.42
02/5/2003	2,300,000	14.90	23.32
22/4/2004	65,000	23.23	24.00

除上述所披露外，於2005年12月31日，本行的董事或行政總裁或他們的配偶或18歲以下子女概無獲授或行使任何權利以認購本行或其任何相聯公司的股本或債務證券。

INFORMATION ON SHARE OPTION SCHEME

The following is a summary of the Staff Share Option Scheme 2002 that was adopted on 26th March, 2002 (the "Scheme") disclosed in accordance with the Listing Rules:

1. Purpose of the Scheme:

- (a) The Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions that eligible persons had made or may make to the Group.
- (b) The Scheme will provide the eligible persons with an opportunity to have a personal stake in the Bank with the view to motivating the eligible persons to optimise their performance and efficiency for the benefit of the Group.

2. Participants of the Scheme:

The Board may at its discretion grant options to any employees including Executive Directors and Chief Executive of the Group.

3. Total number of shares available for issue under the Scheme and % of issued share capital at 31st December, 2005:

The total number of shares available for issue under the Scheme is 71,696,959 shares representing 4.75% of the issued share capital at 31st December, 2005.

4. Maximum entitlement of each participant under the Scheme:

No options may be granted to any eligible persons, which if exercised in full would result in the total number of shares issued and to be issued upon exercise of the share options already granted or to be granted to such eligible person under the Scheme or any other schemes of the Bank (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital as at the date of such new grant. Any grant of further options above this limit shall be subject to certain requirements as stipulated in the rules of the Scheme.

5. The period within which the shares must be taken up under an option:

Beginning on the first anniversary of the Date of Grant of such options and ending on the fifth anniversary thereof.

6. The minimum period for which an option must be held before it can be exercised:

From the Date of Grant of such options up to the day immediately before the first anniversary thereof.

7. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be paid:

N/A

8. The basis of determining the exercise price:

The exercise price is determined by the Directors and being not less than the highest of:

- (a) the closing price of the Bank's shares in the Stock Exchange's daily quotations sheet on the date of grant of the relevant options;
- (b) an amount equivalent to the average closing price of the Bank's shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant of the relevant options; and
- (c) the nominal value of the Bank's shares.

9. The remaining life of the Scheme:

The Scheme Period will end on 25th March, 2007.

董事會報告書（續）

認股權計劃資料

根據《上市規則》披露的有關於2002年3月26日採納的僱員認股計劃2002（「計劃」）的摘要如下：

1. 計劃的目的：

- (a) 本計劃屬於一項股份獎勵計劃，設立的目的是在於肯定合資格人士對本集團作出或可能作出的貢獻。
- (b) 本計劃為合資格人士提供機會持有本行的股權，藉此鼓勵僱員努力工作，提高效率，為本集團賺取更多利益。

2. 計劃的參與人：

董事會可按其酌情權，向本集團任何僱員，包括執行董事和行政總裁，授予認股權。

3. 計劃中可予發行的股份數目及其於2005年12月31日佔已發行股本的百分率：

計劃中可予發行的股份數目為71,696,959股，佔本行於2005年12月31日已發行股本的4.75%。

4. 計劃中每名參與人可獲授權益上限：

凡合資格人士在行使全部認股權後，會導致該位合資格人士在截至獲授新認股權之日（包括當日）止十二個月內，因行使已經根據或將會根據本計劃及本行任何其他計劃獲授的認股權（包括已行使、已註銷及尚未行使的認股權）時，所獲發行及將予發行的股份總數超出新認股權授出當日的已發行股份的1%，則不得向該位合資格人士再授出新認股權。再度授出超出該上限的認股權，須受載於該計劃的規則內的若干規定所約束。

5. 可根據認股權認購股份的期限：

由該認股權授予日的第一周年開始截至授予日的第五周年止

6. 認股權行使之前必須持有的最短期限：

由認股權授出之日起直至授予日的第一周年之前一日

7. 申請或接受認股權須付金額以及付款或通知付款的期限或償還申請期權貸款的期限：

不適用

8. 行使價的釐定基準：

行使價由董事會釐定，但不少於下列的較高價：

- (a) 於授出有關認股權當日，本行股份於聯交所日報表的收市價；
- (b) 相等於緊接授出有關認股權當日之前5個營業日，本行股份於聯交所日報表的平均收市價；及
- (c) 本行股份的面值。

9. 計劃尚餘的有效期限：

計劃期間將於2007年3月25日終止。

Report of the Directors (continued)

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31st December, 2005, the interests and short positions of Substantial Shareholders and Other Persons of the Bank in the shares and underlying shares of the Bank as recorded in the Register required to be kept under section 336 of the SFO were as follows:

Name	Capacity and nature	No. of shares	% on issued share capital
Silchester International Investors Limited	Investment Manager	121,018,000 ¹ (L)	8.01
Silchester International Investors International Value Equity Trust	Collective Investment Scheme	75,941,300 ¹ (L)	5.03
East Asia International Trustees Limited	Trustee	83,137,567 (L)	5.51
Citigroup Inc.	Beneficial owner/ Custodian Corporation/ Approved Lending Agent	79,180,132 ² (L)	5.24
	Beneficial owner	980,600 (S)	0.06
	Custodian Corporation/ Approved Lending Agent	3,865,380 ² (P)	0.26

¹ Duplicate of 75,941,300 shares as Silchester International Investors Limited controls the securities held by Silchester International Investors International Value Equity Trust.

² Included in the 79,180,132 shares were a lending pool of 3,865,380 shares and 52,000,000 shares derived from physically settled unlisted derivatives.

(L) - Long positions

(S) - Short positions

(P) - Lending pool

Save as disclosed above, no other interest or short position in the shares or underlying shares of the Bank were recorded in the Register.

PUBLIC FLOAT

As at the date of this Report, the Bank has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Bank and within the knowledge of the Directors.

COMPLIANCE

In preparing the accounts for 2005, the Bank has fully complied with the guideline set out in the Supervisory Policy Manual "Financial Disclosure by Locally Incorporated Authorized Institutions" issued by the Hong Kong Monetary Authority.

AUDITORS

A resolution for the re-appointment of KPMG as auditors of the Bank is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

David Li Kwok-po

Chairman and Chief Executive

Hong Kong, 10th February, 2006

董事會報告書（續）

大股東及其他人士的權益

於2005年12月31日，根據《證券及期貨條例》第336條須予備存的登記冊所記錄，大股東及其他人士擁有本行的股份及相關股份的權益及淡倉如下：

姓名	身分及性質	股份數目	佔已發行股本的百分率
Silchester International Investors Limited	投資經理	121,018,000 ¹ (L)	8.01
Silchester International Investors International Value Equity Trust	集成投資計劃	75,941,300 ¹ (L)	5.03
East Asia International Trustees Limited	受託人	83,137,567 (L)	5.51
Citigroup Inc.	實益擁有人／ 保管人-法團／ 核准借出代理人	79,180,132 ² (L)	5.24
	實益擁有人	980,600 (S)	0.06
	保管人-法團／ 核准借出代理人	3,865,380 ² (P)	0.26

¹ 由於Silchester International Investors Limited控制所有由Silchester International Investors International Value Equity Trust持有的證券，75,941,300股屬重覆具報。

² 此等79,180,132股股份內包括3,865,380股可供借出的股份及52,000,000股以實物交收非上市衍生工具。

(L) - 好倉

(S) - 淡倉

(P) - 可供借出的股份

除上述披露外，概無其他本行股份或相關股份的權益或淡倉載於該登記冊內。

公眾持股量

基於公開予本行查閱之資料及據董事所知悉，截至本報告日期為止，本行一直維持《上市規則》所訂明之公眾持股量。

符合指引

本行已完全符合香港金融管理局所頒布的監管政策手冊《本地註冊認可機構披露財務資料》所載的指引編製2005年度賬目。

核數師

在即將召開的股東周年常會中，將提請通過再聘畢馬威會計師事務所為本行核數師的議案。

主席兼行政總裁

李國寶

香港，2006年2月10日